

Demographic Dividend: Demographic Aspect

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What is the demographic dividend?



Demographic dividend is initially reaped when falling birth rates change the age distribution, so that fewer investments are needed to meet the needs of the youngest age groups and resources are released for economic development and family welfare. This period may last for five decades or more or two generations.

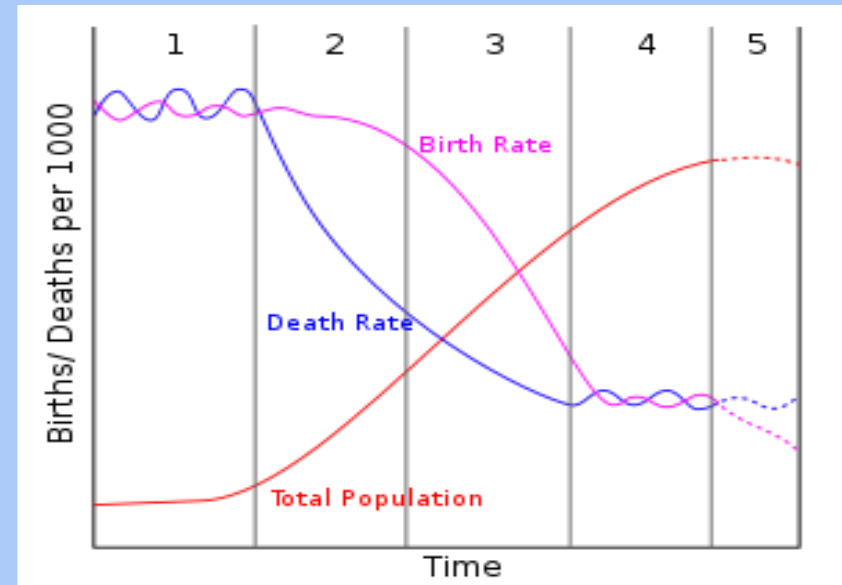
What is the demographic sweet spot?



Demographic sweet spot refers to the second and third stages of the demographic transition (more of the third stage) when there is a rapid decline in fertility accompanied by a decline in death rates. This demographic sweet spot makes it possible for a country to reap the economic benefits of the demographic dividend.

Demographic Transition Model

- Stage 1: Birth rates and death rates were both high and fluctuated rapidly
- Stage 2: Fall in death rates and persistent high birth rates
- Stage 3: The population moves towards stability because of declining birth and death rates
- Stage 4: Birth and death rates are both low



When does demographic sweet spot happen?

All three must happen simultaneously:

- a. When there is a decrease in the **dependency ratio** brought by lower fertility which can yield increased per capita output
- b. When there is an increase in the proportion of a **productive working age** which can yield an increase in per capita output
- c. When **fertility** declines reaching low levels that approximate that of mortality levels

“Population Momentum”

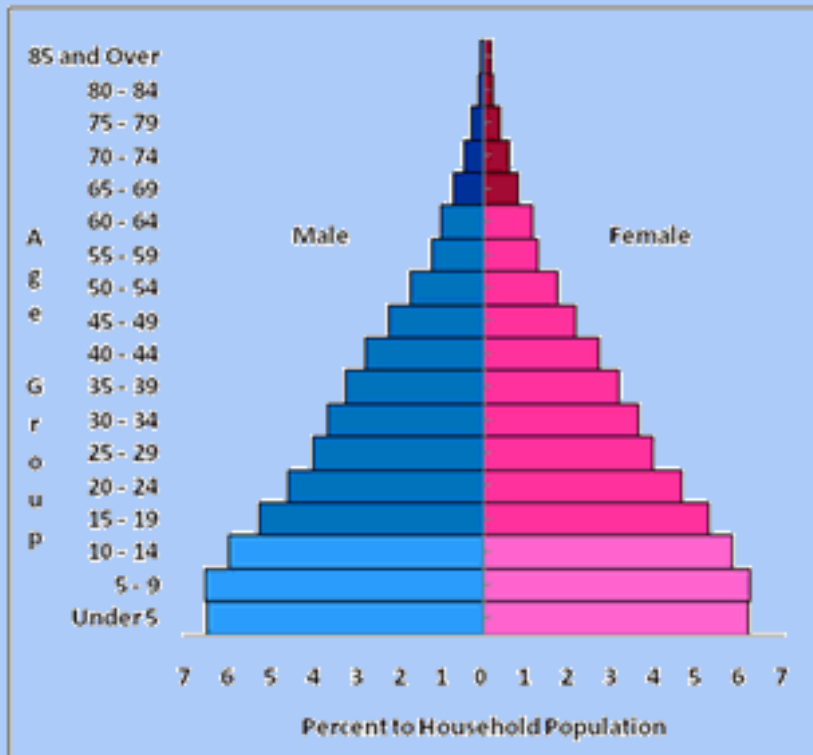
Is the tendency of population growth to continue beyond the time that replacement level fertility (TFR=2) has been achieved because of the relatively high concentration of people in the child bearing years.

