

# Features, Challenges and Opportunities of Population Ageing: Sri Lankan Perspective

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## Features

### Size and Growth of Older Persons (60+ years of age):

According to the standard projection, the elderly population will increase in the future at an exponential rate (Dissanayake, 2016). In 2012, the number of older persons was 2,520,573 and it is expected to increase to 5,118,094 in 2037, which is a 103 percent increase within a 25 year time period (Table 1). The population ageing taking place in Sri Lanka is a common feature of many developed and developing countries in the world today. This phenomenon is occurring mainly due to the decline in fertility and mortality and the resultant increase in life expectancy, which is accompanied by the socio-economic developments of the country.

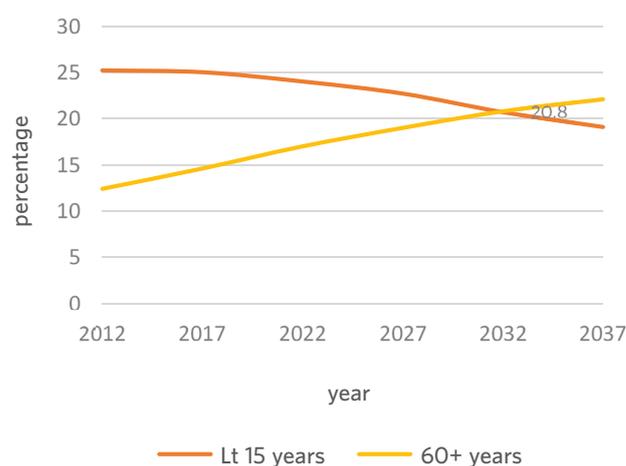
**Table 1: Number and percentage of population 60 years and over, 2012 to 2037, Standard Projection**

Year	Number	Percentage
2012	2,520,573	12.4
2017	3,130,740	14.6
2022	3,766,743	17.0
2027	4,320,258	19.0
2032	4,775,618	20.8
2037	5,118,094	22.1

Source: Dissanayake, 2016

It is seen from Figure 1 that the proportion of children outnumber the proportion of older person until 2032 and then a reverse is observed. The two proportions equilibrate at 20.8 percent. This suggests that percentage differences would begin to favour older persons after 2032.

**Figure 1: Relative change in the proportion of children (less than 15 years) and older persons (60+ years), 2012 to 2037, Standard Projection**



Source: Dissanayake, 2016

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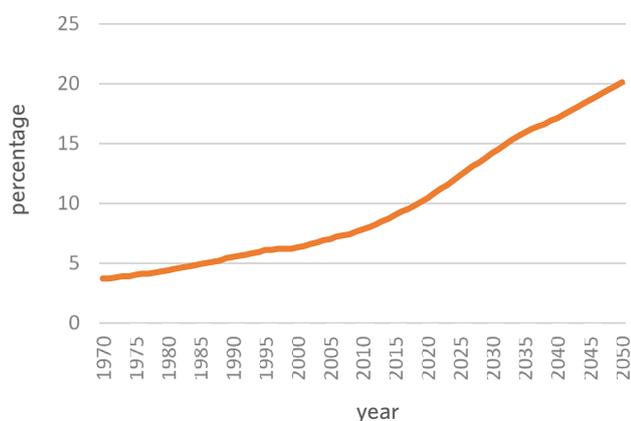
# Challenges

## Rapid Population Ageing:

Since the impact of population ageing on the society's socio-economic conditions may be amplified by the speed at which it occurs, it is imperative to recognize the degree and the pace of the changes in the age structure. When the proportion of older persons in the total population increases dramatically during a short period of time, as is currently occurring in Sri Lanka, it becomes difficult for the social and economic institutions in the country to adjust immediately. Growth of the proportion of older persons necessarily affects the relative importance of the other segments. These changes in age composition can considerably affect the political, economic and social structure of the society. The variable weights of the various age groups tend to create social and political pressure on society to change its pattern of resource distribution, generating conditions that may give rise to intergenerational conflict.

