

Economic impacts of population ageing in Latin America and the Caribbean

Challenges and opportunities

Simone Cecchini
Pablo Comelatto
Raúl Holz
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Summary

This document analyses the economic implications of rapid population ageing in Latin America and the Caribbean, highlighting both the challenges it poses for economic growth, the labour market, and the sustainability of social policies, as well as the opportunities it presents to boost various economic sectors in the region. Based on demographic and economic data, the ongoing structural transformation is examined, with particular emphasis on the increase in the population aged 65 and over.

The study reviews the conceptual approaches that enable an understanding of the various dimensions of ageing in relation to production, consumption and intergenerational transfers, such as the silver economy, the longevity economy, and the generational economy. Sectors with potential for economic growth in the context of population ageing have been identified, including health care, caregiving, the pharmaceutical industry, the financial sector, technology, tourism, and adapted housing.

Through the analysis of the demographic dividend and the use of the National Transfer Accounts (NTA) methodology, the document assesses the projected impacts of ageing on economic growth and highlights the role of productivity and labour force participation —particularly among women and older persons— as key factors to mitigate these effects.

The study also examines innovative public policies in the Republic of Korea and other countries worldwide that may serve as benchmarks for Latin America and the Caribbean. The document concludes that seizing the economic opportunities of population ageing requires incorporating demographic change into public policies, investing in health, social protection, and care systems, as well as recognizing the rights and contributions of older persons, from a life-cycle perspective.

Introduction

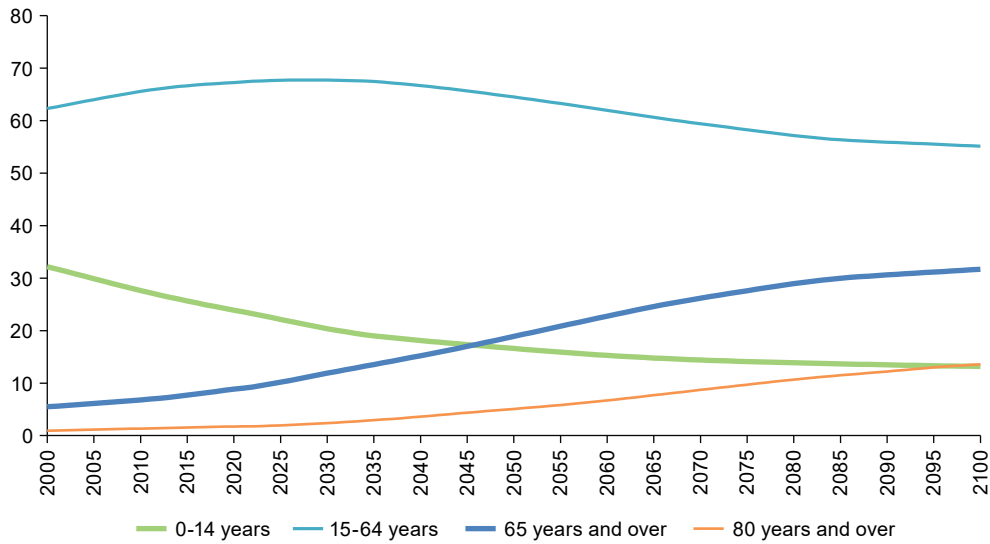
Population ageing is a demographic phenomenon that is reshaping economies and societies, both globally and in Latin America and the Caribbean.

Ageing represents an achievement of our societies, where infant mortality and adolescent pregnancy have declined and life expectancy has increased, as is the case in more developed regions. However, ageing also brings challenges and opportunities that need to be considered by public policies, the private sector, and society as a whole.

Population ageing poses challenges for economic growth, the labour market, and financial sustainability, coverage and adequacy of social policies, especially those targeting the growing number of older persons, such as pensions, health, and care services. However, it also offers opportunities for transforming the economies of Latin America and the Caribbean towards a more productive, inclusive, and sustainable development. Many of the needs and demands for products and services for older persons—which will increase as the population continues to age—create opportunities in several of the key driving sectors identified by the Economic Commission for Latin America and the Caribbean (ECLAC) to advance the region's productive transformation. Examples include the pharmaceutical and medical supplies industry, the care economy, and sustainable tourism (ECLAC, 2024a; Salazar-Xirinachs, 2023). Moreover, even with an ageing population, there are opportunities to contribute to increased productivity through larger female labour force participation, greater investment in the education of a decreasing number of children and adolescents, as well as technological innovations.

According to projections jointly prepared by CELADE–Population Division of the ECLAC and the United Nations Population Division (United Nations, 2024), in the region, the population is undergoing a rapid ageing process. In 2024, it is estimated that there are approximately 65 million persons aged 65 and over in Latin America and the Caribbean, representing 9.9% of the total population. By 2050, this age group is projected to reach 138 million people and account for 18.9% of the region's population (see figure 1).

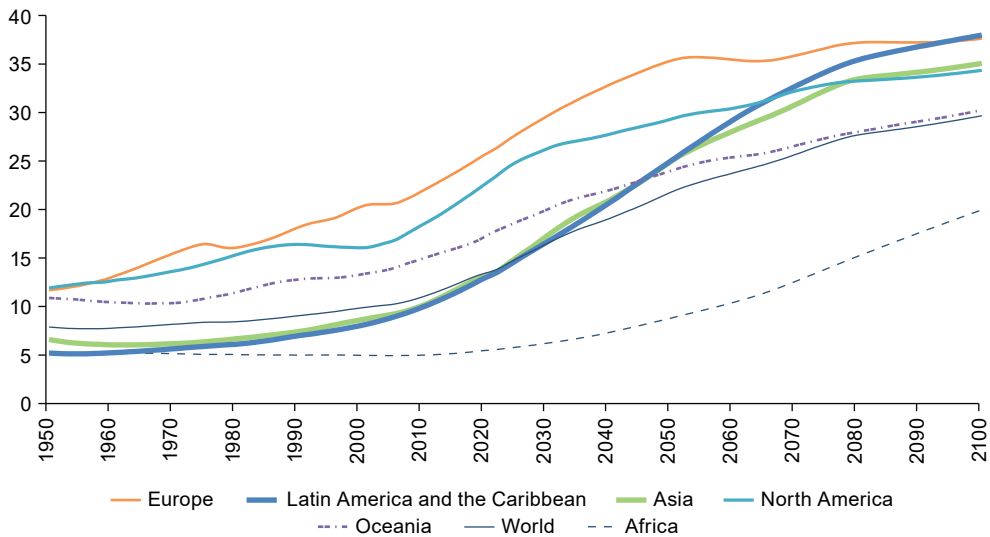
Figure 1
Latin America and the Caribbean: total population at midyear, estimated and projected, by age groups, 2000–2100
(Percentages)



Source: Prepared by the authors, on the basis of CELADE–Population Division of the ECLAC, Labour Force Estimates and Projections: 2024 Revision.

The ageing process in the region is very rapid and is occurring faster than in other regions of the world. In 1950, Latin America and the Caribbean had a population aged 65 and over of 3.2%, close to Africa’s proportion (5.3%). According to the United Nations medium projection (2024), this percentage is projected to reach 31.7% by 2100, a level similar to that of Europe. Latin America and the Caribbean will double its current proportion of the population aged 65 and over in just 28 years, reaching 19.7% of the total population by 2052 (see figure 2).

Figure 2
Population aged 65 and over, by world region, 1950–2100
(As a percentage of the total population)



Source: Prepared by the authors, on the basis of United Nations, *World Population Prospects 2024*.

This rapid ageing process is not uniform across all the age groups of older persons; what is taking place is a process of “ageing within ageing”. In the region, the fastest-growing age group is expected to be the population aged 80 and over, in which the risks of living with some form of disability and functional dependency are higher than in other age groups. The population group aged 80 and over will triple its proportion in the next 30 years, increasing from 1.9% in 2024 to 5.1% in 2050—that is, from 12 million in 2024 to 37 million people in 2050 (United Nations, 2024) (see figure 1)—which will generate a greater demand for care, especially long-term care.

Latin America and the Caribbean, currently in a moderately advanced stage of ageing (ECLAC, 2022), will face typical economic and social challenges of an ageing society along with at least four additional challenges compared to developed regions such as Europe: (i) the context is characterized by lower levels of economic development; (ii) population ageing is occurring at a faster pace; (iii) well-established welfare states are lacking; and (iv) there are higher structural levels of inequality.

Demographic changes are not independent of the economic context in which they occur. Practically all economic variables—such as the labour force, labour income, consumption, saving capacity, and economic growth, among others—are impacted by the life cycle and changes in the age structure of the population. Likewise, the financial sustainability of public education, health, pension, and care systems is affected by the age structure of the population. This poses significant challenges for a region that lacks a welfare state capable of guaranteeing and protecting the full exercise of social and economic rights for the entire population.

In the literature, there are different concepts that address the opportunities and challenges posed by the economic consequences of ageing, the main ones being the “silver economy,” the “longevity economy,” and the “generational economy”. Although there is no single definition for each of these terms, it is possible to identify distinct characteristics that tend to emphasize different aspects and specific approaches.

The silver economy is a concept that has gained prominence since the 2000s to address challenges associated with demographic ageing in Europe and features prominently in numerous European Union initiatives and documents.¹ For example, in 2005, within the framework of the first European Silver Economy Conference, the Bonn Declaration for the Silver Economy (adopted by the Silver Economy Network of European Regions [SEN@ER] in 2005) was established as a strategic commitment to enhance quality of life, economic growth, and competitiveness across Europe. Furthermore, to provide key information and a reference framework for the development of a common silver economy strategy for Europe, the European Commission has published several studies. In these, the silver economy is conceptualized as the part of the economy that is relevant to the needs and demands of people aged 50 and over. This includes both the products and services purchased, as well as the increased economic activity generated by this spending, encompassing production, consumption, and international trade, both public and private (European Commission, 2015 and 2018).

The debate on the silver economy has grown in recent years among businesses, academics, national governments, international organizations, and organizations representing older persons both in Latin America and the Caribbean and worldwide (European Commission, 2015, 2018; Data8, 2024; Data8 et al., 2023; Eatock, 2015; Organisation for Economic Co-operation and Development [OECD], 2014; Oxford Economics, 2016; Sánchez et al., 2020; World Economic Forum [WEF], 2016, 2024). The emphasis may differ, as can the age ranges cited as relevant. Generally, 50 years tends to be the lower age limit, and it is possible to observe that as the age threshold increases, the thematic focus shifts—from economic activities such as employability and lifelong learning to more social issues like health, pensions, and long-term care.

While there is no single definition of the silver economy, the concept tends to emphasize issues related to business opportunities and market expansion arising from the increased consumption by older persons due to population ageing. From this perspective, the possibilities for innovation and

¹ In the 1970s, the term “silver market” began to be used in Japan (Gschwendtner, 2020; Klimczuk, 2012).

entrepreneurship are highlighted, which are then associated with potential economic growth and job creation. It is also often emphasized that the integration of older persons into the economy and society is essential to maximize the benefits of the silver economy (Bussolo et al., 2015; European Commission, 2015, 2018; Das et al., 2022; Eatock, 2015; Oxford Economics, 2016; Sánchez et al., 2020; Stampini et al., 2021).

Another concept that has gained traction is the longevity economy. This term is sometimes used very similarly to the silver economy, with a strong focus on business opportunities associated with increased consumption due to population ageing, and other times more broadly, relating to the total sum of all economic activities involving older persons and their impact (American Association of Retired Persons and The Economist Intelligence Unit, 2023; Oxford Economics, 2016; WEF, 2024). However, the concept has also been linked to broader structural transformation approaches that advocate industrialization strategies grounded in demographic shifts (Félix, 2023).

From this broader perspective, the World Economic Forum (WEF, 2024) proposes six principles to guide discussions on demographic issues and the financial challenges of global ageing. These principles are: (i) ensure financial resilience at all key life stages; (ii) provide universal access to financial education; (iii) prioritize healthy ageing as the foundation for the longevity economy; (iv) develop jobs and skills throughout the life cycle for a multigenerational workforce; (v) design systems and environments for social connection and purpose; and (vi) address longevity inequalities, including those related to gender, race, and social class.

There are also authors who explicitly attempt to differentiate the longevity economy from the silver economy (Scott, 2021, 2024). From this perspective, while the silver economy would be confined to the economic sphere of people aged 50 and over, the longevity economy focuses on the economic consequences of behavioural changes in response to longer lives across all ages. The economic potential arising from longer and healthier lives is emphasized, with longer working lives, increased investments in health and education at older ages, and changes in saving, consumption, and financial behaviours across the life span.

Finally, from a more systematic approach linked to a specific methodology to measure and analyse economic flows between ages and generations—the National Transfer Accounts (NTA) (United Nations, 2022)—the concept of the generational economy has been promoted, which considers four fundamental activities within the economic life cycle: income generation, consumption, resource sharing, and saving. From this perspective, the generational economy considers: (i) the social institutions and economic mechanisms for generating income, and for consuming, distributing, and saving resources; (ii) the economic flows across age groups; (iii) the contracts governing intergenerational flows; and (iv) the intergenerational distribution of income or consumption. The results obtained from this information are fundamental for understanding the economic impacts of demographic changes, including population ageing (Mason and Lee, 2011).

The results of the NTA generally show that income and consumption levels vary by age due to various factors, including, among others, biological, institutional, cultural, and economic reasons. Evidence indicates that the gap between labour income and consumption at each age is characterized by three main stages: two deficit stages during childhood and at older ages, when persons have little or no labour income to support themselves, and one surplus stage during the working-age years. Likewise, from the generational economy's perspective, the existence of a second demographic dividend has been proposed,² which would occur as the population ages. To finance a larger deficit at the end of the life cycle, there would be a strong incentive for asset accumulation, which, insofar as these assets are invested and make labour more productive, contributes to economic growth (Lee and Mason, 2006; Mason, 2005).

This document examines the interaction between population ageing and the economy. Drawing on evidence and arguments developed from different conceptual perspectives, it analyzes the economic

² The "first" demographic dividend refers to the potentially positive period for economic growth resulting from an increase in the working-age population compared to the dependent population (children and older persons).

consequences of ageing for the population throughout the life cycle, with particular emphasis on the experiences of old age. The objective is to complement the common view on the economic and social challenges of ageing with a focus on its economic opportunities, always placing the inclusion and rights of older persons at the center. This is crucial to adequately consider the deep inequalities that persist in Latin America and the Caribbean.

The document is structured as follows: the first section presents a brief socioeconomic characterization of older persons in the region, as well as of their consumption expenditure. The second section addresses the economic impacts of ageing. The third section discusses the public policies and institutions that enable harnessing the economic opportunities of ageing—with a focus on South Korea and other countries worldwide—and the fourth concludes with a few public policy guidelines aimed at leveraging the economic opportunities of ageing and promoting the well-being of older persons.

I. Socioeconomic characterization of older persons

The living conditions of persons aged 65 and over in Latin America and the Caribbean are heterogeneous and shaped by the region's structural inequalities, as well as the limitations of social protection systems and the lack of guarantees of their human rights. Although the situation varies by country, as well as by individual characteristics such as sex, area of residence, socioeconomic level, and ethnic-racial background, among others, some common trends and challenges affecting this age group can be identified.

In the countries of the region, persons aged 65 and over face high vulnerability in sustaining their well-being due to lack of access to basic resources, dependence on insufficient social protection systems, participation in the labour market under precarious conditions, inadequate access to health systems and care networks, among other factors.

This vulnerability is greater for women and population groups such as Indigenous peoples, Afro-descendants, migrants, and persons with disabilities, who face intersecting and compounded exclusions and discriminations. The multiple forms of discrimination against older persons represent an obstacle to the full enjoyment of their economic, social, and cultural rights (ECLAC, 2022, 2024b).

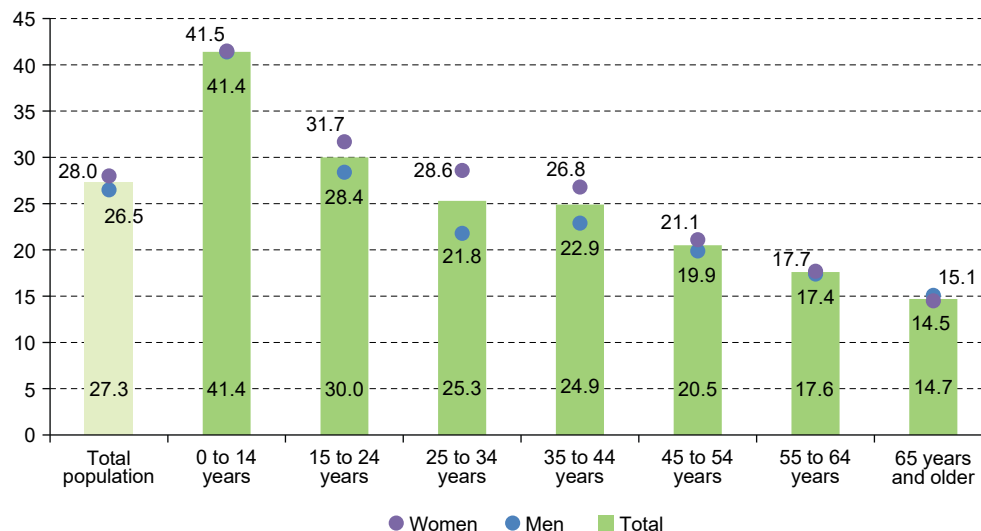
Considering that data reflecting the social vulnerability of older persons have already been summarized in ECLAC documents such as *Ageing in Latin America and the Caribbean: Inclusion and Rights of Older Persons* (ECLAC, 2022) and *Population, Development, and Rights in Latin America and the Caribbean: Second Regional Report on the Implementation of the Montevideo Consensus on Population and Development* (ECLAC, 2024b), the following presents a very brief analysis of the socioeconomic situation of this age group in the region.

A. Poverty and vulnerability among older persons

The poverty rate among persons aged 65 and over is lower than the population average and lower compared to other age groups. While the poverty rate for persons under 15 years old was approximately 41.4% around 2023, it decreases with age, reaching its minimum among persons aged 65 and over at 14.7%. There is also a gender gap, to the detriment of women, especially during working ages (see figure 3).

Figure 3
Latin America (18 countries):^a population living in poverty, by age group and sex,
2023 or latest year with information available

(Percentages)



Source: Prepared by the authors, on the basis of the Household Survey Data Bank (BADEHOG).

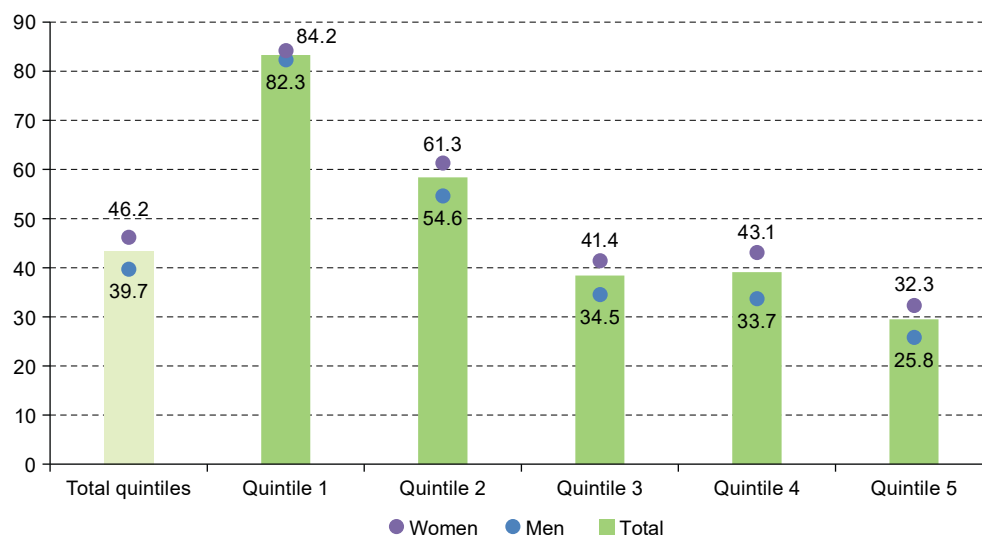
^a Weighted average for the following countries: Argentina, the Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Uruguay, and the Bolivarian Republic of Venezuela.

The reduction in life-cycle poverty may result from a combination of factors, including, but not limited to: (i) greater access to social protection among older persons compared to other groups (e.g., youth or children); (ii) reduced expenditures in old age, due to fewer economic dependents and lower consumption patterns; (iii) accumulated lifetime assets; (iv) economic support from families in multigenerational households; and (v) increased life expectancy; persons who reach old age tend to be those who have had better living conditions and access to resources throughout their life span, which reduces their probability of falling into poverty in old age.

Many older persons depend primarily on their pensions for their livelihood. However, pension coverage and adequacy do not necessarily guarantee a sufficient baseline of well-being. Although pension coverage among persons aged 65 and over reached 75.5% in 2022 (Arenas de Mesa and Robles, 2024; ECLAC, 2024b), a significant proportion of older persons still live in poverty due to insufficient pension entitlements.

Around 2023, approximately 43% of older persons received insufficient pension incomes to meet their minimum consumption needs. This situation did not affect all equally. In the lowest income quintile, older persons receiving insufficient pensions exceeded 83%, while in the highest quintile this proportion stood at 29.5%. While income quintile inequalities predominate among older persons receiving insufficient pensions, gender gaps that systematically affect women are also observed across all quintiles. The smallest gap is found in the lowest quintile (see figure 4).