It refers to population growth that would occur even if levels of childbearing immediately declined to replacement level.

Young Population Age Structure

2000

Household Population: 76.3 million



2010

Household Population: 92.1 million

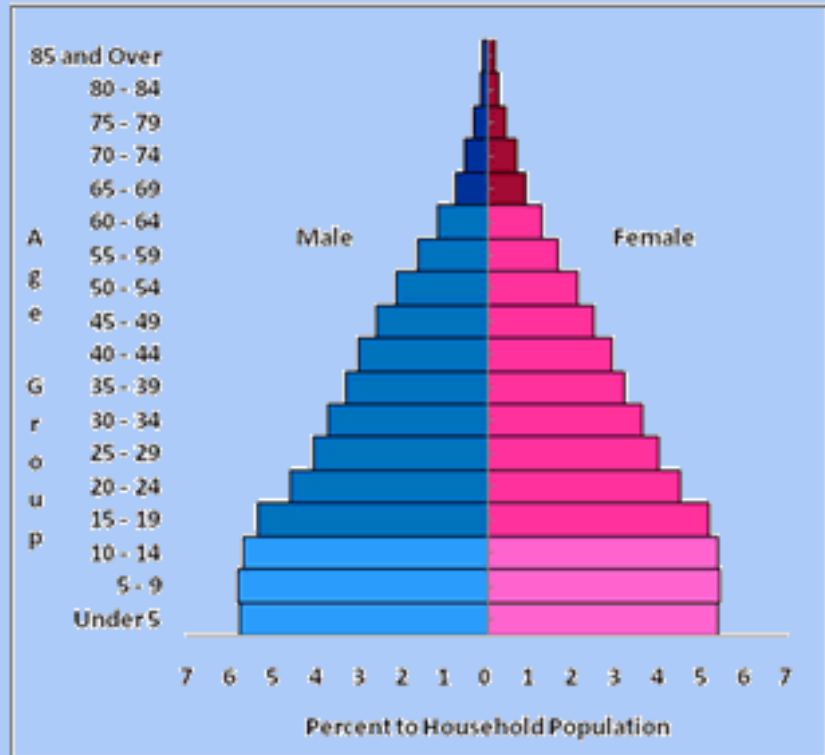


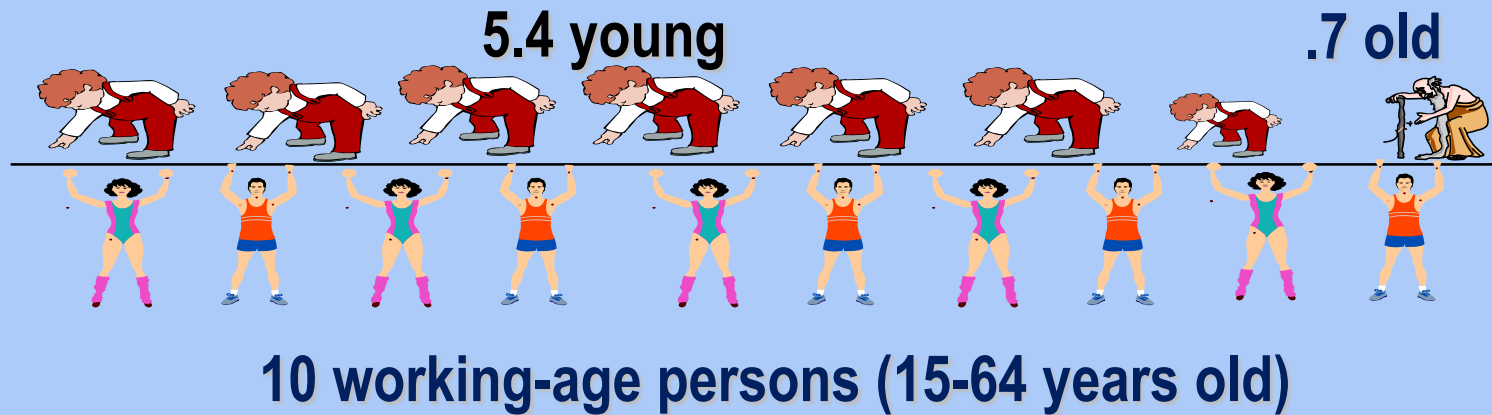
Figure 1. Age-Sex Pyramid of Household Population: Philippines

