



Executive Summary

**The 2018 Aging Readiness & Competitiveness Report:
Small Innovative Economies**

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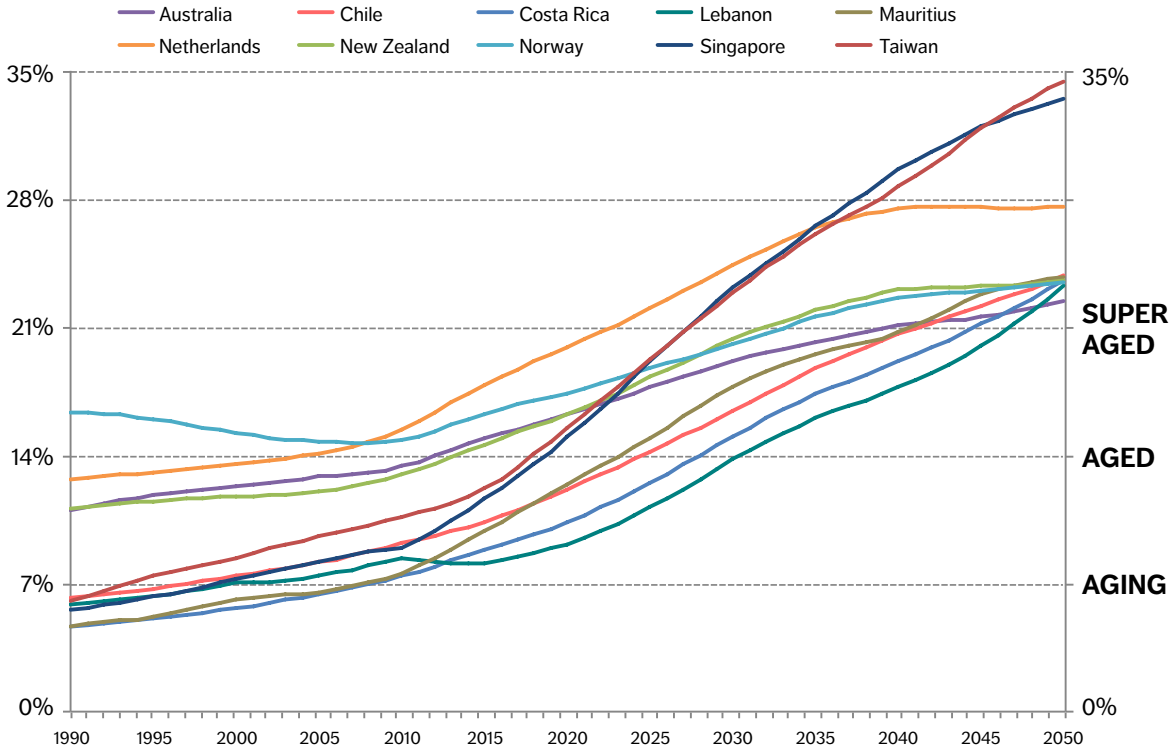
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By 2030, there will be nearly one billion people age 65 and older around the world, a group that between 2015 and 2030 will grow at four times the rate of the overall global population.

Managing this demographic transformation requires governments, businesses, and non-governmental organizations (NGOs) to fundamentally rethink the roles older adults can and should play in our communities and economies. Recognizing this, in 2017, AARP and FP Analytics partnered to launch the Aging Readiness and Competitiveness (ARC) initiative. The ARC initiative maps out how countries around the world are responding to the pressures and opportunities created by their aging populations, and identifies innovations that promise a more active, engaged, and productive older population in the years to come.

Figure 1. People Age 65 and Older as Percentage of Total Population



Source: United Nations, Department of Economic and Social Affairs, Population Division

The inaugural 2017 ARC report established a baseline understanding of the state of global aging policies, with in-depth assessments of a group of 12 countries that are geographically, culturally, and socioeconomically diverse and that, together, represent 61 percent of the global GDP and nearly half of the world’s population of people age 65 and older. For the 2018 ARC report, we shifted our focus to 10 small economies around the world that

are leading their regions in responding to demographic change.

These countries, each with fewer than 25 million people, were selected in consultation with global experts as the leaders in their respective regions in terms of aging policy innovation. They are Australia, Chile, Costa Rica, Lebanon, Mauritius, the Netherlands, New Zealand, Norway, Singapore, and Taiwan. While approaching the issue of

aging from distinct cultural, economic, and political traditions, these countries share the following:

- **Outward Orientation**—be it through trading relationships, diaspora communities, and/or engagement with international institutions, these small economies have historically been globally engaged and have translated that into seeking out and adopting best practices.
- **Cohesive Societies**—constrained by scarce natural resources or geographic position, these leading innovators draw on traditions of shared, collective responses to challenges.