Figure 4
Latin America (18 countries):^{a,b} population aged 65 and over receiving insufficient pensions,
by age group and income quintile, 2023 or latest year with information available
(Percentages)



Source: Prepared by the authors, on the basis of the Household Survey Data Bank (BADEHOG).

^a Weighted average for the following countries: Argentina, Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Uruguay, Bolivarian Republic of Venezuela.

^b Elaborated by selecting the population of older persons (aged 65 and over) who either receive no pensions or receive pension amounts below the value of the poverty line.

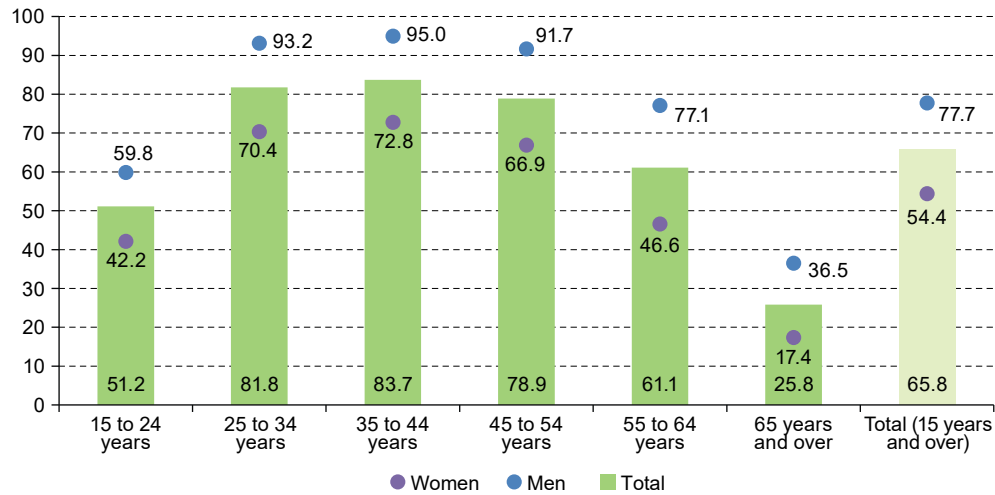
B. Population aging and the labour force

In Latin America, where population aging coexists with high levels of labour informality, inequality, and insufficient pensions, analyzing the interaction between the labour force and older persons is crucial.

In 2024, approximately one-quarter of persons aged 65 and over participated in the labour market. This percentage is higher among men. As with other age groups, the gender gap stems from women's greater exclusive engagement in unpaid household work, compounded by the fact that in several countries of the region, men retire later than women (see figure 5).

While it is desirable for older persons to continue working when they wish to do so as part of their life projects, for many the primary motivation to remain in the labour market is the lack of resources to ensure a minimum standard of well-being. Faced with income inadequacy, many older persons are forced to continue working or seek employment to supplement their incomes. Countries in the region show a clear positive correlation between pension insufficiency and labour force participation among older persons: the greater the pension inadequacy, the higher the labour force participation (see figure 6).

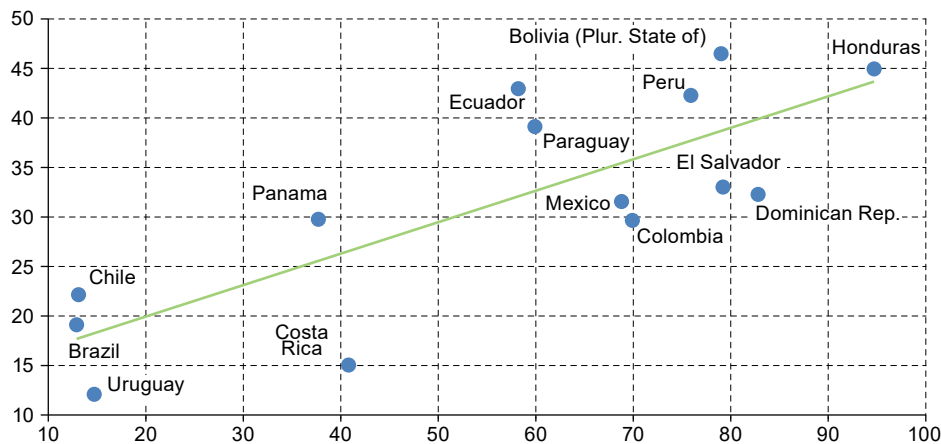
Figure 5
Latin America (20 countries):^a labour force participation rate, by sex and age group, 2024
(Percentages)



Source: Prepared by the authors, on the basis of CELADE-Population Division of the ECLAC, Labour Force Estimates and Projections: 2024 Revision.

^a Argentina, Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Uruguay, and Bolivarian Republic of Venezuela.

Figure 6
Latin America (14 countries): labour force participation rates and receipt of insufficient pensions among persons aged 65 and over, 2023 or latest year with information available
(Percentages)



Source: Prepared by the authors, on the basis of CELADE- Population Division of the ECLAC, Labour Force Estimates and Projections: 2024 Revision and the Household Survey Data Bank (BADEHOG).

Because of population ageing and the need to supplement insufficient income or remain active, many older persons will continue working, which would impact the age structure of the labour force.

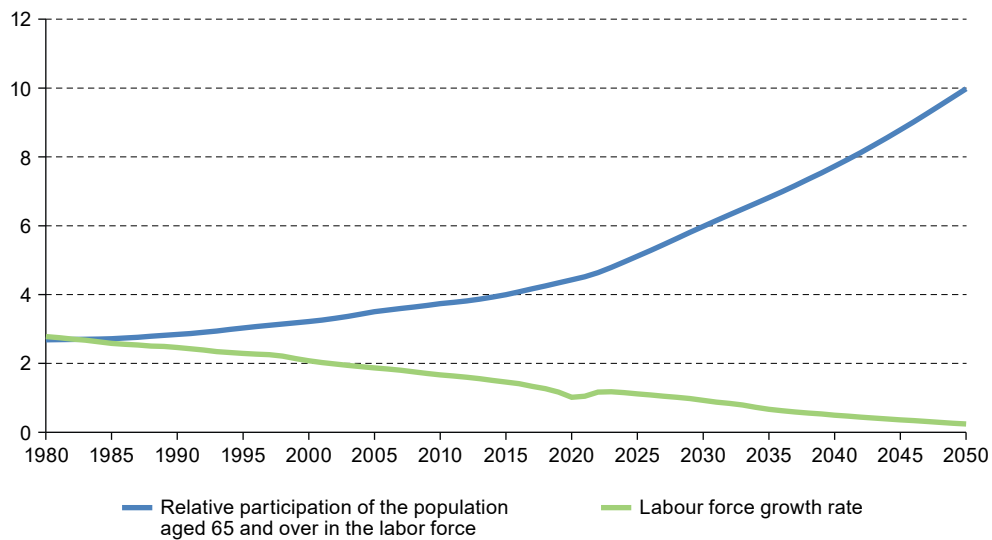
The labour force in Latin America is expected to continue growing until 2050, albeit at an increasingly slower pace. At the same time, the relative share of persons aged 65 and over in the labour force will rise steadily (see figure 7).

As shown in figure 8, population ageing is accompanied by workforce ageing. Not only does the share of older persons in the labour force increase, but the youth share declines—a trend driven both by demographic trends³ and rising educational participation rates.

³ For example, according to the 2024 Revision of the Population Estimates and Projections by CELADE-Population Division of the ECLAC, the labour force aged 20 to 24 in Latin America is projected to decline from 35.6 million in 2024 to 31.1 million in 2050.

Most notably, there has been a marked increase in women’s labour force participation rates. In 1980, women accounted for approximately 27% of the total workforce, a figure that rose to 43% by 2025. By 2050, women are projected to comprise about 45% of the workforce (see figure 8).

Figure 7
Latin America (20 countries):^a annual growth rate of the labour force and relative participation of the population aged 65 and over in the labour force^b
(Percentages)



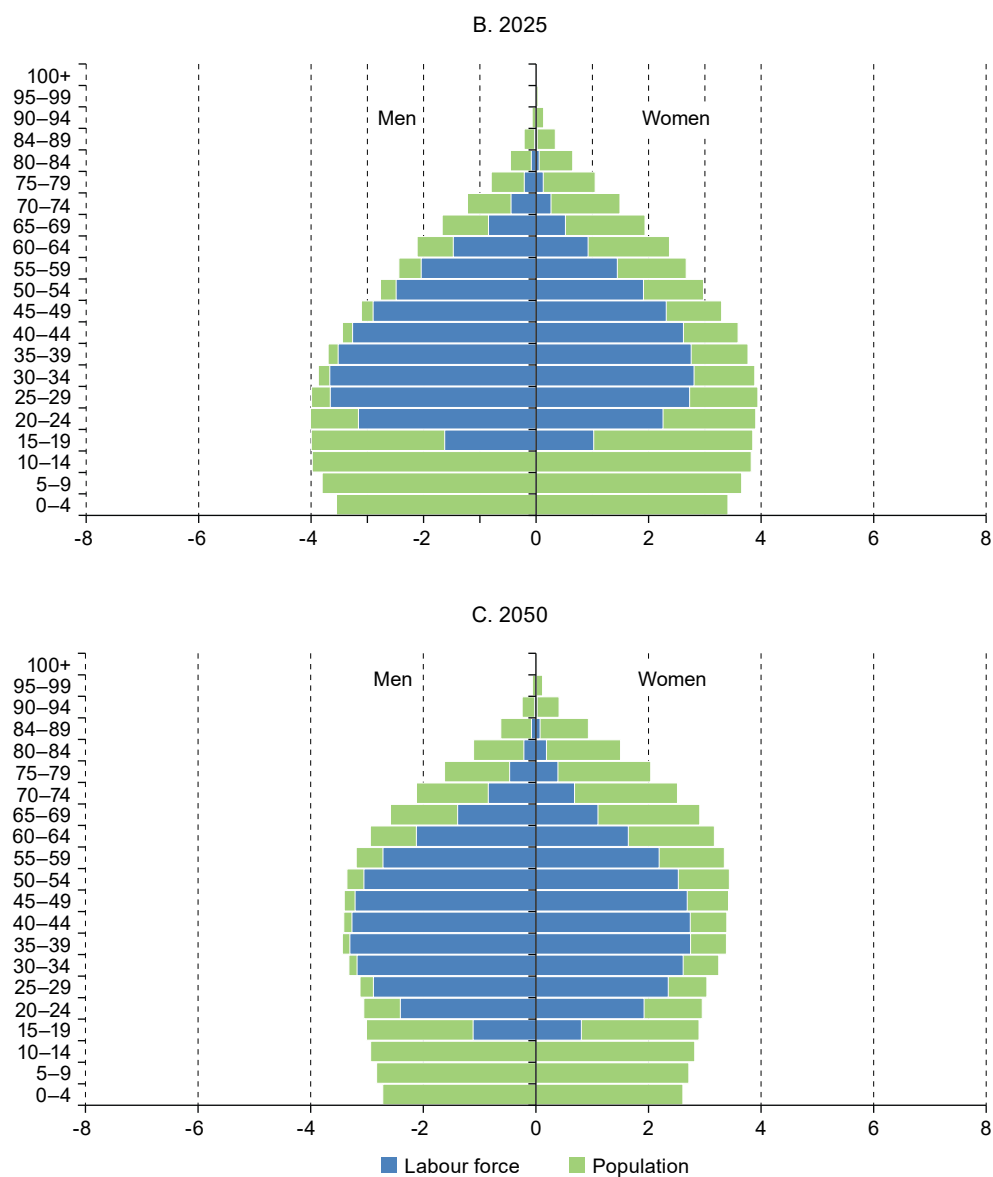
Source: Prepared by the authors, on the basis of CELADE- Population Division of the ECLAC, Labour Force Estimates and Projections: 2024 Revision.

^a Argentina, Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Uruguay, and Bolivarian Republic of Venezuela.

^b The relative participation of the population aged 65 and over in the labour force is calculated by dividing the number of persons aged 65 and over in the labour force by the population aged 15 and over in the labour force.

Figure 8
Latin America (20 countries): total population and labour force, estimated and projected, by sex and age group, 1980, 2025, and 2050
(Percentages)



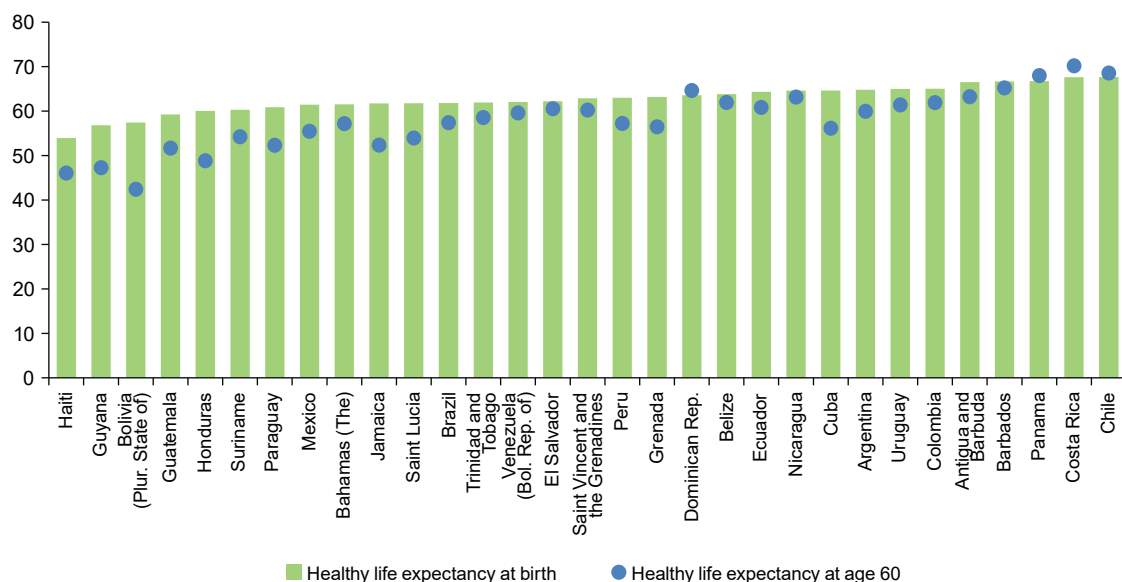


Source: Prepared by the authors, on the basis of CELADE-Population Division of the ECLAC, Labour Force Estimates and Projections: 2024 Revision.

C. Longer healthy life expectancy

In order to extend working life in a productive and sustainable manner, it is essential to promote good health among older persons. However, in the region, the indicator of healthy life expectancy—which refers to the number of years lived free from disease and disability—reveals significant inequalities both between and within countries (Espinoza et al., 2023; Gaspar et al., 2021). In most countries, healthy life expectancy at birth exceeds 60 years; in seven countries, it reaches 65 years or more. At the other end of the spectrum, in Haiti, Guyana, the Plurinational State of Bolivia, and Guatemala, people have a healthy life expectancy at birth below 60 years. Meanwhile, people aged 60 and over, depending on the country, can expect to live between 10.6 and 17.6 additional years in good health (see figure 9).

Figure 9
Latin America and the Caribbean (31 countries): healthy life expectancy at birth and at age 60, both sexes, 2021
(In years)



Source: Prepared by the authors, on the basis of the World Health Organization, Global Health Observatory, 2025.

The increase in healthy life expectancy is particularly important in a region experiencing rapid population ageing, insufficient pension coverage, and limited fiscal space. As older persons enjoy better health for longer periods, an opportunity arises to promote active ageing and harness the accumulated experience of this age group.

D. Household consumption expenditure profile with and without older persons

Consumption expenditure refers to what individuals and households spend to access goods and services to meet their needs and desires in the short, medium, and long term. Although the relationship is not linear, it can be stated that a higher capacity to consume goods and services corresponds to a higher level of economic well-being. Therefore, measuring the consumption expenditure of older persons and the households in which they live is an approach to assessing their economic well-being.

The consumption patterns of individuals and households are influenced by age, as well as by socioeconomic status (measured, for example, by per capita income), gender, specific health needs, personal interests, and cultural traditions, among other factors. Effective consumption capacity is equally affected by the availability and pricing of goods and services in the market, as well as those provided by the State.

Inequalities in old age regarding consumption capacity, income and wealth, access to social services, and decent work reflect accumulated disadvantages over the life cycle due to socioeconomic status, geographic location, sex, and other factors (Martínez et al., 2022).

To analyze consumption by age and characterize the consumption patterns of older persons, the following section examines how three types of urban households—those composed exclusively of persons aged 65 and over; those with at least one person aged 65 and over; and those composed solely of persons under 65—are associated with different consumption profiles in 13 countries in the region, using data from Household Income and Expenditure Surveys (HIES) (see box 1).

Box 1**Classification of expenditure based on Household Income and Expenditure Surveys (HIES)^a**

Household Income and Expenditure Surveys (HIES) document how families and their members allocate their income, both monetary and in-kind, to acquire goods and services. In the region, these surveys are conducted approximately every ten years and cover various expenditure categories, allowing the identification of household profiles based on the amount and proportion of their spending on different types of consumption.

The Classification of Individual Consumption by Purpose (COICOP) is used to categorize various expenditure items into 13 divisions and to organize these profiles according to the characteristics of the households they comprise. According to the United Nations Department of Economic and Social Affairs (UNDESA, 2018), this classification is structured into three levels of disaggregation: (i) divisions; (ii) groups; and (iii) classes. Generally, the classifications used by countries are national adaptations that adjust these categories to their context, for example, by incorporating local denominations, grouping categories when goods and services are uncommon or unrepresentative, and breaking down categories when a higher level of detail is required. The 13 expenditure divisions included in the COICOP classification are: (1) Food and non-alcoholic beverages; (2) Alcoholic beverages, tobacco, and narcotics; (3) Clothing and footwear; (4) Housing, water, electricity, gas, and other fuels; (5) Furnishings, household equipment, and routine household maintenance; (6) Health; (7) Transport; (8) Communication; (9) Recreation and culture; (10) Education; (11) Restaurants and accommodation services; (12) Insurance and financial services; (13) Personal care, social protection, and miscellaneous goods and services.

Although COICOP provides a framework of homogeneous categories of goods and services, caution is needed when making comparisons between countries, as some items such as education and health have household consumption expenditure levels that are strongly influenced by public provision. Therefore, depending on the country, a low relative weight of household expenditure on these services does not imply lack of access to health and education.

Source: Prepared by the authors, based on United Nations Department of Economic and Social Affairs. (2018). Classification of Individual Consumption According to Purpose (COICOP) 2018.

^a The income and expenditure surveys correspond to: Argentina (2017), Plurinational State of Bolivia (2015), Brazil (2017), Chile (2021), Colombia (2016), Costa Rica (2018), Ecuador (2014), Guatemala (2014), Mexico (2018), Nicaragua (2014), Dominican Republic (2018), Peru (2019), and Uruguay (2016).

1. Characteristics of urban households with and without older persons

In the region, one in every four urban households includes persons aged 65 years and older. This results from the sum of households composed exclusively of persons aged 65 and over (7.9%) and those where at least one person aged 65 or older resides (16.1%).

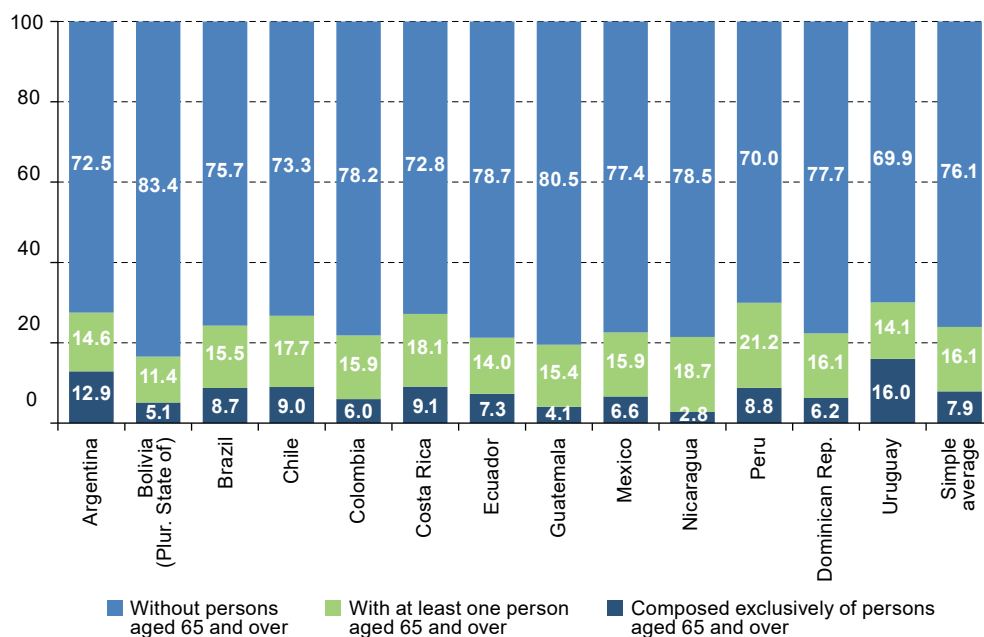
Uruguay shows the highest prevalence of households composed exclusively of persons aged 65 and over, at 16.0%, while Nicaragua has the lowest, at 2.8%. Meanwhile, households with at least one person aged 65 or older have the lowest share in Bolivia (Plurinational State of), at 11.4%, and the highest in Peru, at 21.2%.

