

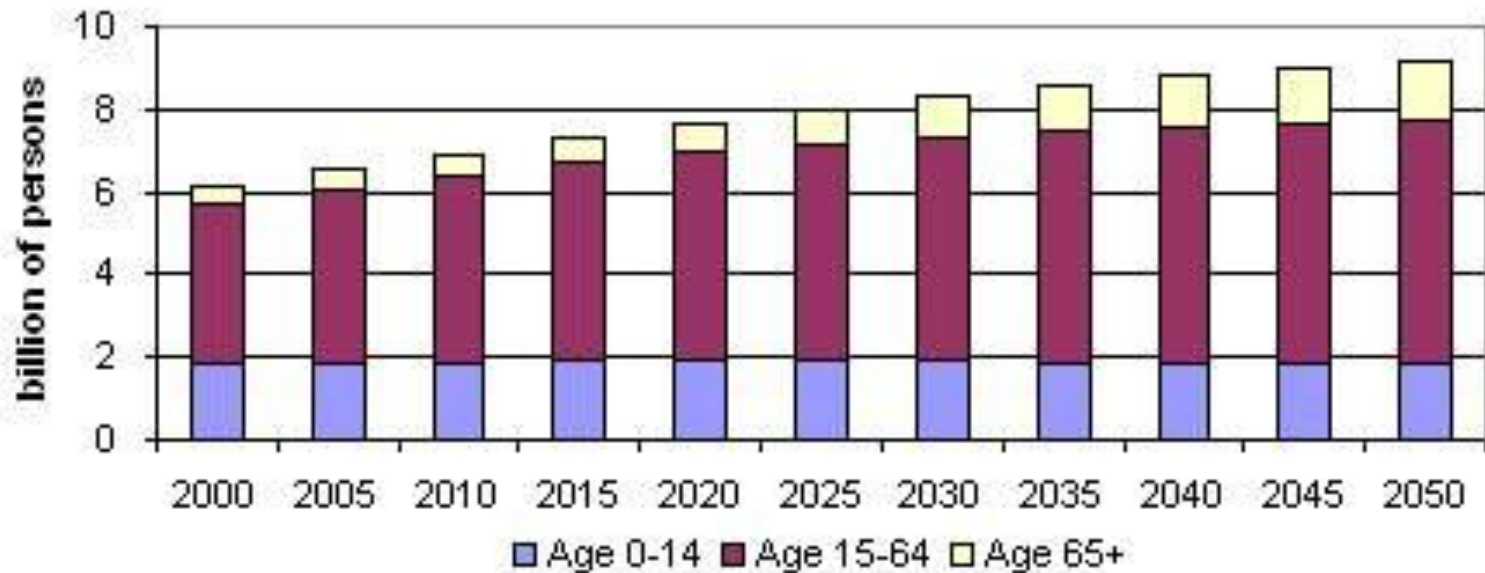
The demographic challenge: an overview of trends and policy issues

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The new demographic context

World Population is « Ageing »



Source: *World Population Prospects: The 2006 Revision*. United Nations. Population Division. Department of Economic and Social Affairs

