



SECOND ITEM ON THE AGENDA

The Second World Assembly on Ageing**Introduction**

1. The General Assembly of the United Nations, at its 54th Session,¹ decided to convene the Second World Assembly on Ageing (WAA-2) in 2002, on the occasion of the twentieth anniversary of the First World Assembly on Ageing which was held in Vienna in 1982. The Government of Spain will host the WAA-2 in Madrid, from 8 to 12 April 2002.² The Assembly will be devoted to the overall review and assessment of the outcome of the First World Assembly, and to the adoption of a revised plan of action including a long-term strategy on ageing.
2. The WAA-2 should give particular attention to: (i) action-oriented measures in a comprehensive response to the current ageing processes; (ii) linkages between ageing and development, with particular attention to the needs and perspectives of developing countries; (iii) appropriate forms of public/private partnership for building societies for all ages; and (iv) measures to promote inter-generational solidarity.
3. The aim of this document is to inform the Governing Body of developments that have taken place since the beginning of the preparatory process and of the ILO's contribution to the preparatory process. The paper also outlines a number of employment and social protection issues in relation to older workers and population ageing which the Governing Body may wish to consider. The outcome of such a discussion would provide guidance for the ILO's contribution to the Assembly.

¹ United Nations General Assembly resolution 54/262.

² The host country web page for the WAA-2 is: www.madrid2002-envejecimiento.org

Preparatory process

1. Preparations for the World Assembly

4. The General Assembly decided that the Commission for Social Development, a functional Commission of the Economic and Social Council, would serve as the Preparatory Committee for the WAA-2. In March 2001, the first Preparatory Committee meeting considered the report prepared by the UN Secretary-General entitled “Towards the Second World Assembly on Ageing”.³
5. According to the agreed provisional rules of procedure, representatives designated by UN specialized agencies, such as the ILO, may participate, without the right to vote, in the deliberations of the Assembly, the main committees and, as appropriate, any working group on questions within the scope of their activities.⁴ The Preparatory Committee will hold an inter-sessional meeting in December 2001 and will take up negotiations on the revised plan of action. The second – and final – session of the Committee should take place in February 2002.
6. The revision of the Vienna Plan, as it is called, adopted in 1982, is at the core of the substantive debate leading towards the WAA-2. A technical committee composed of experts serving in their personal capacity has been established to assist in the formulation of proposals during preparations for the WAA-2. The role of the technical committee is to provide advice to the UN secretariat on technical issues related to the preparatory process, in particular regarding the content of the revised plan. In its third meeting in Vienna in April 2001, the technical committee reviewed priority issues under the three priority directions drafted by the secretariat: development in an ageing world, advancing health and well-being into old age, and ensuring enabling and supportive environments. Experts proposed objectives and recommendations under each priority issue for possible inclusion in the revised plan.
7. An inter-agency meeting was organized in March 2001. UN representatives focused on mainstreaming the issue of ageing into the international development agenda on the basis of the outcomes of the major UN global conferences as well as of the activities of the various agencies. They also discussed the contribution of the UN system to the review process of the plan, as well as the modalities of their participation in the Assembly itself.

2. The ILO’s contribution to the preparatory process

8. The ILO has been involved in the preparatory process and has regularly provided technical input to the preparation of the revised draft plan. The Office contributed, among others, to the report of the Secretary-General and participated in a panel discussion on “Social protection and social security for old-aged people in the least developed countries” in February 2001. At the first session of the Preparatory Committee the ILO representative said that older people were a rapidly growing population group for whom social inclusion was particularly significant. For older workers, that meant a decent income from work or

³ E/CN.5/2001/PC/2 and Corr. 1.

⁴ Rule 59, in *Provisional Rules of Procedure*, doc. E/2001/71.

retirement benefits and participation in community life through employment, volunteer work or other activities.

9. The ILO also participated in the inter-agency meeting and submitted a background paper on issues and activities related to ageing.⁵ The paper reviews the main ageing issues that are of critical importance to the ILO mandate and presents an overview of ILO's work on this topic as well as a list of main publications. The Office attended as an observer the third meeting of the technical committee. The secretariat of the Assembly confirmed that recommendations from the ILO at both meetings would be integrated into the draft of the revised plan. Finally, prior to the first meeting of the committee, in October 2000 the Office had also co-sponsored, together with the UN secretariat, a panel on ageing and the world of work.
10. The ILO has an important role in ensuring that employment and social protection issues are firmly placed on the WAA-2 agenda, as they constitute strong components of the revised plan. The WAA-2 should, therefore, be an opportunity to promote ILO views and values on many crucial issues highlighted in the last paragraph of this document and project them to the international community and public opinion.
11. The ILO's contributions at the WAA-2 could take the form of a report, panel discussion or other type of side event. The Office has been approached to prepare a report that would deal with the major aspects of ageing related to employment and social protection. This could be of benefit to member States and those attending the WAA-2 as they deliberate new directions for policies on ageing. The report could be presented and discussed at a side event such as a panel discussion. Another contribution could be the setting up of an ILO web page that would provide information about the ILO's work on ageing as well as access to electronic publications, updates on the ILO's contributions to the WAA-2 and links with organizations working on ageing.