Households without older persons represent, on a simple average for the 13 countries, 76.1% of the total households. Their lowest share is recorded in Uruguay, at 69.9%, and their highest share in the Plurinational State of Bolivia, at 83.4% (see figure 10).

Household consumption expenditure also depends on household size, and the economies of scale within households can influence consumption patterns. Households composed solely of persons aged 65 and over are the smallest: on average, they consist of 1.4 persons per household, with little variation between countries. Households with at least one person aged 65 and over are, in turn, the largest, averaging 3.9 persons per household. This type of household ranges from an average of 3.1 persons in Uruguay to 5.1 persons in Guatemala.

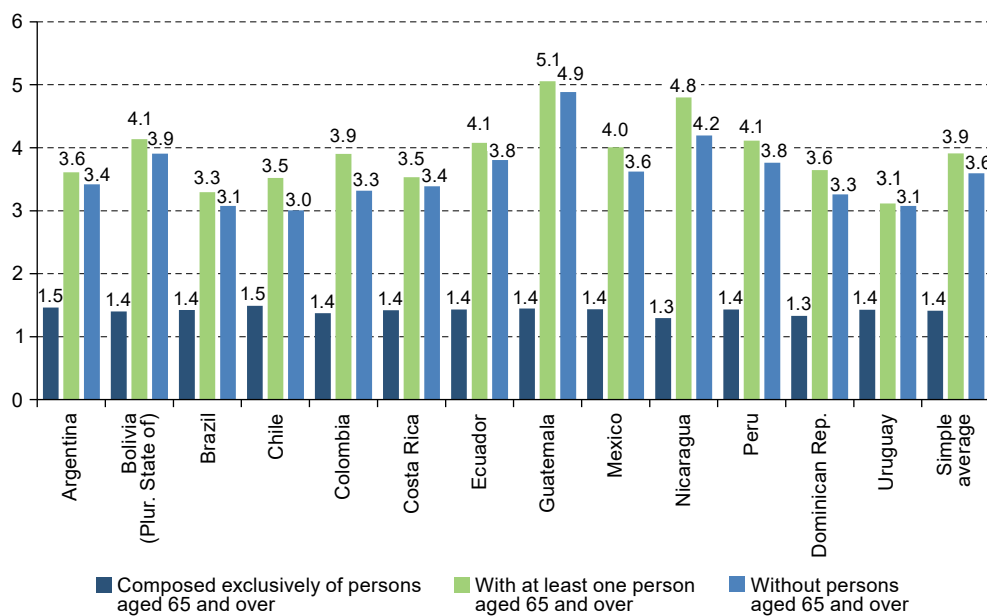
Households without persons under the age of 65 have an average of 3.6 members. The largest average household size is observed in Guatemala (4.9 persons), while the smallest is recorded in Chile (3 persons) (see figure 11).

Figure 10
Latin America (13 countries): urban households by household type, around 2018
(Percentages)



Source: Prepared by the authors, on the basis of household income and expenditure surveys from each country.

Figure 11
Latin America (13 countries): average number of persons in urban households, by household type, around 2018
(Number of persons)

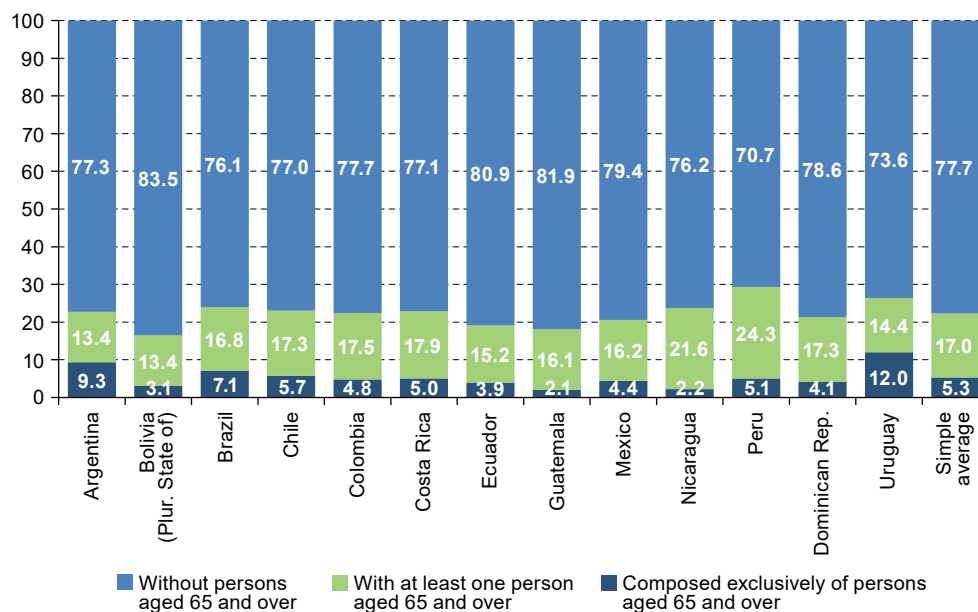


Source: Prepared by the authors, on the basis of household income and expenditure surveys from each country.

2. Household expenditure in urban areas with and without older persons

Due to the different sizes of the three types of households and the distinct consumption profiles associated with their age structures, the share of each household type in total expenditure does not correspond to their share in the total number of households. For example, although households composed exclusively of persons aged 65 and over represent, on average, 7.9% of the total at the regional level, they account for only 5.3% of total consumption. Meanwhile, households with at least one person aged 65 and over, which represent 16.1% of the total, concentrate, on average, 17.0% of the consumption. Households composed solely of persons under 65 years of age account for 76.1% of all households and are responsible for, on average, 77.7% of total expenditure (see figure 12).

Figure 12
Latin America (13 countries): share of total urban household expenditure, by presence of older persons, around 2018
(Percentages)



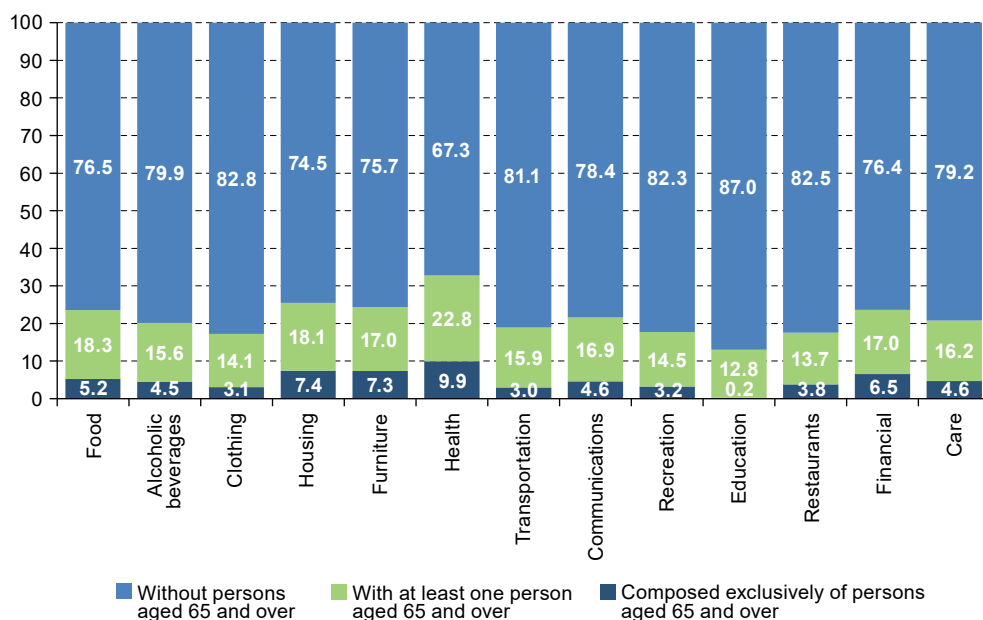
Source: Prepared by the authors, on the basis of household income and expenditure surveys from each country.

Differences in spending levels according to the presence of older persons in the household are compounded by variations in the types of goods and services on which households spend, as well as in the amounts spent on each of them.

The relative share of consumption expenditure by purpose and household type, shows that households composed solely of persons aged 65 and over, spend virtually nothing on education and allocate their largest shares to health and housing. Households with at least one person aged 65 and over also show their highest and lowest relative shares in health and education, respectively. Meanwhile, households without persons aged 65 and over allocate the largest share of their consumption expenditure to education and the smallest share to health (see figure 13).

Spending priorities on goods and services vary according to the presence of older persons in the household. In the region, households composed exclusively of people aged 65 and over concentrate approximately 55% of their expenditure on two categories: housing (34.1%) and food (20.9%). In a distant third place is health, with 8.9%, although it holds relatively greater importance than in other households. Households with at least one person aged 65 and over show the same prioritization, but with a more balanced consumption between housing (24.6%) and food (23.9%); in third place is spending on transportation, with 11%.

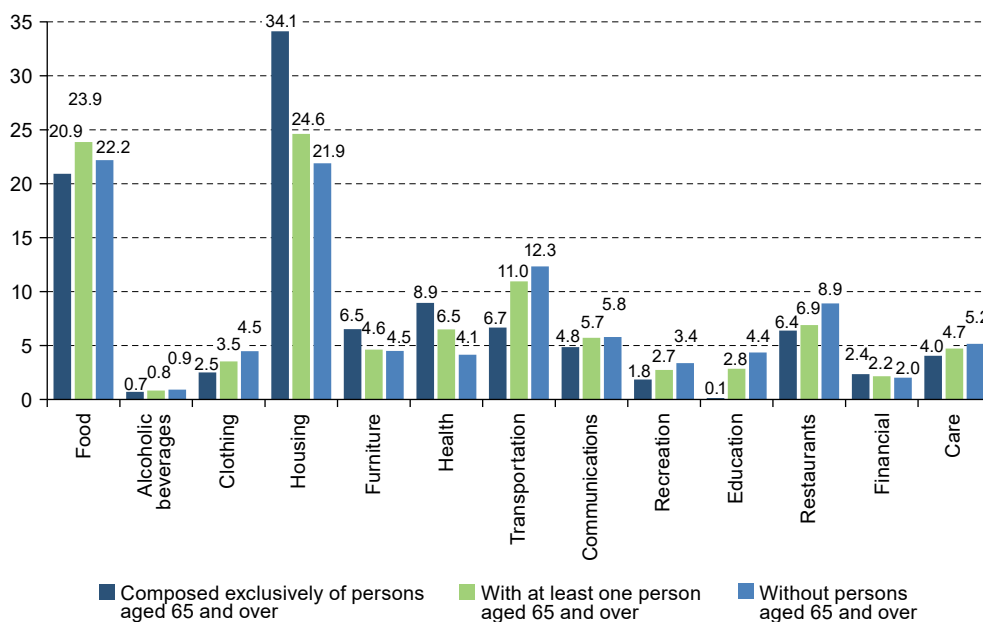
Figure 13
Latin America (13 countries):^a share of consumption expenditure by purpose and type of urban household, around 2018
(Percentages)



Source: Prepared by the authors, on the base of household income and expenditure surveys from each country.
^a Simple average of the 13 countries analyzed.

Households without persons aged 65 and over, in turn, spend more on food and then on housing, with 22.2% and 21.9% respectively. This is followed by spending on transportation, at 12.3% (see figure 14).

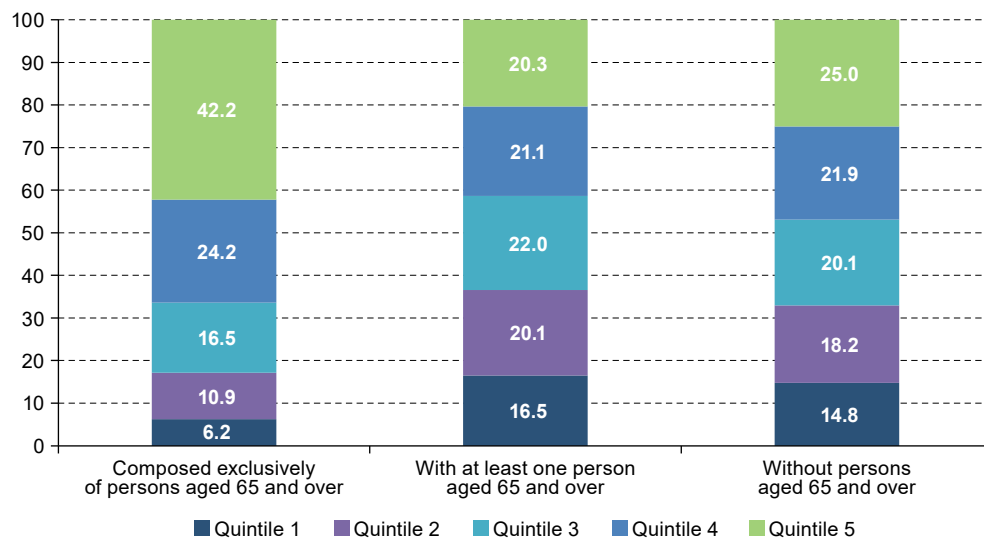
Figure 14
Latin America (13 countries):^a consumption expenditure by type of urban household, around 2018
(Percentages)



Source: Prepared by the authors, on the basis of household income and expenditure surveys from each country.
^a Simple average of the 13 countries analysed.

Figure 15 shows that, among the three household types, consumption inequality is highest among households composed solely of persons aged 65 and over.⁴ For this type of household, the top quintile accounts for 42.2% of total household expenditure, while the bottom quintile spends only 6.2% of the total. In the case of the other two household types—those with at least one person aged 65 or over and those without older persons—inequalities in consumption across quintiles are less pronounced: the bottom quintile accounts for 16.5% and 14.8% of total household expenditure, respectively.

Figure 15
Latin America (13 countries):^a share of consumption quintiles in total household expenditure, by type of urban household, around 2018
(Percentages)



Source: Prepared by the authors, on the basis of household income and expenditure surveys from each country.

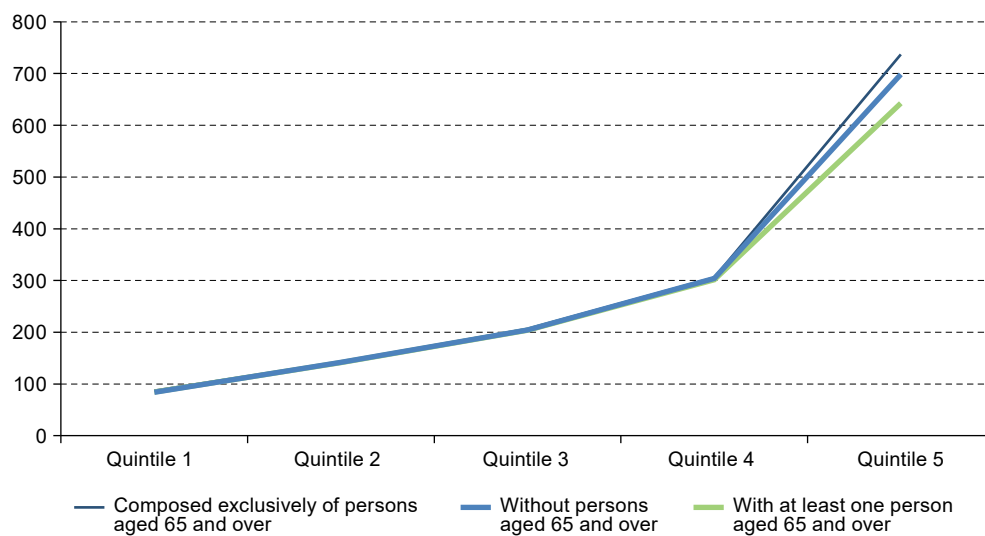
^a Simple average of the 13 countries analyzed.

Finally, figure 16 illustrates the significant disparities in monthly per capita expenditure across consumption quintiles. This inequality becomes more pronounced in the fifth quintile, a pattern observed across all three household types. The three household types display similar average monthly per capita expenditures across the first four quintiles: from approximately 85 dollars in the first quintile, to 140 dollars in the second, 205 dollars in the third, and 300 dollars in the fourth quintile. In the fifth quintile, average per capita expenditure increases significantly and differences among household types begin to emerge. Households composed exclusively of persons aged 65 and over register the highest average monthly per capita expenditure in the fifth quintile (737 dollars), while households with at least one older person spend 642 dollars.

The following chapter explores the impact of population ageing on the economy through an analysis of consumption, employment, and public and private transfers.

⁴ There are differences when examining inequality depending on whether income or consumption is used. The latter is more stable over the life cycle, thanks to mechanisms such as public and private transfers that help smooth consumption in the face of income fluctuations. Current income, conversely, remains tightly bound to productive years and demonstrates significant year-to-year volatility. It thus provides a more contextual perspective on individual welfare levels.

Figure 16
Latin America (13 countries):^a average monthly per capita expenditure,
by type of urban household and consumption quintile, around 2018
(In 2018 dollars)



Source: Prepared by the authors, on the basis of household income and expenditure surveys from each country.

^a Simple average of the 13 countries analyzed.

II. Demographic dividend and the economic impacts of ageing

This chapter aims to discuss the economic challenges and opportunities of population ageing, based on data from population estimates and projections, as well as from national transfer accounts.

Changes in the age structure of the population over time affect the relationship between the number of economically dependent persons —children, adolescents and older persons— and the number of working-age individuals. Within the framework of the demographic transition, a period of opportunity for development, economic growth and poverty reduction has been identified, known as the “demographic dividend,” during which the proportion of working-age individuals generating income increases relative to the dependent population that requires support for consumption (Saad et al., 2009). In several countries of the region, this window of opportunity has already closed or is about to close due to the increasing share of the older population, and it has not been leveraged as effectively as in East Asian countries (Saad, 2023).

Population ageing has often been associated with unfavourable prospects for economic growth and fiscal spaces. The main reasons cited include a reduction in the labour supply and productivity (Gagnon et al., 2021; Maestas et al., 2023), as well as the increase in public spending on pensions and health, which poses risks to the sustainability of their financing. Other studies nuance these reasons, arguing that the relationship between aging and productivity is complex and varies across countries, depending on their stage in the demographic transition (Amarante et al., 2021; National Research Council, 2012).⁵

It has also been argued that this negative impact could be at least partially offset by the productive use of savings accumulated by an aging population, as well as by longer working lives, especially if accompanied by good health. It is thus argued that there exists a second demographic dividend, which offers countries an opportunity for sustained economic growth through the accumulation of both physical and human capital (Mason and Lee, 2006).

⁵ For example, Amarante et al. (2021) mention that productivity and innovation may decline due to aging, which is associated with physical deterioration and the depreciation of workforce knowledge. However, the authors also note that there are economic sectors where accumulated experience predominates.

The following sections address the topic of the first demographic dividend, measured by the demographic dependency ratio (section A) and the support ratio (section B). Subsequently, section C characterizes consumption and income patterns of three major age groups (children, working-age population, and older persons) in six Latin American countries through an analysis of the life cycle deficit, based on the methodology of the National Transfer Accounts. Section D addresses the second demographic dividend, while section E presents an estimation exercise on the impact of aging on per capita GDP for 16 countries in the region. Finally, section F discusses the economic sectors with the greatest potential to contribute to growth in the context of demographic aging.

A. The demographic dividend and the demographic dependency ratio

The demographic dividend is the period during which the demographic dependency ratio decreases, that is, the ratio between people who are potentially economically dependent (those under 15 years and over 65 years of age) and people of working age (15 to 64 years), who have the potential to generate income.

Within households, this dividend means fewer dependents per economically active member—that is, a relative increase in people generating a surplus of production over consumption—and, therefore, a potential increase in per capita income (Cecchini and Uthoff, 2007). At the macroeconomic level, the demographic dividend period can be leveraged to foster economic growth, reduce poverty, and promote development, due to increased income, capital accumulation, and reduced spending on dependent populations.

However, the demographic dividend is not guaranteed. For this to happen, job creation and an enabling environment for growth are needed, which include, for example, investment in human capabilities and public policies that promote the equal participation of women in the labour market (Cecchini and Uthoff, 2007; ECLAC, 2024b).

