

# Leaving No One Behind In An Ageing World

World Social Report 2023

### DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS

WORLD SOCIAL REPORT 2023: LEAVING NO ONE BEHIND IN AN AGEING WORLD



#### DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS

The Department of Economic and Social Affairs of the United Nations Secretariat is a vital interface between global policies in the economic, social and environmental spheres and national action. The Department works in three main interlinked areas: (i) it compiles, generates and analyses a wide range of economic, social and environmental data and information on which States Members of the United Nations draw to review common problems and to take stock of policy options; (ii) it facilitates the negotiations of Member States in many intergovernmental bodies on joint courses of action to address ongoing or emerging global challenges; and (iii) it advises interested Governments on the ways and means of translating policy frameworks developed in United Nations conferences and summits into programmes at the country level and, through technical assistance, helps build national capacities.

ST/ESA/379 United Nations publication Sales No. E.23.IV.2 ISBN 978-92-1-130458-9 eISBN 978-92-1-001968-2 Copyright © United Nations 2023 All rights reserved

## FOREWORD

Our world is changing in fundamental ways. One key trend is the gradual and largely irreversible shift towards an older population, already underway in most countries.

The number of persons aged 65 years or older worldwide is expected to double over the next three decades, reaching 1.6 billion in 2050, when older people will account for more than 16 per cent of the global population.

People are living longer, healthier lives. The rise in human longevity is a success story caused by improved sanitation and medical therapies, greater access to education and family planning, and strides towards gender equality and women's empowerment.

This shift in the population age structure brings into question current arrangements of old-age support in countries both young and old. As the health and wealth of societies continue to improve, traditional notions of dependency at older ages are becoming less and less valid. Yet, effective systems of old-age support will continue to be needed, as will the intergenerational solidarity required to sustain them.

Not everyone has benefitted to the same extent from the social and economic improvements that drive longevity.

High and rising levels of inequality threaten to become a defining feature of present and future generations. Due to a combination of acute crises and unfavourable long-term trends in employment and wages, successive generations are increasingly unequal and economically insecure in both developed and developing countries despite ongoing improvements in health and education. Without swift and bold policy action to counter this trend, future cohorts of older persons may be even more economically unequal than those alive today. But rising inequality is not inevitable, and policy makers can influence the future direction of inequality as populations continue to live longer.

The World Social Report 2023 explores the social and economic opportunities and challenges that population ageing presents. As Governments come together to mark the twentieth anniversary of the Madrid International Plan of Action on Ageing, the *Report* builds on the Plan's framework of support to national policies to create equitable, fair and inclusive societies for people of all ages.

Policies to promote healthy ageing, prevent poverty and foster employment and opportunities for decent work before people reach older ages are vital to enhance economic security and reduce inequality among older persons. Taking advantage of the skills, expertise and knowledge of older persons, women, and other groups that have traditionally been excluded from or disadvantaged in the labour market can go a long way towards promoting equity and ensuring that old-age support systems are fiscally sustainable.

A key message of the *World Social Report* 2023 is that population ageing and policies implemented in response to this historic global trend can be harnessed to uphold the pledge contained in the 2030 Agenda for Sustainable Development that no one will be left behind. Together, we can address today's inequalities for the benefit of tomorrow's generations, managing the challenges and capitalizing on the opportunities that population ageing brings.

Questions of intergenerational equity in an ageing world need to take centre stage as the world prepares for the Sustainable Development Goals Summit in 2023 and the Summit of the Future in 2024. Now is the time to plan for the long term, to prepare for the challenges ahead and take advantage of the new opportunities these demographic shifts bring. It is the time to strengthen solidarity between younger and older people today and between present and future generations.



Under-Secretary-General for Economic and Social Affairs United Nations

## ACKNOWLEDGEMENTS

The World Social Report is the flagship publication on major social development issues of the Department of Economic and Social Affairs (DESA) of the United Nations Secretariat.

The 2023 report was prepared by a team led by John Wilmoth of the Population Division, Daniela Bas of the Division for Inclusive Social Development and Shantanu Mukherjee of the Economic Analysis and Policy Division, under the guidance of Navid Hanif. The report's core team included Lina Bassarsky, Jorge Bravo, Danan Gu, Kristinn Sv. Helgason, Zhenqian Huang, Ismael Issifou, Kenneth Iversen, Maren Jimenez, Yumiko Kamiya, Daisuke Maruichi, Jonathan Perry, Julie Pewitt, Marta Roig and Karoline Schmid.

