

Demographic Transition and Development in Latin America and the Caribbean

**A Research Network Project
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Summary

Latin America and the Caribbean (LAC) is progressing rapidly through the demographic transition. Fertility rates have already fallen below replacement levels and are projected to decline further, while life expectancy continues to rise. UN projections indicate that the region's fertility could approach around 1.6 births per woman by 2100, with population aging accelerating over the coming decades. As a result, LAC's demographic window is narrowing through the 2030s and will be largely closed by the 2040s, compressing into just a few decades an adjustment that unfolded over much longer periods in advanced economies. Moreover, unlike advanced economies, many LAC countries will reach this point with lower per capita income levels, higher inequality, tighter fiscal space, and widespread labor-market informality.

This compressed transition poses significant policy and institutional challenges. Pension systems with incomplete coverage and limited contributory density will confront higher old-age dependency and fiscal pressures. Health and long-term care (LTC) needs will expand as chronic conditions rise, and family-based care becomes less sufficient. At the same time, demographic change will alter savings behavior and capital-market dynamics, with implications for investment and growth. The transition also opens opportunities for adaptation and growth. With appropriate childcare, eldercare support, and workplace reforms, female labor force participation can increase; policies that extend healthy working lives can foster active aging; and smaller family sizes may allow greater investment per child. At the same time, service demand will reallocate as requirements grow for housing adapted to older adults, inclusive transport, health and long-term care. Because of factors like differential fertility timing and migration, these adjustments may vary markedly across cities, towns, and rural areas.

This Call for Research Proposals seeks to generate rigorous, policy-relevant evidence to help governments adapt to demographic change and seize the opportunities it presents.