

**THE ACTIVE
AGING CHALLENGE**
FOR LONGER WORKING LIVES IN LATVIA



The Active Aging Challenge in Latvia

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www.worldbank.org/eca/latvia/aging

Approaching the aging challenge

- Age as a “fixed” concept
 - Countries aging differently
 - Aging as a challenge, but also an opportunity
 - Good health is a prerequisite
 - Ensuring longer lives are productive, economically secure and healthy
- New framing of aging policy
 - Moving away from the traditional measure of old-age dependency
 - Aging from below requires higher productivity to sustain growth
 - Lifecycle approach



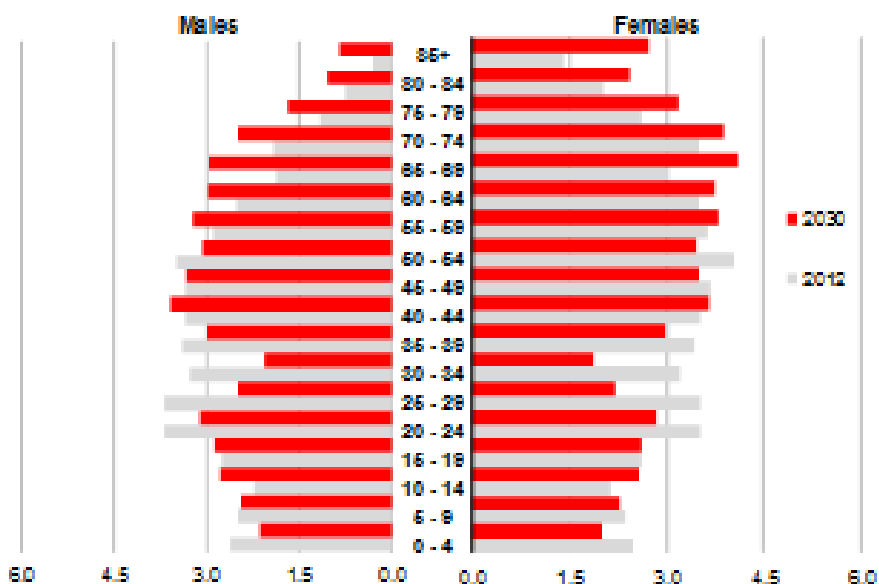
Demographic challenge



By 2030, large imbalance across age cohorts

Latvia's population will be increasingly top heavy by 2030

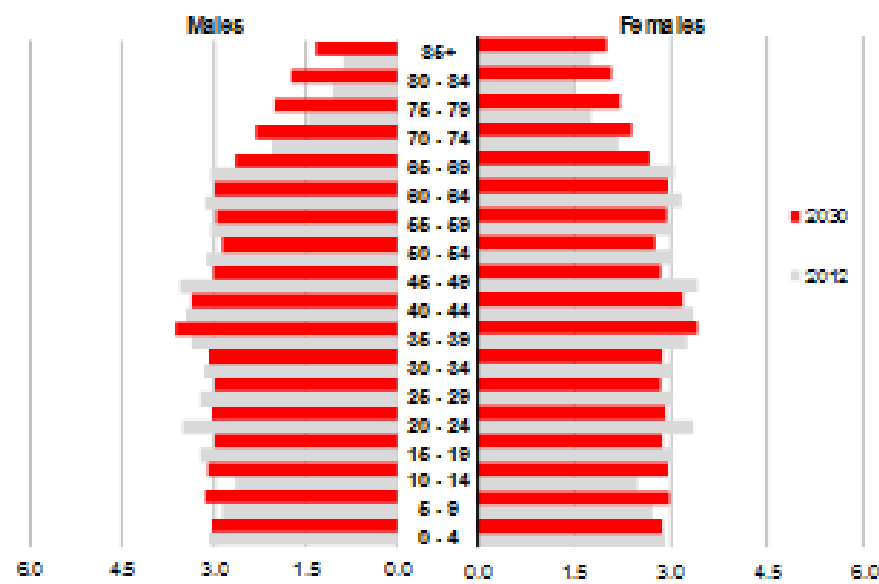
Latvia: Age Distribution of Population, 2012 vs. 2030 (in percent)



Median age in 2030: 44.7

Sweden's more balanced population structure

Sweden: Age Distribution of Population, 2012 vs. 2030 (in percent)