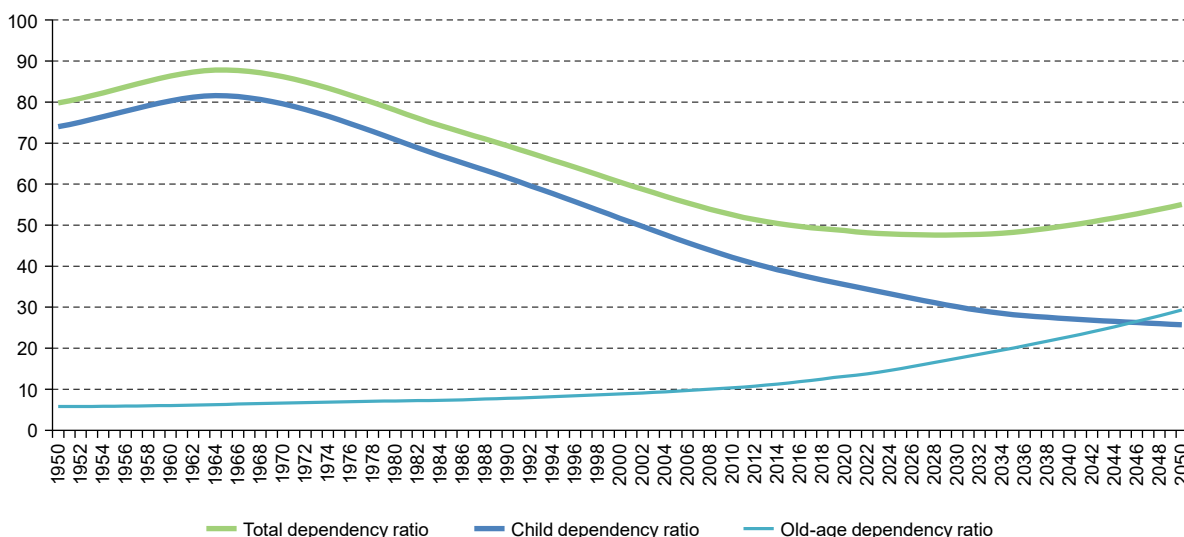
In fact, in Latin America and the Caribbean, the demographic dividend period has not been leveraged as effectively as in East Asia, where the decline in the demographic dependency ratio experienced since the mid-1960s was accompanied by an average real GDP per capita growth of 6.1% between 1965 and 1990, contrasting with 0.9% in Latin America for the same period (Williamson, 2003).

Saad (2023) shows, for example, that South Korea has managed to translate the indirect opportunities offered by the demographic dividend into concrete economic benefits. This is reflected today in a per capita GDP nearly four times higher in the Asian country compared to Latin America and the Caribbean, although until the mid-1980s, South Korea's per capita GDP was below that of Latin America and the Caribbean.

It is also important to highlight that the demographic dividend has certain analytical limitations. First, each dependent person is assigned a similar weight relative to the working-age population, although the cost of financing consumption needs differs significantly depending on the person's age. Second, it is assumed that every person of working age contributes equally to the household budget, although among the working-age population there are individuals outside the labour force for a wide variety of reasons, ranging from studying to engaging in unpaid work. And within the labour force, there are both employed and unemployed persons; likewise, among the employed, some have full employment while others are underemployed (Apella, 2024; Cecchini and Uthoff, 2007). Likewise, within the age groups considered dependent, there are individuals who generate income, either through child labour among those under 15 years old or through older persons aged 65 and over who engage in paid employment.

In Latin America and the Caribbean, the demographic dependency ratio began to decline in the mid-1960s, driven primarily by the reduction in the child dependency ratio. Over time, the effect of reduced child dependency has been offset by the rising old-age dependency ratio, leading to a projected increase in the total dependency ratio, which marks the end of the demographic dividend (see figure 17).

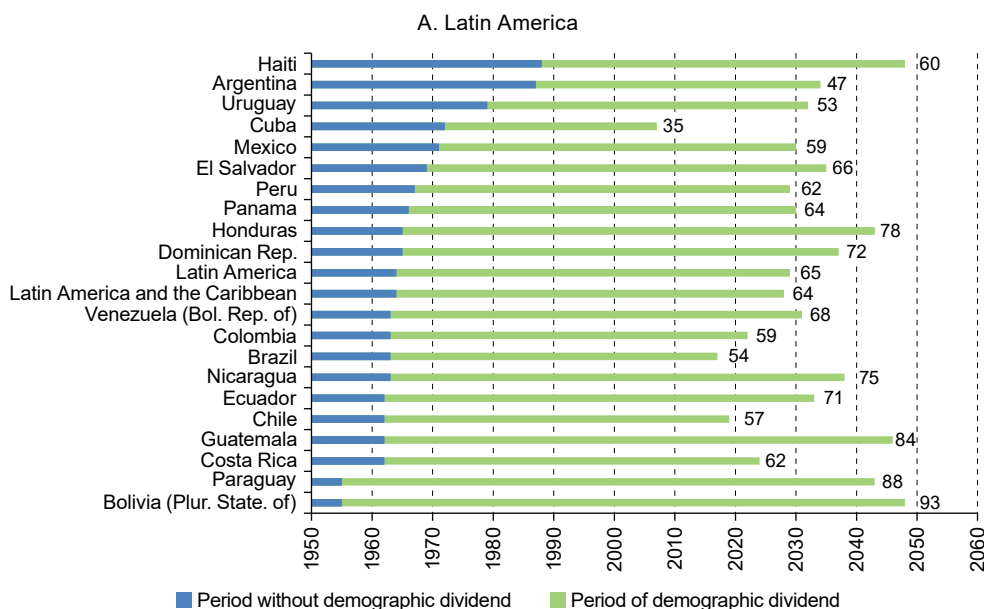
Figure 17
Latin America and the Caribbean: total, child, and old-age dependency ratios, 1950–2050
(Per 100)

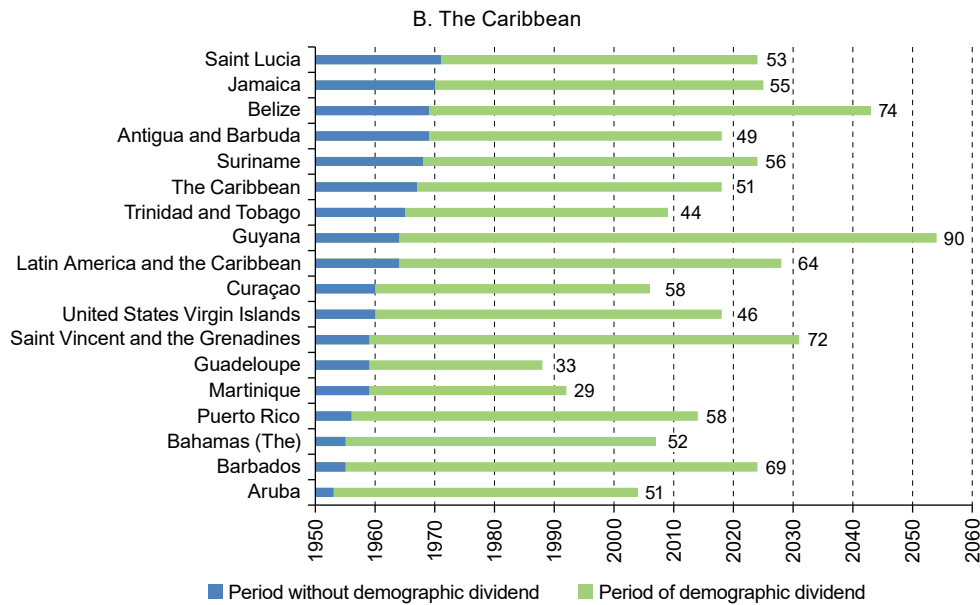


Source: Latin American and Caribbean Demographic Centre (CELADE)-Population Division of the ECLAC, *Population estimates and projections, 2024 revision* and United Nations, *World Population Prospects 2024*.

The demographic dividend is temporally limited because declining fertility and increasing longevity raise the proportion of older persons, thereby increasing the demographic dependency ratio once again and generating new demands for pensions, health, and care services (Cecchini and Uthoff, 2007). The demographic dividend in Latin America and the Caribbean is expected to come to an end, on average, by 2028, although with considerable variation across countries. The duration of the demographic dividend in the region is estimated to range from a minimum of 29 years in Martinique to a maximum of 93 years in the Plurinational State of Bolivia (see figure 18) (ECLAC, 2024c).

Figure 18
Latin America and the Caribbean: start year, end year, and duration of the demographic dividend
(In years)





Source: Latin American and Caribbean Demographic Centre (CELADE)-Population Division of the ECLAC, *Population estimates and projections, 2024 revision* and United Nations, *World Population Prospects 2024*.

Regarding the old-age dependency ratio, ECLAC (2024c) highlights that using the same age threshold across all countries and time periods to determine when a person is considered “older” does not necessarily reflect changes in the productive capacities and autonomy of older persons. These, in fact, may increase due to improvements in health conditions and life expectancy. An alternative is to use the prospective dependency ratio, an indicator in which the age of older persons is defined more dynamically in terms of their needs and capabilities, as it measures ageing in relation to remaining life expectancy. The prospective dependency ratio increases at a slower pace than the traditional one (see box 2), which could imply a longer duration of the demographic dividend.

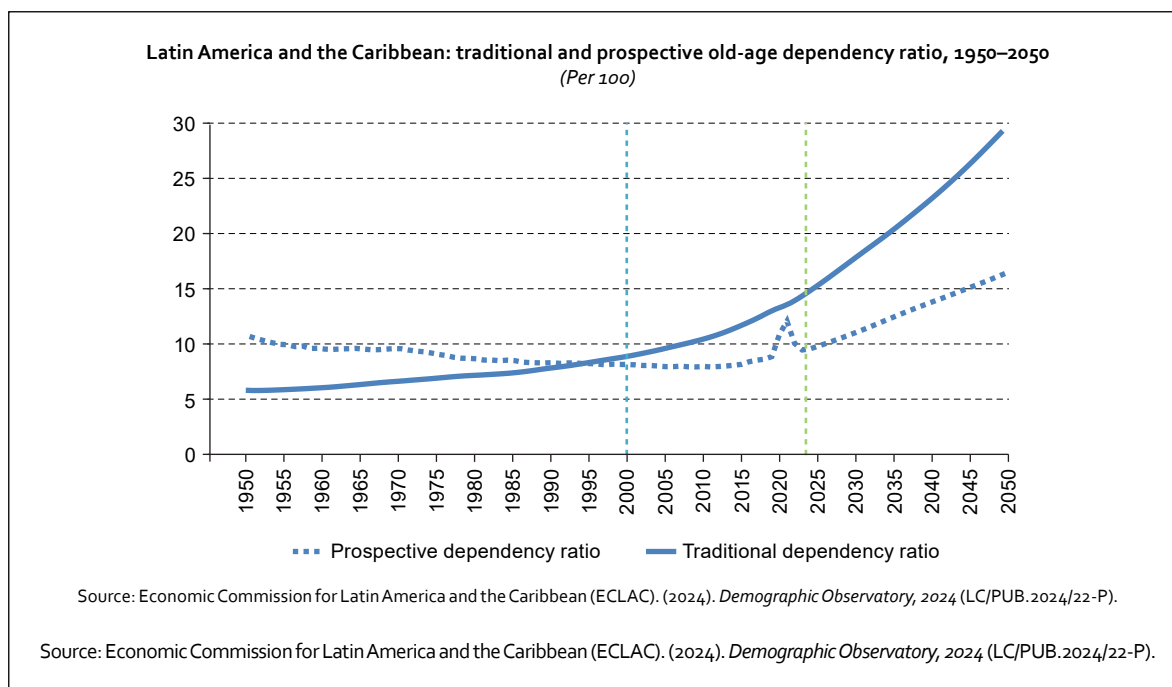
Box 2

The prospective dependency ratio of older persons

The prospective old-age dependency ratio is calculated similarly to the “classical” dependency ratio; however, instead of using a fixed age (65 years) to define who belongs to the older population group, it uses a prospective age that varies according to the mortality conditions of the period. The prospective age is defined as the age at which the remaining life expectancy in the period life table equals 15 years. The advantage of this measure is that it reflects improvements in population survival.

The graph presents a comparison between the traditional old-age dependency ratio and the prospective old-age dependency ratio for Latin America and the Caribbean. The difference between these indicators is that, in the second one, the value of life expectancy at birth minus 15 years is used as the lower threshold to determine who is considered an older person. If life expectancy at birth is 80 years, the indicators are the same, since in both cases the population of older persons is considered to include those aged 65 and over. As life expectancy at birth increases, the lower age threshold also rises. This means that the minimum age defining the group of older persons changes over time as population mortality evolves.

When adjusted for improvements in life expectancy at birth, the old-age dependency ratio decreases and the process occurs more slowly, as declining mortality results in an increase in the denominator and a decrease in the numerator of the indicator. One limitation of the prospective old-age dependency ratio is that it does not take into account the population’s health during the remaining years of life and assumes that the population younger than the prospective age (calculated by subtracting 15 years from life expectancy at birth) is not dependent.



B. The support ratio

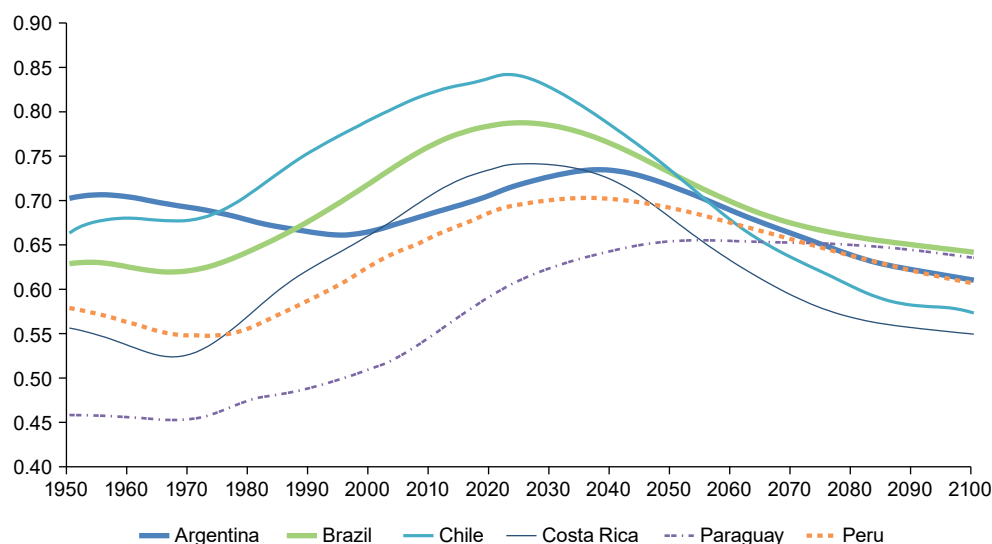
To examine the economic and social challenges associated with population aging, it is essential to consider the ratio between the working-age population and the dependent population, since changes in the age structure of the population alter the balance between the number of people in the labour force and dependents.

The support ratio is an indicator that combines demographic structure with age patterns of income and consumption across the life course (Mason et al., 2017) and conceptually represents the effective number of producers relative to the effective number of consumers. The indicator represents a useful complement to the demographic dependency ratio (Saad, Miller, and Martínez, 2009) and is calculated as the ratio between the average income by age and the average consumption by age, both weighted by the size of the respective age groups. Since consumption and income generation patterns vary significantly over the life cycle, any change in the age composition of the population directly affects the value of the support ratio. In line with Mason et al. (2017), the upward phase of the support ratio reflects the duration of the demographic dividend.

The evolution of support ratios in six Latin American countries for the period 1950–2100 reveals a common trend: an initial increase followed by a decline.

However, an analysis of the support ratio also reveals significant differences between countries, both in terms of their stages of demographic transition and their consumption and production patterns. Chile, due to its rapid demographic transition, leads the group by reaching its peak in 2023, followed closely by Brazil (2025) and Costa Rica (2026), countries that, although they began their transitions later, progressed at a faster pace. Argentina, despite having initiated its transition earlier, is advancing at a slower rate, reaching its peak in 2038 —after Peru, which is projected to peak in 2036. Paraguay completes the series, with the latest projected peak in 2055 (see figure 19).

Figure 19
Latin America (6 countries): support ratio between the number of producers and the number of consumers, 1950–2100
(Ratio)



Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts.

The onset of the decline in the support ratio can be interpreted as the end of the first demographic dividend and the beginning of a stage in which population aging becomes a challenge for the economy and the institutional mechanisms financing aggregate consumption.⁶ The decline in the support ratio is due to the relative reduction in the effective number of producers compared to the number of consumers, particularly those in the final stage of their life cycle.

C. Characterization of consumption and income patterns throughout the life cycle

Throughout the different stages of the life cycle, individuals experience changes in their productive capacity and consumption needs, thereby altering both income generation and spending patterns. As the age structure of the population changes and the proportion of individuals in each life stage is redistributed, this impacts the national economic aggregates.

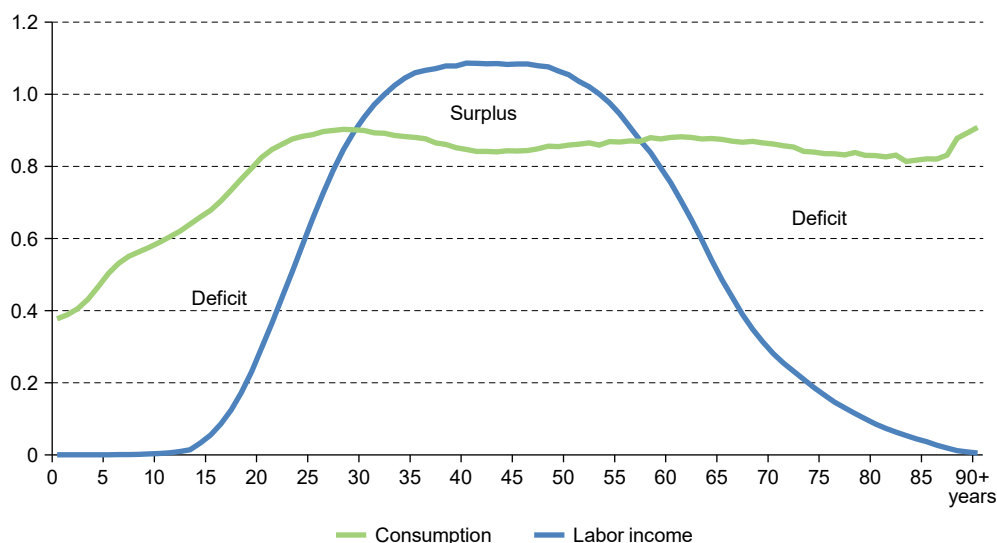
To understand and manage the economic challenges of aging, the methodology of National Transfer Accounts (NTA) (United Nations, 2022) is available, which allows for the systematization and quantification of the economic impact of aging. The NTA combine a life-cycle economic framework with an accounting methodology compatible with national accounts, quantifying income, consumption, capital formation, and transfers across age groups (United Nations, 2022).⁷

According to the life-cycle theory (Modigliani, 1966), individuals' life spans can be divided into three phases: (i) pre-labour; (ii) labour; and (iii) post-labour. In the first and last stages, individuals consume more than they produce, whereas in the second stage, they produce more than they consume. The evidence provided by the NTA clearly shows that, throughout the life cycle, there are two deficit phases at childhood and old age, and a surplus phase during the intermediate ages associated with the years of greatest labour activity. At the beginning and end of life, consumption exceeds labour income generation, whereas between these stages income surpasses consumption (see figure 20).

⁶ In the cases of Argentina, Brazil, Chile, and Peru, the year marking the end of the demographic dividend as indicated by the support ratio occurs after the year indicated by the demographic dependency ratio, whereas in the cases of Costa Rica and Peru, it occurs earlier.

⁷ For more information on the conceptual and methodological aspects, see the of National Transfer Accounts Manual: Measuring and Analysing the Generational Economy. Available at <https://repositorio.cepal.org/server/api/core/bitstreams/6ca7eb12-eb03-48f6-82f4-6688603ofd30/content>.

Figure 20
Latin America (6 countries):^a per capita labour income and consumption by age, around 2014
(Relative to average labour income between ages 30 and 49)



Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts.

^a Simple average of Argentina (2016), Brazil (2008), Chile (2017), Costa Rica (2013), Paraguay (2014), and Peru (2014).

The differences observed between countries in deficits and surpluses reflect both variations in demographic transition and institutional arrangements—public and private (see box 3)—that enable the financing of deficits through the reallocation of resources from the surplus phase, such as transfers, capital accumulation (savings), and borrowing.

Box 3

Public and private financing of the deficit stages of the life cycle

In Latin America, on average, the capacity to generate income during working life is insufficient to finance consumption throughout the entire life cycle. This is particularly reflected in the deficits observed during childhood and among older persons. Two mechanisms exist to finance these deficits: public and private.

The public sector and its mechanisms for redistributing resources across age groups constitute the most evident institutional arrangement. A paradigmatic example is pensions, a public policy with a clear age profile whose sustainability is directly affected by demographic change. There are notable differences in the size and scope of the public sectors across countries. For example, when comparing public consumption in six countries in the region, Brazil and Argentina exhibit the highest levels: their public spending amounts to 30% and 26% of total consumption, respectively. At the opposite end, Paraguay and Chile record the smallest public sectors, accounting for only 15% and 18% of total consumption, respectively.

Latin America (6 countries): public consumption and public pensions, around 2014
(Percentages)

Country (Year)	Public consumption as percentage of total consumption	Public pensions as percentage of total labour income
Argentina (2016)	26.4	19.8
Brazil (2008)	29.9	22.2
Chile (2017)	17.8	6.9
Costa Rica (2013)	23.3	9.5
Paraguay (2014)	14.8	NA
Peru (2014)	18.7	6.1

Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts.

Note: Chile reports "public transfers to old age." Paraguay does not report reallocations (including pensions).

Among the six countries analysed, the public pension systems of Brazil and Argentina are the largest, representing 22.2% and 19.8% of total labour income, respectively. These figures reflect the broad coverage and relative generosity of their pension systems (Arenas de Mesa, 2019). In contrast, Peru and Costa Rica have significantly smaller systems, accounting for 6.1% and 9.5% of total labour income, respectively.