Percentage of Population by Age Group and Dependency Ratio

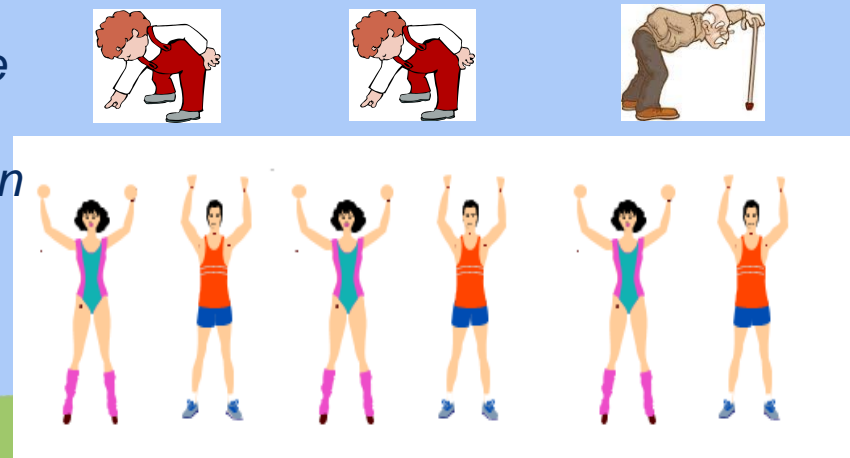
Age Group	Total Population	% of 0-14 (young dependents)	% of 15-64 (working population)	% of 65 and above (old dependents)	Age Dependency Ratio
1970	36,684,486	45.7	51.4	2.9	94.5
1980	48,038,460	42.0	54.6	3.4	83.2
1990	60,559,116	39.6	57.0	3.4	75.5
2000	76,946,500	37.0	59.2	3.8	69.0
2010	92,097,978	33.4	62.3	4.3	60.5
2020*	111,784,600	30.3	64.2	5.6	55.9
2030*	128,110,000	26.8	65.6	7.5	52.4
2040*	141,669,900	23.5	66.9	9.6	49.6

Source: NSO

In **2010**, the overall dependency ratio of the Philippines was 61, which indicates that for every 100 working-age population, there were about 61 dependents (54 young dependents and 7 old dependents).