Median age in 2030: 41.8

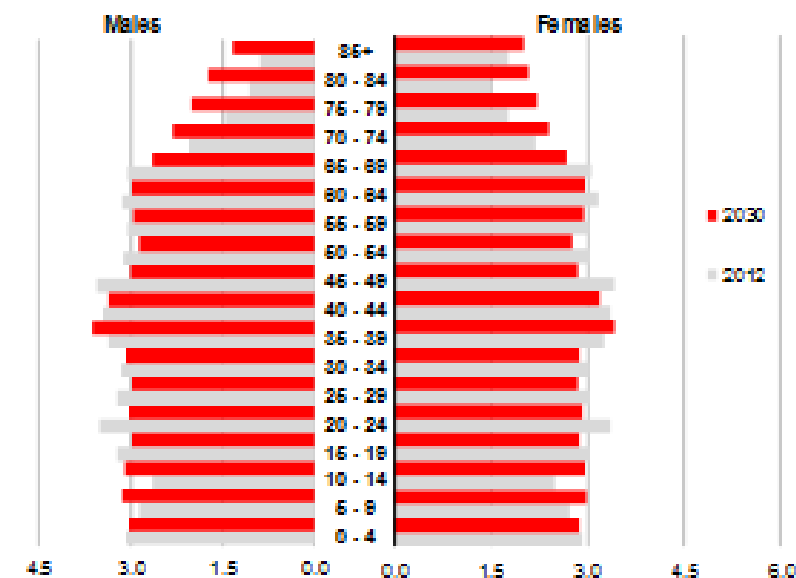
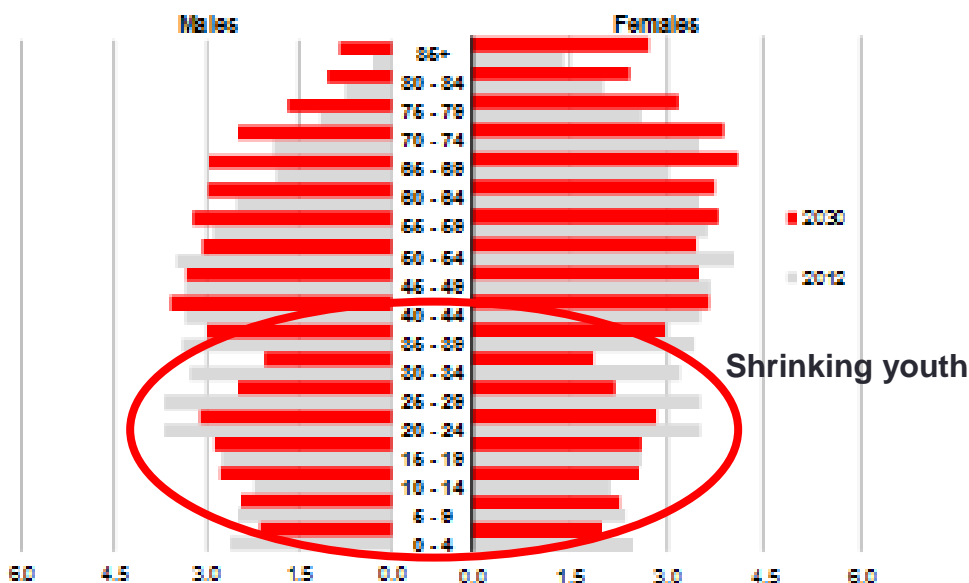
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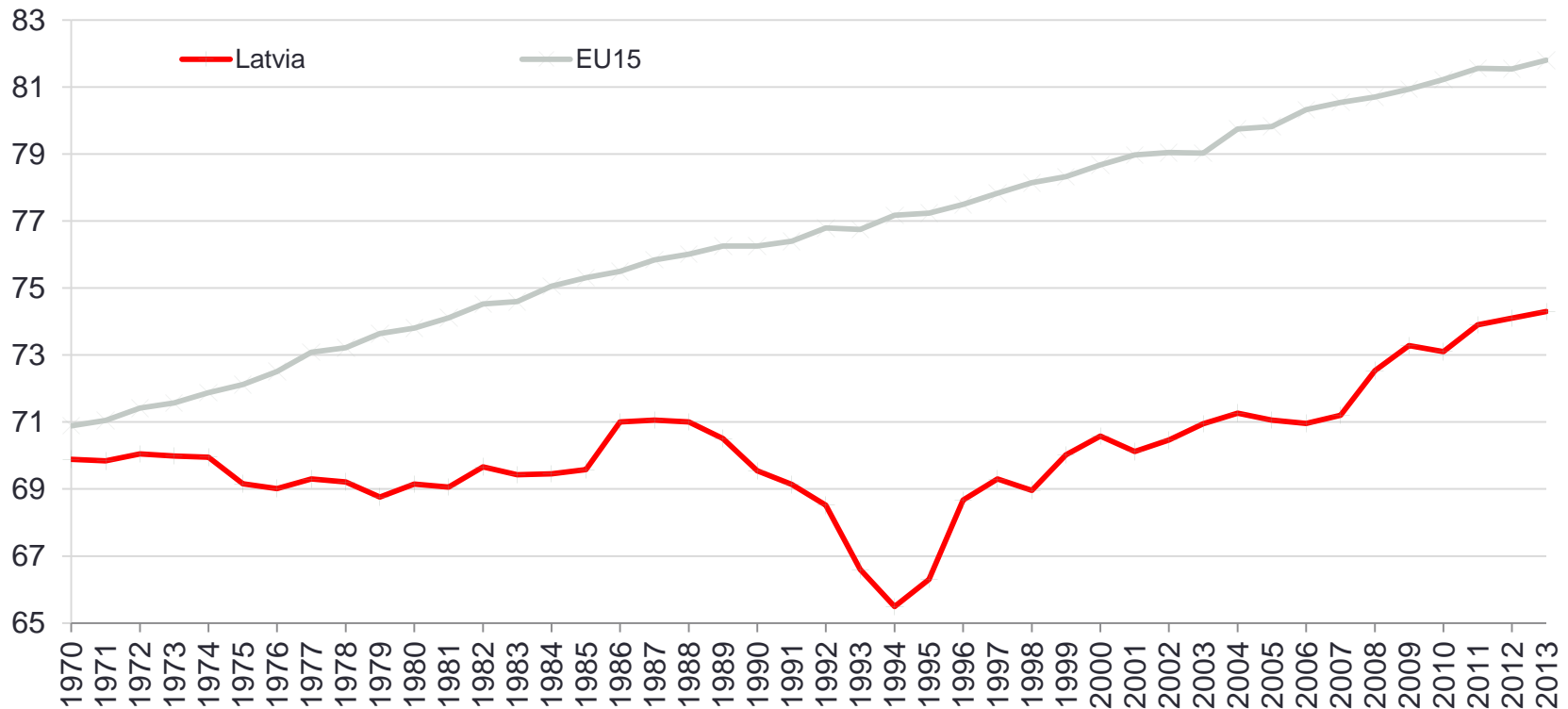
Sweden: Age Distribution of Population, 2012 vs. 2030 (In percent)



Individual aging cut short

