

III. POPULATION AGE STRUCTURE

The demographic transition associated with declining fertility and mortality levels is causing unprecedented changes in population age structures around the world. Different countries have been affected differently according to their stage of demographic transition and level of development. On the one hand, most developed countries and some developing countries have already attained older age structures and are experiencing declining proportions of youth and working-age adults, with negative consequences for labour supply and old-age support ratios. On the other hand, many developing countries are experiencing increasing numbers and proportions of youth and working-age populations, which, under the right circumstances, can lead to a short-run demographic bonus but at the same time create obvious challenges in terms of providing education and creating employment opportunities.

The relative size of the working-age population is important in providing support for the dependent populations of children and the elderly. In many developing countries, as declining fertility leads to fewer children relative to the working-age population, it gives rise to an opportunity to increase investments in child and maternal health, education, infrastructure and environmental protection. This so-called “demographic dividend”, if properly managed, can make a significant contribution to boost economic growth and to pull people out of poverty. The contributions of the working-age population to economic growth and development may be constrained or enhanced by the domestic labour market and other macroeconomic conditions.

Another inevitable consequence of the demographic transition resulting from fertility decline and increased longevity is population ageing—the process by which older individuals become a proportionally larger share of the total population. Population ageing has a profound impact on a broad range of economic, political and social conditions through such factors as economic growth, savings and investment, labour supply and employment, pension schemes, health and long-term care, intergenerational transfers, family composition and living arrangements. For example, concerns are growing about the long-term viability of intergenerational social support systems, which are crucial for the well-being of both the older and younger generations (Cliquet and Nizamuddin, 1999; International Council on Social Welfare, 2010). This is especially true where provision of care within the family becomes more and more difficult as family size decreases and women, who are traditionally the main caregivers, increasingly engage in employment outside the home.

CONCERNS ABOUT THE SIZE OF THE WORKING-AGE POPULATION

The size of the working-age population can be a concern for Governments both in developed and developing countries, albeit for different reasons. Developed countries are usually concerned because their working-age population is too small or growing slowly, if at all. Consequently, most developed countries with low-fertility and slowly growing or shrinking labour force have adopted family-friendly measures that support parents who want to more easily combine work and parental roles. In addition, some countries have shown increasing willingness to attract international migration, often of a temporary nature, to address unmet short-term labour

demands. In contrast, developing countries are typically concerned about their large and rapidly growing labour force and about the challenge of providing decent jobs for all.

Recent changes in labour market conditions resulting from global financial crisis during 2008 and 2009, which led to sharp declines in employment rates in many countries around the world, may have influenced the extent to which the Governments were concerned about the size of their working-age population. While there has been some recovery in the labour markets since mid-2009, the progress has been slow in most countries. In 2011, the global employment rate (60.3 per cent) was still about a percentage point lower than the pre-crisis level in 2007, and there remained a deficit of about 50 million jobs in comparison to the pre-crisis level (International Labour Organization, International Institute for Labour Studies, 2012). In the coming years, although the global unemployment rate is expected to decline gradually, the number of jobseekers is likely to continue to increase due in part to growing numbers of new labour force entrants in developing countries.

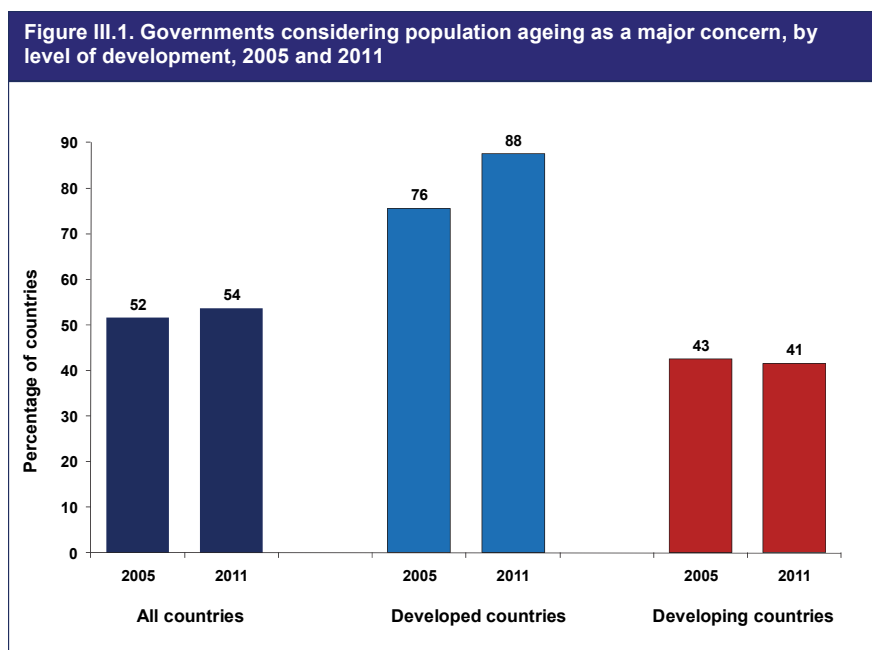
In 2011, among 184 countries with data, 61 per cent of Governments identified the size of their working-age population as a major concern, down slightly from 66 per cent in 2005 (table III.1). In developed countries, the percentage of Governments that viewed the size of their working-age population as a major concern increased from 57 per cent in 2005 to 64 per cent in 2011, whereas in developing countries it declined from 70 per cent to 61 per cent during the same period. In 2011, the percentage of Governments that viewed the size of their working-age population as a major concern was much higher in least developed countries. By geographic region, it ranged from 73 per cent in Africa to 36 per cent in Latin American and the Caribbean, with the exception of the 2 countries in Northern America.