Increased longevity together with lower fertility leads to rapid population ageing. Figure 2 shows the changing nature of ageing in Sri Lanka over the years. It appears that an ageing population will evolve in an exponential manner with low fertility and improved longevity of the elderly in the future.

**Figure 2: Proportion of Population 65 years and over, 1970-2050, Sri Lanka**



Source: <http://www.unescap.org/stat/data/statdb/DataExplorer.aspx>

## Older-Age Dependency Burden:

It is discernible from Figure 3 that there will be fewer younger people to support older people in Sri Lanka by the middle of the 21st century.

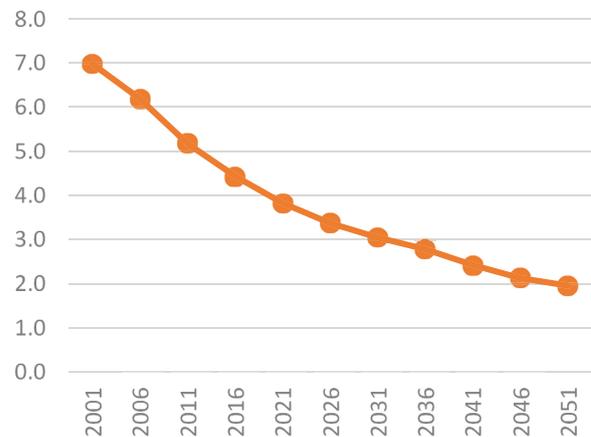
**Figure 3: Fewer younger people to support older people: Sri Lanka old-age support ratio**



Source: Dissanayake, 2016

The potential support ratio is an alternative way of expressing the numerical relationship between those more likely to be economically productive and those more likely to be dependents. It is the inverse of the old-age dependency ratio, that is, the number of persons of working age (i.e., aged 15 to 64 years) per person aged 65 years or over.

**Figure 4: Potential support ratio, 2001-2051, Sri Lanka**



Source: Dissanayake, 2014

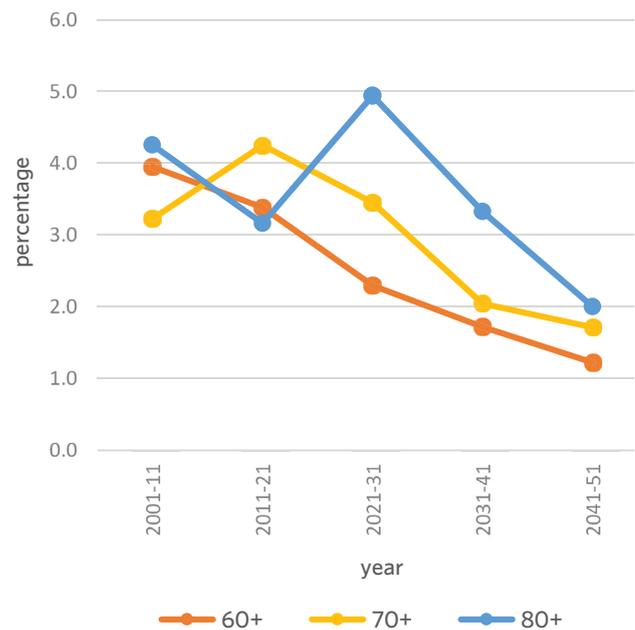
Figure 3 illustrates that there are five persons of working age per older person in 2030 and by the middle of the century; this number is likely to decrease to just 3. During the next four decades, the potential support ratio is projected to drop substantially in all major areas, particularly in Asia, Latin America and the Caribbean. By 2050, the ratio is projected to drop to around 2 in Europe, about 3 in Latin America and the Caribbean, Northern America and Oceania, and about 4 in Asia. In Africa, there will still be over 9 persons of working age for every person aged 65 or over by 2050. It is quite clear that Sri Lanka will have a lower potential ratio compared to Asian figures and more or less equivalent to the value of Europe. This indicates the rapidity of the ageing process in Sri Lanka which will take place in the next four decades.