Latvia's life expectancy gap with the EU15 has fallen since the early 1990s, but still was eight years in 2013

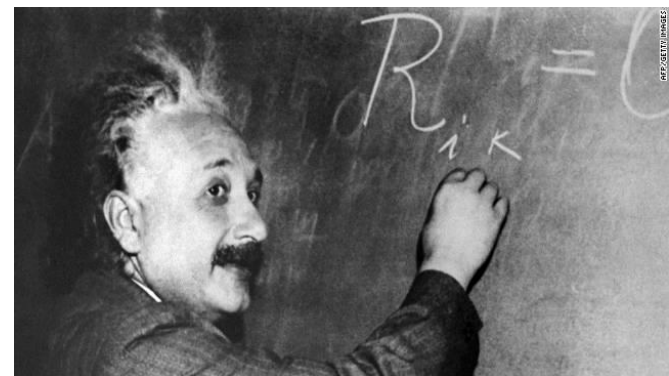
Life expectancy at birth, in years



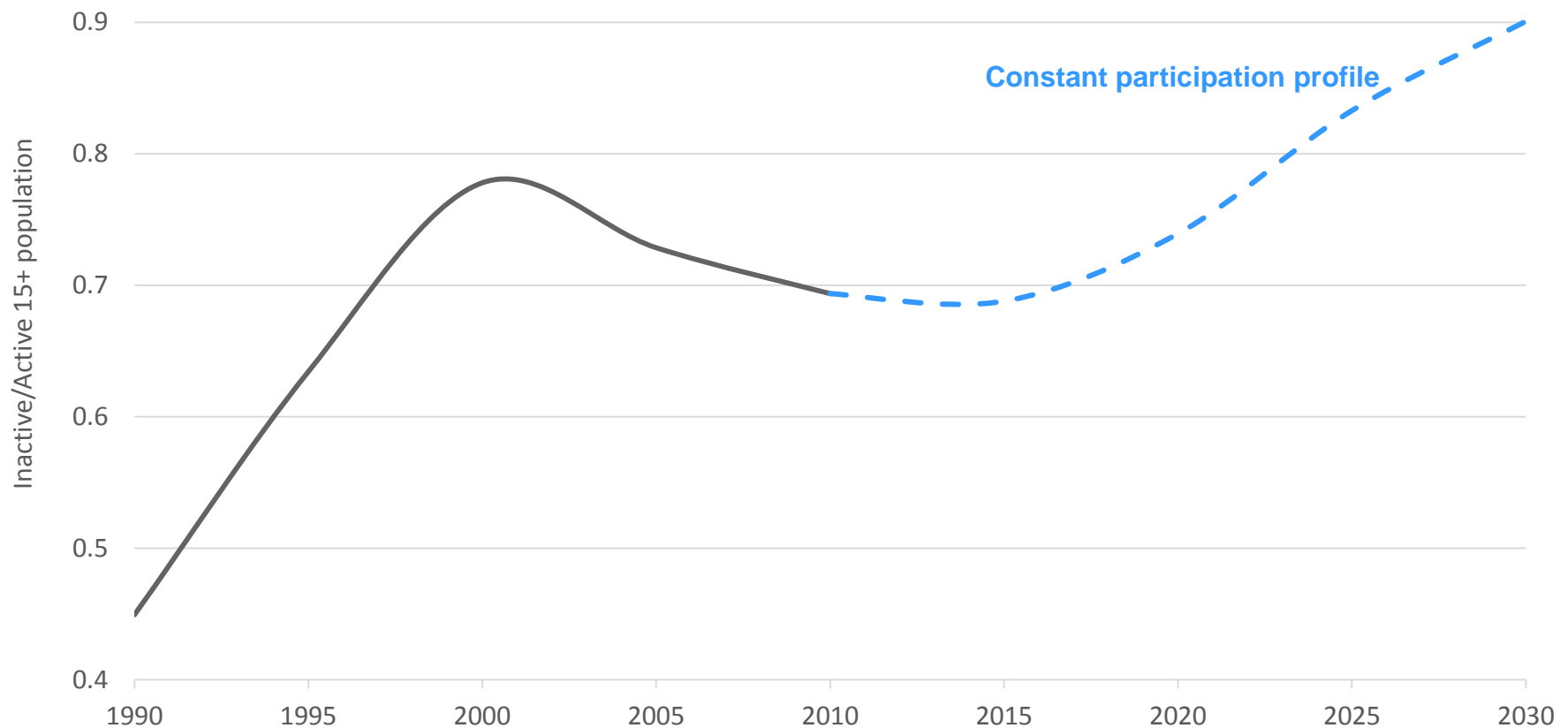
Sources: World Bank's World Development Indicators (2014) and Eurostat (2014).



