

Preparing for ageing societies in Asia and the Pacific

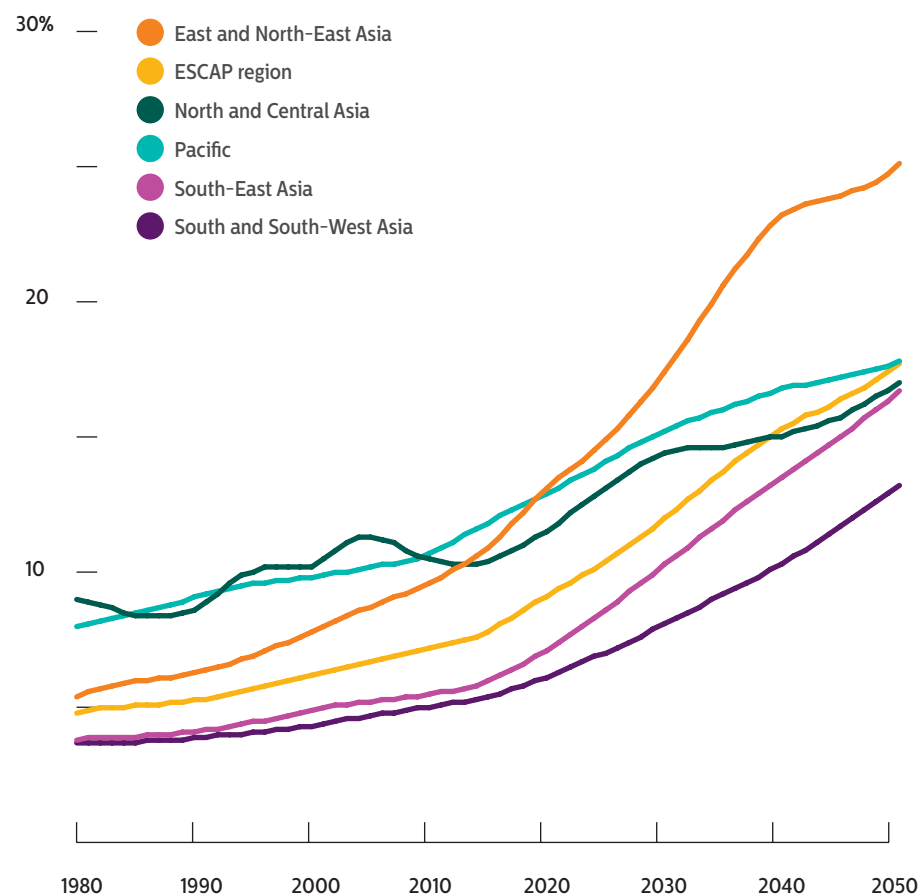
Asia and the Pacific is the fastest ageing region in the world

In 2013, there were 489 million older persons, defined as persons 60 years old and older, in the Asia-Pacific region, which is 11.4 per cent of the total population of the region. Thus, about 60 per cent of the world's older population lives in Asia and the Pacific. It is expected that in 2050, one fourth of the total population in Asia and the Pacific will be 60 years old or older. By 2050, Asia and the Pacific will also host 61 per cent of the world's older population, although by then it will host only about half of the world's total population.

To date, the Pacific, North and Central Asia as well as North and North-East Asia are the oldest regions, with 16 per cent of older persons in the overall population in the Pacific 15.5 per cent in East and North-East Asia as well as 15.1 per cent in North and Central Asia. In South and South-West Asia and South-East Asia, older persons currently comprise 8.1 and 8.8 per cent of the population, but these regions are also rapidly ageing due to rapid fertility declines (see figure 1).

With 32.4 per cent of its population aged 60 years and above in 2013, Japan is the oldest country in the world. Other countries and areas with a high percentage of older persons include Hong Kong, China with 20.6 per cent of older persons, Australia with 19.8 per cent, Georgia with 19.7 per cent, New Zealand with 19.3 per cent, and Russian Federation with 19.0 per cent.