Issues

1. Global ageing: The need for social inclusion

12. The elderly population, aged 60 and over, is growing faster than all other age groups. Between 1950 and 2050 it is expected to increase from 200 million to 2 billion. Ageing trends vary between countries and regions. [Table 1](#) shows that developing countries still have a relatively young population while populations in industrialized countries are relatively old. However, as shown in [table 2](#), the speed at which populations in developing countries are ageing is faster than in industrialized ones. While the developed world will age at almost constant pace when comparing the periods 1950-2000 and 2000-2050, ageing and hence old-age dependency poses an increasing problem in the developing world.
13. This demographic shift depicted in [figure 1](#), is attributed mainly to the general decline in fertility rates and to improved health, which has lengthened life expectancy and reduced share of newborns in all parts of the world. The shifting age structure towards old age gives rise to concern. Poverty and social exclusion are the greatest obstacles to a secure and decent old age. Only if people are accumulating pension entitlements from an early stage in their career do they have a good chance of escaping poverty in old age.

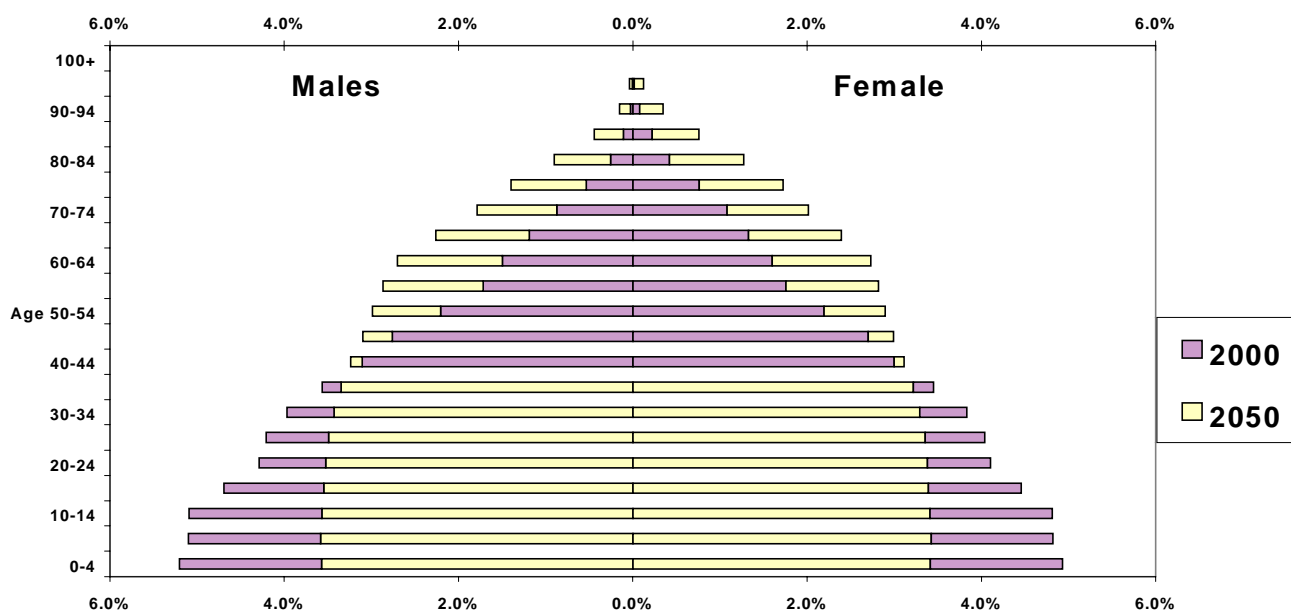
⁵ www.ilo.org/public/English/employment/skills/older/madrid.htm

Table 1. Rate of demographic ageing (population aged 60 or over and aged 80 and over as a percentage of total population) (United Nations projections – medium variant)