Productive aging

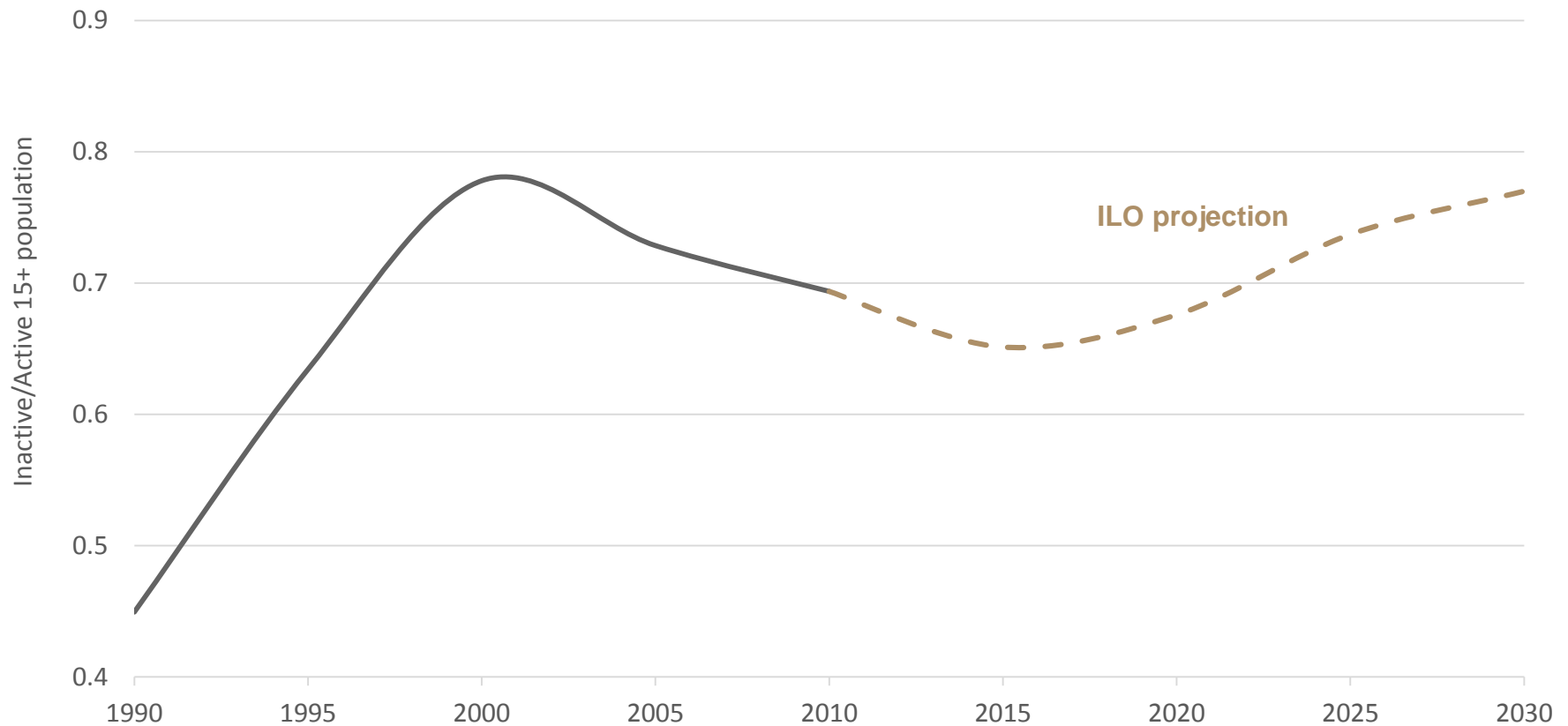


More productive aging can alleviate dependency concerns



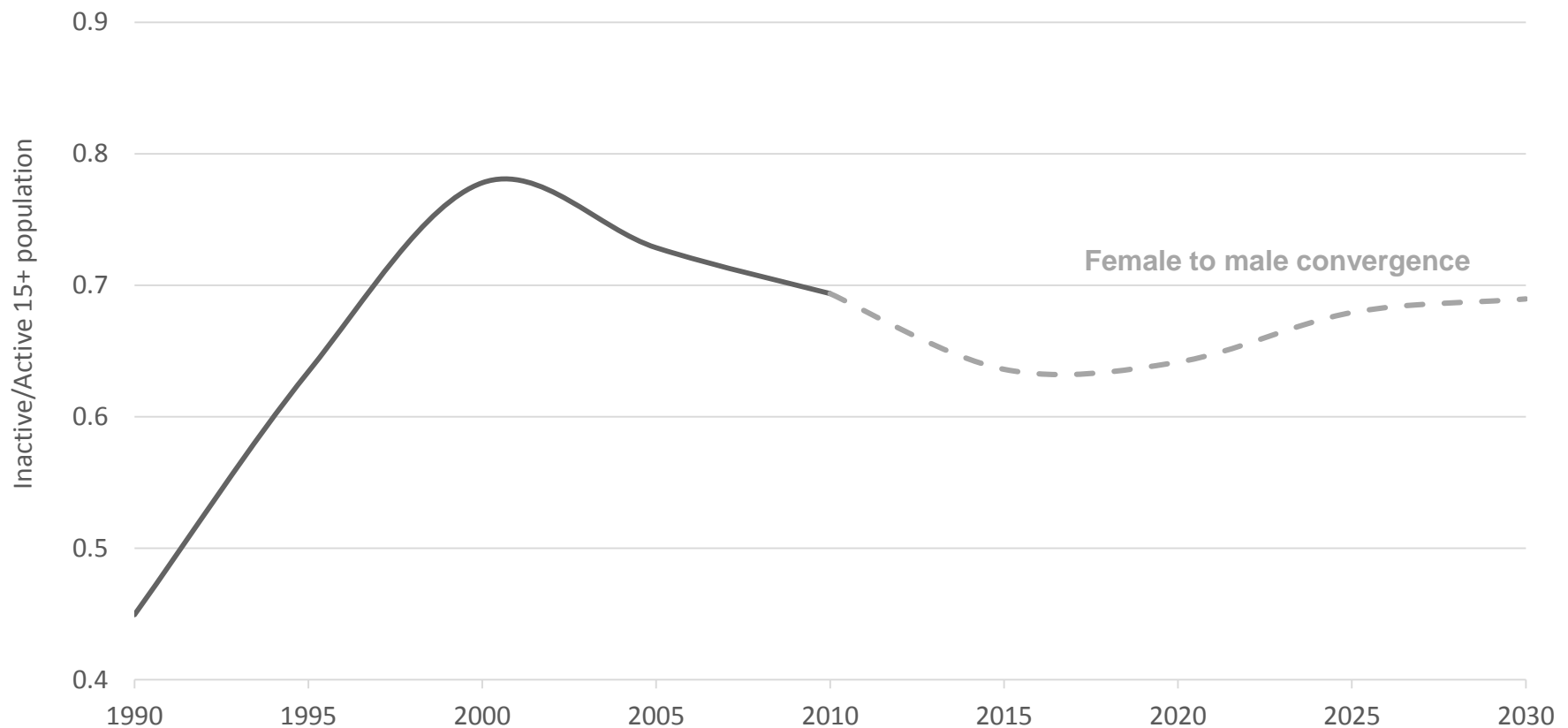
Sources: Eurostat, ILO, and Koettl (2008)

More productive aging can alleviate dependency concerns



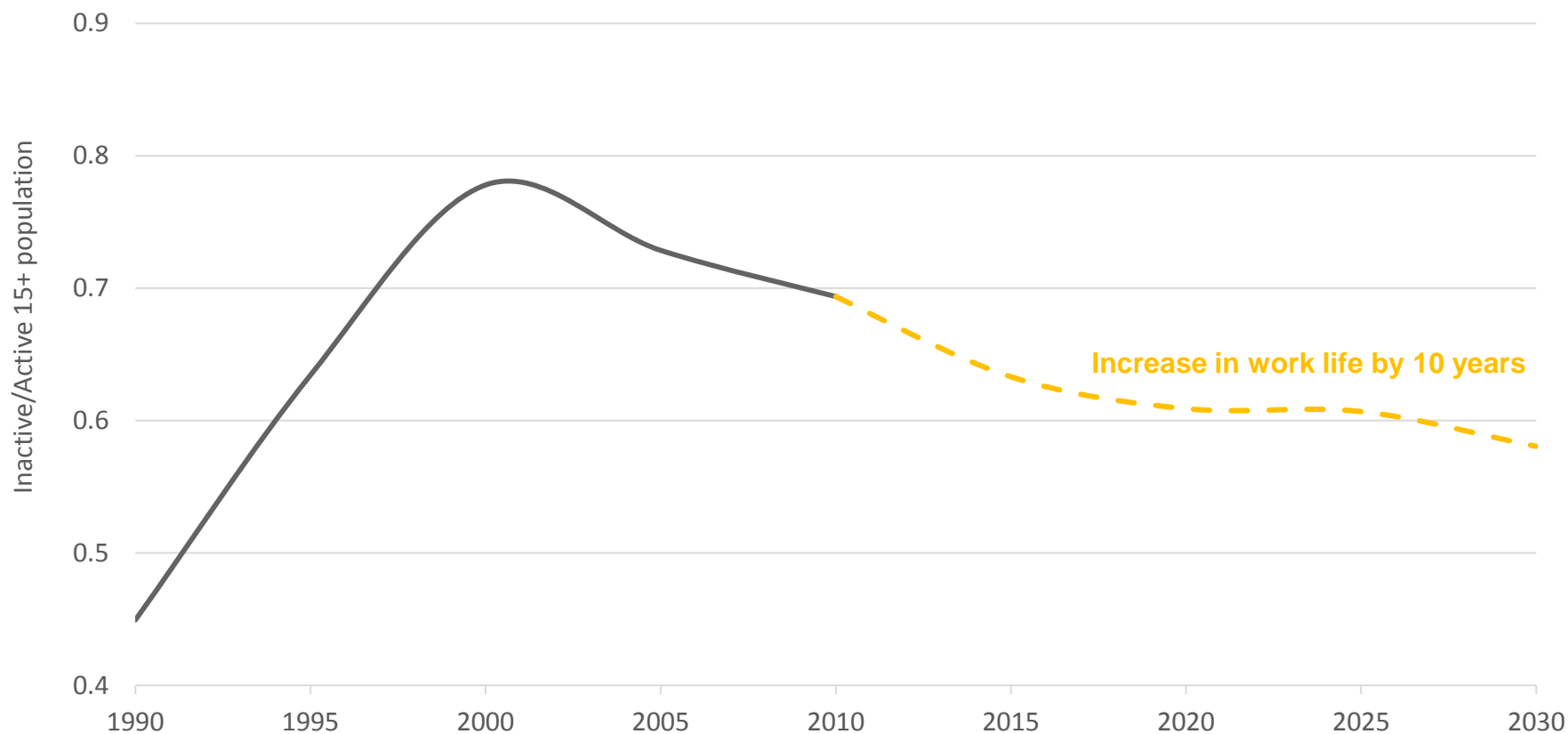
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More productive aging can alleviate dependency concerns