The analysis contained in the report benefited from background papers prepared by Peter Lloyd-Sherlock, Sang-Hyop Lee, M. Mahmud Khan, Renuga Nagarajan and Jean-Marie Robine. A background paper and data analysis were also provided by the Gateway to Global Aging Data team based at the University of Southern California. A group of graduate students from the Edward J. Bloustein School of Planning and Public Policy of Rutgers University, under the guidance of Prof. Hal Salzman, also prepared a background study for the report as part of a studio project.

The team is particularly grateful to Jennifer Ailshire, Deborah Carr, Carlos Gradin, Emily Grundy, Teresa Munzi, Jorg Neugschwender, Warren Sanderson and Andrew Scott for their review of early drafts and for their guidance and advice during the preparation of the report. The team would also like to thank Amal Abou Rafeh, Hoi Wai Jackie Cheng, Julia Ferre, Nicole Hunt, Alex Julca, Cornelia Kaldewei, Marcelo LaFleur, Tim Miller, Wenyan Yang, and other DESA colleagues for their substantive contributions to the report and for commenting on drafts during the internal review process.

The report was skilfully edited by Gretchen Luchsinger. Blossom provided the cover design and final layouts for all text, tables and figures.

#### CONTENTS

FOREWORD	IV
ACKNOWLEDGEMENTS	VI
EXPLANATORY NOTES	XI
EXECUTIVE SUMMARY	2
INTRODUCTION	10
CHAPTER 1. AN AGEING WORLD	17
A. Older populations are rapidly growing everywhere	18
B. The population age distribution is shifting steadily upward	21
C. Better measurement improves understanding of ageing societies	25
1. Comparing chronological and prospective measures of old-age dependency	26
2. Measuring ageing from an economic perspective	27
D. Demographic transition stems from longer lives and smaller families	29
CHAPTER 2. TOWARDS LIVING LONGER, HEALTHIER LIVES	35
A. A longer lifespan is a success story	36
B. Women have a survival advantage – but it may not last	40
C. Many factors determine healthy ageing	41
D. Longer lives are not always healthy, especially for women	42
E. Disparities in health and life expectancy intersect with multiple inequalities	44
F. Premature deaths have declined but the future is uncertain	46
CHAPTER 3. WHAT POPULATION AGEING MEANS FOR ECONOMIES	48
AND INTERGENERATIONAL EQUITY	
A. Ageing opens doors and poses challenges	51
1. Two demographic dividends can drive greater growth	52
2. Ageing has an impact on productive capacity	53
3. As people grow older, consumption patterns change	56
4. Financing old-age consumption depends on reallocating resources	60
5. Adapting to sustain economic growth over time	64
B. Keeping up with ageing calls for shifting consumption and production strategies	67
1. Women and older workers add value in labour markets	67
2. Greater labour productivity depends on investing in skills	69
3. Harnessing the potential of the technological revolution	72
4. Pronatalist policies show mixed results	73
5. Beyond borders: impetus for new investment flows	73
C. Carefully timed policies can steer a successful transition	76

CHAPTER 4. AGEING, POVERTY AND INEQUALITY, NOW AND IN THE FUTURE	76
A. Poverty, inequality and exclusion in old age: a snapshot	77
1. Poverty risks can rise with age	77
2. Inequality need not increase in old age	83
3. Saving for old age stumbles over multiple obstacles	84
4. Gender disparities make older women poorer	85
5. Other dimensions of old-age exclusion	87
B. Inequalities over the course of life add up	90
1. Health disparities among older people often start early: education is key	90
2. Employment can support or damage health	94
C. The future of ageing: more unequal	95
1. The employment crisis will be felt across generations	95
2. Inequality is rising	99
3. COVID-19 altered prospects for education and labour markets	101
D. Reducing inequality and providing security –	102
without breaking the budget	
1. Cutting the roots of old-age disadvantage and ill-health	102
2. Improving the lives of older persons through adequate pensions	104
3. The potential of progressive taxation	109
CHAPTER 5. A CRISIS OF CARE	113
A. As populations age, care has not kept up	115
1. Care needs are growing	115
2. Care needs are changing	117
B. Providing better care: determinants, status and challenges	119
1. Ageing in the right place	119
2. Living arrangements define care provision	120
3. Demand for care outstrips the supply of caregivers	121
C. COVID-19 cut a devastating swathe through long-term care	131
1. Clustered in facilities, older people were more vulnerable	131
2. Long-term caregivers paid a high price, many times over	133
D. More equitable care centres on what people need – and decide	133
1. Regulating improvements in care quality and conditions	134
2. Investing in long-term care	135
3. Helping people age in place	136
4. Creating an environment that fosters better care	137