		1950	1960	1970	1980	1990	2000	2010	2020	2030	2040	2050
World	60+	8.2	8.2	8.4	8.6	9.2	10.0	11.1	13.5	16.5	18.8	21.1
	80+	0.5	0.6	0.7	0.8	1.0	1.1	1.5	1.8	2.3	3.1	4.1
More developed regions	60+	11.7	2.6	14.5	15.5	17.7	19.4	21.9	26.1	29.8	32.0	33.5
	80+	1.0	1.3	1.6	2.0	2.7	3.1	4.2	5.0	6.4	8.3	9.6
Less developed regions	60+	6.4	6.2	6.1	6.4	6.9	7.7	8.8	11.1	14.2	16.7	19.3
	80+	0.3	0.3	0.4	0.4	0.5	0.7	0.9	1.2	1.5	2.3	3.3

Source: World Population Prospects. The sex and age distribution of the world populations: The 2000 revision (United Nations, New York, 2001).

Figure 1. Population pyramids in 2000 and 2050 (percentage)



Source: World Population Prospects. The sex and age distribution of the world populations: The 2000 revision (United Nations, New York, 2001).

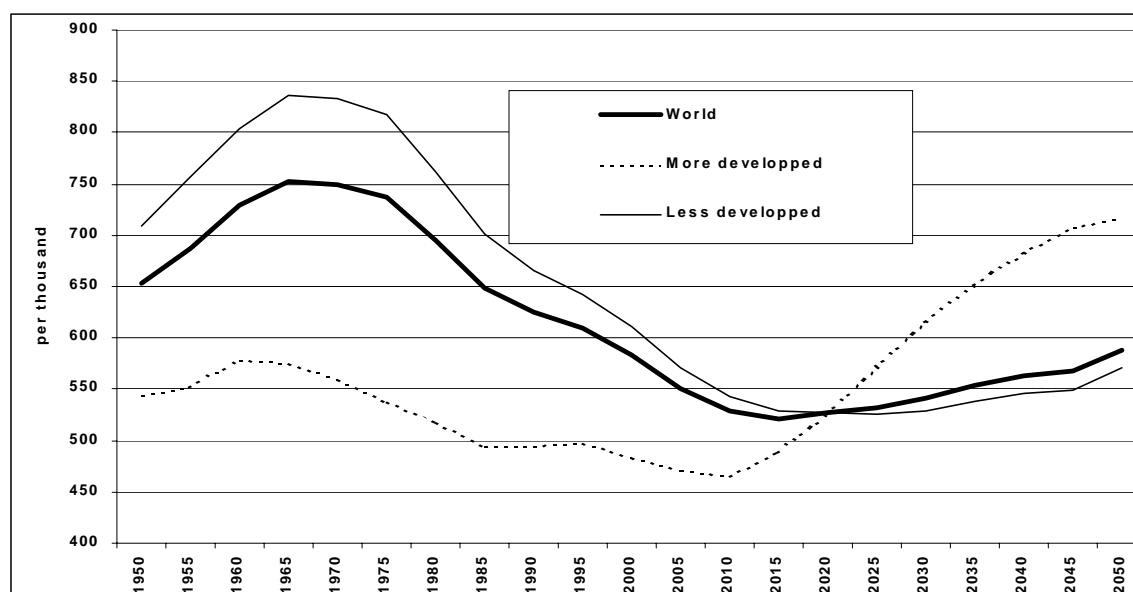
Table 2. Velocity of ageing ⁶

	1950-2000 (%)	2000-2050 (%)
World		
60+	23	111
80+	109	256
More developed		
60+	66	72
80+	196	208
Less developed		
60+	19	150
80+	115	393

Source: World Population Prospects. The sex and age distribution of the world populations: The 2000 revision (United Nations, New York, 2001). Own calculation.

14. Figure 2 shows that total dependency ratios will fall for some time, as a result of a decline in youth dependency. This creates scope for at least some reallocation of resources from youth to older people.

Figure 2. Total dependency ratios (population 0-14 and 65+)/ (population 15-64)



Source: World Population Prospects. The sex and age distribution of the world populations: The 2000 revision (United Nations, New York, 2001).

⁶ Increase of population share of people above age 60 and 80.

2. Social and economic consequences of ageing

15. Over the past decades, most industrialized countries have experienced a substantial drop in the average age at which individuals retire from the labour market. Longer life expectancy and better health has not been accompanied by longer working lives as illustrated in table 3. As a consequence, these countries are facing serious concerns about the viability of social security systems. However, what affects national social transfer systems, which redistribute income from the active to the inactive elderly, is not the above demographic shifts alone, but rather the system's dependency rates. Decisive for the viability of a pension system is how many pensioners have to be maintained by every single active person. So far, the pension systems in the more developed countries have behaved as if demographic ageing is not a major concern. If it were possible to shift retirement ages gradually back to the level of the 1950s over the next five decades then at least the demographic pressure resulting from longevity could be diffused. Therefore, a key challenge is to mitigate the effects of a drop in the working age population by increasing and prolonging the participation of older people in the labour market.