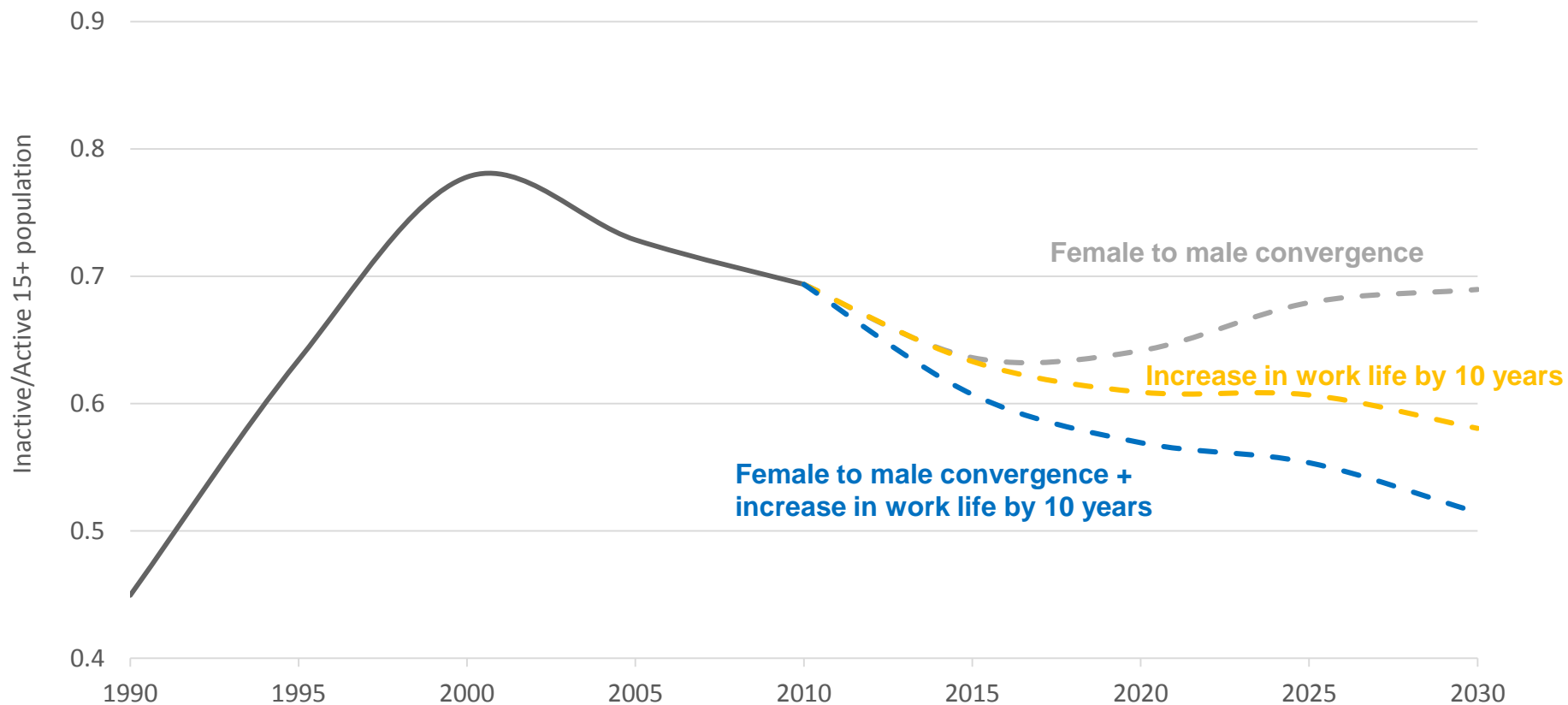
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More productive aging can alleviate dependency concerns

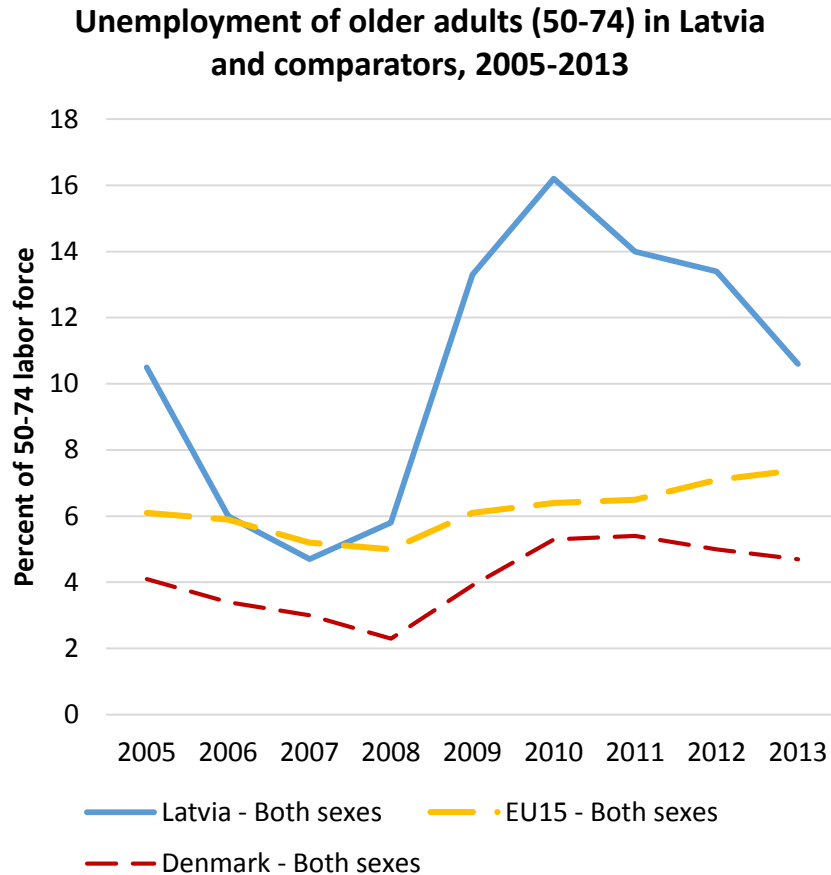


Sources: Eurostat, ILO, and Koettl (2008)