BOX	/F\$	
1.1	Defining replacement-level fertility	31
1.1	International migration can both slow and add to population ageing	32
1.2	From tax credits to baby bonuses, countries concerned about low fertility offer support	33
1.5	for bearing and rearing children	55
2.1	COVID-19 has disrupted steady gains in global life expectancy	39
3.1	Accounting for unpaid care informs policies equipped to manage an ageing society	66
3.2	How to amplify economic growth during the demographic transition	70
3.3	In Japan, ageing is reorganizing industry and advancing the digital economy	74
4.1	Challenges in measuring old-age income poverty	79
4.2	COVID-19, isolation and discrimination against older persons	88
4.3	Disparities in disability signal unequal ageing	93
4.4	The building blocks of old-age pension systems	105
5.1	Acute end-of-life vulnerabilities require specialized care	118
FIG	URES	
0.1	Age patterns of labour income and consumption, averaged across 41 countries, based on data between 1994 and 2016	11
1.1	Number of people aged 65 years or over in millions, world and regions, 1980, 2021 and 2050	21
1.2	Percentage of people aged 65 years or over, world and regions, estimates for 1950–2021 and projections for 2022–2050	22
1.3	Distribution of the global population in broad age groups and total dependency ratios, estimates for 1950–2021 and projections for 2022–2050	24
1.4	Traditional and prospective old-age dependency ratios, world and regions, estimates for 1990–2021 and projections for 2022–2050	27
1.5	Economic old-age dependency ratios, world and regions, estimates for 1990–2021 and projections for 2022–2050	28
1.6	Population distribution by age and sex, crude birth and death rates, and total population size at different stages of the demographic transition	29
2.1	Number of deaths by sex and age in Denmark, 1835-2020	37
2.2	Life expectancy and health-adjusted life expectancy at age 60, by sex, selected countries, 2000–2019	43
3.1	Years marking the beginning and end of the demographic dividend (upper panel) and average duration of the first demographic dividend (lower panel), both by region	53
3.2	Global labour force participation rate by age and sex, 2019	55
3.3	Labour force participation rate by region and age group (in years), 2019	57
3.4	Per capita consumption by age relative to the consumption level among those aged 30 to 49, latest year available, 2005–2016	57
3.5	Structure of consumption expenditure by age, European Union countries, 2015	58
3.6	Total annual expenditure on health as a share of GDP in OECD countries	59
3.7	Sources of income by age group	61
3.8	Per capita taxes and social contributions across the life course, selected countries in Europe, Asia and the Americas	63
3.9	Changes in the fiscal burden due to pension promises in 32 OECD countries, percentage of GDP, 2018–2060	64
3.10		71