As in the 2017 ARC report, countries were assessed on four pillars: (1) Community Social Infrastructure, (2) Productive Opportunity, (3) Technological Engagement, and (4) Health Care & Wellness. In-depth research and interviews with subject matter experts were supplemented with a survey of 125 aging experts. For each country, the ARC looked at not just what it was doing, but how it was doing it, by assessing the conditions and approaches that had facilitated the generation of successful policies and programs. Across the board, five consistent themes emerged that shaped best practices in aging policy innovation: person-oriented, bottom-up, holistic, interdisciplinary, and evidence-based.

Best Practices in Aging Policy Innovation



Person-Oriented: The most successful programs and policies are built on the direct engagement of users, not limited to older adults, but including their families and caregivers.



Bottom-Up: While national governments set strategic priorities and dedicate funding, the most innovative programs are born out of the local agencies, NGOs, and individuals on the front lines of aging.



Holistic: Integrative solutions that serve the needs of a range of stakeholders were found when older adults were seen as a vital and valued part of a community, with resources to contribute, not just needs to be met.



Interdisciplinary: Across all 2018 ARC countries, cross-sectoral and interdisciplinary collaboration in program design and implementation ensured efficiency, efficacy, and reach.



Evidence-Based Solutions: Data collection and clear metrics for success are being employed by leading countries to measure the relative value of these investments, and replicate and scale the most successful models.

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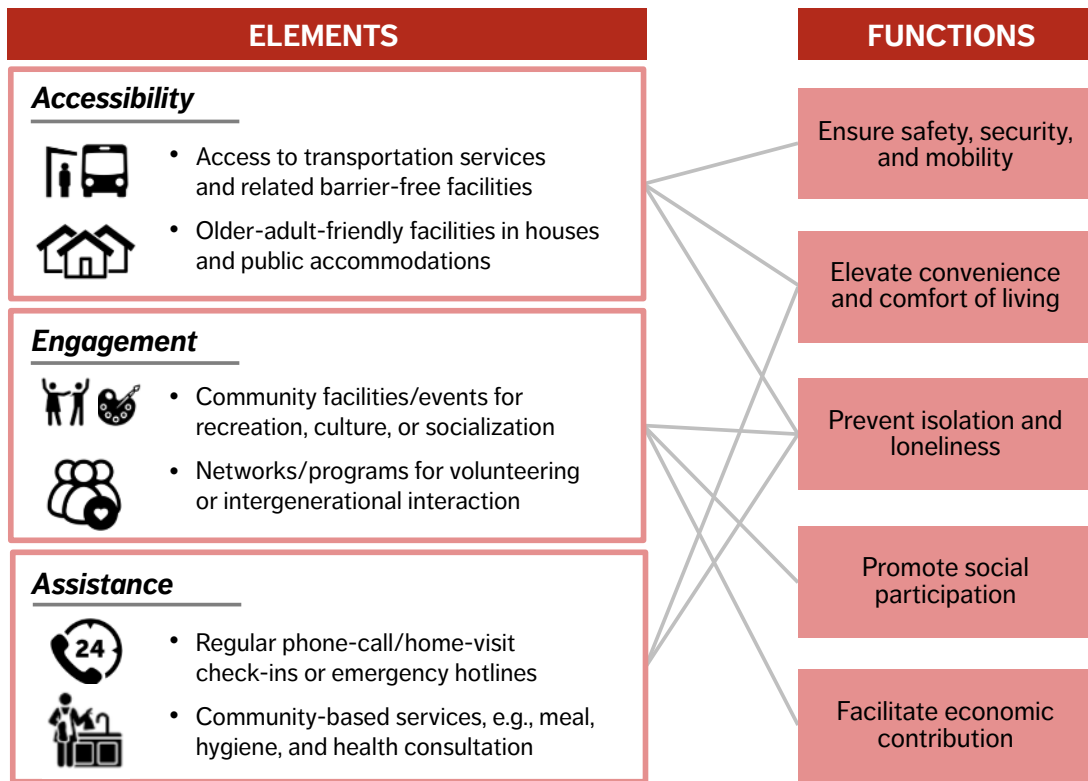
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After health care improvements, the greatest momentum in aging policies and programs is found in developing a robust community social infrastructure (CSI), as societies grasp the economic imperative and enhanced well-being associated with aging in place.

Thirty-six percent of experts surveyed cited CSI as the area of most significant progress in the past three to five years. CSI can be understood as the connective tissue of a society, broken down by three key elements: accessibility, engagement, and assistance. Taken together, these elements enable older adults to remain not only independent, but also active and contributing members of their community.