More productive aging can alleviate dependency concerns



For 50+, unemployment is the main challenge

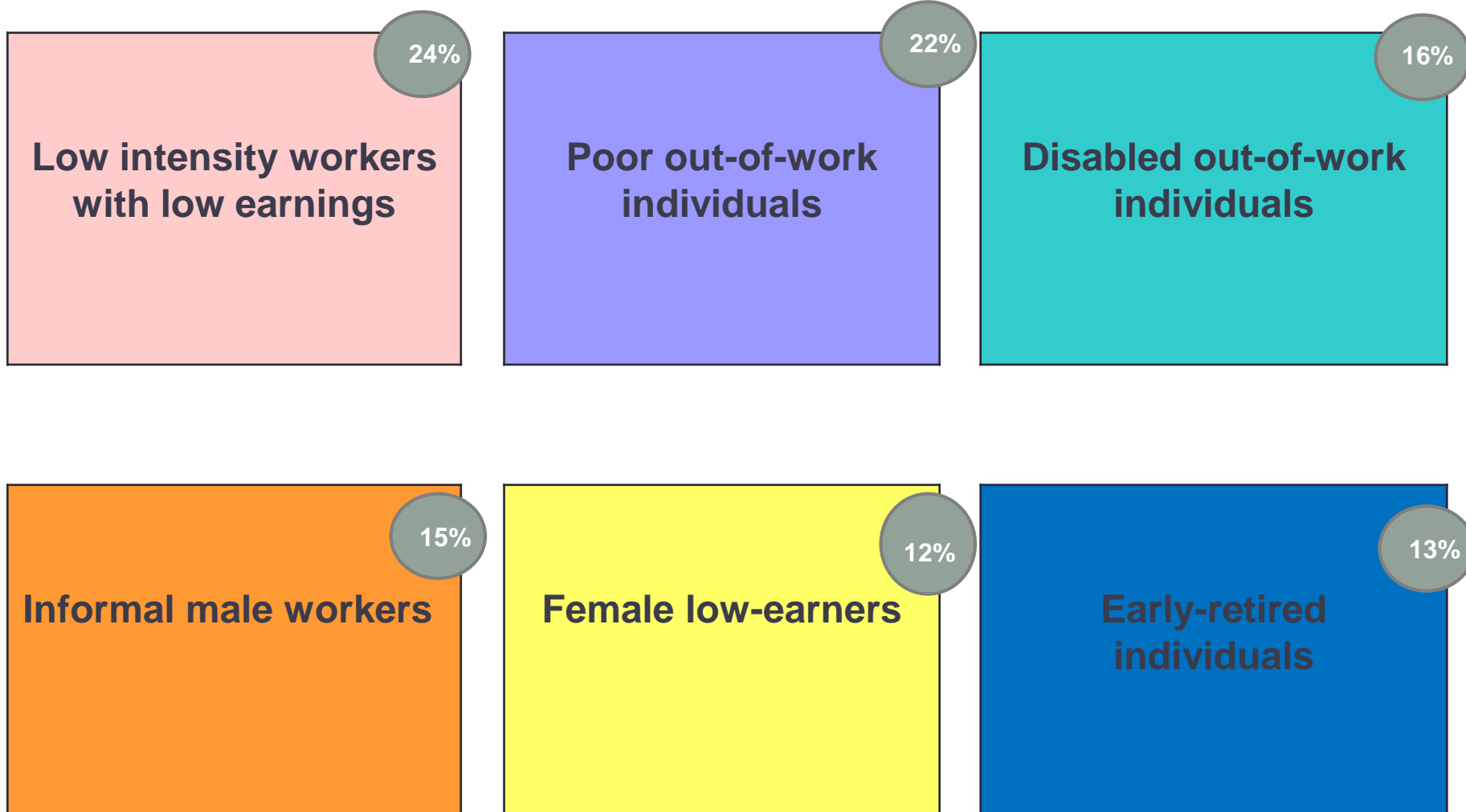


- Persistent job loss makes preventive measures top priority
 - Incentives in tax/benefit regime
 - Support during economic downturns
 - Adaptation of workplaces and practices
 - Micro-enterprises and self-employment
 - Flexible work arrangements

Working lives can be extended with appropriate adjustments in behavior and policy

- Factors affecting labor supply of 50+:
 - Education
 - Health
 - Proficiency in Latvian language
 - Care responsibilities, especially for women
 - Partner's labor market status
 - Biases towards older workers

Profiling labor market vulnerability of 50+ enables tailored policy options



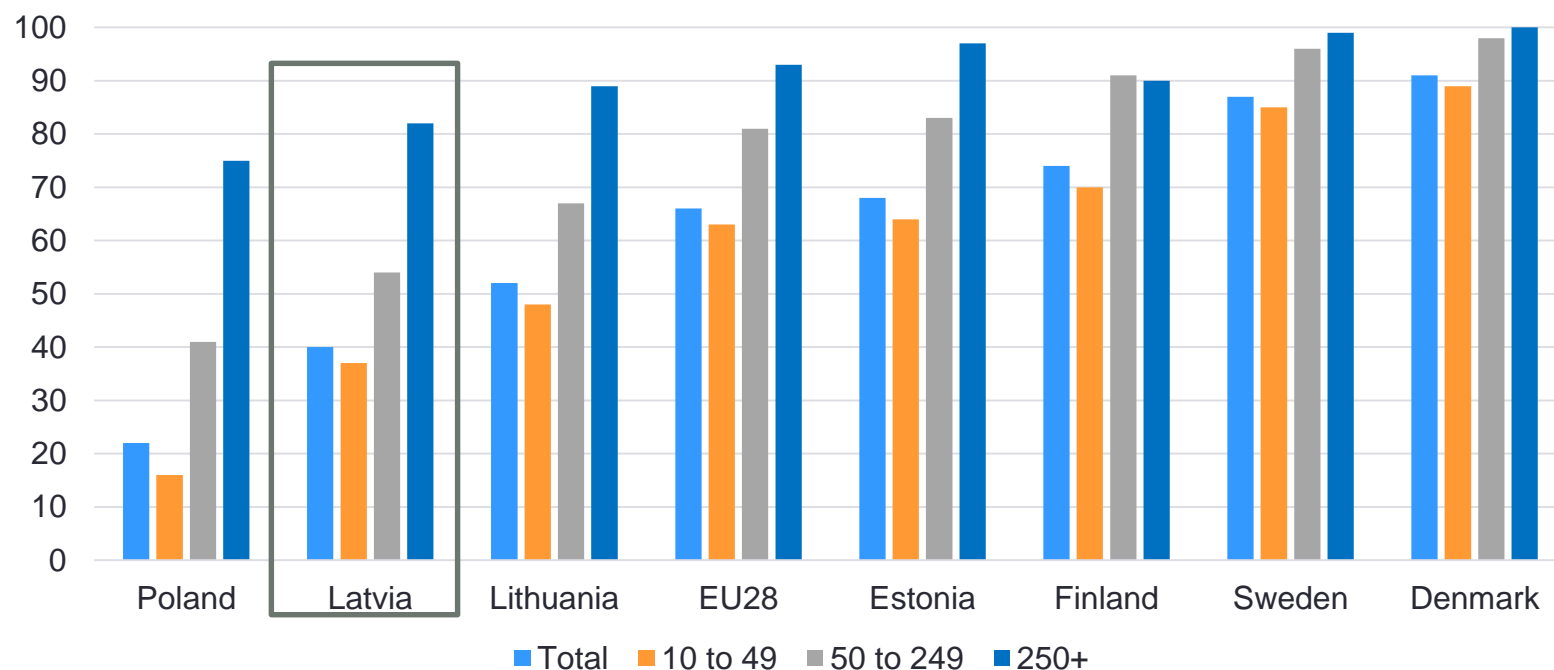


Lifelong Learning



Participation in adult education and training in Latvia is relatively low due to low interest from firms and workers

Training enterprises as share of all enterprises by firm size, in percent, 2010



Strategically plan adult education and training for older workers to meet rising demand

- Demand for AET will increase over as economy and firms mature?
- Use coordination, financing and regulation to mobilize firm and worker demand
- Differentiate between productivity and inclusion objective
- Older workers: investment in AET needs to pay off and be appropriate
- Prepare future cohorts for lifelong learning: Investment in cognitive and socio-emotional foundation skills.

