

Demography & Human Resources

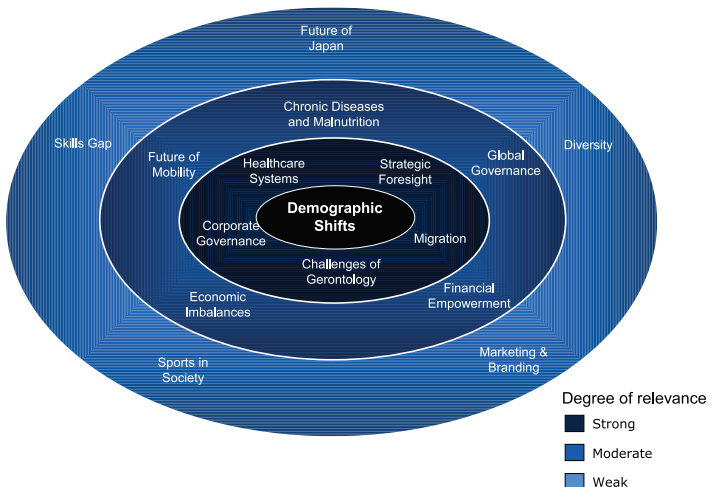
Demographic Shifts

A. Description of the issue

In the coming decades, the pace of world population ageing will increase substantially. The old-age dependency ratio¹ at the global level is projected to more than double from 11% today to 25% in 2050. In some countries, the trend will even be sharper. In China, for example, the old-age dependency ratio is expected to more than triple, moving from 11% now to 37% by mid-century. Projections indicate that, in Japan and Italy, it will increase from 30% to about 70%.



This speed of ageing is unprecedented and will put severe pressure on pension and healthcare systems, affecting societies and the global economy. Preparing for the financial welfare and access to healthcare of retirees without overburdening future working generations will require significant focus on and shifts in the structure of pension and healthcare systems. While managing these systems currently poses considerable challenges for society as a whole, changing them will create new and different opportunities for governments, financial institutions, healthcare providers, civil society and individuals. What kinds of individual and collective behavioural changes are required and how can these changes be encouraged? What types of actions and strategic decisions do key stakeholders need to take? How can all stakeholders work collectively and collaboratively to address this issue?



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B. Dimensions

Implications of Demographic Shifts

- **Changing workforce:** As governments face challenges to maintain the traditional retirement age with the same level of benefits, what incentives would encourage pension-age employees to continue working? How does this question and its answers differ in the private sector? Does the shrinking size of the workforce need to be reversed and, if so, how can this be accomplished?
- **Behavioural changes:** What impact will demographic shifts have on savings behaviour and on post-retirement consumption? Might changes in behaviour or attitude reduce the potential negative impacts of ageing on economic growth? How can industries cater to the needs of the ageing population in terms of travel, entertainment, nutrition, healthcare, etc.? How can employers become more aware of shifting demographics and adapt as required?

Political, Economic and Geopolitical Conditions

- **Brain drain:** Can developing and transition countries balance achieving skilled caregiving for their population with the emigration demands of qualified healthcare professionals (which harm but can help a country)? What role do developed countries play in dealing with this issue?
- **Migration:** How can governments manage the challenges posed by immigration and by the increased mobility of people within countries?
- **Geopolitics:** How do demographic shifts affect stability and global security?
- **Systemic financial risks:** How can countries mitigate the effects of financial shocks on the provision of pensions and healthcare? What kind of safeguards could ensure retirement security?

Pensions and Healthcare Architecture

- **Retirement and healthcare systems:** For reforms to be implemented in time, what must be prioritized? How can the private sector and government collaborate?

¹ Number of people aged 65 or older / number of people 15-64, *World Population Prospects*, United Nations, 2007