The impact of demographic change on private/family-based mechanisms is no less relevant. In fact, the characteristic profile of these transfers—mainly directed toward the early stages of the life cycle—suggests that changes in the age structure, particularly declining fertility, could be beneficial for families (Lee et al., 2014), as it reduces the number of dependents in relation to the potentially employed income-generating population.

Source: Prepared by the authors, based on Arenas de Mesa, A. (2019). *Pension systems at the crossroads: challenges for sustainability in Latin America* (CEPAL Books, No. 159). Economic Commission for Latin America and the Caribbean; and Lee, R., Mason, A., and members of the NTA Network (2014). *Is low fertility really a problem? Population aging, dependency, and consumption*. Science (New York, N.Y.), 346(6206), 229–234. <https://doi.org/10.1126/science.1250542>.

The analysis of the life-cycle deficit (LCD) makes it possible to examine how the difference between income and consumption varies throughout the life span, revealing three key aspects of the generational economy. First, consumption and the capacity to generate income evolve throughout the life cycle, from childhood to old age. Second, formal and informal mechanisms—from public policies to family networks—redistribute resources across generations. Third, the specific demographic structure of each population at a given historical moment also influences how income is generated and how it is consumed.

The articulation of these three elements not only explains current differences in age-specific consumption and income but also enables the projections of how these patterns will evolve in the face of demographic aging. Understanding these dynamics is therefore essential for designing sustainable economic and social policies.

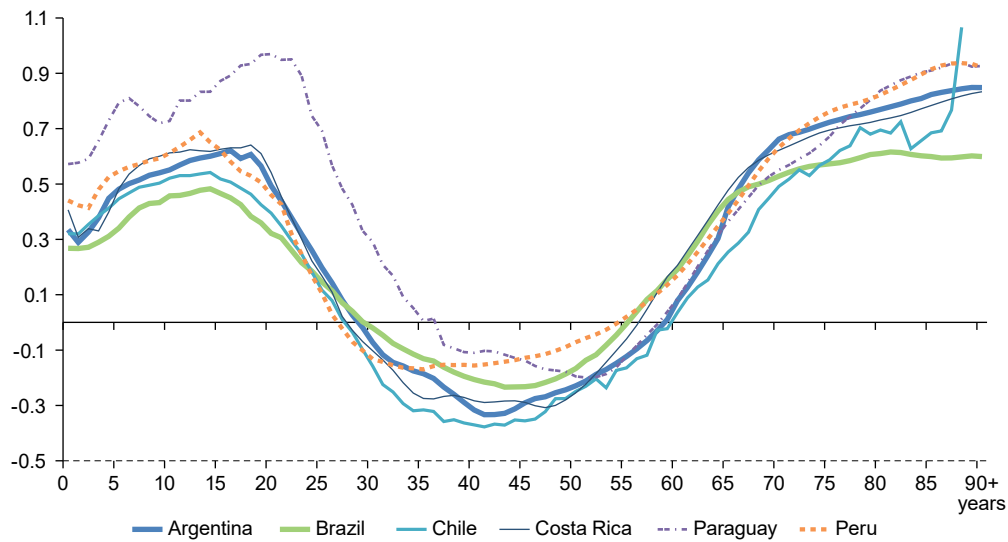
Figures 21 and 22 show the difference between consumption and labour income at each age (the life-cycle deficit) for six countries in the region and provide a way to illustrate the financing needs at the extremes of the life cycle.

The threshold ages between the life-cycle deficit stages range from around 26 years (Peru) to 36 years (Paraguay) for the end of the first stage, and from 55 years (Peru) to 62 years (Chile) for the beginning of the third stage. The longest surplus period lasts 33 years (Chile), while the shortest surplus period is only 22 years (Paraguay). Between these extremes are Argentina (30 years), Costa Rica (29 years), Peru (28 years), and Brazil (26 years) (see figure 21 and table 1).

When the per capita values of the LCD profiles are adjusted according to the size of the different age groups, the aggregate LCD is obtained, which more accurately reflects the consumption and labour patterns prevailing in a country by age, as well as the institutional mechanisms that finance the deficit stages, considering the demographic structure at a given point in time. Thus, the aggregate LCD allows for estimating the financing needs of the entire population.

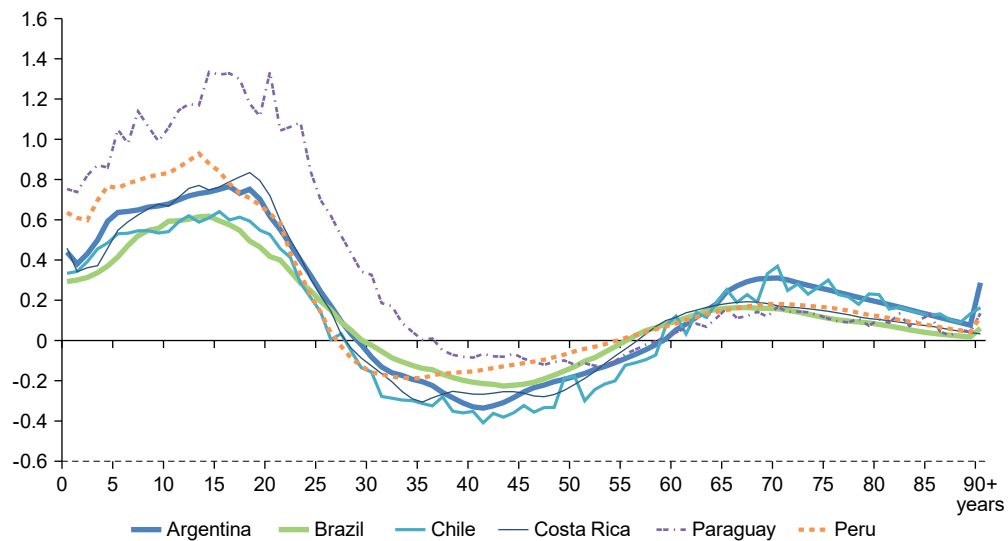
Figure 22 shows the aggregate LCD for six Latin American countries, revealing a relatively common pattern in the sequence of stages and the magnitude of deficits, although country-specific particularities are also evident. The populations of these countries still have relatively young demographic structures, resulting in a correspondingly larger deficit in the early stages of life compared to the later stages. However, the progressive aging of the population, by altering the proportion and size of different age groups, will transform this deficit pattern in the aggregate life cycle and the financing needs toward the later stages.

Figure 21
Latin America (6 countries):^a per capita life-cycle deficit by age, around 2014
(Relative to average labour income between ages 30 and 49)



Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts.
 Note: Since the life-cycle deficit (LCD) is calculated as consumption minus labour income, a positive LCD value indicates a deficit, while a negative value reflects a surplus.
^a Countries and years are Argentina (2016), Brazil (2008), Chile (2017), Costa Rica (2013), Paraguay (2014), Peru (2014).

Figure 22
Latin America (6 countries):^a aggregate life-cycle deficit by age, around 2014
(Relative to average labour income between ages 30 and 49)



Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts.
 Note: Since the life-cycle deficit (LCD) is calculated as consumption minus labour income, a positive LCD value indicates a deficit, while a negative value reflects a surplus.
^a Countries and years are: Argentina (2016), Brazil (2008), Chile (2017), Costa Rica (2013), Paraguay (2014), and Peru (2014).

Table 1 indicates the threshold ages at which the aggregate LCD occurs for each country. A first finding is that all the countries analysed exhibit a deficit over the entire life cycle. In other words, throughout life, all consume more than they generate in income. Among the six countries, Chile shows the smallest deficit at 26% of total labour income, while Paraguay has the largest at 78%. The other countries fall between 32% and 46%.

A second aspect to highlight is the predominance of the child dependency ratio in the life-cycle deficit: for the six countries analysed, the deficit during childhood and adolescence (stage 1) is greater than the deficit in old age (stage 3). Chile shows the smallest difference with 15 percentage points and Paraguay the largest with 67 percentage points.

A third aspect is the low surplus generated during the working-age period (stage 2). While in Chile it reaches 19% of total labour income, in Peru and Paraguay it amounts to only 8% and 5%, respectively.

Table 1
Latin America (6 countries): threshold ages, duration, and size of the aggregate life-cycle deficit by life-cycle stages, around 2014
(In years and percentages of total labour income)

Country (Year)	Age limits (In years)		Duration (In years)	Aggregate life-cycle deficit (In percentages of total labour income)			Total
	Stage 1 (ending age)	Stage 3 (initial age)	Stage 2	Stage 1	Stage 2	Stage 3	
Argentina (2016)	28	59	30	42	-15	17	44
Brazil (2008)	29	56	26	33	-10	9	32
Chile (2017)	28	62	33	31	-19	14	26
Costa Rica (2013)	27	57	29	44	-17	11	39
Paraguay (2014)	36	59	22	75	-5	8	78
Peru (2014)	26	55	28	44	-8	10	46

Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts.

Note: Since the life-cycle deficit (LCD) is calculated as consumption minus labour income, a positive LCD value indicates a deficit, while a negative value reflects a surplus.

Variations in consumption across countries are determined both by demographic structure and by different per capita consumption patterns at each stage of the life cycle. In Chile, per capita consumption in the third stage of the life cycle (old age) reaches 144% relative to the first stage (childhood), whereas in Paraguay this proportion is 99%. This may reflect at least two aspects: (i) that Chile has an older population than Paraguay; and (ii) higher relative consumption in old age compared to younger ages (see table 2).

Table 2
Latin America (6 countries): per capita consumption in the third stage of the life cycle as a proportion of consumption in the first stage, around 2014
(Percentages)

Country (Year)	Relative consumption
Argentina (2016)	135
Brazil (2008)	140
Chile (2017)	144
Costa Rica (2013)	126
Paraguay (2014)	99
Peru (2014)	135

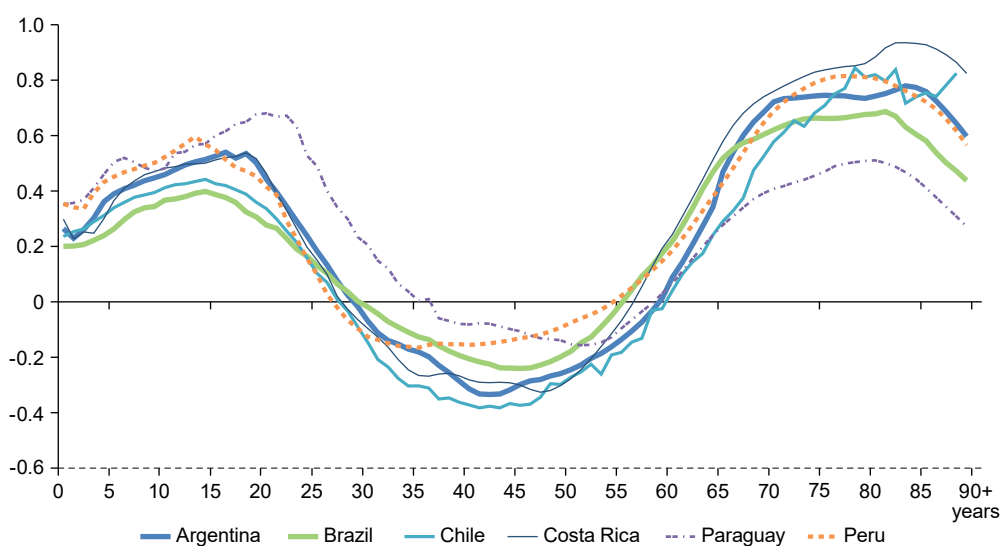
Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts.

Note: Relative consumption refers to per capita consumption in the third stage of the life cycle in relation to consumption in the first stage.

Shifts in the age structure —driven by an increase in the share of older persons and a decline in the proportion of children, adolescents and youth— will reshape the profile of the aggregate Life-Cycle Deficit (LCD), increasing the relative weight of the deficit in the final stage of life while reducing that associated with the end of the cycle. As a result, financing needs will also shift toward the end of the life cycle.

Figure 23 projects the aggregate Life-Cycle Deficit (LCD) for the six countries analysed up to the year 2100, revealing a rising deficit during the final stage of life. This phenomenon corresponds to the proportional rise in consumption concentrated in that phase.

Figure 23
Latin America (6 countries): projected aggregate life-cycle deficit to 2100
(Relative to average labour income between ages 30 and 49)



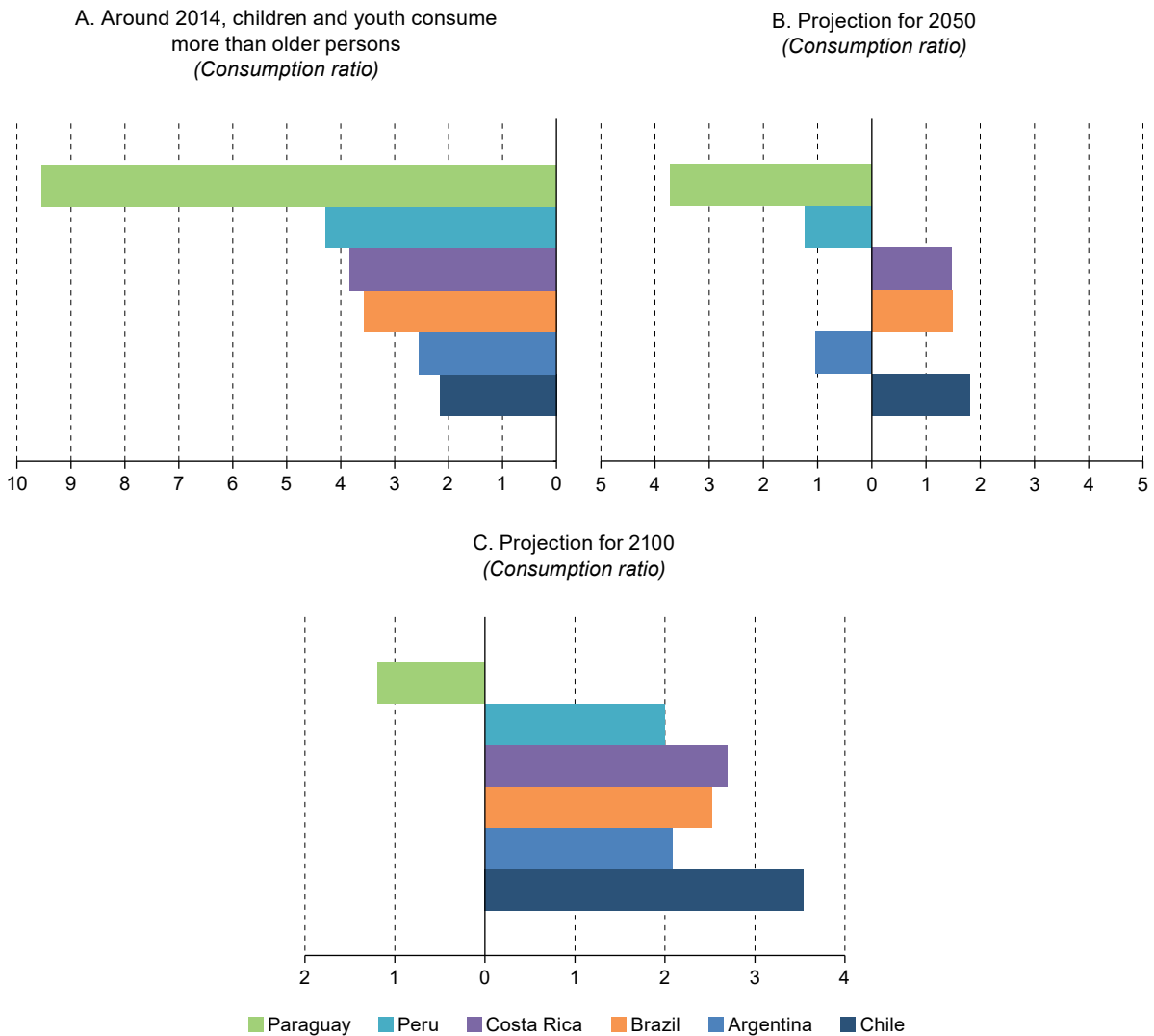
Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts and United Nations, World Population Prospects 2024.

Note: Since the life-cycle deficit (LCD) is calculated as consumption minus labour income, a positive LCD value indicates a deficit, while a negative value reflects a surplus.

A comparative analysis of consumption in the initial and final stages of the life cycle —taking as reference the estimates for 2014 and projections for 2050 and 2100— reveals a significant shift in their proportionality. Whereas around 2014 the initial consumption (childhood) exceeded the final consumption (old age) in all cases (ranging from 2.1 times in Chile to 9.5 times in Paraguay), by 2050 it is projected that in Brazil, Chile, and Costa Rica this situation will reverse, with the final consumption surpassing the initial one. In Argentina, Paraguay, and Peru, the initial consumption will continue to exceed the final consumption, albeit with reduced values compared to 2014.

By 2100, the consumption in old age is projected to be greater than in childhood in all countries except Paraguay, with multipliers ranging from 2 times in Peru to 3.5 times in Chile (see figure 24).

Figure 24
Latin America (6 countries): ratio of consumption between age groups at the extremes of the life cycle, around 2014 and projections for 2050 and 2100



Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts and United Nations, World Population Prospects 2024.

Note: The countries and years are Argentina (2016), Brazil (2008), Chile (2017), Costa Rica (2013), Paraguay (2014), and Peru (2014). Countries are ordered according to the highest consumption ratio in 2014.

D. The second demographic dividend

The so-called “second demographic dividend”, unlike the first, emerges as a direct result of population aging. The fundamental premise is that, as populations age, they rely less on labour and more on assets and transfers to finance their consumption. An increase in assets (capital) would translate, among other effects, into greater availability of resources for investment, which would boost productivity by increasing the provision of technology, machinery, and infrastructure per worker. Hence, demographic change would generate the potential for accelerated economic growth.

However, the realization of this dividend requires public policies that deepen capital markets and productivity growth. The potential for the second demographic dividend to materialize in Latin America and the Caribbean is further hindered by more limited life cycle saving capacities and less developed financial markets.

Another difference is that the first demographic dividend arises from a temporary increase in demographic dependency and support ratios, whereas the second dividend could become structural, provided that resources allocated to cover the deficit in the final stage of the life cycle are invested to enhance the productivity of future generations (Lee and Mason, 2006; Mason et al., 2017). For example, the reduction of cohorts of children and adolescents in Latin America presents an opportunity to invest more effectively in their education, which in turn would help increase the productivity of the future labour force (Cecchini et al., 2025).

Unlike the first demographic dividend, which results from favourable but temporary dependency ratios, this second demographic dividend emerges when aging populations with fewer children and higher life expectancy accumulate wealth in anticipation of future needs. Although it initially requires postponing consumption, the second demographic dividend can transform older persons into drivers of sustained prosperity (Mason and Lee, 2006).

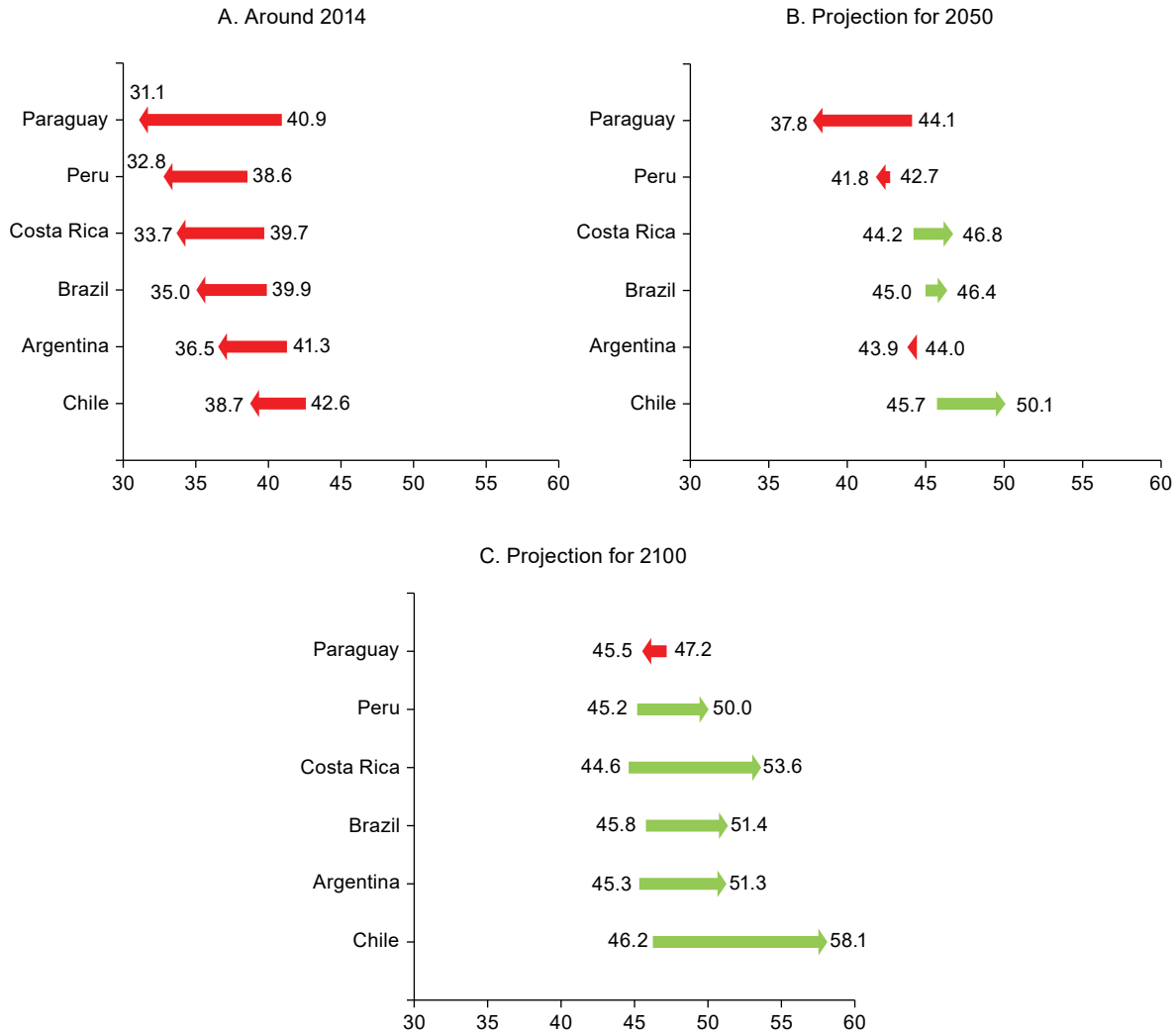
It is therefore necessary to rethink how to finance the deficits in the final stage of the life cycle, without neglecting the resource flows that currently —through both private/family and public mechanisms— finance consumption deficits in the initial stage of the life cycle. The central challenge does not necessarily lie in generating additional resources for greater aggregate consumption, but rather adapting intertemporal transfer mechanisms to new conditions, in which the burden of consumption imbalances has shifted toward older ages.