Figure 1 Percentage of population over 60 as a percentage of total population, 1980–2050 (projected)



Source ESCAP. *Statistical Yearbook for Asia and the Pacific 2013* (forthcoming).

Every country in Asia and the Pacific is ageing as a result of increased life expectancy

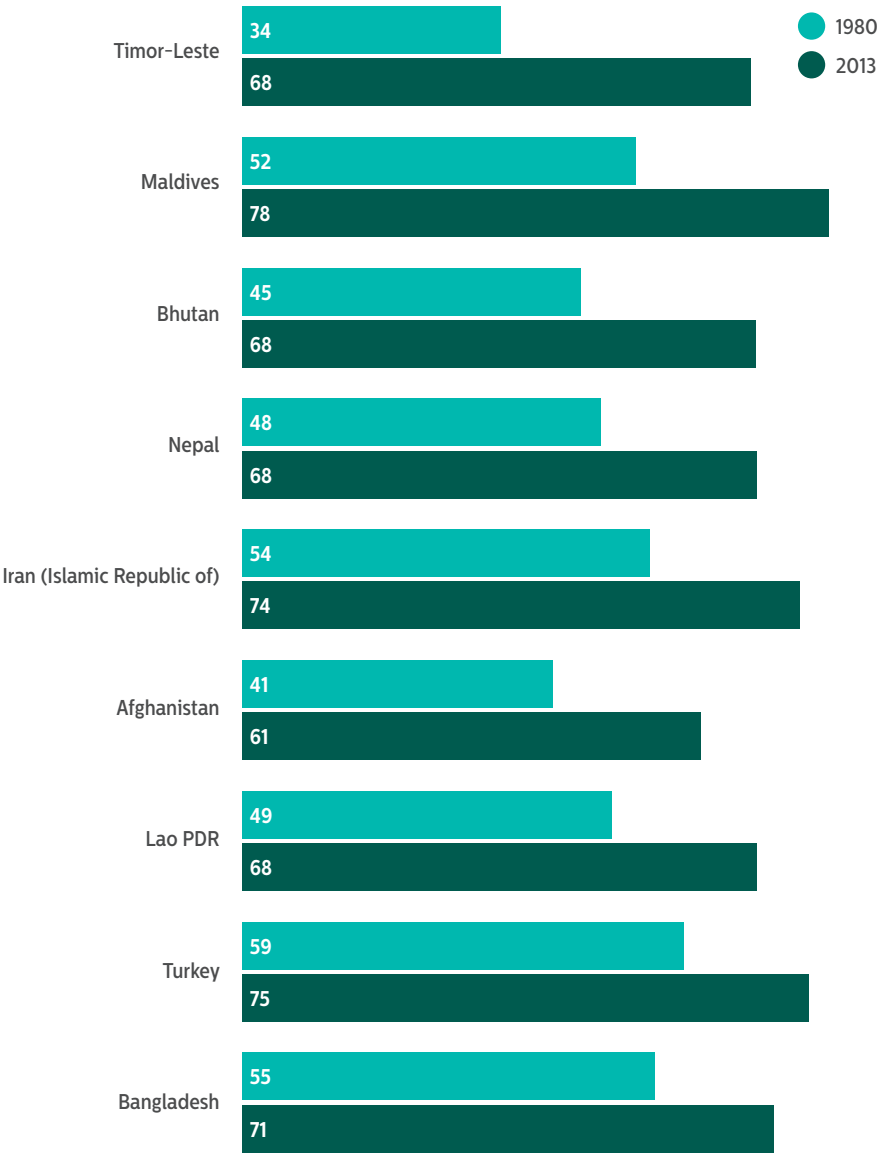
Ageing comprises two processes: individual ageing, which is the fact that individuals live longer; and collective ageing, which means that the percentage of older persons of the total population is increasing. Collective ageing is due to the decline in fertility, leading to a lower percentage of children and youth in the total population. Even in countries where the percentage of older persons is still relatively low, the number of older persons increases due to longer life expectancy.