CONCERNS ABOUT POPULATION AGEING

Many societies, particularly those in developed countries, have attained older population age structures than have ever existed in the past. Initially experienced by more developed countries, the process has recently become apparent in much of the developing world as well. For the foreseeable future, virtually all countries in the world will experience population ageing, although at varying levels of intensity and in different time frames.

Indeed, at the global level, older persons are the fastest growing population group, amid rapidly changing family structures and declining family support systems. During 2005–2010, the annual growth rate for the population aged 60 years or over (2.6 per cent) was more than twice that recorded for the total population (1.2 per cent) (United Nations, 2011b). Globally, the number of older persons aged 60 years or over is projected to increase from 784 million in 2011 to more than 2 billion in 2050. During this same period, the number of “oldest old” (persons aged 80 years or over) is projected to increase from 109 million to 402 million. Most developed countries and some developing countries with low fertility already face significant population ageing. However, in absolute numbers, the majority of old people live in developing countries. In 2010, 65 per cent of the world’s population aged 60 years or over lived in developing countries, and by 2050 this proportion is projected to increase to 79 per cent (United Nations, 2011a).

While once limited to developed countries, concerns for the consequences of ageing have been growing in developing countries. In 2011, more than half of the Governments considered population ageing in their countries as a major concern (table III.2, figure III.1). Governments in developed countries were more than twice as likely (88 per cent) as those in developing countries (41 per cent) to consider population ageing as a major concern. In recent years, the percentage of Governments that considered population ageing as a major concern has increased in developed countries, from 76 per cent in 2005 to 88 per cent in 2011, but it has declined slightly in developing countries from 43 per cent in 2005 to 41 per cent in 2011.



In Latin America and the Caribbean, one of the major areas in the developing world where population ageing is most advanced, 73 per cent of Governments considered population ageing as a major concern in 2011, up from 64 per cent in 2005 (table III.2). In contrast, in Africa and Asia, only 30 per cent and 36 per cent of Governments considered population ageing as a major concern in 2011, respectively. These proportions declined slightly from 35 per cent and 39 per cent, respectively in 2005.

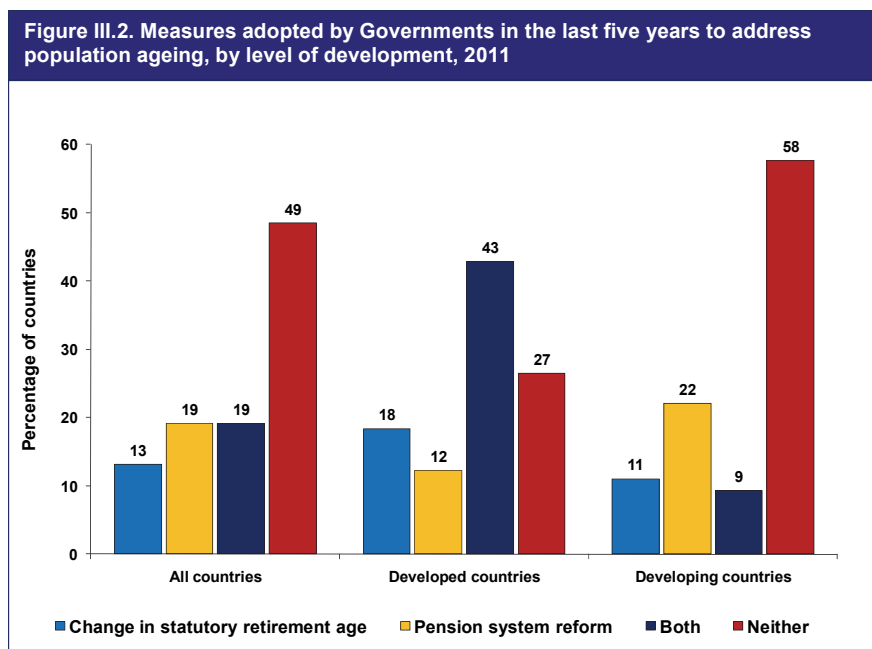
MEASURES TO ADDRESS POPULATION AGEING

Concerned by population ageing and the financial unsustainability of pension programmes, many Governments are modifying the parameters of those programmes, and in some cases, introducing mandatory fully-funded schemes, while in others, increasing the statutory retirement age, eliminating incentives for early retirement, reducing benefits and encouraging more women to enter the labour force. In 2011, information about changes in statutory retirement age and major reforms in the pension system in the past five years was available for 167 countries. Among these countries, Governments of 54 countries (32 per cent) changed their statutory

retirement age and Governments in 64 countries (38 per cent) reformed their pension system in the past five years (table III.3). Thirty two of the 167 Governments (19 per cent) changed both the retirement age and reformed their pension system during this time. About half (49 per cent) of the Governments with data neither changed the statutory retirement age nor reformed the pension system during the past five years.