Table 3. Retirement age and expected duration of retirement in OECD countries

	Males		Females	
	1950	1990	1950	1990
Retirement age	68.5	62.2	66.0	60.0
Expected duration of retirement	10.8	16.8	14.1	22.6

Source: Latulippe, D., *Effective retirement age and duration of retirement in the industrial countries between 1950 and 1990*. Issues in Social Protection, Discussion paper No. 2 (Geneva, ILO, Social Security Department, 1996). www.ilo.org/public/english/protection/socsec/publ/disp2.htm

16. The challenges facing older workers in developing countries are very different. In most developing countries, where no more than 20 per cent of the labour force is included in regular social security systems, retirement is a luxury few older people can afford. Even if the formal sector requires them to retire, insufficient transfer incomes force many older workers to continue working in the informal economy as long as possible. About 40.5 per cent of people above 64 in Africa and about 24.5 per cent in Asia are still in the labour force, mostly in the agricultural sector, whereas this rate in the more developed parts of the world is less than 10 per cent.⁷ In the developing world, older people continue to make a very important "invisible contribution" to society and contribute to the household income, but yet the rapidly growing shares of the very old will become a problem for societies who have to maintain at least informal income transfers to the very old – a problem that is often overlooked in the present debate.
17. By the year 2010, approximately 27 per cent of the world population will be over 45 – the age at which the incidence of disability begins to increase significantly. The alarming increase in the number of older workers leaving the labour force prematurely due to disability, as well as inability to cope, has aroused considerable concern. The cost of having so many people out of employment is very significant. In countries with established social security systems, spending on disability benefits reached alarming levels in the 1980s. In the Netherlands, for example, this expenditure comprised 6 per cent of GNP. In Germany, it amounted to 3.5 per cent and in France, 2.5 per cent. Also, the costs were spiralling. In the Netherlands, they expanded by a factor of four in the period 1975 to

⁷ *World Labour Report, 2000*, Geneva, ILO.

1989.⁸ In addition to the direct cost involved in the payment of disability benefits, there is a significant opportunity cost to the national economy in having so many people out of the active labour market.

- 18.** Even if difficult to prove, ageing most likely affects economic growth via a possible smaller growth of productivity. On the other hand, ageing in the more developed countries might lead to an increase of savings and hence a decrease of consumption. The net effect on economic growth is inconclusive. But it is clear that wise long-term investments are needed to prepare economies for an older workforce. Labour will become an increasingly scarce resource and economies can no longer afford to burn out this resource during working lives that presently are hardly longer than three and a half decades in many industrialized countries.

3. Gender and ageing

- 19.** One can note in table 4 that women make up the majority of the over-60 population in almost every country in the world. Older women are more likely than men to lack basic literacy and numeracy skills. A large part of the economic contribution of women is through household and informal economy activity which means that they benefit less from pension schemes. Social security schemes including minimum pensions and/or weighted benefit formulae are particularly relevant to women workers whose entitlements can otherwise be very low due to low pay and/or to part-time jobs often interrupted by family responsibilities and unemployment.

Table 4. Proportion of women amongst elderly

		1950 (%)	2000 (%)	2050 (%)
World	Amongst 60+	56	55	54
	Amongst 80+	62	65	62
More developed	Amongst 60+	58	59	56
	Amongst 80+	63	69	64
Less developed	Amongst 60+	54	53	54
	Amongst 80+	59	61	61

Source: World Population Prospects. The sex and age distribution of the world populations: The 2000 revision (United Nations, New York, 2001).

- 20.** Poverty in old age has a strong gender dimension. As presented in table 5, life expectancy for women is higher than for men. Therefore, women might stay in poverty longer at the end of their lives. Cultural practices and legal systems discriminate against women in many countries. In some developing countries, women's weaker property rights and more limited access to inheritance strongly influence their economic security in old age. For older women, socio-cultural factors also play a significant role in determining when a woman worker is considered old and they might experience double discrimination in the form of sexist and ageist stereotypes.⁹

⁸ Samodorov, A.: *Indicators of cost-effectiveness of policy options for workers and disabilities* (Geneva, ILO, Employment Department, 1996).

⁹ *Realizing decent work for older women workers* (Geneva, ILO, GENPROM, 2000).

