Golden Aging in Emerging Europe and Central Asia

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Related Work

Aging-related Studies

- Emerging Europe and Central Asia
- Eastern Europe and the Baltics
- Bulgaria: Aging and growth
- Latvia: Analysis for aging strategy
- Poland: Savings study and policy notes
- Romania: Analysis for aging strategy
- Russia

Poverty and well-being
Inequality
Health
Long-term care
Family support policies
Firm-level productivity
Lifelong learning
Labor participation
Growth
Fiscal
Migration
1. For Emerging Europe and Central Asia, the foremost challenge is to improve health.
Emerging Europe and Central Asia had smallest life expectancy gains in the world since 1960s

Life expectancy gains lags behind other regions

Source: World Development Indicators (database).
Room to live longer and become healthier...

![Graph showing life expectancy and healthy life expectancy at age 50 for various countries in Europe and Central Asia.](chart)

What a difference sixty years makes: Ukraine’s population structure in 2010 if mortality decline of France from 1950

The cardiovascular revolution can bring great reduction in old-age mortality

Causes of higher mortality in Emerging Europe and Central Asia compared to the EU-15

2. An increase in labor force participation can compensate for a fall in the working-age population
Working-age population is projected to contract substantially in all but young Central Asia and Turkey

*Change in working-age population (15-64), in percent*

Sources: World Bank staff calculations based on Labor Force Survey, ILO and Eurostat.
Room to activate the “reserve” labor force

Potential to increase Labor Force among 45-64 year olds

Change in labor force participation

Georgia, Kazakhstan, Sweden, Kyrgyzstan, Ireland, Estonia, United Kingdom, Latvia, Azerbaijan, Germany, Lithuania, Finland, Denmark, Moldova, Portugal, Portugal, Denmark, Spain, Bulgaria, Russian Federation, Czech Republic, Austria, Slovakia, Ukraine, Luxembourg, Russia, France, Italy, Serbia, Croatia, Belgium, Slovenia, Hungary, Turkey, Poland

Note: Potential gain is calculated as the projected increase in the size of the workforce aged 45–64 if the population aged 45–64 had the same participation rate as the 40–44 age group in each country. Data are for 2008 for all countries except Georgia, Moldova, and Ukraine (2005) and the Kyrgyz Republic (2006).

Source: World Bank estimates based on World Development Indicators and labor force (ILO) and households surveys, latest years available.
Dependency ratios can remain stable until 2030 if labor market participation rises

*Ratio of inactive over active people aged 15 and older, by sub-region, 1990 to 2060*

Note: The data presented is based on past estimates of actual participation rates between 1990 and 2010, ILO projections based on past trends between 2015 and 2030, and maximum participation scenario developed by World Bank staff (female participation rise, convergence with Iceland and longer working lives).

Sources: World Bank staff calculations, based on ILO (2011) and UN (2013).
Stock of human capital is projected to increase

Emerging Europe and Central Asia: Total years of education, 1990-2050

Source: World Bank staff calculations based on UN (2013) and Wittgenstein Centre data.
How will the age structure of the labor force affect productivity?

Cross-country evidence suggests that aggregate TFP is low when the labor force is very young or very old, compared to a labor force with many 40-50 year olds.

Source: Based on estimates in Feyrer (2007).
The aging brain can compensate

Better-performing older participants compensated for age-related memory decline by reorganizing the episodic retrieval network

Source: Daselaar and Cabeza (2004).
Confronting three myths about work at older ages…

1. **Myth 1**: Older workers do not want to work and prefer retirement – **Fact**: 2/3 prefer options of gradual retirement and part time work (EU27, Accession countries)

2. **Myth 2**: Older workers are less productive, more difficult hires – **Mixed evidence**, but policies can be put in place to alleviate lower productivity or even increase it (e.g.: age-diverse teams)

3. **Myth 3**: Lump of labor fallacy; old workers take jobs from young – Well, it’s a fallacy

But older workers do face some barriers when looking for work and in the workplace…
There are significant (perceived) barriers to employment after 55

% reporting each reason as very, fairly, not very, not at all important, 2011

Source: Eurobarometer, 2011.
3. Age dependency is not a concept that is fixed to time from birth
Age not a concept fixed over time: “60” as the new “70”… but not everywhere

How old you have to be today to have the same mortality as a person of 60 in 1959

Sources: World Bank staff’ calculations for all ECA countries with data available using Human Mortality Database. University of California, Berkeley (USA), and Max Planck Institute for Demographic Research (Germany), www.mortality.org
Dependency measured as disability diverges from chronological age definition

Notes: Adult disability dependency ratio (ADDR) defined as the number of adults at least 20 years old with disabilities, divided by the number of adults at least 20 years without them. 
Source: Sanderson and Scherbov (2010).
4. Fertility decline, not longevity increase, mostly explains aging
Fertility transition is occurring much more rapidly that happened for richer countries.

France took 200 years and Korea just 17 years to move from the average woman having over 5 children to below replacement rate fertility.
A Fertility Re-increase In Developed Countries?


- 107 countries, 1975 and 2005
- 1975: Negative Correlation Between HDI and TFR
- 2005: Positive Correlation for HDI > 0.9
5. Older people less likely to be vulnerable to poverty than other segments of the population
Pensions play key role in reducing old-age poverty

Poverty rate by Age, Kazakhstan, $5/day PPP

Pensions play a very large poverty reduction role among older individuals

...but pension reforms that lower coverage may increase poverty
Reducing inequality over life course: Health presents a large challenge

*Higher excess mortality among the less educated in Russia, 2011*

6. Continued productivity gains are critical
Emerging Europe and Central Asia old, but yet not wealthy

Source: UN Population Data (Revision 2012) and World Bank’s Wealth of Nations database (2010).
From diagnostics to solutions

⇒ Healthy aging
⇒ Active aging
⇒ Prosperous aging

1. What do we know about what works? Europe and Japan have aging quicker – learning about and sharing solutions

2. Where are the knowledge gaps? Policy options, designing new interventions, evaluations, pilots

3. What are the institutional needs? Challenge for governments in implementing multi-sectoral programs, with local governments often at the fore. Successful interventions involve a range of partners – government, private sector, community groups, media
Thank you