### Population Ageing Lowers Economic Growth:

Population ageing can become a burden to Sri Lanka because it can significantly lower economic growth if the country does not have proper policies to address the challenges arising from the ageing process. Ageing will pose challenges due to the costs of pensions, costs of healthcare, costs of long-term care and costs to younger family members. This phenomenon calls for concerns pertaining to income security, social protection, health care, and living conditions in old age as major social development priorities. Sri Lanka is anticipated to arrive at a point where there is a growing number of older people and a larger share of the population above the age of 65, of which a higher proportion will be women.

A prominent aspect of the ageing process is the progressive demographic ageing of the older population itself. The average annual growth rate of the population aged 80 years and over during the 2001-11 period was higher than that of the population aged 60+ and 70+ years. This is a result of improved health of the Sri Lankan population which leads to relatively high life expectancy at higher ages.

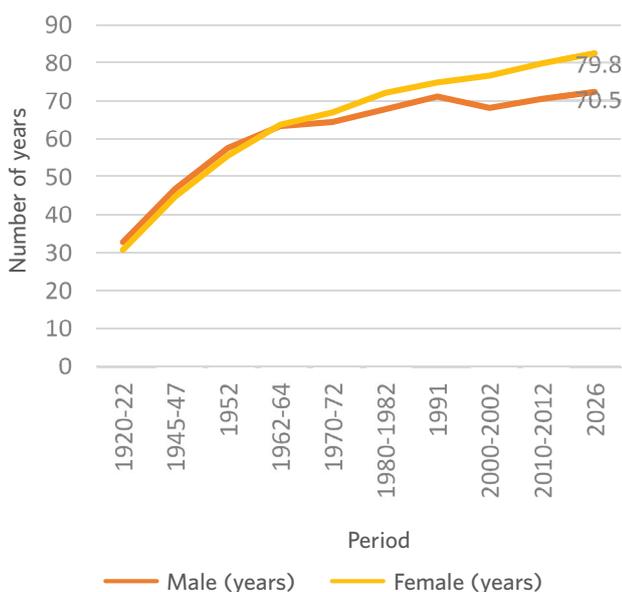
**Figure 5: Average annual growth rates of population 65+ years, 70+ years and 80+ years of age, 2001-2051**



Source: Dissanayake, 2014

Mortality in Sri Lanka declined substantially over the latter half of the twentieth century and then well into the new millennium. Life expectancy at birth for males and females were 32.7 and 30.7 years, respectively for the 1920-22 period. By 2012, those figures rose to 71.0 years for males and 77.2 years for females. The projected figures show that male life expectancy is expected to reach 72.3 years while female life expectancy will be 82.5 years by 2026 (Gunasekera, 2008). Figure 6 illustrates that the gap between male and female life expectancy has been widening further over the years in favour of women. The total as well as average annual gain in life years for females increased by more than a double. Therefore, men seem to be increasingly exposed to high risk mortality factors. Once fertility declines and sustains at below replacement level, increase in longevity will have a greater impact on the process of population ageing.