Table 5. Life expectancy at birth

		1950-1955	1995-2000	2045-2050
World	Males	45.2	62.9	73.7
	Females	47.9	67.1	78.5
More developed	Males	63.6	71.1	79.0
	Females	68.6	78.6	85.1
Less developed	Males	40.2	61.4	72.9
	Females	41.8	64.5	77.3

Source: World Population Prospects. The sex and age distribution of the world populations: The 2000 revision (United Nations, New York, 2001).

21. Despite their vulnerability, older women provide an indispensable contribution to the economy and society. Older women are often primary care providers. In the developed regions, a significant model of caregiving is emerging for working women in the 45-60 age bracket: caring for both their children and elderly relatives.¹⁰ Likewise, in the less developed regions, particularly Africa, women in a similar age bracket are finding that their caregiving role is also increasing but due to different circumstances. Many older African women care for a range of relatives, especially their children and grandchildren with HIV/AIDS.¹¹
22. It is important to keep in mind that women's participation will be the main source of future labour force growth in many countries. Demographic ageing underlines the importance of women's participation in the labour market. Therefore, increased participation of women in the labour market may ease dependency problems related to demographic shifts, and may contribute to redress gender imbalances.

4. Employability of older workers

The importance of education and skill development

23. Current employment problems of older workers are rooted in their low levels of basic or core skills such as literacy and numeracy. While there are many education and literacy programmes, these tend to be targeted at children and younger people. Educational attainment is strongly correlated with employment. The better educated older employed remain longer in employment. Educational level provides the basis for workers to acquire skills throughout their working life, and thus enter their older age well equipped. Empirical research¹² foresees that future older workers will be better educated than today. Although this trend is likely to occur for developed countries, large international differences in the distribution of education levels will persist.
24. The demand for new skills and knowledge places many older workers at a disadvantage, as their training earlier in life is likely to be obsolete. Older people with disabilities face

¹⁰ *ibid.*

¹¹ Gender and Ageing, edited by D. Ewing, in "The ageing and development report", Help Age International.

¹² OECD Employment Outlook, June 1998.

additional barriers in accessing employment and training opportunities. Age discrimination underlies many of the difficulties faced by older workers in the labour market. Participation in training declines in general with age. Young adults in the 25-34 age group are almost twice as likely to undergo training as older people aged 55 to 64.¹³ Evidence shows that prejudices towards the abilities of older workers are unfounded. The conclusion being drawn from research is that the average difference in work performance between age groups tends to be significantly less than the differences between workers within each age group.¹⁴

25. Older workers do not represent a significant proportion of the recipients of public employment and training programmes but they are an increasingly important target group. There are, however, a few countries such as the United States, Canada and Japan where steps to formulate a policy for training older workers have been taken up progressively. In Europe, one of the more integrated policy programmes to promote the employability of older workers, is the Finnish National Programme for Ageing Workers (FNPAW). The programme aims to build a wide consensus at the policy level, both to value the experience of the ageing workforce and to raise the actual age of retirement. Its slogan, “*experience is national capital*”, emphasizes the ageing workforce as a resource.

The Finnish National Programme for Ageing Workers, 1998-2002

- The main goal of the FNPAW is to promote the employability of the over 45s and to reduce their exclusion and premature retirement.
- FNPAW is led and run in an integrated way. The Ministry of Social Affairs and Health, the Ministry of Labour and the Ministry of Education, in cooperation with major labour market organizations, are responsible for its implementation.
- FNPAW believes in the importance of skill development for older workers. For this purpose, regional training pilot projects are organized, embracing, for example, the need to update skills due to information technology progress as well as to discover innovative methods for training older workers.
- Specific measures to prevent displacement and discrimination of older workers are also being promoted.

Source: *Ageing workers and changing working life*, Ministry of Labour and Institute of Occupational Health, Helsinki, 1999.

The role of lifelong learning

26. Lifelong learning is a long-term preventive strategy far broader than just providing second chance education for those adults that did not receive quality education and training earlier in life. For those adults – many of whom are older women with insufficient initial education and training – lifelong learning is about delivering job-relevant learning, and building the foundation for further learning.
27. Implicit in the concept of lifelong learning is the rejection of a society structured on the basis of age in which education and training are one-off undertakings experienced early in life. Younger workers have on average more years of schooling and have more access to training programmes than their older counterparts. As a result, it is more difficult for older workers to keep up with technological change. Adapting and upgrading skills will be more fruitful than learning new ones, given the shorter time to recoup costs.