Several developing countries in the region registered tremendous improvements in life expectancy at birth over the past decades. For example in Timor-Leste it increased from 37.4 to 67.5, in the Maldives from 52.3 to 77.9 and in Bhutan from 45.0 to 68.3 in the same time period (see figure 2).

For the region as a whole, life expectancy is about 70 years and has increased by more than five years in the past two decades. Projections forecast a steady increase in life expectancy at birth over time for all subregions, and the regional life expectancy to increase further to 75 years in the next decades. At the same time, the total fertility rate (TFR) of the region stood at 2.1 children per woman, just about the replacement fertility rate, what means a decrease from about 2.8 per woman only two decades ago. Thus, the proportion of the population over 60 is sharply increasing.

Another effect of ageing is an increase in the oldest-old population, aged 80 and older. The proportion of persons older than 80 increased from 0.8 per cent in 1990 to 1.4 per cent in 2012 and is expected to reach 4.4 per cent in 2050. Currently, countries and territories with the largest proportion of persons above 80 are Japan with 7.9 per cent, Hong Kong, China with 4.3 per cent, New Zealand with 3.6 per cent, Australia with 3.4 per cent and

Figure 2: Life expectancy at birth in 1980 and 2013, select countries in the Asia-Pacific region



Source: ESCAP. Statistical Yearbook for Asia and the Pacific 2013 (forthcoming).

the Russian Federation with 2.9 per cent. In some countries, the number of older persons has increased by more than seven times over the past two decades, such as in Cambodia, Singapore, Hong Kong, China; Republic of Korea, Islamic Republic of Iran and Bhutan. It is expected that by 2050, more than one tenth of the population will be 80 or older in Japan, Hong Kong, China; Republic of Korea, Singapore and Thailand.

