Around 1.4 billion people—one-quarter of the population of the developing world—lived on less than $1.25 a day in 2005.¹ The World Bank projects that the number of poor people will increase in the coming years due to slowing economic growth, and that reduced levels of development assistance will slow poverty reduction efforts.² But numbers barely capture the true dimensions of global poverty. The definition of poverty reaches beyond income to encompass poor access to education and health, lack of opportunities, gender inequality and environmental degradation.

Population has the potential to impact all aspects of poverty. Fertility trends can help a country determine when and how to invest in its population and jump-start economic development. Similarly, meeting women’s needs for family planning around the world can help increase overall development and help diminish many impacts of poverty.
The State of Poverty
Global commitment to reduce poverty is strong, but progress has been mixed. The percentage of people living on less than $1.25 a day in 2015 is expected to drop to half of what it was in 1990. This would achieve the first United Nations Millennium Development Goal. But the number of individuals suffering from hunger and malnutrition is higher than ever before. The global economic crisis has also shifted tens of millions of people into extreme poverty.

Poverty has many regional variations, and while it has declined or remained constant in much of the world, more than 40 percent of the population in South Asia and sub-Saharan Africa live on less than $1.25 per day (Figure 1). The number of people living in extreme poverty in sub-Saharan Africa increased by 35 percent since 1990 to 384 million in 2005.3 Advancement on issues that influence poverty, such as food costs and women’s inequality, has been slow-moving at best. For example, 30 percent of girls living in poverty do not attend primary school, and high food prices continue to drain the budgets of low-income families.

Links between Population, Economic Growth and Poverty
There has been considerable debate over the relationships between population growth, economic growth and poverty. In recent years, statistical analysis has revealed that population growth alone doesn’t inherently increase or decrease economic growth.4 However, other demographic trends do affect the prospects for economic development, including poverty reduction. In particular, countries can experience economic growth and improve individual well-being by taking

![Image of children in a village setting]

advantage of specific changes in the age structure of their populations.

Over time, a population characterized by high fertility and mortality rates progresses in stages through declines in mortality and, later, fertility rates. Early in this demographic transition, when mortality has declined but fertility remains high, there are a large number of children and elderly dependents for each person of working age. High fertility can strain low-income families’ ability to provide for children. As fertility rates decline, a large working-age population and fewer dependents should increase savings and investment. This period is known as the “demographic dividend,” and it has potential benefits for households and countries alike. Smaller family size can promote increased savings at the household level, which families can choose to invest in the health and education of their children. For example, in Matlab, Bangladesh, an integrated family planning and maternal and child health program led to improved overall household and community living standards. The families who benefited from the program saw higher incomes, greater assets and savings, and higher educational and health outcomes.

At the country level, savings give governments an opportunity to educate their youth and stimulate economic development by investing in hospitals and health care workers, schools and well-trained teachers, and communications and transportation networks. However, for this to happen, governments must be prepared to train and expand job opportunities for their growing labor force. In East Asia, governments capitalized on their large populations of young workers with such policies. This contributed to at least one-third of the region’s economic growth over the last four decades. In contrast, the failure of Latin American countries to adequately invest in education and provide sufficient employment opportunities during their demographic dividend inhibited their economic growth. Similar policy weaknesses may prevent India and Bangladesh from seeing potential economic gains.

The demographic dividend typically lasts a few decades, depending on the speed of the country’s transition to lower mortality and fertility rates. Afterward, households and countries are again faced with a high number of dependents—this time older, retired adults. This type of mature age structure characterizes most industrialized countries in the world. Although governments and societies will experience challenges from population aging, the economic effects are still unknown and may be manageable with advance planning.

**Policy Considerations**

The demographic dividend, which only occurs once fertility rates have begun to fall, offers countries a chance to capitalize on the productivity of their growing workforce to boost economic growth and reduce poverty. However, for this to be achieved, governments must provide education and a stable, fair and diverse set of economic opportunities for job seekers.

The prospects for poverty reduction and economic growth ultimately depend on individual livelihoods and opportunities. Gender equity is a particular priority. Meeting women’s needs for family planning would avoid numerous pregnancy-related complications that can prevent women from making a living and put a strain on household incomes. Women who are able to delay or stop childbearing when they wish are more likely to meet their educational goals, send their daughters to school, earn a living and support their families, and manage changes in their environment and natural resources. Experiences such as the Matlab project show that meeting women’s needs for contraception can help lift them and their families out of poverty.

With the increased savings that result from smaller family size, families are better able to invest in education for their children.
Endnotes