¹³ “Lifelong Learning in the Twenty-first century: The Changing Roles of Education Personnel” (Geneva, ILO, April 2000), www.ilo.org/public/English/dialogue/sector/techmeet/jmep2000/jmep1.htm

¹⁴ *World Employment Report, 1998-99*, Geneva, ILO.

28. Only in a learning society will all workers, women and men, be able to continually upgrade their skills and knowledge needed to maintain employability. While the United Kingdom is in the forefront of initiating action in this area, lifelong learning is being well accepted across a range of industrialized countries as the strategy required for continued development. However, a move towards lifelong learning is a gradual process. Many issues such as its financing remain unanswered.

Lifelong Learning in the United Kingdom

The Access to Learning for Adults Division of the Department for Education and Skills is undertaking several actions to promote lifelong learning, such as:

The Adult and Community Learning Fund

This fund was launched in 1998 as part of a strategy to widen participation in learning and improve basic skills. The fund makes the important connection between learning and social regeneration. While the economic benefits of learning are acknowledged, learning also helps to promote active citizenship, to strengthen the family and the neighbourhood. The fund has supported community-based organizations to develop and sustain innovative adult learning projects, aimed at adults who do not participate in education and training. The provision of "first rung" and informal learning, delivered in familiar local surroundings, has been effective in engaging disadvantaged adults.

Demonstration outreach projects

During 1997 and 1998 the Department for Education and Employment funded 12 demonstration outreach projects. The overall aim being to develop innovative ways of improving access to information and advice on learning opportunities for adults in disadvantaged communities.

Source: www.lifelonglearning.co.uk

Information and communication technologies (ICT) and older workers

29. The overall importance of investment in education and skills is underscored by the structural changes societies and economies are undergoing. Rapid technological developments call for a continuous renewal and updating of skills. At the same time, new technologies can contribute to extend working lives, allowing older workers to maintain their ties to the labour market. ICT is also helping to open employment possibilities for older people with disabilities at all skill levels. On the other hand, stereotyped attitudes against older workers often label the discussion on new technologies and older workers. The next box presents some examples of European companies that undertake training for older workers.

Training older workers and ICT

Hellas Can (Greece): Older workers participate in all training programmes offered by this organization including training in the use of ICT. Older workers' experience is valued by management and they are frequently involved in providing on-the-job training. Also, workers with particular skills may remain with the organization past the normal age of retirement.

Industrie und Handelskammer Chemnitz (Germany): Recently, training systems in this company were modified to be more suited to the needs of older workers. As a result, there has been a closer link between practical and theory sessions and a wider range of teaching methods. In addition, refresher courses and more advanced sessions have been introduced.

Fontijne Holland (Netherlands): This company has set up a refresher course in workplace technology for staff aged 40 and over. The course is intended for older employees who have not attended a course on the production process for some time, feel less involved in the production process, want to study new techniques or expand their knowledge. Two-thirds of the course takes place in employees' own time.

Source: *Combating age barriers in employment: A European portfolio of good practice*, European Foundation for the Improvement of Living and Working Conditions (1998).

30. Beyond older workers, the inclusion of older people into the information society is the broader challenge. If there is one risk that older people are likely to experience, it is isolation and, thus, marginalization. The Internet and other ICT offer possibilities for overcoming isolation among older people.¹⁵
31. There is no doubt about the positive potential of the technologies for older workers. However, the level of national income is strongly related to ICT diffusion and is clearly the distinguishing feature of the divide between industrialized and developing countries.

Adequate and safe working conditions

32. The ability and willingness of older workers to continue working depend also on their personal state of health, conditions of work and motivation. The ILO's Older Workers Recommendation, 1980 (No. 162), aims to identify and eliminate the occupational health hazards and working conditions which reduce the working capacity of older workers.
33. Employability of older workers is strongly influenced by individual and occupational factors which are essential to a person's ability to cope throughout their working life. Workability¹⁶ is the result of the interaction between the individual's resources, working conditions and work organization. A person's individual resources include health, functional capacity, basic and professional education and skills. Promotion and maintenance of workability have to be regarded as an active strategy for coping with the challenge of demographic change in the labour market, particularly with rising age-related health risks. Improving workability is also a tool to prevent both a premature loss of functional capacities and disability.

5. Social protection and ageing

Income security in old age

34. Old age poses major problems in terms of income security, especially in developing countries. In sub-Saharan Africa and South Asia, statutory social security personal coverage is estimated at 5 to 10 per cent of the working population and in some cases is decreasing. In Latin America, coverage is very different from country to country, ranging from 10 to 80 per cent. However, there does seem to be a general stagnation. In South-East and East Asia, coverage can vary between 10 and almost 100 per cent, and in many cases was, until recently, increasing.¹⁷ Moreover, a significant proportion of this population is covered for only a few contingencies. People who have been working in the informal economy, predominantly women, are likely to have very low or no incomes in old age. Relatively few developing countries provide a minimum income for their elderly, but examples exist in the Caribbean, India, Latin America and South Africa.