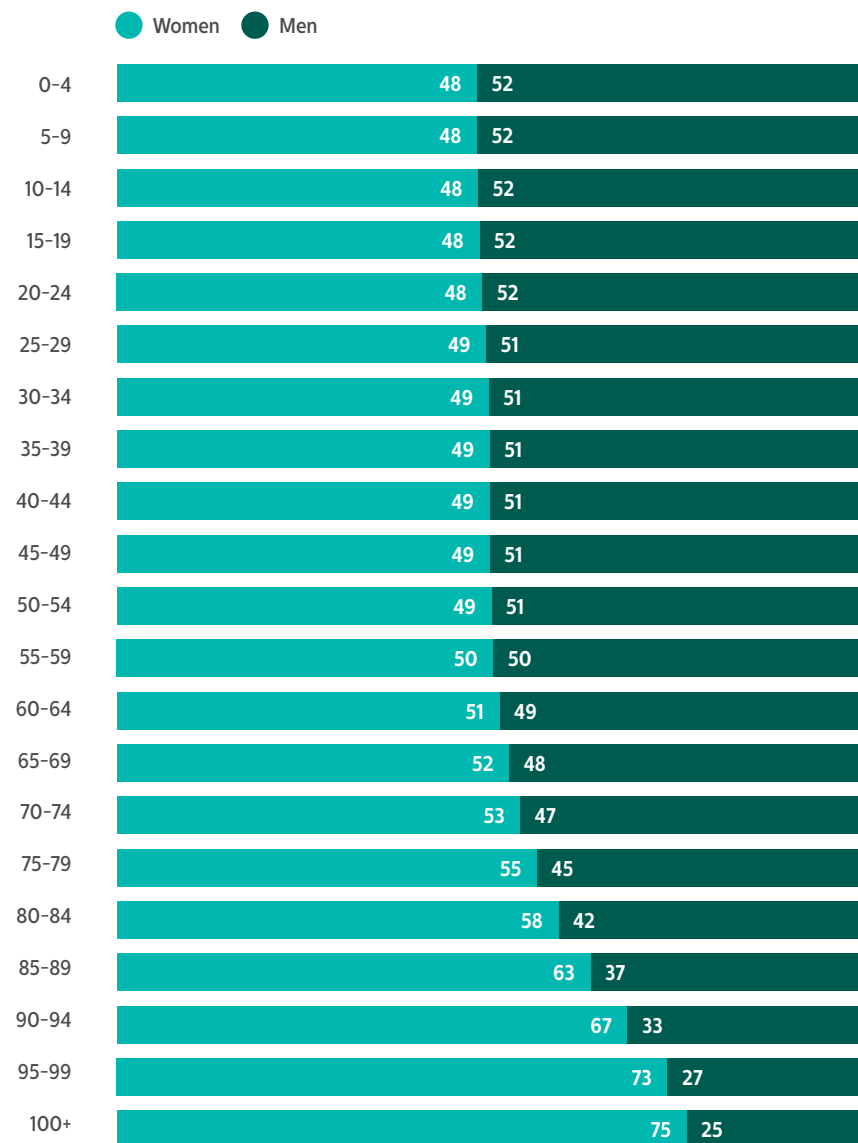
Ageing has a female face

Due to women's longer life expectancy in most countries of the region, there are more older women than older men. This effect increases even more with increasing age. In the Asia-Pacific region in 2013 there are 229 million older men and 261 million women above 60. This trend is even more visible in the age group above 80, where the number of men only two thirds the number of women and subsequently increases with every age cohort. Three quarters of the region's centenarians are women (see figure 3).

Older persons, especially women, are disproportionately affected by poverty

Many countries in the region have not yet established adequate pension schemes or other income support schemes for older persons. Even in countries where pension schemes exist, pensions are often low and declining due to the decreasing old-age support ratio. With deteriorating health with increasing age, health expenditure can become a burden for many households, especially with inadequate coverage and availability of health insurance and access to public healthcare facilities free of charge. Moreover, specific regulations such as mandatory retirement ages or discrimination at the job market make it difficult for older persons who would be able to work to contribute to the labour force. Thus,

Figure 3: Percentage of women and men by age cohorts in Asia and the Pacific region, 2013



Source

United Nations, Department of Economic and Social Affairs, Population Division (2012). *World Population Prospects: The 2012 Revision*, CD-ROM Edition. Accessed on 20 August 2013.