The new demographic context

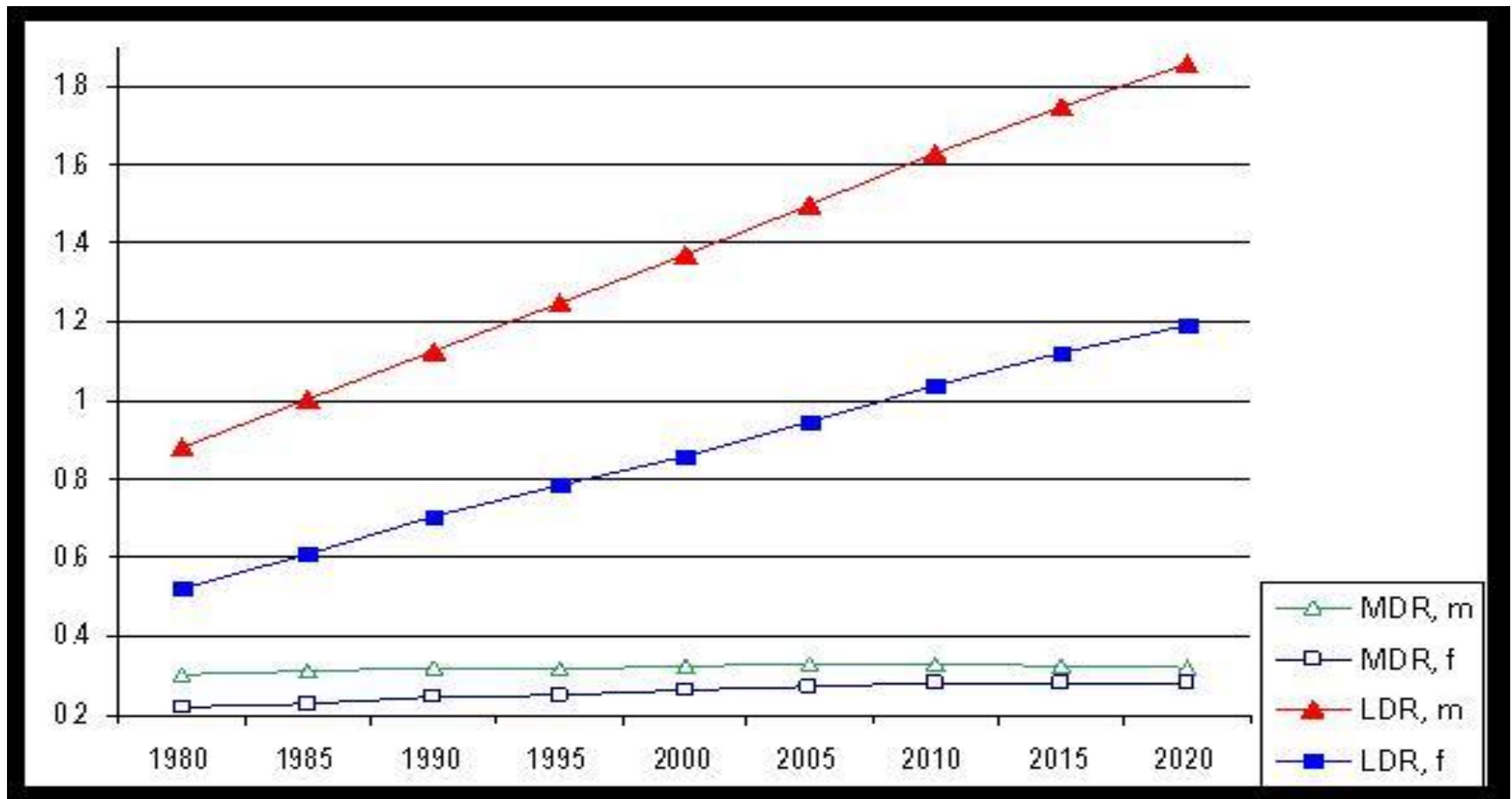
- World Population will increase by one third, 2 billion people, between 2010-2050. The increase is concentrated in less developed regions which have low employment, lower incomes and protection;
- Population in more developed regions (supported by migration from developing countries) will remain largely the same over the same period;
- The number of children is expected to stabilize, the working age population (15-64) to increase by 30 percent, **the population over 65 to triple**

Population is « ageing »

- As a result of combined effect of the decline in mortality rates and extended life expectancy with decreasing fertility rates;
- In all regions, though at different pace and time horizons;
- Persons aged over 80 ,the oldest old, is the most rapidly growing group;
- Feminization of old age

What about labour force growth?

Total labour force in more developed and less developed regions, by sex (in millions) 1980-2020