The relationship between the average age at which labour income is generated and the average age at which consumption occurs is key to understanding the predominant direction of economic flows over the lifecycle. When consumption is concentrated at younger ages than income generation (that is, when the average age of consumption is lower than the average age of production), resources predominantly flow toward the early stages of the life cycle. Conversely, when consumption shifts to older ages than productive activity (the average age of consumption is higher than the average age of production), the flow is primarily directed toward the final stages of life (see figure 25).

In observations close to the year 2014, it is evident that reallocations in all countries flow toward earlier stages of the life cycle. The gap between the average ages of consumption and income varies significantly: from nearly 10 years in Paraguay to less than 4 years in Chile.

In the projection for 2050, a reversal in the direction of reallocation flows is observed in countries with greater progress in population aging. Chile, Brazil, and Costa Rica exhibit a lower average age of income generation than the average age of consumption. In the projection for 2100, in five of the six countries analyzed, the average age of consumption exceeds the average age of income generation. In some cases, the gap between the ages of consumption and production widens significantly. Chile stands out, where the average age of consumption exceeds that of production by 11.8 years. Paraguay is the exception: although its demographic transition does not reverse the flow, it drastically reduces the gap to only 1.7 years.

Figure 25
Latin America (6 countries): average ages of consumption and labour income,
around 2014 and projections for 2050 and 2100
(In years)



Source: Prepared by the authors, on the basis of national studies of National Transfer Accounts and United Nations, World Population Prospects 2024.

Note: In each panel and for each country, the start of the arrow indicates the average age of labour income generation, and the end of the arrow indicates the average age of consumption. Arrows (in red) pointing to the left show that resources predominantly flow toward the early stages of the life cycle. Green arrows indicate resources predominantly flowing toward the later stages of the life cycle. Countries are ordered according to the largest gap between average consumption and income generation recorded in 2014.

E. Estimating the impact of aging on GDP per capita

To examine the potential impact of aging on GDP, GDP per capita can be decomposed into three components (André et al., 2024): (i) GDP per employed person, which is an approximation of labour productivity; (ii) employment rate, corresponding to the proportion of employed persons within the working-age population; and (iii) proportion of the working-age population relative to the total population.

Consequently, GDP per capita corresponds to $\frac{Y}{P} = \frac{Y}{L} \times \frac{L}{WAP} \times \frac{WAP}{P}$, where:

Y = Gross Domestic Product (GDP), measured annually at constant prices in US dollars.

P = Population; L = Employed population; y WAP = Working-age population aged 15 to 64 years.

For growth rates (denoted here by $d(\dots)$), this implies the following transformation:

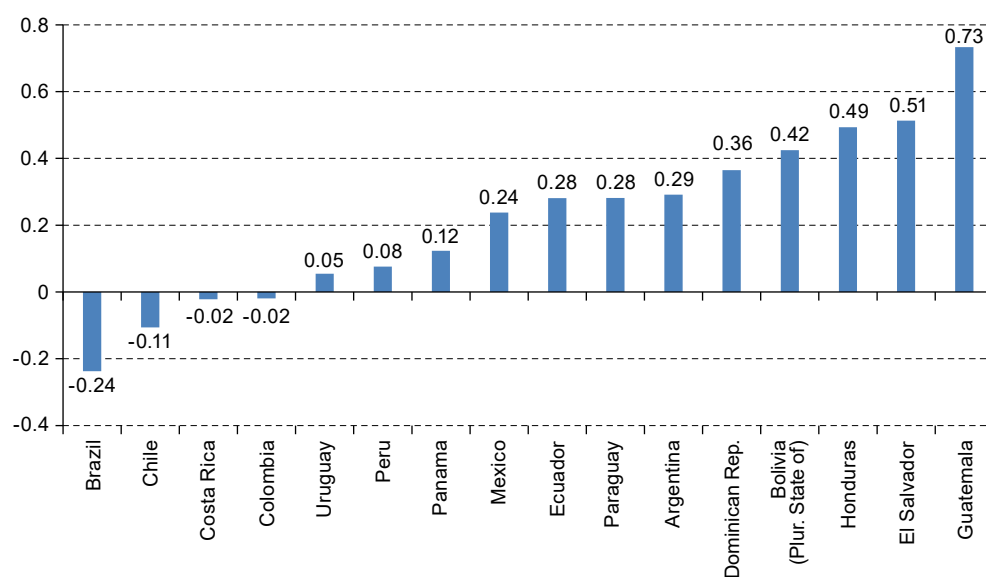
$$d\left(\frac{Y}{P}\right) = d\left(\frac{Y}{L}\right) + d\left(\frac{L}{WAP}\right) + d\left(\frac{WAP}{P}\right) \quad (1)$$

For the projections of the impact of demographic change through 2050, the approach follows André et al. (2024), who assume a *ceteris paribus* scenario with constant labour productivity (Y/L) over time and maintain age- and sex-specific employment rates (L/WAP) in 2050 at current levels. The projection assumes that the annual growth rate of employment is equal to that of the labour force. It is therefore assumed that the unemployment rate remains constant.

Based on this equation, population aging affects GDP per capita directly through two channels: (i) the decline in the working-age population share (WAP/P), and (ii) the lower employment rates typically seen among older workers, whose demographic weight is increasing (which reduces the overall employment rate, L/WAP).

In Latin America, depending on the stage of population aging each country is in, these two factors could either constrain or support the expansion of GDP per capita over the next 25 years. As shown in figure 26, GDP per capita growth in the region between 2025 and 2050 is projected to vary due to population aging effects, ranging from a decline of 0.25 percentage points in annual per capita growth (in Brazil) to an increase of 0.73% (in Guatemala). In addition to Brazil, an annual decline in GDP per capita is projected for Chile (−0.11%), Costa Rica (−0.02%), and Colombia (−0.02%)—countries where the demographic dividend window has already closed. The nations expected to see the largest expansions in GDP per capita are Guatemala (0.73%), El Salvador (0.51%), and Honduras (0.49%).

Figure 26
Latin America (16 countries): annual variation in GDP per capita due to demographic change, 2025–2050
(Percentages)



Source: Prepared by the authors, on the basis of CELADE–Population Division of the ECLAC, Labour Force Estimates and Projections: 2024 Revision, and United Nations, World Population Prospects, 2024.

Productivity remains the key driver of long-term growth (André et al., 2024; Marattin and Salotti, 2011). Therefore, in countries where aging negatively impacts GDP per capita, this effect could be offset through productivity gains and increased labour force participation by women.

Even with sustained growth in labour productivity, per capita income could grow less than expected if other factors (employment rates and labour force participation) trend unfavourably. Therefore, it is critical to understand how population aging, shifts in the labour force's skill composition, and technology investments interact and collectively drive productivity growth.

For the Organisation for Economic Co-operation and Development (OECD) countries, André et al. (2024) demonstrate that increased labour force participation rates among older workers—aligned with projected improvements in healthy life expectancy—could mitigate aging's negative GDP impact, reducing it from the projected 8% decline over the next thirty years to just 3%. If the aging process is accompanied by improved health indicators, the increased longevity of workers is positively correlated with the preservation of functional and cognitive abilities.

While significant disparities exist based on socioeconomic status and geographic location, longevity is associated with improvements in: (i) economic activity; (ii) employment probabilities; and (iii) the labour income of older persons (Colacelli and Corugedo, 2018; Cylus and Al Tayara, 2021; IMF, 2025). Thus, healthier aging can generate positive impacts across multiple economic spheres—including GDP, job and labour income growth, and consumption—among others (see box 4 for estimates on the economic weight of the 50 and over population in these dimensions).

Box 4

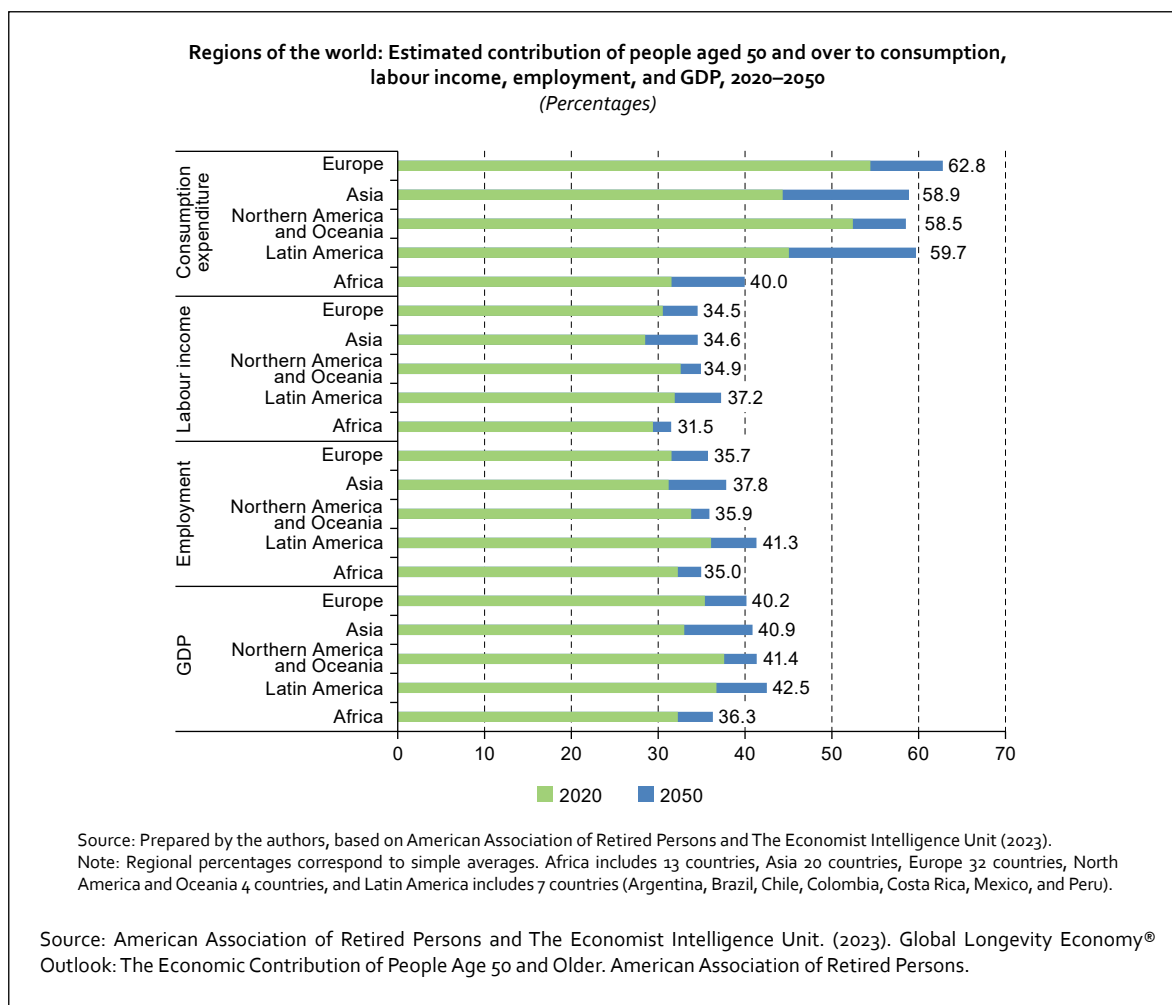
The economic contribution of people aged 50 and over worldwide

In a study conducted by the American Association of Retired Persons (AARP) and The Economist Intelligence Unit (2023), the economic impact of people aged 50 and over was estimated based on the relative size of this population group and consumption patterns in each country. The study assumes that the spending of people aged 50 and over drives revenue across various industries, generating demand in supply chains and increasing workers' earnings. These impacts are quantified in terms of GDP, job creation, wage income, and consumption.

Through their spending on goods and services, people aged 50 and over supported one-third of global jobs in 2020—just over 1 billion jobs—generating \$23 trillion in labour income. It is projected that by 2050, people aged 50 and over will support 1.5 billion jobs (38% of the global total), and their impact on labour income will more than double, reaching \$53 trillion.

The study also shows that between 2020 and 2050, the contribution of older adults as a percentage of GDP, consumption, employment, and labour income will increase in virtually all the economies analysed, regardless of their current level of economic development or demographic structure. However, there are significant variations in how the spending of consumers aged 50 and over translates into economic impacts across countries.

By 2050, Asia will lead the increases in three of the four dimensions analysed—GDP, employment, and labour income—while Latin America will lead in consumption growth. In the region, the economic contribution of people aged 50 and over—measured in terms of GDP—is expected to rise from 36.7% to 42.5%. Similarly, the employment demand driven by the spending of this age group would increase from 36.1% to 41.3%, and labour income would grow from 31.9% to 37.2%. As the population aged 50 and over grows, so does its share of consumption, which is projected to increase from 45.1% to 59.7%.



F. Aging as a driver of economic sectors

From a “silver economy” or “longevity” perspective, population aging can create opportunities for economic growth through the transformation and expansion of specific sectors that respond to the needs, demands, and preferences of an increasingly long-lived population.

Among the main economic sectors that can benefit from and establish themselves as growth drivers in the context of demographic aging are, in particular: health, caregiving, finance, the pharmaceutical industry, digital technologies, tourism, education and recreation, and adapted housing and environments.

However, it is important to emphasize that Latin America and the Caribbean confront the aging phenomenon within a context marked by high labour informality, limited social security coverage, and unequal access to essential services, particularly healthcare. This calls for a different approach to assessing growth opportunities compared to more developed regions and invites a rethinking of such opportunities through an inclusive lens.

1. The health sector and the care economy

The health sector is one of the most directly impacted by population aging. As people age, the prevalence of chronic diseases such as diabetes, hypertension, Alzheimer’s, and various types of cancer increases,

generating growing demand for specialized medical services, advanced medical technology, and medications. Additionally, healthy aging requires investments in preventive medicine, healthy nutrition, and physical exercise (Sánchez et al., 2020). The growing demand for health professionals specialized in geriatrics, physiotherapy, occupational therapy, and geriatric psychology has a positive impact on professional training and job creation.

Moreover, the care economy—which includes home care services, nursing homes, day centers, professional caregivers, and telecare systems—takes on a strategic importance. The “aging of the aging” leads to a greater number of older people with functional dependence, which entails the need to develop long-term care services (Sánchez et al., 2020). In this regard, the desire of many older adults to maintain their autonomy for as long as possible encourages the creation of personalized, comprehensive, and preventive care models.

2. Financial and insurance sector

Population aging also transforms the dynamics of the financial and insurance sectors. Older persons have different financial priorities than younger people, focusing on stability, security, and wealth planning. This shift in consumer preferences drives the growth of tailored financial products, such as life insurance, long-term health insurance, annuities, conservative investment products, reverse mortgages (Boix, 2024), and estate planning.

Financial institutions are also developing specialized financial advisory services focused on retirement, private pensions, and wealth management in later stages of life. Additionally, investments are being made in digital tools specifically designed for older users, featuring user-friendly interfaces, enhanced accessibility, and tailored customer service (Sánchez et al., 2020).

This sector benefits doubly: both from increased demand and from the fact that older persons often represent a significant portion of national savings, making this segment a key player in the investment and financing of other productive sectors.

3. Pharmaceutical and biotechnology industry

The pharmaceutical industry is among the most benefited by demographic aging, given the increased demand for ongoing and specialized medical treatments. Research and development in medications for neurodegenerative diseases, bone disorders, cardiovascular conditions, and other aging-related issues has intensified, creating new opportunities for growth and innovation.

Additionally, biotechnology plays a key role in the pursuit of advanced therapies that not only treat diseases but also aim to improve the quality of life for older persons. This includes the development of gene therapies, regenerative medicine, and personalized medicine solutions that optimize treatments based on the genetic and physiological characteristics of each individual.

4. Technology and digital services adapted to older persons

The digitalization of everyday life has also begun to transform the way older persons interact with technology. Although this group is generally less familiar with digital environments, increasing technological literacy among older generations and the design of accessible technologies (International Telecommunication Union [ITU], 2021) can give rise to new markets.

Technology companies are developing mobile applications, communication platforms, digital banking services, and e-commerce solutions tailored to the needs of older persons. Home automation (smart homes), assistive devices, and companion robots are also experiencing growing demand in contexts where independence and quality of life are priorities. Additionally, innovation has been promoted in digital medical devices, such as wearable technology and medical alert systems connected to digital platforms.

Technology also facilitates active aging through online learning platforms, social networks for older persons, cognitive video games, and physical exercise apps, all of which contribute to the mental and physical well-being of this population group.

5. Tourism, education, and recreation

Older persons, especially those in good health and with a certain level of financial security, wish to enjoy their free time through educational activities, recreation, travel, and cultural experiences.

This has led to the development of the so-called “senior tourism”,⁸ a type of travel adapted in terms of accessibility, logistics, safety, and health services during trips (Sánchez et al., 2020). Travel agencies, hotel chains, transportation operators, and entertainment centers are designing products specifically targeted at this segment, recognizing its growing economic importance. In turn, senior tourism promotes the economic development of regions that can offer peaceful, natural, or historic destinations, boosting local employment and economic diversification.

Likewise, older adults can continue their education both in traditional institutions such as universities and through online courses, whether for cultural enrichment or to pursue new vocational directions and extend their working lives (Sanchez et al., 2020).

6. Adapted housing and urban planning

Population aging can also transform the construction and urban planning sectors. Older persons require safe, accessible housing with universal design and equipped with assistive technologies (Sanchez et al., 2020). This has led to an increased demand for adapted housing or collaborative living arrangements (cohousing) for seniors.

On the other hand, cities should adapt their infrastructure to become “age-friendly” environments, with accessible public transportation, green spaces, local services, and community programs. This urban approach would not only improve the quality of life for older persons but also create opportunities for architects, urban planners, engineers, and companies in the real estate sector.

7. As a final remark

In conclusion, the sectors mentioned here, with appropriate innovation and planning, can not only absorb the impact of demographic change but also contribute to economic growth. Understanding these dynamics and promoting public policies that strengthen these sectors —accompanied by adequate regulatory frameworks and social protection policies to prevent aging from deepening exclusion— will be essential to capitalizing on the economic potential of an increasingly long-lived society.

In summary, aging in Latin America is not only a challenge but also an opportunity to grow and transform key sectors provided that equity is prioritized, structural gaps are reduced, and people-centered solutions are developed.

⁸ In the European Union, in 2022, the population aged 65 and over accounted for 25% of the total population, 18% of tourists, and 20% of tourism expenditure (Eurostat, 2024).

III. Public policies to harness the economic opportunities of aging

Harnessing the economic opportunities of aging, as well as addressing the challenges it brings to societies and economies, is not automatic. Public policies are needed to properly guide investments and efforts from both the public and private sectors. In this regard, this chapter addresses experiences related to institutions, strategies, policies, and programs aimed at enhancing the positive impacts and mitigating the challenges brought about by population aging.

First, the experience of South Korea is examined, a country characterized by an ultra-low total fertility rate (0.73 children per woman of reproductive age in 2024) and a high percentage of population aged 65 and over (19.3% of the total population in the same year). Over the past two decades, South Korea has addressed this challenge through a deliberate process of institutional strengthening and the implementation of innovative policies.⁹

Secondly, experiences from other countries around the world are presented, showcasing efforts to promote the social and labour inclusion of older persons, as well as healthy aging.

The above aims to inform countries in Latin America and the Caribbean, which have good practices in public policies oriented toward older persons (Montes de Oca, 2024), but whose public policy actions to harness the economic opportunities of aging are still in their early stages.

A. Republic of Korea: legal framework and public policies to address the challenges and opportunities of aging

To address the challenges and seize the opportunities of population aging and the changing demand for goods and services it entails, the South Korean government has enacted a series of laws that now form a solid framework for action.