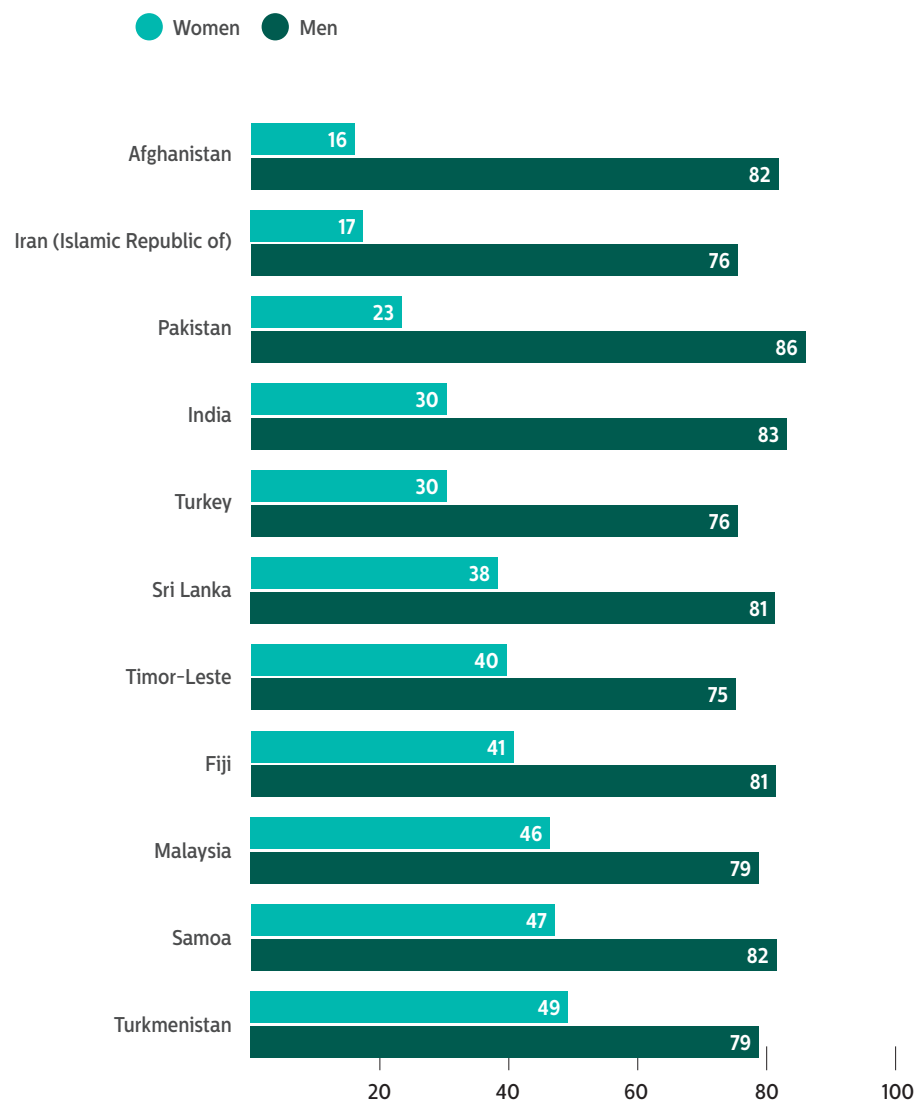
the risk of older persons of falling into poverty is particularly high, even in high-income countries of the region.

This risk is particularly pronounced for women, who tend to be more financially dependent than men due to lower labour force participation: while throughout the region, between 67 and 90 per cent of men between 15 and 64 are participating in the labour force, in all countries fewer women than men participate in the labour force. In several countries of the region, less than half of all women in working age actually participate in the labour force (see figure 4). Without having been in paid employment or with average lower wages than men, women tend to have lower or no savings or access to contributory pension, which increases their vulnerability. In addition to the higher life expectancy at birth, women tend to get married to men older than themselves, therefore, a higher proportion of older women are likely to be widowed without adequate income support.

Ageing will have profound socioeconomic impact on societies in Asia and the Pacific

Ageing societies have profound socioeconomic impacts that need to be addressed adequately. With an increasing number of older persons and fewer younger people, the old-age support ratio decreases, which is the number of persons aged between 15 and 64 per person above 65. For example in Japan, 2.6 persons in working age have to support one older person, while in the Federated States of Micronesia, there are 31.5 persons in working age supporting every older person. Throughout the region, currently 9.1 persons in working age support one older person, but this is expected to decrease to 3.7 in 2050 (figure 5). The old-age support ratio is expected to decrease in all subregions of the ESCAP region, with profoundest decreases in South-East Asia as well as in South and South-West Asia. A decreasing old-age support ratio deeply

Figure 4 Labour force participation rate of women and men as a percentage of total women and men, 2011