**Figure 6: Changes in Life Expectancy by Sex, 1921 to 2026**

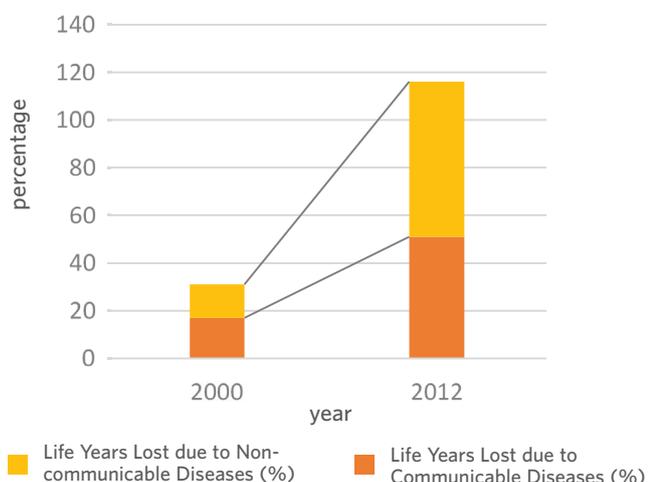


Source: Dissanayake, 2014

**Increase in Non-communicable Diseases:**

In addition, there is a strong association between the increase of life expectancy and the decrease in communicable diseases and increase in non-communicable diseases due to the shift of age structure towards older age groups as a consequent, Figure 7 shows that percentage of life years lost due to non-communicable diseases has increased during the recent years. It is quite important to note that deaths due to non-communicable diseases in 2012 accounted for 75 percent of total deaths in Sri Lanka<sup>3</sup>.

**Figure 7: Changes in Life Expectancy by Sex, 1921 to 2026**

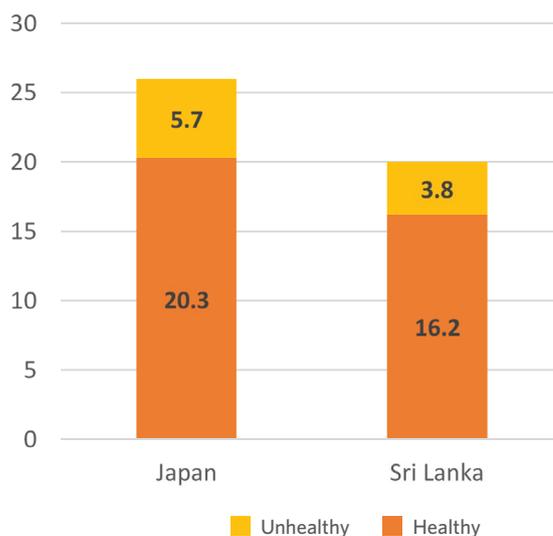


Source: <http://www.unescap.org/stat/data/statdb/DataExplorer.aspx>

3 [www.who.int/nmh/countries/lka\\_en.pdf](http://www.who.int/nmh/countries/lka_en.pdf)

Improving health is not only about reducing death from disease but also about maintaining a high health-related quality of life. One of the major challenges for Sri Lanka with its rapid ageing process, is not only to add further years to life but more importantly to add life to years and to ensure that the elderly can live full, enriching and productive lives. In order to achieve this, good health is essential.

**Figure 8: Life expectancy after 60: Adding years to life or life to years?**



Source: Dissanayake, 2014

It has been found that a majority of the aged in Sri Lanka have at least one illness and have been taking medicine for a long time (Weeratunga, 2015). It is necessary to develop geriatric health facilities to which older people have easy access. This can be done by establishing health clinics for the aged in each DS division. In this regard, it is essential to integrate primary prevention and primary healthcare for elderly using the Personal Health Care (PHC) network of the Ministry of Health (MOH) for geriatric assessment, prevention and rehabilitation. Furthermore, mental health facilities for the elderly are still not developed in Sri Lanka. This service is essential for those who have age related mental health issues. Currently there are no suitable procedures to identify the aged with dementia and issues with family members. Early identification of those issues can enhance the welfare of the elderly.

## Living Arrangements and Feminization of Poverty among Older Women:

The size of the elderly population living alone is of policy concern. Those living alone are more likely to require external assistance in the case of illness or disability and are at greater risk of social isolation. Countries with well-developed systems of social security are disproportionately likely—especially if they are older women—to be poor (Casey and Yamada, 2002). Furthermore, in Sri Lanka, a woman in 2001 was expected to live, on average an additional 21.6 years, compared to 17.7 years for men (Gunasekera, 2008). This suggests that elderly women have a greater chance of exhausting their resources of income, thus making it difficult for them to bear age related expenses. Hence, elderly women will be more impoverished in their advanced ages. The incidence of poverty among the very old seems to be large, and it affects more old women than men. It has been shown that old women are more likely to be poor than old men because a significant number of women become widowed and are out of employment at old age (Gaminirathne, 2004).