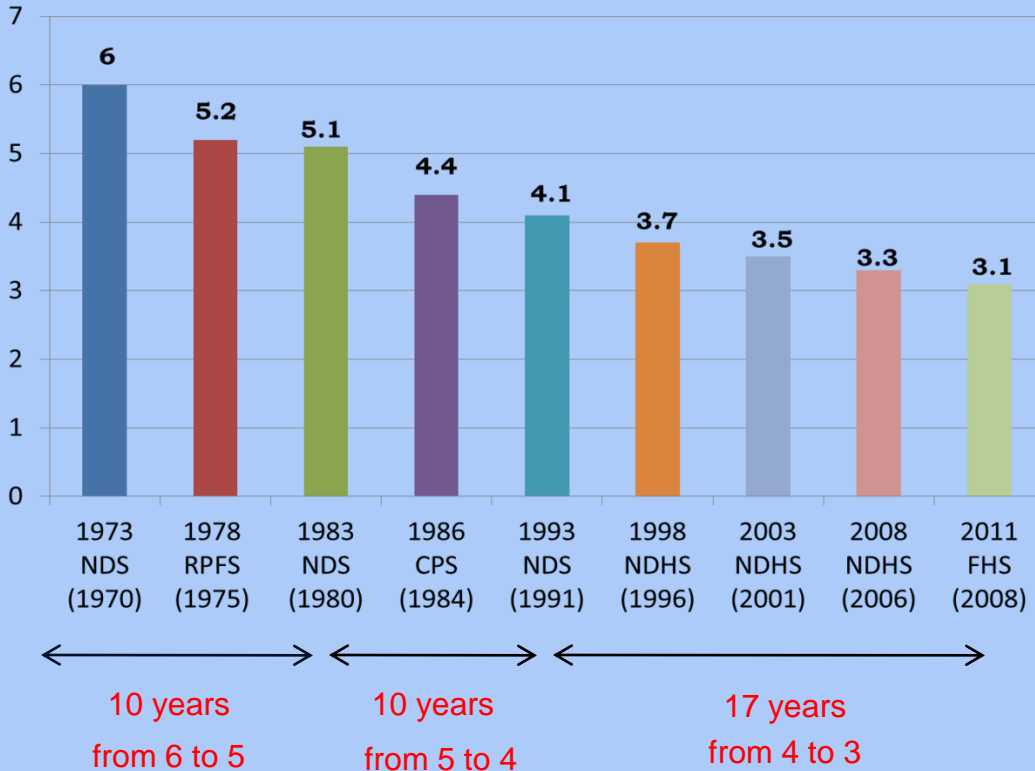


*By **2040**, it is projected that there will only be 50 dependents for every 100 working age population*



HIGH FERTILITY LEVEL

Figure 3. Trends in the total fertility rate



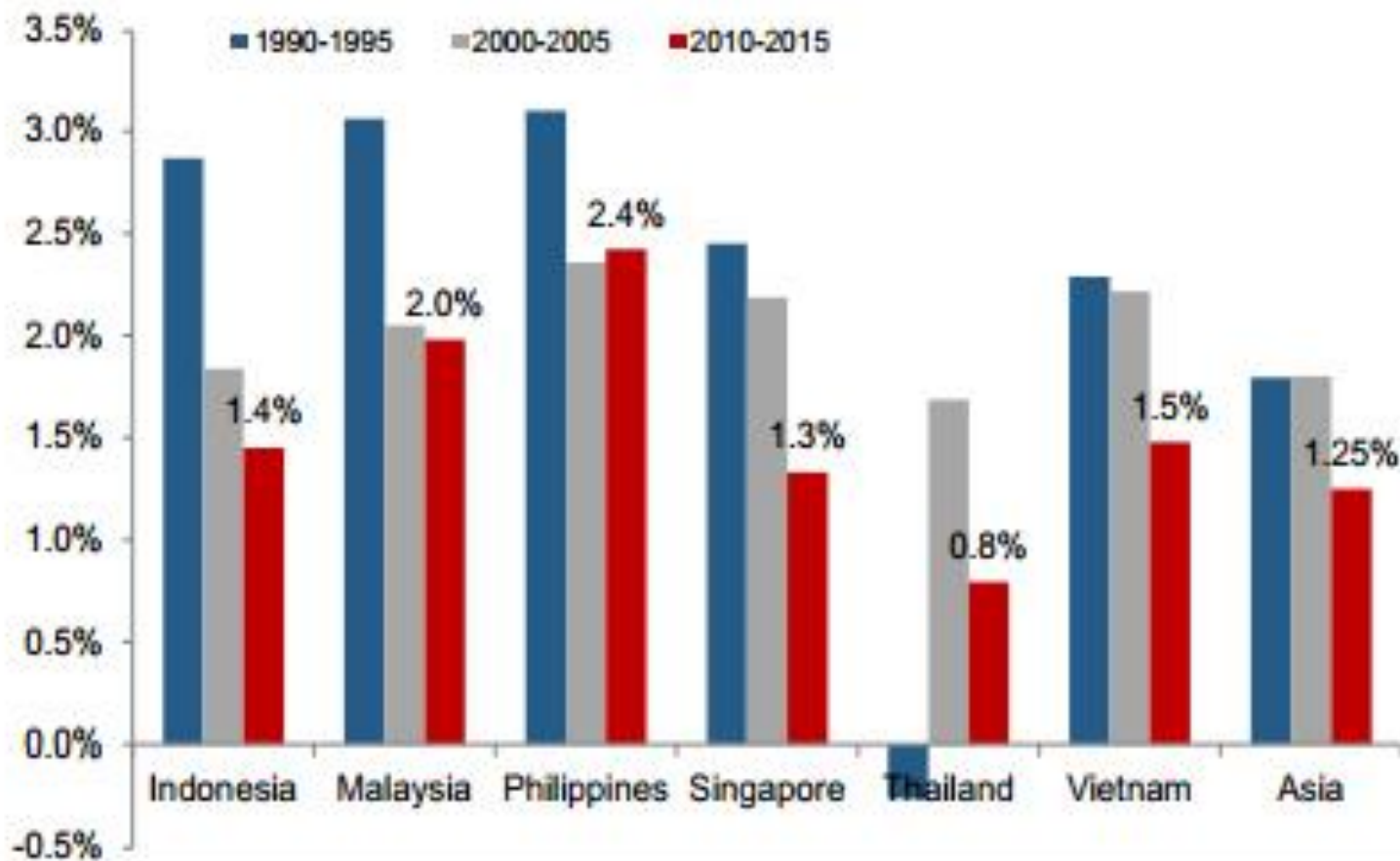
Projected Total Fertility Rates, Philippines: 2010-2040