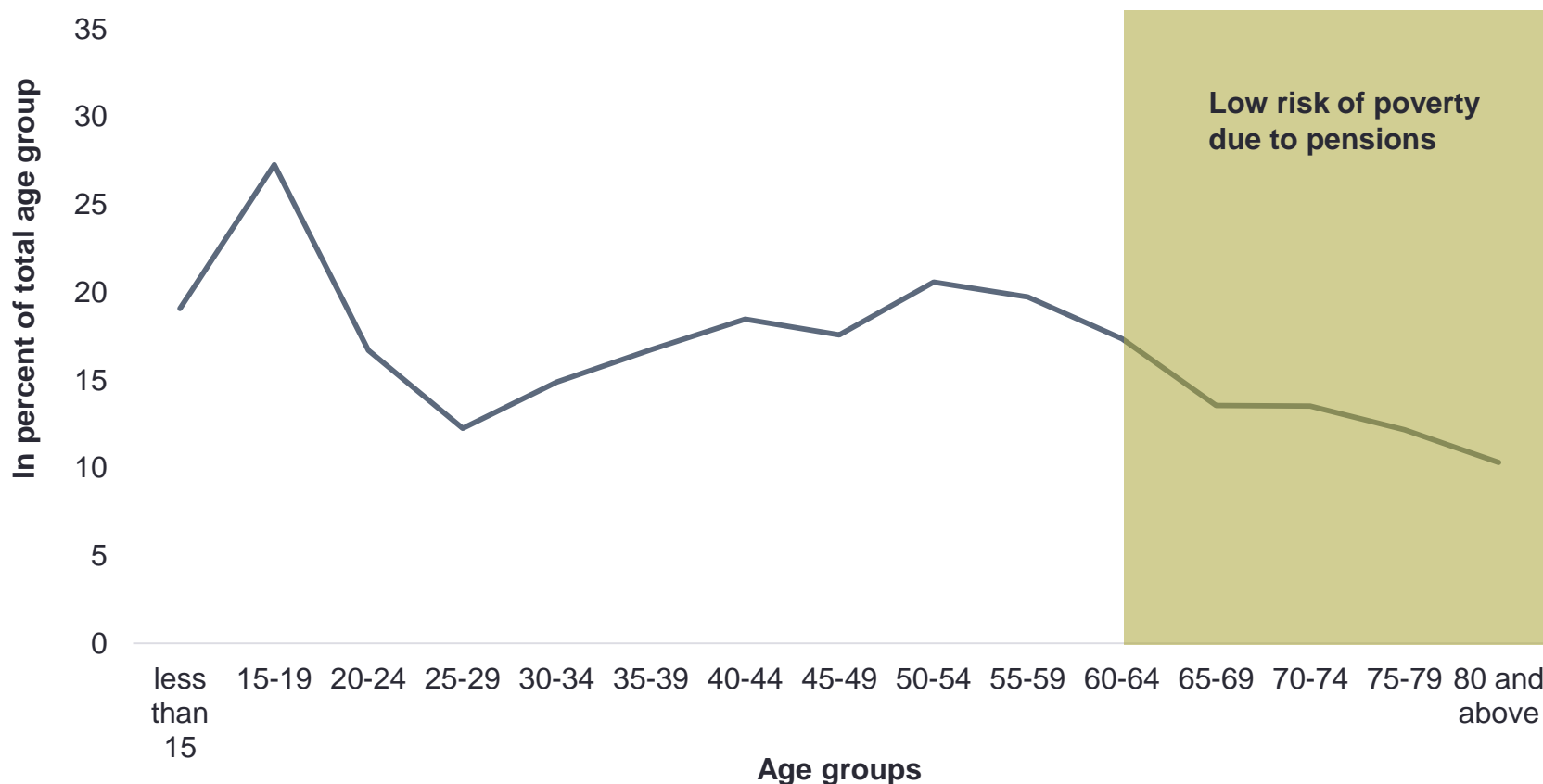


Economically secure aging



Pensions contribute significantly to lower poverty among households with older household heads

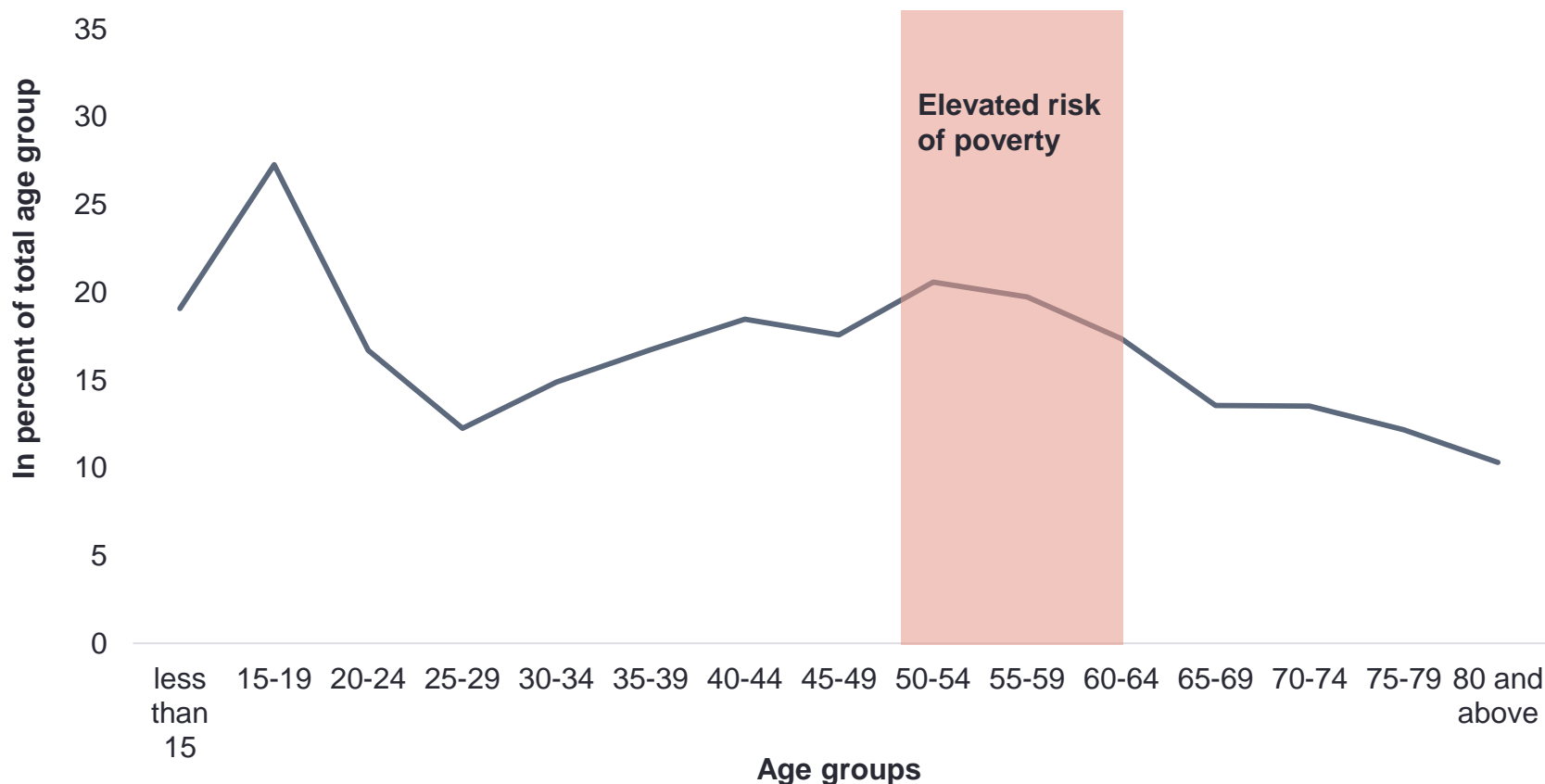
“At Risk of Poverty” by age group in Latvia, in percent of each age group, 2013



Source: Based on EU-SILC.