⁹ It is also worth highlighting that the Republic of Korea has successfully transformed the opportunities offered by the demographic dividend into concrete economic benefits. Until the mid-1980s, South Korea's GDP per capita was below that of Latin America and the Caribbean. From then on, South Korea's GDP per capita grew rapidly and by 2019 reached a value nearly four times higher than that of Latin America and the Caribbean (Saad, 2023).

In 2005, the Framework Act on Low Birthrate and Aging Society was enacted, followed in 2006 by the Promotion of Senior-Friendly Industries Act, in 2007 by the Long-Term Care Insurance Act for Older Persons, and in 2023 by the Support for Employment and Social Activities of Older Persons Act. Additionally, in 2008, the Employment Promotion Act for Older Persons of 1991 was partially amended, with its title changed to the “Prohibition of Age Discrimination in Employment and the Promotion of Employment of Older Persons Act” (see box 3). These laws demonstrate a clear understanding of the need to plan state action, in collaboration with the private sector and civil society, in response to the significant demographic changes the country is facing.

The 2005 Framework Act on Low Birthrate and Aging Society was the first law designed to address population aging through government action. Based on this law, the Ministry of Health and Welfare is responsible for establishing Basic Plans on Low Birthrate in an Aging Society every five years. The first Plan, covering the period 2006–2010, laid the groundwork for the introduction of key measures such as the Basic Old-Age Pension¹⁰ and Long-Term Care Insurance.

In turn, the Framework Act, by emphasizing the promotion of industries oriented toward older persons, served as the basis for creating the 2006 Act on the Promotion of Senior-Friendly Industries. This law provides a legal basis to promote the development of industries that meet the needs and demands of older persons and encourages public policies that help build and improve products and services tailored to this population group.

The 2006 Framework Act defines industries friendly to older persons as those engaged in the research, development, manufacturing, supply, construction, distribution, or sale of products and services tailored to the needs arising from the daily lives and demands of older persons.¹¹ These industries encompass both the manufacturing and service sectors. The manufacturing sector includes, among others, the pharmaceutical industry, medical devices, food products, and cosmetics. As for services, it includes care for older persons, financial and asset management, housing, tourism, leisure, culture, food services, and health care.

The 2006 law includes provisions for the establishment and implementation of a development plan for these industries, the promotion of standardization of products friendly to older persons, the creation of support centers, and the designation of exemplary products and business entities for their contribution to economic sectors tailored to the needs of older persons.

Table 3
Republic of Korea: key elements of the legal framework to address the challenges and opportunities of aging

	Framework Act on Low Birthrate and Aging Society (2005)
Objective	To strengthen the national competitiveness, improve the quality of life for citizens and contribute to the sustainable development of the State, by providing for matters concerning the basic direction of policies on low birth rates in an aging society, which cope with changes following low birth rates and the aging of the population, and systems for establishing or implementing such policies.
Chapter II: basic directions of policies on low birthrate in an aging society	Article 18 (Economy and industry): The State and local governments shall formulate and implement policies responding to changes in economic and industrial structures or the labour environment following the ageing of the population.
Section 2: policies for an Aging Society	Article 19 (Fostering of age-friendly industries): The State and local governments shall lay the groundwork for fostering new industries, in preparation for changes in demand for products and services, following the aging of the population. The State and local governments shall take necessary measures to activate the research, development, production, and distribution of tools or goods necessary for senior citizens.

¹⁰ The National Pension Act of 1986 established the public pension scheme in the Republic of Korea. In 2007, it was reformed to introduce the Basic Old-Age Pension, funded by the state budget, gradually reduce the benefit level of the National Pension Scheme, and progressively raise the retirement age. In March 2025, the National Assembly approved an amendment to the National Pension Act—to enter into force in 2026—introducing a gradual increase in both the contribution rate and the replacement rate.

¹¹ The law refers not only to the current older population but also to individuals preparing for old age. Therefore, all products and services consumed or invested in anticipation of the transition to older adulthood are also included within the scope of the age-friendly industry.

Senior-Friendly Industry Promotion Act (2006)	
Objective	To contribute to the betterment of the quality of life of senior citizens and the sound growth of the national economy by supporting and promoting industries friendly to senior citizens.
Article 2: definitions	<p>1. The term "senior-friendly products or services" means any of the following products and services for which senior citizens mainly have demands: (a) Appliances, goods, or medical instruments that mainly senior citizens use or wear; (b) Houses or any other facilities which mainly senior citizens reside in or use; (c) Convalescence services for senior citizens; (d) Financial and asset management services for senior citizens; (e) Information devices and service for senior citizens; (f) Entertainment, tourism, cultural activities, or health aid services for senior citizens; (g) Services of agricultural tools or farming assistance for senior citizens; (h) Other products or services specified by Presidential Decree as those developed for senior citizens.</p> <p>2. The term "senior-friendly industries" means the businesses of research, development, manufacture, supply, build, distribution, or sales of any senior-friendly products or services.</p>
Article 10: establishment and designation of support center for senior-friendly industries	Scope of work for the senior-friendly industries Support Center: (1) Surveying and research on systems for the development of senior-friendly industries; (2) Research on technology and standardization necessary for the development of senior-friendly industries; (3) Projects to establish the foundation, such as the establishment of supportive facilities for the vitalization of senior-friendly industries; (4) Projects to cultivate and support professional human resources for senior-friendly industries; (5) Activities to assist in starting up new businesses in senior-friendly industries and in business management thereof and projects to collect, share, and utilize information; (6) Assistance in active distribution, international cooperation, and entry into overseas markets for the development of the senior-friendly industries; (7) Support to senior-friendly business entities; (8) Designation of exemplary products; and (9) Other activities.
Long-Term Care Insurance Act for Older Persons (2007)	
Objective	To pursue the improvement of health of older persons and the stabilization of their livelihood during post-retirement life, relieve family members from the burden of supporting them, and enhance the quality of life of citizens by providing for matters concerning long-term care benefits, such as aid provided for physical activities and household chores to older persons who have difficulties in carrying on with daily life on their own due to old age or senile diseases.
Article 2: definitions	<p>(1) The term "older persons" means an elderly person who is not less than 65 years of age or a person who is less than 65 years of age and suffers from a geriatric disease specified by Presidential Decree, such as Alzheimer's disease or a cerebrovascular disease.</p> <p>(2) The term "long-term care benefits" means services, such as aid in physical activities and household chores or nursing, or money, etc. paid instead of such services provided to a person who is determined to have difficulties in carrying on with daily life on his or her own for six months or longer.</p>
Article 23: types of long-term care benefits	<p>1. Benefits for home care service: (a) Home visit care to support the beneficiary's physical activities, household chores, etc.; (b) Home visit bathing; (c) Home visit nursing; (d) Day and night care to support physical activities and to maintain or improve mental and physical functions; (e) Short-term respite care; (f) Other benefits for home care services such as devices necessary to support his or her daily life and physical activities.</p> <p>2. Institutional care benefits: long-term care benefits provided when a beneficiary is admitted to a long-term care institution.</p> <p>3. Care allowances for special cases.</p>
Prohibition of Age Discrimination in Employment and the Promotion of Employment of Older Persons Act (2008)	
Objective	To contribute to the employment security of the aged and to the development of national economy, by preventing discrimination in hiring practices on the grounds of age without justifiable grounds and supporting and promoting the employment of the aged to ensure they have occupations suitable for their abilities.
Chapter I: prohibition on age discrimination in employment	Employers shall not discriminate against any of their workers or any person who wishes to work for them, on the grounds of age without justifiable grounds in the following areas: (1) Recruitment and employment; (2) Salary, provision of money and valuables other than salary, or other welfare benefits; (3) Education and training; (4) Placement, transfer or promotion; and (5) Retirement or dismissal.

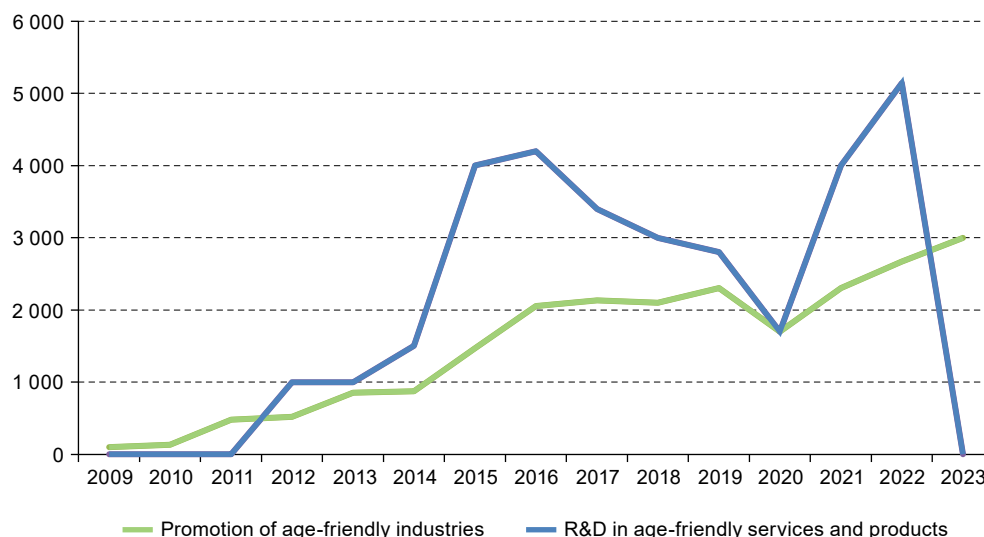
Chapter II: governmental support for employment of the aged	Includes: (1) Collection of information on job offers and job seeking; (2) Training for developing vocational skills of the aged; (3) Employment guidance for employer; (4) Support to employers in education, training of the aged, and improvement of working environments; (5) Strengthening mediatory functions for employment of the aged; (6) Operation of employment information centre for the aged; (7) Designation of talent bank of the aged; and (8) Designation of employment support center for middle-aged professional manpower.
Chapter III: employment promotion and employment stability of the aged	Includes: (1) Employer's obligations for endeavouring to employ aged people; (2) Submit details of the employment status of the aged to the Minister of Labor; (3) Tax credit for employment promotion of the aged.
Promotion of Employment and Social Participation of Older Persons Act (2023)	
Objective	To contribute to promoting the health and welfare of senior citizens by supporting them to lead active and productive lives in their old age through engagement in jobs and social activities. Promote the participation of older persons in society, ensuring that they remain engaged and contribute meaningfully to their communities.
Article 2: definitions	(1) The term "senior citizens' employment" means financially supported employment opportunities tailored to the abilities and aptitudes of senior citizens that can create socially useful values, and which can have the effects of promoting health and social engagement, and boosting income; (2) The term "senior citizens' social activities" means volunteer activities conducted by senior citizens to improve their sense of self-worth and achievement and to promote the public interests in their local community; (3) The term "senior citizens' employment and social activities" means employment for, and social activities of, senior citizens.
Chapter II: support for senior citizens' employment and social activities	Article 8: Implementation of support projects for senior citizens' employment and social activities; Article 9: Dedicated employment agencies for senior citizens; Article 10: Support for employment; Article 11: Support for establishment of enterprises employing senior citizens; Article 12: Support for establishment and operation of community project groups; Article 13: Designation of senior citizen-friendly enterprises and institutions.

Source: Prepared by the authors, based on the Ministry of Government Legislation, Korea Law Information Center.

The 2006 law and its 2007 decree designate multiple ministries —such as the Ministry of Health and Welfare, the Ministry of Employment and Labor, the Ministry of Land, Infrastructure and Transport, and the Ministry of Science and ICT— as entities responsible for promoting industries adapted to older persons. These entities are tasked with formulating development plans that encompass areas such as policy guidance, resource allocation, and the distribution of responsibilities. However, such plans have often been treated as secondary elements rather than prioritized actions. This has led to insufficient attention and commitment on the part of the entities involved, resulting in fragmented efforts and inadequate assignment of responsibilities. For example, between 2009 and 2022, the Ministry of Health and Welfare (MOHW) allocated and managed budgetary resources for the Senior-Friendly Industry Promotion Project, with the aim of fostering and supporting this sector (see figure 27). However, according to a report by the National Assembly Research Service (NARS), in 2024 the MOHW's budget for the promotion of older persons-friendly industries —which already represented a minimal share of the ministry's total budget— was entirely cut due to overlaps with projects implemented by other ministries.¹²

¹² As of January 2024, the Ministry of Health and Welfare had only one staff member assigned to tasks related to the Senior-Friendly Industry Promotion Act.

Figure 27
Financial resources of the Ministry of Health and Welfare for the development of senior-friendly industries, 2009–2023
(In millions of South Korean won)



Source: Prepared by the authors, on the basis of Ministry of Health and Welfare, *Overview of the Annual Budget and Fund Operation Plan under the Ministry of Health and Welfare*. <https://www.mohw.go.kr/>.

Note: Total financial resources combine the budget (general and special accounts) and the funds administered by the Ministry of Health and Welfare. While the budget refers to financial resources allocated annually based on public revenues, the funds represent financial resources designated for specific purposes, such as pensions, health care, and emergency medical services.

Since 2008, the Korea Health Industry Development Institute (KHIDI), a public institution under the Ministry of Health and Welfare, was designated as the first Support Center for Senior-Friendly Industries.¹³ In response to the growing demand for statistics to support sectors oriented toward older persons, KHIDI conducted the Survey and Analysis of the Status of Manufacturing and Service Industries for Older Persons, through which it assessed the proportion and volume of consumption by older persons and developed market size estimates for 10 sectors. According to the results of the Survey and Analysis of the Status for 2020, 2021, and 2022, the market size of the senior-friendly industry, estimated at approximately KRW 67.4 trillion in 2020, increased to KRW 72.3 trillion in 2021 and KRW 82.7 trillion in 2022 (see table 4). By way of comparison, the nominal GDP of the Republic of Korea was KRW 2,058.5 trillion in 2020, KRW 2,221.9 trillion in 2021, and KRW 2,322.8 trillion in 2022, meaning that the market for the senior-friendly industry accounted for between 3.3% and 3.5% of the GDP across these years.¹⁴

¹³ See <https://www.khidi.or.kr/esenior>.

¹⁴ From a broader perspective, the American Association of Retired Persons and The Economist Intelligence Unit (2023) estimate that, in the Republic of Korea, consumption by persons aged 50 and over accounts for more than half of total consumption, and that the direct and indirect impact of this expenditure on GDP reaches approximately 30%. The direct impact reflects the immediate economic value of expenditure by persons aged 50 and over on goods and services, generating income across all sectors and contributing directly to GDP. In turn, the indirect impact refers to the supply chains linked to the direct expenditure of persons aged 50 and over. This demand stimulates additional economic activities in the sectors that provide goods and services to meet it.

Table 4
Market for older persons-friendly industries and services in the Republic of Korea, by industry, 2020–2022
(In trillions of South Korean won, KRW)

Industries and services	Years			Scope of the industry or service	Calculation criterion
	2020	2021	2022		
1. Manufacturing of products	3.6	4.0	4.5	Products designed with the characteristics of older persons in mind to facilitate health management, care, and comfort in daily life.	Sales revenue from products defined as suitable for older persons.
2. Pharmaceuticals	9.9	10.9	11.9	Pharmaceutical products primarily used by older persons aimed at diagnosing, treating, alleviating, and preventing diseases.	Consumption by older persons of pharmaceutical products.
3. Medical devices	1.3	1.8	2.4	Devices used by older persons to diagnose, treat, and prevent diseases, or to alleviate and compensate for diminished physical functions.	Proportion of older persons' consumption applied according to production volume by medical devices, food, and cosmetics products.
4. Food	4.1	4.5	4.9	Food, food additives, and health supplements primarily consumed by older persons.	
5. Cosmetics	1.0	1.1	0.9	Products used by older persons for cleansing and beautifying the skin and hair.	
Subtotal industries	19.9	22.2	24.5		
6. Care services	9.3	10.5	11.9	Nursing, treatment, and other services aimed at maintaining and improving the physical and mental functions of older persons.	Expenditure on long-term care benefits.
7. Leisure and entertainment services	4.7	3.5	5.2	Leisure and entertainment services that enable older persons to experience cultural elements and enhance their physical and mental well-being during free time.	Proportion of older persons' consumption applied to sales revenue of each subsector related to leisure and entertainment activities.
8. Accommodation services	0.1	0.2	0.2	Services that support older persons in achieving physical and psychological satisfaction throughout the process of owning, renting, and living in a home.	Revenue from nursing homes.
9. Food services	-	0.1	0.2	Food services for older persons.	Expenditure on meals (for paid meals) or meal budget (for free meals) in communal dining facilities for older persons.
10. Financial services	33.5	35.8	40.7	Financial products that help ensure stable income and financial benefits for older persons.	Contributions (pensions) and payments (reverse mortgage) by financial product.
Subtotal services	47.5	50.0	58.2		
Total	67.4	72.3	82.7		

Source: Prepared by the authors, on the basis of Korea Health Industry Development Institute.

However, despite the potential of industries oriented toward older persons, their categorization and scope remain ambiguous, as many industries labeled “senior-friendly” in fact serve all age groups. Market size estimates may be unreliable, since in some cases they are calculated simply by multiplying the total size of the industry by the proportion of the older population. Furthermore, small manufacturing enterprises with fewer than 10 employees predominate in this industry, exhibiting limited capacity for technological innovation.

It is also noteworthy that in 2008 the Promotion of Employment of Older Persons Act was amended under the new title “The Prohibition of Age Discrimination in Employment and the Promotion of Employment of Older Persons Act,” and that in 2023 the Promotion of Employment and Social Participation of Older Persons Act (see table 3), reflecting the growing importance of employment and participation issues for older persons. In fact, the Ministry of Health and Welfare manages the support program for the Promotion of Employment and Social Activities for Older Persons. This programme aims to support various voluntary social activities, as well as promote employment and talent exchange among older persons, enabling them to enjoy a full and healthy life. The areas of intervention include both the promotion of the inclusion of older persons in public social service jobs and the promotion of hiring persons aged 60 and over in the private sector, for example, through “senior internships”¹⁵. Prior to the approval of the 2023 law, both the national and local governments had launched initiatives to generate employment opportunities for older persons (see box 5).

Box 5

Experiences with labour market inclusion programmes for older persons in the Republic of Korea

In 2005, the Government of the Republic of Korea launched the Korean Senior Employment Program (KSEP) to provide employment opportunities for persons aged 65 and over. The KSEP operates throughout all provinces of the Republic of Korea through provincial government offices, older persons clubs, the Korean Association of Older Persons, and local community and senior centres. The programme goes beyond community and temporary jobs, focusing on supplementary income, social participation, and expanding employment opportunities in the private sector.

The lifelong learning programme is an initiative designed to support continuous education and skills development across all age groups, with particular emphasis on older persons. The programme is based on the 1999 Lifelong Education Act, which defines lifelong learning as educational activities that extend beyond formal schooling.

At the local level, the Seoul50+ initiative, led by the Seoul Metropolitan Government, supports the reintegration into the labour market, entrepreneurship, training, and volunteering of persons aged 40 to 64. Additionally, in 2018, Seoul50+, together with the Ministry of Employment, Hyundai Motor Group, and the company Sangsang Woori, launched the Good Job 5060 project, aimed at training older persons and assisting them in finding new employment. The project enabled the development of a collaborative space to address the challenges faced by older job seekers, such as slow hiring processes and lack of funding for post-retirement training, among others. In 2021, the programme achieved a success rate of 65%, surpassing the reemployment rates of previous programmes, which ranged between 30% and 40%.

Source: Prepared by the authors, on the basis of World Economic Forum. (2024). *Longevity economy principles: The foundation for a financially resilient future*. https://www3.weforum.org/docs/WEF_Longevity_Economy_Principles_2024.pdf.

Finally, initiatives have been implemented in the country to improve environments for older persons as well as their access to the digital world. Regarding the former, the city of Bucheon has developed a multigenerational urban environment, beginning in 2018 with the Healthy and Vibrant Longevity-Friendly City, and later progressing to a second phase called Mature Longevity City, based on the S-A-F-E strategy (Secure, Accessible, Fit, Embracing). This strategy aims to keep older persons informed, active, and healthy by promoting and facilitating talent exchange, volunteer services and employment, social participation

¹⁵ See <https://maximuskr.co.kr/en/a-senior-internship/>.

and contribution, access to transportation, among other aspects¹⁶. Likewise, the Seoul Metropolitan Government has a project aimed at supporting home repairs for low-income persons and facilitating access to public housing designed for the well-being of older persons. The latter feature non-slip floors, security lighting, safety grab bars, threshold-free doors, and adjustable-height sinks, as well as medical service facilities, dining areas, and exercise spaces on the lower floors (Kang, 2022). Regarding the latter, the Ministry of Health and Welfare has launched a pilot telemedicine project for underserved communities, enabling patients to communicate remotely with a physician via a digital portal or smartphone. This initiative has allowed older persons to avoid risky hospital visits during the COVID-19 pandemic (Economic and Social Commission for Asia and the Pacific [ESCAP], 2021).

B. Lessons learned from public policy experiences in other countries

In addition to South Korea, other countries with advanced aging processes have undertaken multiple initiatives to harness the contributions of older persons and to promote healthy aging. The following section highlights experiences in the areas of labour inclusion, lifelong education, digital inclusion, care, health, inclusive spaces, and tourism. It also provides examples of the institutional capacities required to design and implement public policies that contribute to the realization of the rights of older persons.