Year	Rate
2010-2015	3.003
2015-2020	2.774
2020-2025	2.562
2025-2030	2.366
2030-2035	2.185
2035-2040	2.018

Source: PSA, 2014

Exhibit 3: Labour force growth

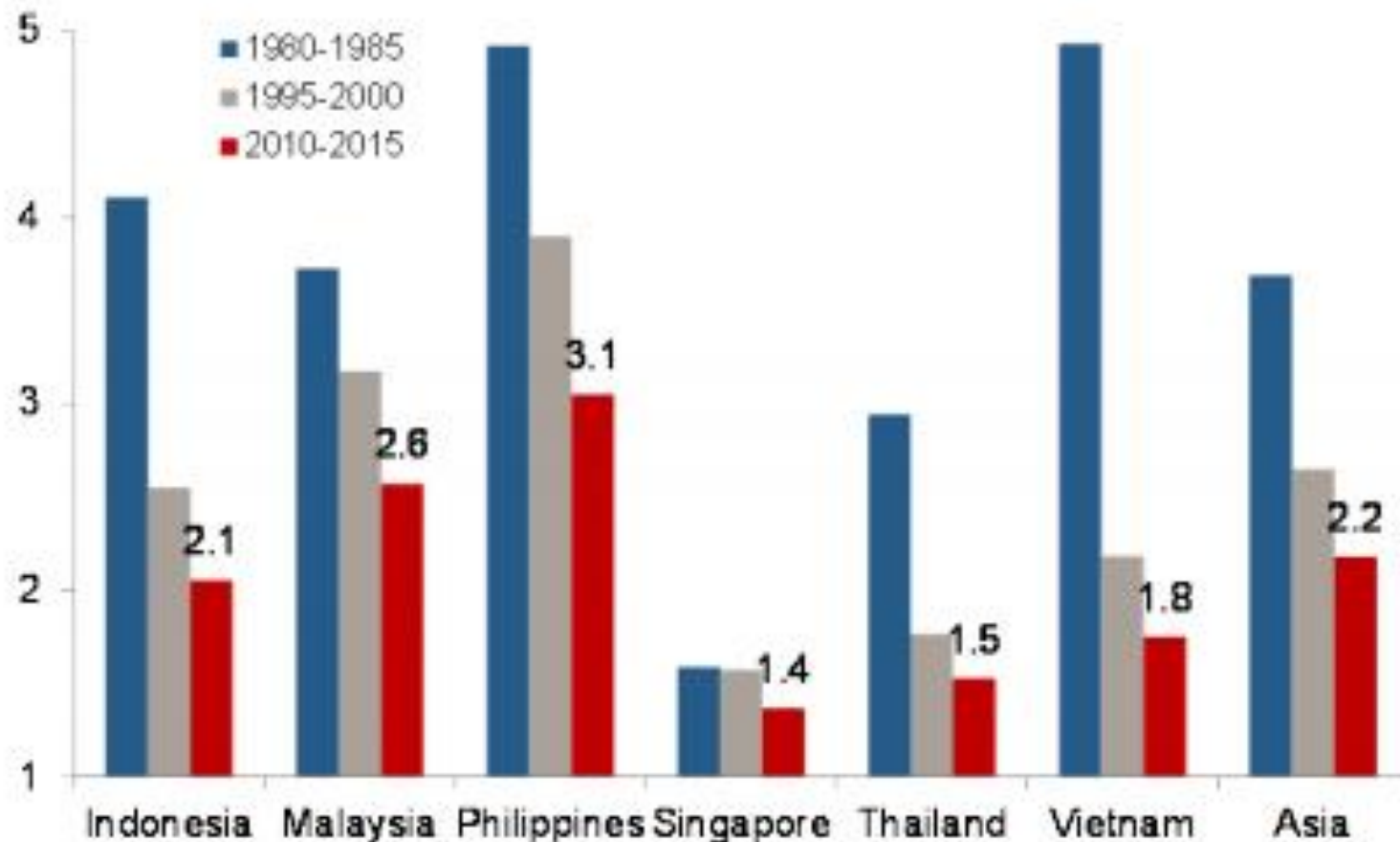
Rate per annum (%)