Figure 2. Elements of Community Social Infrastructure



- The World Health Organization’s Age-Friendly Cities initiative has served as a catalyst for municipal action in building holistic, age-friendly communities. Providing a comprehensive framework, this global initiative has been embraced by civic leaders in seven of the 10 2018 ARC countries. Taiwan stands out as having promoted the initiative at a national level. Starting with just one city in 2010, in only three years, all 22 of Taiwan’s cities and counties had

committed to the program. In 2017, the country expanded the program to include 99 communities working to build age-friendly neighborhoods supported by government subsidies. There has been a high level of engagement with NGOs and universities, which have been instrumental in developing programs, assessing their implementation and outcomes, and sharing best practices.

- Accessibility of physical infrastructure remains a key impediment in many countries, however. Independent of the level of development or other measures of societal progress, in each of these leading countries, the accessibility of transport and public buildings was directly dependent on not simply the existence of a national mandate but its consistent enforcement. And even where public buildings and transport are broadly accessible, having an adequate supply of housing suitable for an aging population is a challenge across countries. One Norwegian municipality has taken the lead on this issue with a novel program to facilitate economical investments to allow aging in place. In 2013, Lindås municipality launched the Interdepartmental Housing Team, comprising a physiotherapist, a construction expert, and an economist, who together helped older residents assess their needs, develop a plan to meet those needs, and access appropriate financing. Given the cost of long-term care, this interdisciplinary, participant-driven approach is generating savings and providing continued independence.
- Local organizations and individuals are the primary drivers of innovative programs that integrate the needs and resources of older adults into those of their broader communities—whether it is recognizing the common value of intergenerational connections, sharing facilities and physical resources, or launching novel social enterprises. However, dispersing these ideas and achieving scale remains a challenge. One social enterprise that has effectively scaled is New Zealand’s Age Concern Accredited Visiting Service, which marries engagement through volunteerism with assistance. The program matches certified volunteers (usually older adults themselves) with an individual who would benefit from regular home visits. Age Concern’s 4,500 volunteers made 72,994 visits in the 2017 fiscal year across New Zealand. The program regularly surveys volunteers and participants to determine how to best evolve to meet their needs.

Productive Opportunity

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As the share of the conventional workforce— defined as working ages 15 to 64 according to the OECD— shrinks, tapping older people’s skills, experience, and, most importantly, desire, to remain productively engaged will be vital to the competitiveness of countries and the sustained prosperity of their citizens.

However, with few exceptions, countries are failing to effectively unlock the productive potential of their older populations, focusing instead on narrow pension sector reforms. When experts surveyed for this report were asked which of the four pillars was in greatest need of improvement, productive opportunity was the most popular response, cited by 31 percent. Only eight percent, though, saw it as the strongest pillar and a mere six percent thought it showed the greatest improvement in recent years.

- Ageism remains a persistent obstacle to older adults' participation in the labor force across countries. Legal protection takes different forms, but enforcement is consistently lacking due to a low level of societal awareness, difficulty proving its occurrence, and weak penalties. While no country has truly found success addressing this issue, Australia stands out for its efforts to tackle ageism systematically, and offers a model for others to follow. It is estimated that Australia loses over AUD 10 billion (USD 7.2 billion) per year as a result of people staying unemployed due to age discrimination. In 2014, a decade after passing its Age Discrimination Act, the government conducted a National Prevalence Survey of Age Discrimination in the Workplace to identify its nature and impact, and to establish a benchmark to measure progress going forward.
- Narrow pension sector reforms and persistent barriers to continued employment and reemployment have made productive engagement in later life challenging for people in most countries, driven largely by financial necessity. One notable exception to this is Norway, which married pension reform with labor market flexibility and built supportive and inclusive workplaces to effectively increase both the average retirement age and work satisfaction of older workers. While boasting one of the lowest older-age poverty rates within OECD countries, Norway also has one of the highest labor participation rates, at 18.6 percent for those age 65 and older, having grown by two-thirds since 2000. Perhaps most significantly, today older workers in Norway report higher levels of enthusiasm than the general working population, citing good working environments, friendly colleagues and supervisors, quality-of-life benefits, and a feeling of purpose among the most important factors, outweighing even financial necessity.
- In addition to structural reforms, there is a growing focus on entrepreneurship, which can allow for the flexibility and autonomy desired by some older workers. Costa Rica has made this the focus of its efforts. The country's national technical university, TEC, has developed Attitude E, a free nine-month course that seeks to provide older adults the skills and motivation needed to start their own businesses. In addition, the Ministry of Labor and Social Security is working directly with municipalities and labor organizations to identify ways in which they can facilitate the continued engagement of older workers in their local economies. In 2017, it launched a five-year initiative in the municipality of Cartago to develop local networks to support entrepreneurship among older adults, providing skills development and also drawing on the significant experience gained during their careers.