1. Inclusion of older persons in the labour market

The inclusion of older persons in the labour market is a key issue for harnessing the economic potential of aging, as well as combating age discrimination (“ageism”).

In Luxembourg, since 1993 the Luxembourg Employment Agency has implemented the Program to Support the Hiring of Unemployed Older Jobseekers, which offers financial incentives to employers who hire job seekers aged 45 and over, with the aim of promoting their reintegration. In exchange for signing an open-ended employment contract, a fixed-term contract of at least 18 months, or a contract to replace a worker on parental leave, employers receive reimbursement of the employer’s share of social security contributions (Ministry of Family, Integration and Greater Luxembourg Region, 2021). The proportion of program-eligible older persons who accessed benefits increased from 23% in 2003 to 51% in 2017 (Marguerit and Nguyen-Thi, 2022).

In the Czech Republic, the project “Implementation of Age Management in the Czech Republic” was carried out between 2013 and 2015 with funding from the European Social Fund, building upon an earlier initiative from the 2010-2012 period. The project developed various activities designed to familiarize employers with practical “age management” tools, aiming to overcome attitudinal and practical barriers to hiring persons over 50 years of age. As part of this initiative, training was provided to management staff at the Employment Office to enhance support for older job seekers (Age Management z.s., 2021; Ministry of Labour and Social Affairs of the Czech Republic, 2021). These initiatives laid the groundwork for developing research studies, training programs, and projects focused on age management in the workplace nationwide. A prime example was Call for Proposals No. 079, launched in 2017 by the Ministry of Labour and Social Affairs under the Employment Operational Programme, titled “Age Management: A Smart Change in Management, An Opportunity for Growth”. This call approved over 100 projects submitted by Czech employers (Age Management z.s., 2021).

Some countries have also facilitated access to the labour market for older persons through changes in their legislation. In Japan, laws have been adopted and reformed to support companies that hire older persons or extend the retirement age, thereby increasing employment opportunities for this age group (Japan Public Relations Office, 2021). One of the key reforms includes the 2020 revision to the Stabilization of Employment of Elderly Persons Act, which urges both public and private sector employers to make

¹⁶ See <https://extranet.who.int/agefriendlyworld/afp/monitoring-group-for-the-creation-of-senior/>. Other efforts to create safe spaces for all ages have been implemented in various areas of the country, such as Seocho-gu, a residential district of Seoul. See <https://extranet.who.int/agefriendlyworld/afp/age-friendly-city-seocho-gu-for-everyone>.

every possible effort to secure employment opportunities up to age 70. Under this law, employers must implement at least one of the following measures: raise or eliminate mandatory retirement ages; establish a re-employment system; arrange continuous outsourcing contracts; or enable continued participation of former employees in social contribution activities.

In Singapore, the amended Retirement and Re-employment Act (1993) establishes a legal framework granting retirees the right to return to work if desired (ESCAP, 2020). The right to re-employment from age 62 took effect in 2012 and was raised to age 63 in 2022. Between 2017 and 2021, 97% of eligible individuals who expressed their intention to continue working were successfully re-employed after reaching retirement age.¹⁷

In the Netherlands, the 2023 Future of Pensions Act was adopted to encourage the hiring of older workers by redesigning retirement schemes, as previously high contribution rates for employees in this age group had posed a barrier to their reintegration into the workforce (WEF, 2024).

Since 2023, the United States has implemented the Protecting Older Workers Against Discrimination Act, while Denmark introduced a 2022 amendment to its Act on Equal Treatment prohibiting employers from requesting age-related information during hiring processes (United Nations Economic Commission for Europe [UNECE], 2025).

2. Lifelong learning

The promotion of lifelong learning is a policy that enhances the well-being of older persons while strengthening their employability.

In 2023, the European Union launched “Mentoring Across Borders”, an intergenerational program pairing learners (aged 18-30) with mentors (over 50 years old) to advance lifelong learning.¹⁸ The Czech Republic, through Resolution No. 768 of 2015, recognizes the importance of volunteering as a form of lifelong learning—as volunteering in older age is more common among those who have engaged in this activity from an early stage—and seeks to ensure the continuity of social commitment, as well as to value acquired skills and promote a culture of community participation throughout all life stages (UNECE, 2017).

Also adopting a life-cycle perspective, Luxembourg allows workers to claim up to 80 days of training leave throughout their careers to participate in courses and skills development.¹⁹ Concurrently, Singapore’s government established the National Silver Academy in 2016 as part of its Action Plan for Successful Ageing. The Academy offers free or subsidized courses and seeks to encourage older persons to develop new interests, pursue lifelong learning, and maintain active, meaningful participation in society (Ministry of Health, Singapore, 2016). An evaluation conducted between 2017 and 2018 demonstrated that participation in the Academy generated multiple benefits, including improved psychosocial well-being and social relationships, increased motivation to learn, and greater civic engagement (Goh et al., 2021).

In the Republic of Kazakhstan, within the framework of the State Program for the Development of Productive Employment and Mass Entrepreneurship, short-term training programs were offered on high-demand careers and entrepreneurship fundamentals for older adults approaching retirement (UNECE, 2022a). The program, originally established for the 2017-2021 period, was extended and incorporated initiatives such as “Silver Age”, designed to provide employer subsidies that encourage job creation for older persons approaching retirement.²⁰ According to UNECE (2022a), the countries in Europe, North America, and Central Asia with one or more universities for older persons during the 2017-2022 period were: Belgium, Belarus, Slovakia, Spain, the United States, Estonia, Italy, Kazakhstan, Lithuania, Malta, Portugal, the Czech Republic, Russia, Tajikistan, and Turkey.

¹⁷ Parliamentary response from Singapore’s Ministry of Manpower (5 February 2024). See: <https://www.mom.gov.sg/newsroom/parliament-questions-and-replies/2024/0205-written-answer-to-pq-on-senior-worker-employment>.

¹⁸ See <https://www.age-platform.eu/project/mentoring-across-borders/>.

¹⁹ See <https://www.cedefop.europa.eu/en/tools/financing-adult-learning-db/search/paid-individual-training-leave>.

²⁰ See <https://ageing-policies.unece.org/browse-policy/2773>.

3. Digital inclusion and literacy

Digitalization and the development of artificial intelligence are becoming increasingly integrated across all areas of society. In this context, digital inclusion and literacy for older persons is crucial.

Several countries have implemented policies and programs aimed at addressing the digital divide. In Austria, the senior education program "Technology in Brief" has been established, offering low-cost courses located near participants' homes with an intergenerational focus on smartphones and tablets (UNECE, 2021).

In Germany, the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth has developed the "Digital Angel" project²¹ to support the active participation of adults aged 60 and over in the digital society through in-person, personalized advisory services. The program provides direct support for the safe use of digital services in daily life, such as online shopping or digital communication. The initiative operates through a mobile bus that has travelled across the country since 2019, working in close collaboration with local institutions —such as multigenerational centers and older persons support offices— to facilitate access and community participation. By 2022, the bus had visited over 450 localities.²²

In Luxembourg, the "Silver Surfer" project trains senior volunteers in digital technology safety. These volunteers then teach other older persons, fostering both skill development and practical application (UNECE, 2021).

In Slovenia, a mobile banking vehicle (NLB Mobile Branch Bank&Go) has been implemented to encourage older persons to use digital banking services. The vehicle provides personalized guidance to older persons on using smartphones and other digital devices for online banking (UNECE, 2021). In 2022, it regularly visited 24 localities four days per week, with additional Friday appearances at special events (NLB Group, 2023).

Likewise, in 2022, the European Union launched the "See U" (Senior Explorers of Urban Environments) project, which aims to develop a digital application in collaboration with older persons to create virtual tours of urban neighbourhoods. In addition to promoting social participation, the program helps reduce the digital divide among older persons by offering courses on the use of digital tools.²³ The European Union also launched the PHArA-ON Project (Pilots for Healthy and Active Ageing) in 2019, aiming to support older persons through the integration of services and tools such as connected devices, artificial intelligence, robotics, big data, and smart analytics, among others.²⁴ The project deployed pilots in six European countries and reported significant improvements in participants' well-being, along with high acceptance rates of the implemented digital solutions among both older adults and their caregivers.²⁵

Another European initiative (in Austria, Bosnia and Herzegovina, Bulgaria, Slovenia, Hungary, the Czech Republic, Romania, and Ukraine) is the eDigiStars pilot project,²⁶ which focuses on training older persons for digital self-employment, (2) adapting training to the needs of older persons, and (3) certifying older persons' digital competencies (UNECE, 2025). The eDigiStars project worked with a group of older persons facing employment challenges and formed a multidisciplinary professional team composed of employment agencies, industrial sector organizations, innovation centers, municipalities, education and training centers, universities, and institutions dedicated to older persons.²⁷

²¹ See <https://www.digitaler-engel.org/>.

²² See <https://digital-skills-jobs.europa.eu/en/inspiration/good-practices/digitale-engel-digital-angels-germany>.

²³ See <https://www.age-platform.eu/project/see-u/>.

²⁴ See <https://www.age-platform.eu/project/pharaon/>.

²⁵ See <https://www.pharaon.eu/about/pharaon-pilots-results/>.

²⁶ See <https://dtp.interreg-danube.eu/approved-projects/edigistars>.

²⁷ See <https://www.innoskart.digital/en/projects/edigistars-2?>

4. Health and care

Digitalization has also reached the health and care sectors

In Thailand, the Ministry of Public Health, the Ministry of Science and Technology, and the Ministry of Education have jointly established an inter-sectoral committee to promote ICT innovations in medicine and healthcare. Robotics has received support from Thai ministries and the Board of Investment through a series of investments and tax exemptions. These government incentives and regulations have spurred growth in both private and public sectors (ESCAP, 2021).

In the European Union, the InAdvance project (2019-2023) has created an open-access website on caregiving²⁸ which provides resources and recommendations for care recipients and their caregivers, along with a developed set of public policy recommendations on palliative care.²⁹

European Union countries have also developed programs and policies to promote the rights of older persons and care workers (both paid and unpaid) in the care sector. The Laurel project, launched in 2024 by the European Union, aims to develop effective policies for establishing high-quality long-term care systems,³⁰ the most effective and viable practices are evaluated through analyses of care services, and dissemination and training materials are developed. In Slovakia, a national project was developed to support the creation and availability of home-based care services in small municipalities lacking such services. The initiative aimed to expand care service coverage; develop community-based social services and implement measures to prevent institutionalization in care homes; generate employment opportunities; and sustain jobs for caregivers. In addition to supporting full-time caregivers, the project provides training for both caregivers and local government representatives in home care service delivery. In 2022, the program supported approximately 200 jobs while engaging 4,000 caregivers and 9,000 care recipients (UNECE, 2023).

In the health and medical care sector, notable initiatives include those implemented in Japan, such as the Act on the Promotion of Healthcare and Medical Strategy and the healthcare assistance policy, which advance measures addressing population aging (D'Ambrogio, 2020). In 2015, the Japanese government adopted Japan 2035, a strategic plan outlining its vision for a healthcare system designed to position the country as a global leader in health and provide a replicable model for other nations facing rapid population aging (D'Ambrogio, 2020). As part of its commitment to international cooperation on aging, Japan has promoted various initiatives for ASEAN countries. These include the Japan-ASEAN Health Initiative, which supports workforce development focused on promoting healthy lifestyles, disease prevention, and improving healthcare standards. Also noteworthy are the ASEAN-Japan Universal Health Coverage (UHC) Partnership, with its specific focus on population aging, and the ASEAN-Japan Active Aging Conference, which promotes dialogue and knowledge exchange in this field (D'Ambrogio, 2020).

5. Adequate and inclusive spaces

Adequate and inclusive spaces also represent a key element of older persons' well-being and an economic opportunity in the context of population aging.

Several countries in Europe, North America, and Central Asia have made progress in providing accessible, barrier-free, and subsidized public transportation for older adults,³¹ as well as in developing age-adapted housing, particularly through home modification subsidies³² and/or for the construction of new homes adapted to the needs of older persons³³ (UNECE, 2022a). In Malta, for instance, the Silver T free transport service for older persons enables easy mobility within their local communities (UNECE, 2022a). Adapted housing is equally essential for creating a safe environment that promotes older persons' well-being, while also serving as a driver of economic growth.

²⁸ See <https://portalcuidarencasa.com/>.

²⁹ See <https://www.age-platform.eu/project/inadvance/>.

³⁰ See <https://www.age-platform.eu/project/laurel/>.

³¹ Austria; Azerbaijan; Belarus; Cyprus; Ireland; Kazakhstan; Norway; Poland; Romania; Slovakia; Türkiye.

³² Albania; Cyprus; Ireland; Lithuania; Luxembourg; Malta; Norway; Slovakia; Slovenia; Türkiye.

³³ Canada; the Czech Republic; Germany; Denmark; Finland; France; Italy; Malta; the Netherlands; Norway; Sweden; the United States.

6. Tourism

Similarly, European Union countries have implemented initiatives to promote tourism among older persons. One such EU-developed program to foster tourism as a strategy for active and healthy aging is EUROSEN.³⁴ This program is based on public-private cooperation and seeks to develop tourism packages aimed at older persons, create a new organizational and business model for senior tourism, establish a “Senior Tourism Quality Certification” program, implement a pilot evaluation and monitoring project for results, and develop a medium-term business plan to apply the “Europe for Seniors” approach. The project was built on a public-private-community partnership, involving local institutions, tourism businesses, older persons’ associations, and nonprofit organizations.

Other European Union initiatives in older persons tourism planning include the TOURAGE project, which aimed to develop “silver tourism” in remote regions, the “Silver Suitcase” brand, the SenGoR silver tourism identification card, and SENTour Connect - a platform supporting the exchange of best practices for more flexible, better-adapted, and branded active aging tourism products, among others (Taloş et al., 2021).

7. Institutional framework for the realization of the rights of older persons and the economic opportunities of aging

The formulation and implementation of public policies that uphold the rights of older persons and harness the economic potential of aging require robust institutional frameworks. In Europe, the management of aging-related policies is typically handled by ministries of labour and social affairs (for example, in Austria, Azerbaijan, Belarus, Bulgaria, the Czech Republic, and Slovakia) or by ministries of health (for example, in Albania, Ireland, and Norway) (UNECE, 2022b). Malta established a dedicated Ministry for Active Ageing and Community Care in 2020 (Ministry for Health and Active Ageing, Malta, 2022).

Likewise, integrating a gender and human rights perspective is crucial in the policy-making process, ensuring the inclusion of older persons, their viewpoints, and needs.

In Canada, the “GBA Plus” (Gender-based Analysis Plus) tool has been used since 2011 to support the design and implementation of policies, programs, services, and other initiatives by incorporating an intersectional approach. This tool accounts for various social and demographic characteristics, including gender and age, among others, enabling more effective integration of aging perspectives (UNECE, 2022b).

In France, the “tested and approved by older persons” seal aims to inform consumers about product ergonomics and adaptability. The certification is awarded after rigorous testing with individuals aged 60 and over, ergonomics experts, and therapists, evaluating multiple criteria including product unpackaging, ease of use, and intuitive handling (UNECE, 2022a).

In 2022, the European Union launched the Smart against Ageism project, which developed interactive educational resources including: an online educational game that allows users to confront everyday age discrimination situations; a toolkit for ageism awareness training; a didactic learning platform; and public policy recommendations to raise awareness about ageism and promote a positive narrative of older persons as active citizens in society.³⁵

The UK Department for Work and Pensions has implemented a series of measures designed to create menopause-appropriate workplaces. In 2023, the government appointed a “Menopause Employment Champion” to engage in dialogue with employers and provide a platform for organizations to share their experiences and knowledge. That same year, the report “No Time to Step Back” was published, outlining a plan to enhance support for individuals affected by menopause in the workplace (Tomlinson, 2024).

Finally, the exchange of information and the inclusion of a diverse range of stakeholders to leverage aging is a key aspect of institutional frameworks.

³⁴ See <https://www.age-platform.eu/project/eurosen-europe-for-senior-active-ageing-by-travelling/>.

³⁵ See <https://www.age-platform.eu/project/saa-smart-against-ageism/>.

In Germany, the government has established an online platform³⁶ aimed at governmental and non-governmental stakeholders to promote the exchange of information on demographic changes, compiling data, policy information, research, and best practices. Information-sharing and collaboration are fostered through a dialogue process that includes national conferences, events, and working groups.

In the Czech Republic, a European Social Fund project on the implementation of ageing policies at the regional level (2017-2021) enhanced information-sharing across different territorial levels and integrated stakeholders into the development of its ageing policy. The project appointed a coordinator in each region of the country to advise older persons and established regional platforms to facilitate information-sharing between the national level and autonomous governments. The project also facilitated the organization of public roundtables on issues related to ageing policy and older persons (Ministry of Labour and Social Affairs of the Czech Republic, 2021).

At the same time, initiatives such as SEN@ER (Silver Economy Network of European Regions) have emerged. This network of European regions has driven the development and commercialization of innovative products and services for older persons, thereby contributing to regional economic growth and Europe's competitiveness. The network facilitated cooperation among diverse stakeholders—including industry, the social sector, public authorities, and established a joint secretariat to strengthen ties with the European Commission.

³⁶ See www.demografie-portal.de.

IV. Conclusions

Latin America and the Caribbean has not fully capitalized on the window of opportunity for economic growth, poverty reduction, and development offered by its first demographic dividend (Saad, 2023). Now that this dividend is nearing its end —amid less favourable demographic conditions and tighter fiscal constraints— it is urgent to implement public policies that address the challenges of rapid population aging while harnessing new economic opportunities.

As shown in this report, demographic change can negatively affect economic growth, particularly in the most aged countries. Moreover, in a context marked by profound socioeconomic inequalities, demand for pensions, healthcare services, and long-term care for the older population is projected to rise, further straining the region's already constrained welfare systems.

At the same time, population aging is also creating new economic growth opportunities linked to rising domestic consumption driven by older populations, their increasing labour force participation, and emerging market potential in silver economy sectors such as healthcare and the care economy, financial and insurance services, pharmaceuticals and biotechnology, digital technologies and services, as well as age-friendly tourism and housing.

The ability to fully capitalize on this potential will largely hinge on addressing the inequalities, vulnerabilities, and discrimination faced by older persons, while transforming health and social protection systems to adopt prevention-focused approaches that prioritize their wellbeing. The Madrid International Plan of Action on Ageing (MIPAA), along with its regional implementation strategy for Latin America and the Caribbean, provides a key framework for transforming demographic challenges into development opportunities. These guidelines emphasize: (i) the implementation of economic policies that promote decent work for older persons, eliminating age barriers and fostering workplace adaptation; (ii) sustainable social protection systems that combine pensions with active aging programs, capitalizing on increased healthy life expectancy; and (iii) investment in preventive healthcare and accessible environments to reduce medical costs while maintaining productivity.

It is therefore imperative to promote healthy aging —as outlined in the Decade of Healthy Aging initiative (2021-2030)— and to ensure universal access to health systems, social protection, and care services that meet the needs of a growing older population, particularly among lower-income groups.³⁷

³⁷ An important reference in public policies on social protection is the set of priority measures outlined in Chapter C of the Montevideo Consensus on Population and Development, titled "Ageing, Social Protection, and Socioeconomic Challenges".

As healthy life expectancy increases, it reduces costs associated with chronic disease and disability care while extending opportunities for older persons' productive participation.

The labour market situation of older persons is shaped by multiple factors, including socioeconomic context, the robustness of social protection systems, job quality, and family dynamics, among others. To improve labour market inclusion for older persons who wish to continue working, it is critical to promote the creation of formal, decent, and quality employment opportunities. Furthermore, it is crucial to develop policies and programs that promote the hiring and reintegration of older workers, provide continuous skills training, create inclusive workplaces accommodating their physical and cognitive needs, and implement flexible work arrangements. These measures must be complemented by legal frameworks and targeted actions to combat age-based discrimination ("ageism") in the workplace (ECLAC, 2022).

Moreover, it is important to highlight that older persons —particularly women— contribute to society and the economy not only through paid work but also via unpaid activities such as caregiving for family members. In this regard, special attention must be paid to women's circumstances, as they exhibit lower labour force participation rates than men due to shouldering the primary responsibility for family caregiving; not only for children but also for older persons with functional dependencies (ECLAC, 2024d).

In conclusion, population aging represents not only a challenge but also an opportunity for Latin American and Caribbean societies and economies. The region must act urgently to build resilient societies and economies that foster cultures valuing older persons' accumulated knowledge and active social participation, while harnessing human capacities across all ages—in alignment with international commitments and human rights frameworks.

By aligning public policies—whether labour market, social protection, health, care, or productive policies—with demographic change and designing them through a life-course perspective (Montes de Oca, 2024), the region can progress toward an "all-age society" where intergenerational solidarity becomes a pillar of sustainable development.

Addressing demographic aging requires not only designing and reforming cross-sectoral policies specifically targeting older persons, but also investing in education, health, social protection, and care systems for children, adolescents, youth, and adults throughout their life spans. Critically, social investment from early childhood and throughout the life course will be essential to fulfil the economic and social rights of all populations—and to ensure a more productive workforce with fewer disadvantages upon reaching old age.

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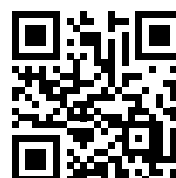
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