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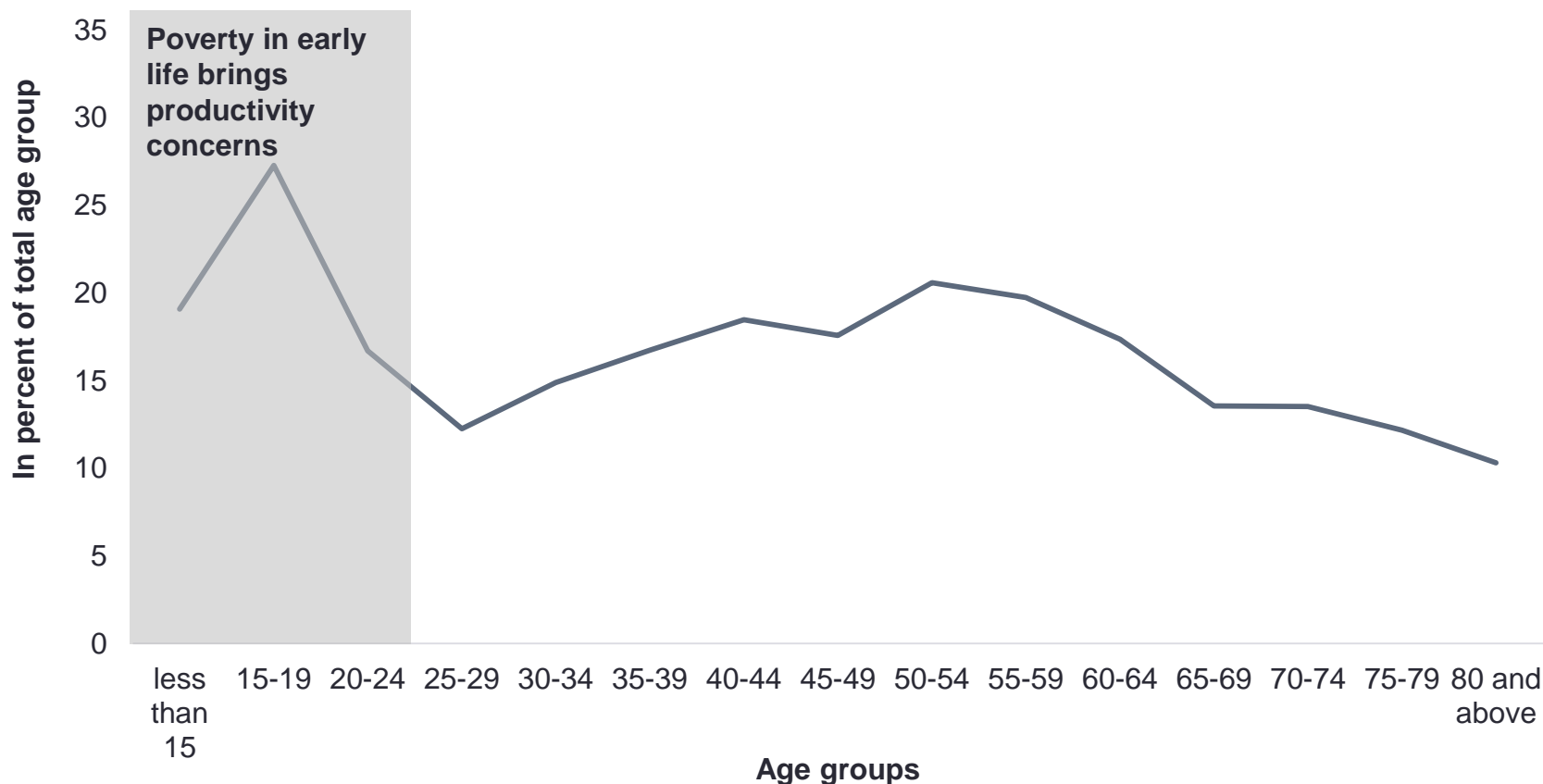
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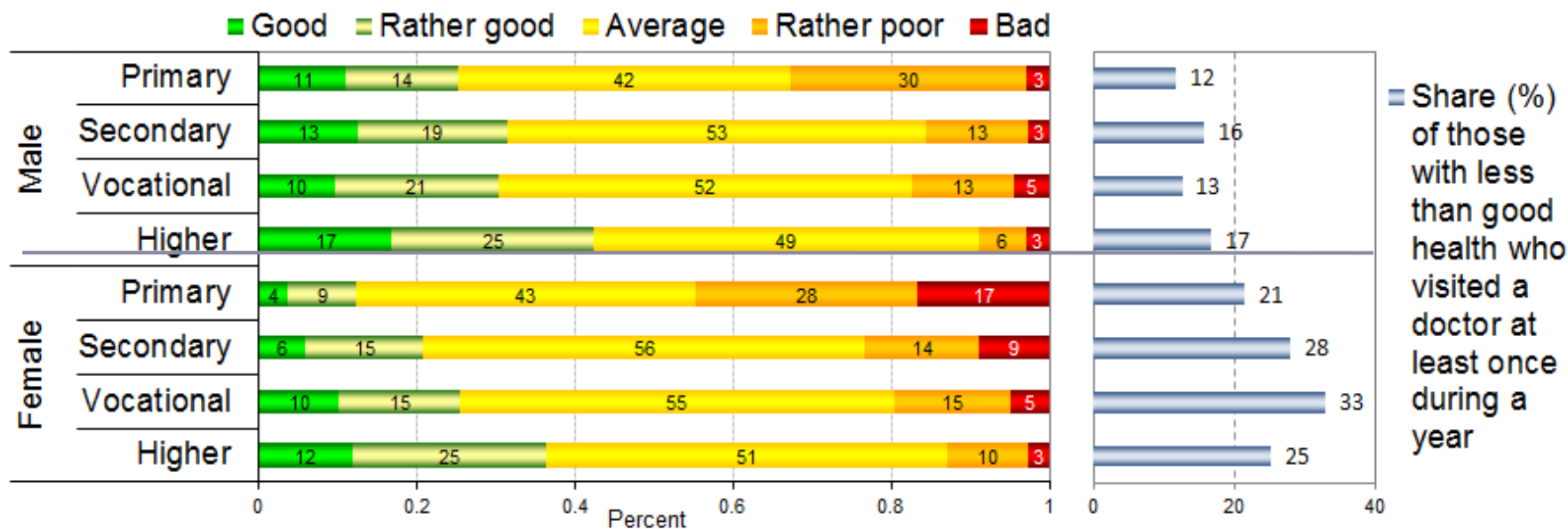


Healthy aging



Health inequalities are particularly large and contribute to poor health outcomes

Self-assessed health and doctor (GP or specialist) visits among 50-64 years old males and females, 2012



Source: HBALP - Health Behavior Among Latvian Population (ex-FINBALT)



Conclusions



Turning aging into an opportunity in Latvia

- Longer and more productive working lives
 - Invest in people
 - Improve health as foremost challenge
 - Build skills along the lifecycle
 - Promote equity
- New framing of aging policy
 - Complex multi-sectoral dynamic agenda
 - Individuals, employers/firms, government, civil society
 - Policy trade-offs
 - Experiment, evaluate...



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Thank you

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