Governments of 73 per cent of developed countries either changed the statutory retirement age or reformed their pension system or took both measures in the past five years, compared with only 42 per cent of Governments of developing countries that adopted at least one of the two measures to address population ageing (figure III.2). The difference by development level was particularly stark in the percentage of Governments that adopted both measures, 43 per cent in developed countries compared with only 9 per cent in developing countries.

The percentage of Governments that either changed the statutory retirement age or reformed their pension system in the past five years ranged from a high of 75 per cent in Europe to a low of 29 per cent in Africa, with the exception of Northern America where the two Governments (Canada and the United States of America) did not make any changes in the two measures in the past five years (table III.3).



Chapter III

Tables

Table III.1. Government level of concern about the size of the working-age population, 2005 and 2011

Year	Number of countries				Percentage			
	Major concern	Minor concern	Not a concern	Total	Major concern	Minor concern	Not a concern	Total
By level of development								
<i>World</i>								
2005	102	40	12	154	66	26	8	100
2011	113	57	14	184	61	31	8	100
<i>More developed regions</i>								
2005	25	14	5	44	57	32	11	100
2011	30	11	6	47	64	23	13	100
<i>Less developed regions</i>								
2005	77	26	7	110	70	24	6	100
2011	83	46	8	137	61	34	6	100
<i>Least developed countries</i>								
2005	28	3	0	31	90	10	0	100
2011	32	10	0	42	76	24	0	100
By major area								
<i>Africa</i>								
2005	28	6	0	34	82	18	0	100
2011	33	12	0	45	73	27	0	100
<i>Asia</i>								
2005	31	9	1	41	76	22	2	100
2011	29	16	2	47	62	34	4	100
<i>Europe</i>								
2005	21	14	4	39	54	36	10	100
2011	27	9	6	42	64	21	14	100
<i>Latin America and the Caribbean</i>								
2005	12	10	6	28	43	36	21	100
2011	12	16	5	33	36	48	15	100
<i>Northern America</i>								
2005	2	0	0	2	100	0	0	100
2011	2	0	0	2	100	0	0	100
<i>Oceania</i>								
2005	8	1	1	10	80	10	10	100
2011	10	4	1	15	67	27	7	100

Table III.2. Government level of concern about the ageing of the population, 2005 and 2011

Year	Number of countries				Percentage			
	Major concern	Minor concern	Not a concern	Total	Major concern	Minor concern	Not a concern	Total
By level of development								
<i>World</i>								
2005	85	79	1	165	52	48	1	100
2011	98	79	6	183	54	43	3	100
<i>More developed regions</i>								
2005	34	11	0	45	76	24	0	100
2011	42	6	0	48	88	13	0	100
<i>Less developed regions</i>								
2005	51	68	1	120	43	57	1	100
2011	56	73	6	135	41	54	4	100
<i>Least developed countries</i>								
2005	9	25	1	35	26	71	3	100
2011	8	28	4	40	20	70	10	100
By major area								
<i>Africa</i>								
2005	15	27	1	43	35	63	2	100
2011	14	29	3	46	30	63	7	100
<i>Asia</i>								
2005	16	25	0	41	39	61	0	100
2011	17	28	2	47	36	60	4	100
<i>Europe</i>								
2005	30	10	0	40	75	25	0	100
2011	38	5	0	43	88	12	0	100
<i>Latin America and the Caribbean</i>								
2005	21	12	0	33	64	36	0	100
2011	24	9	0	33	73	27	0	100
<i>Northern America</i>								
2005	2	0	0	2	100	0	0	100
2011	2	0	0	2	100	0	0	100
<i>Oceania</i>								
2005	1	5	0	6	17	83	0	100
2011	3	8	1	12	25	67	8	100

Table III.3. Government measures adopted in the last five years to address population ageing, 2011

Year	Number of countries					Percentage				
	Change in statutory retirement age	Pension system reform	Both	Neither	Total	Change in statutory retirement age	Pension system reform	Both	Neither	Total
By level of development										
<i>World</i>										
2011	22	32	32	81	167	13	19	19	49	100
<i>More developed regions</i>										
2011	9	6	21	13	49	18	12	43	27	100
<i>Less developed regions</i>										
2011	13	26	11	68	118	11	22	9	58	100
<i>Least developed countries</i>										
2011	2	4	0	25	31	6	13	0	81	100
By major area										
<i>Africa</i>										
2011	5	2	1	20	28	18	7	4	71	100
<i>Asia</i>										
2011	4	12	7	23	46	9	26	15	50	100
<i>Europe</i>										
2011	8	5	20	11	44	18	11	45	25	100
<i>Latin America and the Caribbean</i>										
2011	4	9	3	17	33	12	27	9	52	100
<i>Northern America</i>										
2011	0	0	0	2	2	0	0	0	100	100
<i>Oceania</i>										
2011	1	4	1	8	14	7	29	7	57	100