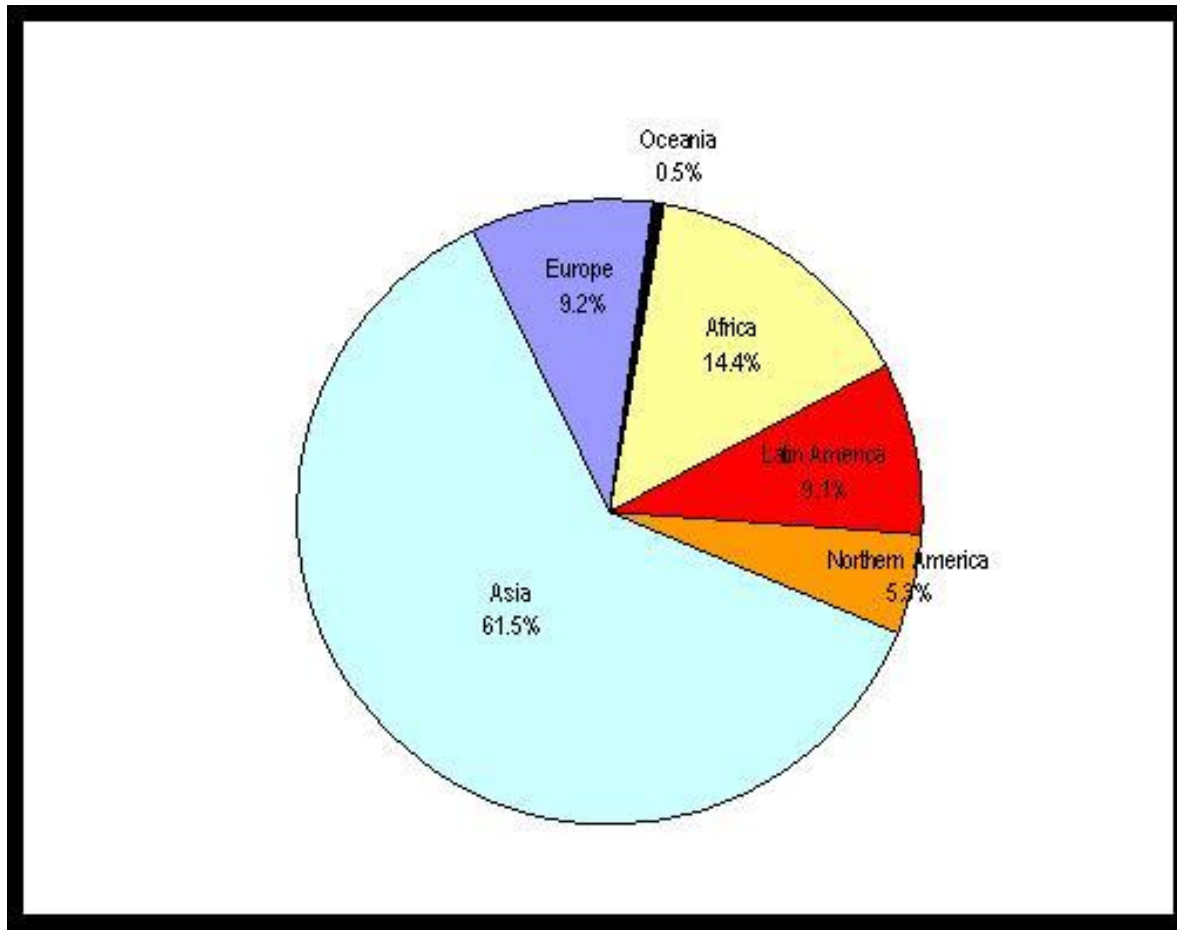


Labour force participation and ageing: some stylized facts

- Globally, LFPR higher for men than women regardless of age group, though women's on the increase in the last years;
- Younger and old age groups present the lowest LFPR though youth participation has decreased and is expected to further decrease;
- LFPR of older women has increased while it has been decreasing for men;
- Despite increasing longevity, the effective age for withdrawal from labour force has a downward trend in most OECD countries;
- In contrast, **developing countries have the highest LFPR of older workers, mostly in the informal economy** and these are expected to remain high due to the lack or low level of old age benefits

Labour force distribution in 2020

Estimated distribution of the world labour force, by region, 2020



Socio-economic implications: economic performance, employment and social security

- All outcomes closely linked with each other through a multi-dimensional nature and all three affected by « ageing » population;
- Policy challenge: with increasing economic dependency ratio and ageing labour force, how to generate sufficient employment and income and how to finance social transfers in a manner that promotes decent work and decent life for all age groups?
- Ageing societies: a different outlook and perspective needed?

Policy challenges and possible responses

Developed countries:

Maintaining economic performance and well-being in spite of ageing?

- Labour force and skills shortages;
- Innovation, productivity and earnings;
- Financing social transfers and access to health care;
- Retirement patterns;
- Migration;
- « Activation » policies across age groups and gender;
- More and better employability and employment opportunities across age groups

Policy challenges and possible responses

Developing countries:

- Population « Ageing » in the context of widespread poverty and informality;
- Extension of basic entitlements for all: financial affordability of sustainability of social protection systems;
- Promoting employment and economic and social integration across age groups and gender: breaking out of informality, combating poverty, improving productivity and skills

Policy challenges and possible responses

In all countries:

- Necessity of an inter-generational and a life-cycle approach;
- An integrated perspective with respect to employment and social protection policies;
- Combating old-age discrimination;
- Social dialogue and ILS