Technological Engagement

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2018 ARC countries consistently stand out in their regions for their early and extensive investments in information and communications technology (ICT) infrastructure and in the digitization of their economies.

The unintended consequence of this is a heightened risk of digital exclusion as governments and companies move services online.

- For those countries where the current older population has a relatively low educational attainment and ICT penetration, efforts are focused on digital training, with the most effective programs tailored to the specific interests and needs of older adults. Mauritius has developed a particularly interesting model that offers a cost-effective approach to digital training in rural or geographically isolated areas. In the Cyber Caravans program, computer-equipped and internet-connected buses bring ICT to underserved communities, including those of older

adults. While in operation since 2000, in 2018, with funding from ICT companies and the United Nations, it launched a program tailored to older users offered at the country's network of senior recreation centers.

- In countries with a digitally savvy older population, a shift in thinking is underway to move beyond digital literacy to include online accessibility—how user-friendly and accessible online content is for older people who may have functional limitations. Norway has gone the furthest in this regard, with its Regulation for Universal Design of ICT Solutions, which requires that all public and private websites follow the latest international standard of Web Content Accessibility Guidelines. The regulation also establishes an enforcement mechanism, authorizing the Agency for Public Management and e-Government to order an entity to introduce measures to fulfill accessibility requirements and set deadlines for compliance with the order, as well as to impose penalties should they not be met.
- Technology also functions as a force multiplier for efforts to promote socially engaged and healthier aging, with the private sector increasingly recognizing the potential of this market. ICT solutions are being developed and deployed in projects around the world to enable aging in place, to enable older adults to more

effectively navigate their community and services, and to improve the accessibility and efficiency of health care. The most successful examples are generated from active collaboration among industry, universities, care institutions, NGOs, and other organizations that serve older adults to ensure the development of technology that best meets their needs. The Netherlands, Norway, Singapore, and Taiwan have all included aging-related technology in their national competitiveness strategies.

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While in countries like the United States providing access to affordable, high-quality health care is viewed by many as an incredibly complex challenge, among the 2018 ARC countries it is considered an area of strength and one that they've been able to take concrete actions to further improve.

Most experts cited health care and wellness as the area in which their country is strongest, with 54 percent of respondents choosing this category. Thirty-eight percent of respondents cited health care and wellness as the category that has seen the greatest improvement over the last three to five years.

- With the exception of Lebanon, all countries included in this study have achieved universal health care coverage. However, access to quality care adapted to older adults' needs is a consistent challenge, often related to the fragmentation of the health care system. While responses are necessarily tailored to the local context given the complexity and diversity in health care system designs, there is an emerging focus on providing integrated care. Australia's new Health Care Home, launched

in 2017, places general practitioners in the central role. General practitioners work directly with a patient to develop a care plan and strategies to manage chronic conditions in daily life; collect information about the patient's health, the patient's medications, and all the health professionals who care for the patient; and identify local health care providers who are best able to meet the patient's needs. ICT solutions are also being deployed as countries seek to ensure integrated medical records to track complex care.

- With lifespans extending and the prevalence of dementia growing dramatically, all 2018 ARC countries except Lebanon and Mauritius have national plans to manage dementia. In Chile, the national plan is based on a successful municipal model for integrated, community-supported care, and has been found to produce a decrease in falls, improvements in the behavioral and psychological symptoms of dementia sufferers, and improved perceptions of those with dementia. Interesting practices are also emerging to promote the integration of people with dementia into the community and to create a friendly environment for people with dementia and their family members. These include dementia-friendly supermarkets in the Netherlands; the

Green Care program in Norway, which provides outdoor activity on farms for people living with dementia; and Taiwan's Family of Wisdom project, which provides people with dementia and their family members a venue to entertain, socialize, and offer mutual support.

- As with health care systems overall, the scale and maturity of long-term care (LTC) systems varies dramatically across countries, with some just starting to build professional LTC facilities and others working to reform existing systems to better accommodate older adults' needs and to achieve long-term fiscal sustainability. Notably, there is growing focus on community-based care with a person-centered approach. Singapore has a particularly interesting model in its Community for Successful Ageing. The project is run by local NGO the Tsao Foundation in the neighborhood of Whampoa, where more than a third of the residents are age 50 and over. Working with diverse stakeholders and community partners— including businesses, universities, and individuals— the project is seeking to build a community that serves the full continuum of needs along a person's life course, ranging from preventive health care to end-of-life care, all integrated with community engagement.

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