¹⁵ *World Employment Report, 2001*, Geneva, ILO.

¹⁶ *Active strategies for an ageing workforce*, Conference report, Turku, Finland, 12-13 August 1999. European Foundation for the Improvement of Living and Working Conditions, www.eurofound.ie/publications/files/3732EN.pdf

¹⁷ ILO: *Social security: Issues, challenges and prospects*, Report VI, International Labour Conference, 89th Session, Geneva, 2001, and *World Labour Report, 2000*, op. cit.

35. In most industrialized countries, social security coverage is close to 100 per cent. Poverty amongst the elderly is often smaller than amongst working age populations, except in some countries in transition.

India's innovative social assistance network

India provides social support to many workers in the formal sector. For the poor, however, there is a lack of formal programmes. Thus, older people in India are often confronted with the uncertainty of how to survive.

India has created a variety of income maintenance programmes. The destitute elderly are covered by state social assistance programmes targeted to their needs.

Two major programmes are those of Maharashtra and Kerala states. Maharashtra state has a population of about 70 million, almost two-thirds in the rural sector. The social assistance programme for the destitute elderly provides benefits to those over age 59 (women) or age 64 (men) who have no property or any other support, and who have been residents of Maharashtra state for at least 15 years.

In the state of Kerala, there are several special social assistance programmes. The two most important are the Kerala Destitute Pension Scheme (KDPS) and the Agriculture Workers' Pension Scheme (AWPS). The KDPS helps destitute pensions to elderly, widowed or physically disabled. The AWPS provides old age pension to low-income agricultural labourers.

Social assistance programmes operate in most other states of India. Eligibility conditions for each state vary but the "means test" to assess financial resources is very strict in all of them.

The social assistance programmes in India do not completely solve the problem of how to support the destitute elderly but do reflect an explicit recognition of the poverty problems facing old people.

Source: *Ageing in Asia: The growing need for social protection*, ILO EASMAT (1997), www.ilo.org/public/english/region/asro/bangkok/paper/ageing.htm

The financing of social protection

36. Contemporary social protection financing systems are often said to be ill-equipped to deal with the ageing of populations. In fact, all pensions systems, whether pay-as-you-go, pre-funded or a combination of the two, are mechanisms for dividing current national income between active and retired workers. If the ratio of the former to the latter rises, changing the financing mechanisms will not solve the problem of rising pension costs. A genuine solution is to be sought by increasing participation in the labour force – notably among women, older workers and young people. An ageing society need not face any crisis, as long as it is able to provide jobs for its ageing workforce. Modern and more flexible lifetime working patterns should be able to better accommodate the ageing workforce.

Impact of increasing labour force participation rates

ILO model calculations show that in a typical rapidly ageing European country with a de facto retirement age of 60 and a female labour force participation rate like that of the Netherlands, the combined unemployment and old-age pensioner dependency ratio would have been in the order of 62 dependants per 100 employed persons in 1995. If the country were to raise the de facto retirement age to 67 by 2030 and increase female labour force participation to the present highest levels in Europe (i.e. Swedish level), then the combined dependency ratio in 2030 would amount to about 68 per 100 employed. Under status quo conditions (i.e. unchanged de facto retirement age of 60 and unchanged female labour force participation) that ratio would be 80 to 100, or about 18 per cent higher. Employment is the key to the future financing of social protection.

Source: ILO: *Social security: Issues, challenges and prospects*, op.cit., footnote 17, and *World Labour Report, 2000*, op.cit.

37. However, financing and benefit systems have to be prepared for ageing, as both pay-as-you-go defined benefit pension systems and funding systems of individual savings accounts will be affected by ageing. Old-age benefit systems are long-term commitments of a society to which people are affiliated for seven to eight decades. To be sustainable, the financial viability of social security systems must be guaranteed over the long term. It is

therefore necessary to implement needed adjustments sooner rather than later to avoid financial crises.