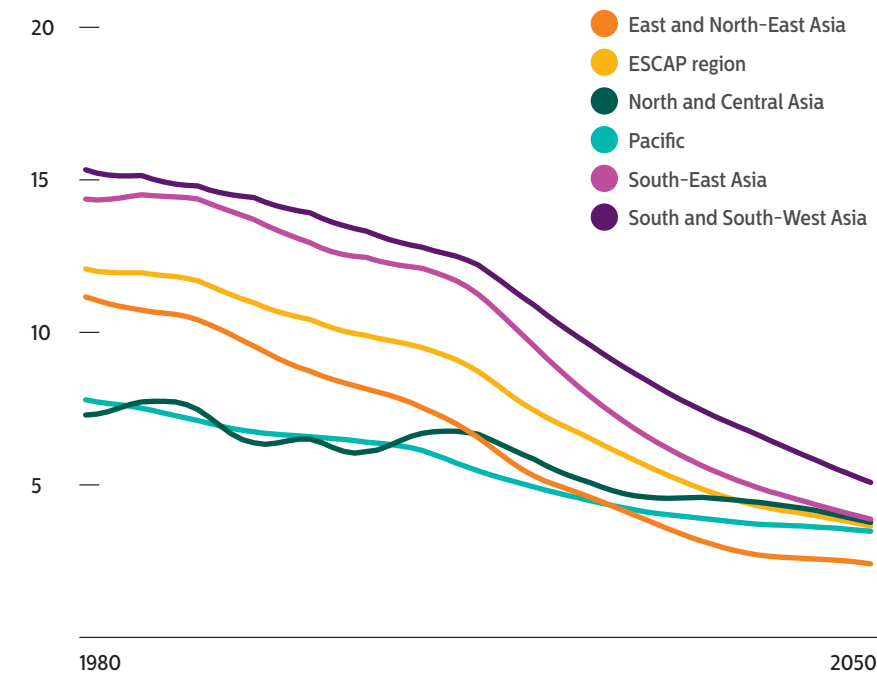
Source World Bank. *World Development Indicators*. 2013

impacts the social security system, especially for pay-as-you-go pension systems and raises questions on care for older persons.

Increasing numbers of older persons, especially among the oldest old will impact on the healthcare system. As the incidence of disability increases with age, more persons will need financial support for a longer period of time. This again causes further strain on government resources and families.

An increasing share of older persons in the overall population and a decreasing percentage of people in the labour force may have negative impacts on economic growth. In order to address these challenges, countries will have to ensure healthy and active ageing so that older persons can still contribute to society. If people become older and stay healthy while at older age, the working age can be extended. The increased likelihood to live longer may also encourage people to build up more savings while at active age. These increased savings can also have positive impacts on the economy.

Figure 5 Trends in old-age support ratio by ESCAP subregion, 1990–2050



Source Note ESCAP. Statistical Yearbook for Asia and the Pacific 2013 (forthcoming).



Policy recommendations

Prepare for ageing societies by adopting the right mix of economic and social policies

Countries have to prepare early for ageing societies by establishing adequate social security systems that include protection for older persons and that allow adequate savings during working age. Without these, the risk of falling into poverty at old age is very high. Adequate social protection systems become especially relevant due to shifts in traditional support systems, such as the family. Social security systems should also ensure greater intergenerational and intra-generational equity and solidarity with incentives to younger people to provide support to older persons.

Developing financial systems with specialized financial products that encourage savings and private pensions will also be important to prepare for ageing societies. It will also be important to increase awareness among the younger generation on the need to build savings for their old age, as the youth population of today will be the generation of older persons in 2050.

Preparing for ageing societies also includes data collection disaggregated by age groups to gain understanding of the specific needs of older persons including their consumption patterns. Such information is not only important for governments, but also for the private sector who can adapt supply of goods and services to changing needs in society.

Protect and promote the right to live with dignity for older persons.

Countries should enhance the self-reliance of older persons and create conditions that promote the quality of life for older persons, including access to healthcare and specific care facilities that address the needs of older persons. Ensuring the rights of older persons to participate in all aspects of society and creating enabling environments that promote active and positive ageing will be important in this respect. This also includes removing mandatory retirement ages because it discriminates against older persons who wish to work. Education of young people on the positive contributions that older persons make to society is also vital to remove negative stereotypes against older persons.

Strengthen family and community networks for the provision of health and social care for older persons

Key areas for development are the improvement of training for caregivers among both family or specialized personnel, integration of home-based health care and rehabilitation care with social support, promoting age-friendly homes and environments to facilitate mobility for older persons, encourage volunteerism and promote association among older persons as they could serve as self-help groups, undertake outreach and advocacy or income generating activities.