Source: ILO, Credit Suisse

Exhibit 4: Total fertility rate

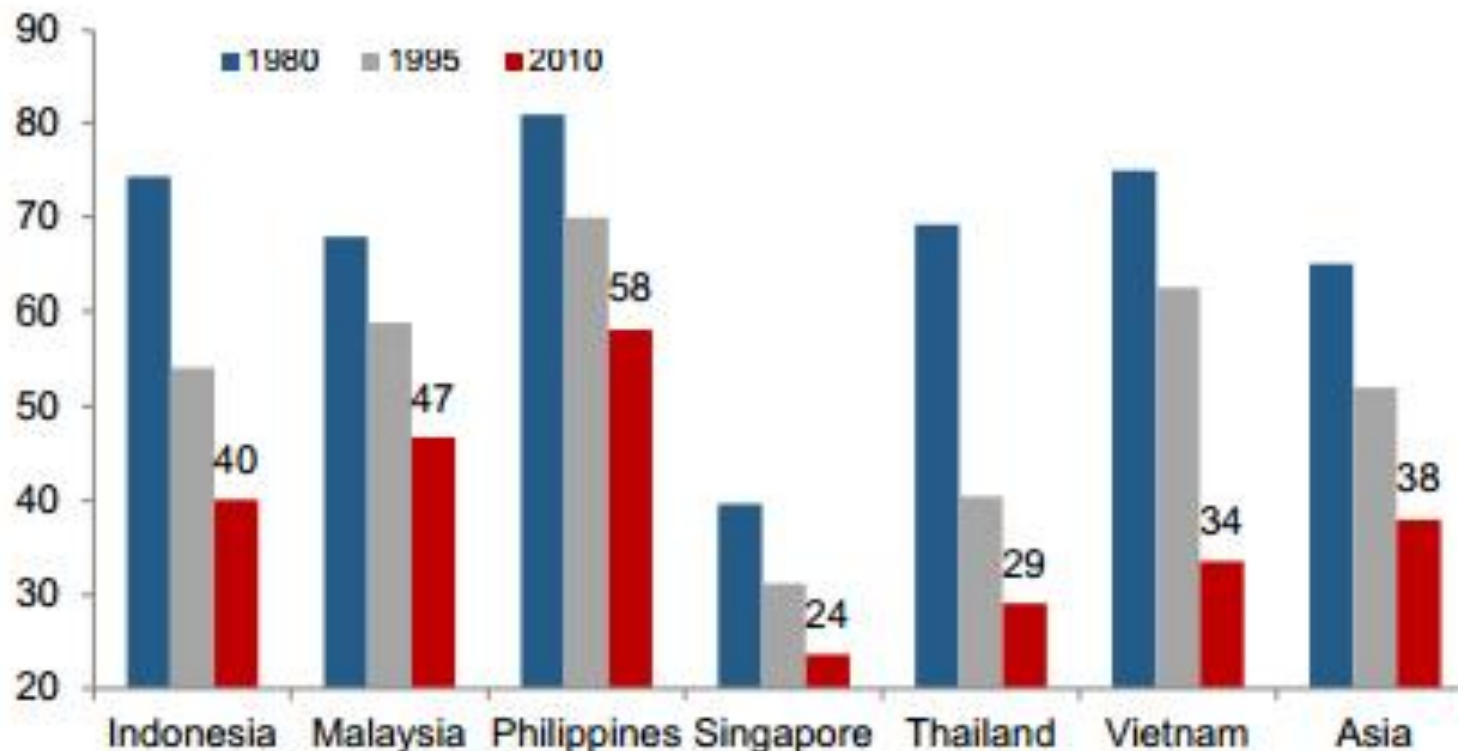
Children per woman



Source: UN, Credit Suisse

Exhibit 6: Youth dependency ratio

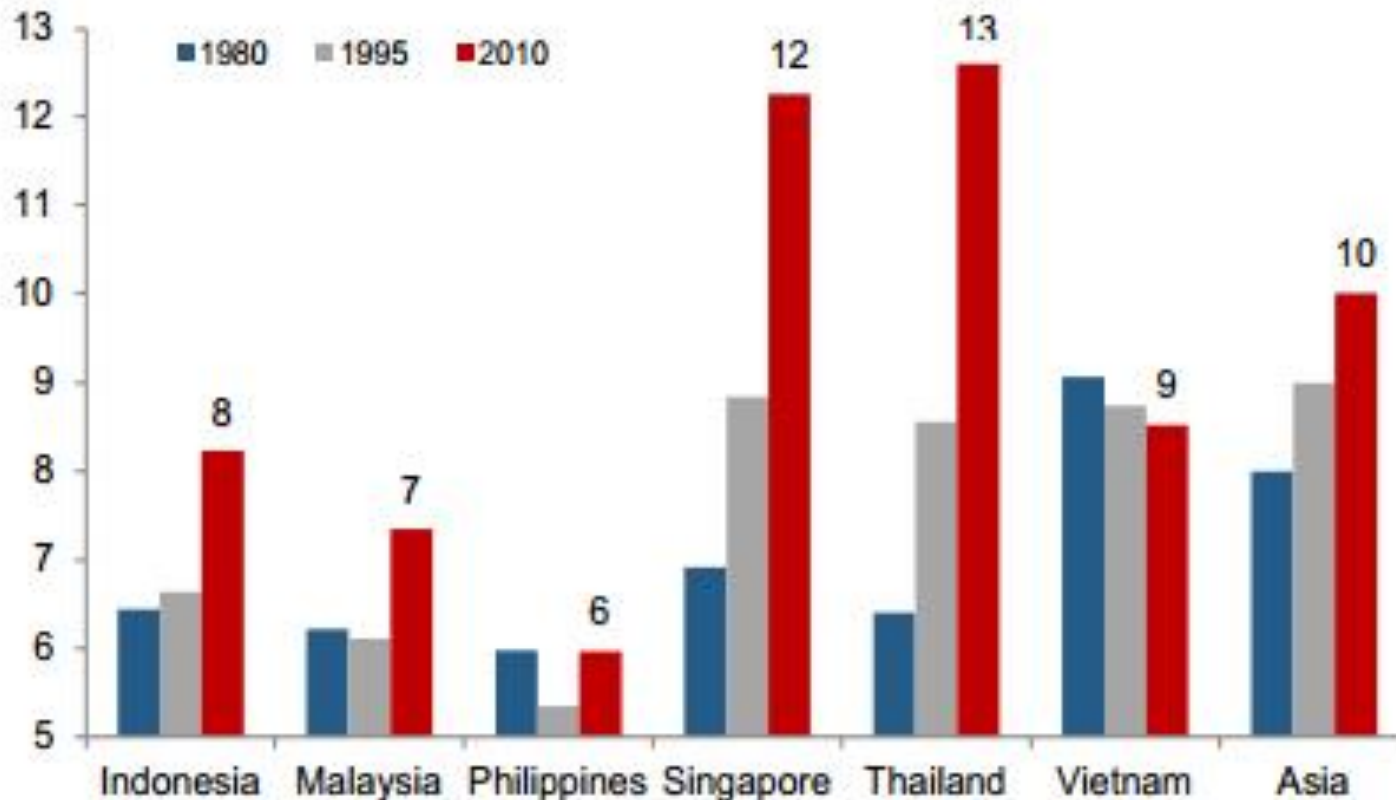
Ratio of population aged 0-14 per 100 population 15-64



Source: UN, Credit Suisse

Exhibit 7: Old age dependency ratio

Ratio of population aged 65+ per 100 population 15-64



Source: UN, Credit Suisse

Thank you.
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