Long-term health-care implications of ageing

- 38.** Health services need to adapt to the demands of the ageing population as well as to associated costs. The rapid growth of the share of the population above 80 years may serve as an indicator of the growing demand for long-term nursing service of dependent elderly. Nonetheless, although a larger number of older people will mean greater demands for services, they also represent a precious resource for society at large.
- 39.** Evidence suggests that in countries where there are few social services, informal support systems, such as family structures play a major role in the daily lives of older people. However, if the labour force participation – notably of women – is increasing, then such informal systems have to be increasingly replaced by professional services.
- 40.** Health-care costs significantly increase with age. Applying the pattern in table 6 worldwide (assuming it stays constant) to the United Nations population projections, would show that the overall cost of health care, due to ageing alone, would increase by 41 per cent between 2000 and 2050. The increase is 36 per cent for the more developed countries and 48 per cent for the less developed. The effect does not take into account the overall future increase of utilization and cost across the whole pattern of consumption. Neither does it take account of the “catching up” effect that one might expect in the developing world. On the other hand it is not clear whether future increase of health-care consumption in early ages would reduce consumption in older ages. However, an uncontained increase of excess medical inflation by 1 per cent per year, or a 1 per cent per year average increase of utilization, has bigger effects on the overall cost of health care than ageing. Furthermore, health care is a labour-intensive industry. Whether in the long-run this is a positive or limiting effect to growth depends on how countries solve present overall employment problems. Therefore, more research is needed to assess the effect of ageing on overall health-care cost.

Table 6. The pattern of medical-care consumption by age – The case of Japan

Age group	Typical scale of medical-care cost by age
0-4	0.8
5-9	0.5
10-14	0.3
15-19	0.3
20-24	0.5
25-29	0.6
30-34	0.7
35-39	0.8
40-44	1.0
45-49	1.1
50-54	1.4
55-59	1.8
60-64	2.3
65-69	2.9
70+	4.7

Source : ILO estimation based on data from Japan.

Ageing and migration

41. Migration replacement, that is the international migration needed to compensate the reduction of the working age population in ageing societies, has become a major concern. A United Nations study¹⁸ has calculated that the immigration required between 2000 and 2050 in the European Union would be 47 million to maintain the size of total population and 674 million to maintain the ratio of the working age population (15-64 years) to the old-age population (65 years or older). From these figures it appears that immigration may not be a universal solution to ageing.
42. The situation of migrant workers performing work in the informal economy and ageing while falling outside the realm of social protection, not having access to pension schemes and adequate health services, is of great concern. It is also important to ensure equal treatment with nationals as well as to maintain acquired rights after transfer of residence from one country to another.
43. Emigration can also deprive sending countries of people they actually need. While it may be advantageous for individuals, this “brain drain” represents a considerable loss to countries that have invested in workers’ training and skill. This also results in an “adverse selection” of the population having negative implications for the national health and pension systems.

6. Issues for discussion

44. While ageing is not a “catastrophe”, it does pose a policy challenge. Ageing is a long-term phenomenon and coping mechanisms can be introduced gradually. Coping mechanisms have to be found in the world of work and in the social transfer systems. The ILO has a vital role to play in developing far-sighted solutions and setting these mechanisms into motion.
45. The Committee is invited to consider the following policy issues with a view to providing guidance for the ILO’s contribution to the Second World Assembly on Ageing:
 - Gradual and flexible transition from active working life to retirement as a means to give older workers the opportunity to remain active longer should they wish.
 - Development of necessary measures to prevent discrimination in employment and occupation with special attention to older women workers.
 - Implementation of policies to train and retrain older workers in order to help them adapt to new demands and opportunities using the guiding principle of lifelong learning as a long-term preventive strategy.
 - The potential of ICT to open up employment and training possibilities for older people including those with disabilities as well as the realization of this potential for the majority of the world’s older people.

¹⁸ *Replacement Migration: Is it a solution to declining and ageing populations?*, United Nations Population Division, 2000.

- Development of measures appropriate to national conditions and practice to enable older workers to stay longer in employment and to make it attractive for them to do so.
- The social security challenge to respond to changing family structures and lifestyles by guaranteeing equality of treatment between men and women on for instance pensionable age and survivors' benefits.
- Development of mechanisms that keep social transfer systems in financial equilibrium by sharing the financial burden of ageing fairly between the active and inactive populations.
- Costs of ageing for health-care systems as well as the positive economic impact of healthy older workers.
- The scope and limitations of migration replacement as a solution to population ageing.
- Importance of social integration, family links, multigenerational relationships and the rights of older people necessary to guarantee a secure and decent old age.

46. The Committee on Employment and Social Policy may wish to recommend that the Governing Body request the Director-General to take account, in preparing the ILO's contribution to the Second World Assembly on Ageing, of the opinions expressed by the meeting on the issues listed in paragraph 45 above.

Geneva, 19 September 2001.

Point for decision: Paragraph 46.