1	z	
1	٦	L

4.1	Share of the population living in relatively poor households by broad age group, late 2010s (or latest year with data)	81
4.2	Differences in relative poverty rates between older and working ages, selected countries, 2018 (or latest year with data)	82
4.3	Gini coefficient by age, selected developed and developing countries, 2018 (or latest year with data)	83
4.4	Household wealth by age, selected developed countries, 2019 (or latest year with data)	85
4.5	Share of the population living in relative poverty by age and sex, late 2010s (or latest year with data)	86
4.6	Share of older persons living in relative poverty by level of education, 2019 (or latest year with data)	91
4.7	Share of adults 50 and older with a functional disability by education level, selected countries, around 2018	92
4.8	Effect of working in physically demanding jobs on functional disability, adults aged 50 or older, selected European countries and Israel, around 2018	94
4.9	Estimated unemployment rate by age and birth cohort	96
4.10	Estimated youth labour force participation rate by birth cohort	98
4.11	Gini coefficient by birth cohort	100
4.1.1	Types of assets owned by people living in relative poverty by age in eight developed countries, 2019 (or latest year with data)	111
4.1.2	Logistic regression predicting functional disability based on work history, by sex, adults aged 50 and older in Europe, 2018	112
5.1	Share of women among long-term care recipients in institutions other than hospitals and at home, aged 65 or above and aged 80 or above, selected OECD countries	116
5.2	Long-term care recipients at home and in institutions other than hospitals, selected countries, latest available year	120
5.3	Estimated numbers and deficits in formal long-term care workers, the world and by region, 2015	122
5.4	Number of informal long-term care workers per 100 persons aged 65 or over, 2014	123
5.5	The time that women and men spend on unpaid care work for all household members	124
5.6	Number of countries with a long-term care policy, plan, strategy or framework, standalone or integrated within an ageing and health plan	128
5.7	Government spending and household out-of-pocket payments on long- term care, share of GDP, latest available year	129
5.8	Public spending on long-term care and long-term care beds in 2019 (or latest available year)	130
ТАВ	LES	
1.1	Countries and areas with the largest shares of people aged 65 years or over, 1980, 2021 and 2050	23
2.1	Life expectancy at birth by sex, world, regions and income groups, 1950, 2021 and 2050	40

EXPLANATORY NOTES
The following symbols have been used in tables throughout the report:
A hyphen (-) between years, for example, 1990-1991, signifies the full period involved, including the beginning and end years.
A full stop (.) is used to indicate decimals.
A dollars sign (\$) indicates United States dollars, unless otherwise stated.
Details and percentages in tables do not necessarily add to totals, because of rounding.
When a print edition of a source exists, the print version is the authoritative one. United
Nations documents reproduced online are deemed official only as they appear in the
United Nations Official Document System. United Nations documentation obtained from other United Nations and non-United Nations sources are for informational purposes only. The Organization does not make any warranties or representations as to the accuracy or completeness of such materials.
The following abbreviations have been used:
Economic Commission for Latin America and the Caribbean (ECLAC)
Gross Domestic Product (GDP)
International Labour Organization (ILO)
International Organization for Migration (IOM)
International Monetary Fund (IMF)
Luxembourg Income Survey (LIS)
Organisation for Economic Co-operation and Development (OECD)
Purchasing power parity (PPP)
Sustainable Development Goals (SDGs)
United Nations Conference on Trade and Development (UNCTAD)
United Nations Children's Fund (UNESCO)
World Health Organization (WHO)

#### NOTES ON REGIONS, DEVELOPMENT GROUPS, COUNTRIES AND AREAS

The designations employed in this publication and the material presented in it do not imply the expression of any opinions whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The term "country" as used in this report also refers, as appropriate, to territories or areas.

In this publication, data for countries and areas are often aggregated in six continental regions: Africa, Asia, Europe, Latin America and the Caribbean, Northern America, and Oceania. Further information on continental regions is available from <a href="https://unstats.un.org/unsd/methodology/m49/">https://unstats.un.org/unsd/methodology/m49/</a>. Countries and areas have also been grouped into geographic regions based on the classification being used to track progress towards the Sustainable Development Goals of the United Nations (see <a href="https://unstats.un.org/sdgs/indicators/regional-groups/">https://unstats.un.org/sdgs/indicators/regional-groups/</a>).

The designation of "developing" and "developed", is intended for statistical purposes and does not express a judgment about the stage in the development process reached by a particular country or area. Developed regions comprise all countries and areas of Europe and Northern America, plus Australia, New Zealand and Japan.

Developing regions comprise all countries and areas of Africa, Asia (excluding Japan), Latin America and the Caribbean, and Oceania (excluding Australia and New Zealand). Further information is available at <u>https://www.un.org/ohrlls/content/about-us</u>.

The classification of countries and areas by income level is based on gross national income (GNI) per capita as reported by the World Bank. These income groups are not available for all countries and areas. Further information is available at <a href="https://datahelpdesk.worldbank.org/knowledgebase/topics/19280-country-classification">https://datahelpdesk.worldbank.org/knowledgebase/topics/19280-country-classification</a>.