## Declining Family Support:

Family as the key institution of social organization in any society, is defined by exchanges of mutual support between its members. The social environment in which people age is changing in Sri Lanka as a result of the changing size of families, the changing roles of traditional extended families and, most importantly, perceptions of intergenerational support and caring for older persons. In particular, there has been a shift from the dominance of the emotionally extended to the emotionally nuclear family. Weeratunga (2015) examined intergenerational exchanges between elderly parents and adult children and found that transfers between the generations are greatest where there is co-residence. It was found that while older Sri Lankans on average have lower levels of well-being than the rest of the community, it is higher among those who co-reside compared to those living in one generation families. Overall the changes in family role and its functioning have led to a

reduction in the well-being of Sri Lankan older people. Moreover this gap has not been filled by pension and social protection schemes in Sri Lanka which remain limited. It is crucial that this area be addressed by policy makers and planners.

In the present day, Sri Lankan older people have very limited access to formal mechanisms of social protection and hence rely mainly on their family and the local community for support. It was shown that these informal protection mechanisms have been under increasing stress, owing not only to the process of population ageing but also to diminishing family economies, improved education of children, including women's education and higher female labour force participation, as well as the changing perceptions about caring for parents and older persons (Weeratunga, 2015). Furthermore, the gap is widening between elderly parents and their children as a result of the younger generations' increased involvement in economic and social activities outside the home, in the current highly competitive money based society where adult children have become more individualistic. One of the other recent noteworthy changes in the Sri Lankan family is the steady increase in women working outside the home. Moreover, increased international labour migration has meant that many Sri Lankan families are transnational with some family members residing in different countries.

## Opportunities

### Second Demographic Dividend:

Transformation in population age structure also creates a second demographic dividend, which depends on how the accumulation of wealth is related to population ageing. Firstly, there are compositional effects. Although Sri Lanka has not reached its later stage of the fertility transition where fertility stabilizes at a very low level, the countries that have already experienced the later stages of the transition to low fertility show that a growing share of the population consists of individuals who are nearing the completion, or who have completed their productive years. These individuals must have accumulated wealth

in order to finance consumption for many of their remaining years.

Secondly, there are behavioural effects. The increase in life expectancy and the associated increase in the duration of retirement lead to an upward shift in the age-profile of wealth. This takes place because as people comprehend that they will live longer, they will be more motivated to accumulate wealth that they can use to support themselves in old age.

As people's wealth increases, it is reasonable to hypothesize that they are more likely to invest in the health and education of each of their children. With fewer children to care for, it is possible for parents to invest more resources in each child. Economists<sup>4</sup> claim that the prospects of a longer life and an extended period of retirement, act as a powerful saving incentive in the absence of widespread social security and family support systems.

Therefore, population ageing elevates the share of the elderly population who hold more assets than others, resulting in higher wealth accumulation and asset income. This would generate higher capital per worker, boosting labour productivity and resulting in greater output levels. Sri Lanka is likely to commence its second demographic dividend in 2037 as the country will achieve the latter part of the low stationary fertility status by that time. However, it is important to note that the relationship between the demographic dividends and income growth is very much policy dependent. The second dividend comes into operation in part because prime age adults save more to provide for their retirement. Their ability or willingness to save, nevertheless, may be undermined by poorly developed financial markets or overly generous publicly funded pension programmes. These suggest that the changes in age structure define possibilities but, by themselves, do not decide the outcome.

## Recommendations

### Recommendation 1:

**Devise an appropriate policy strategy to improve welfare of the elderly who live alone without their spouse or children.** The trend of the elderly living alone is likely to continue and will have important consequences, especially for older women, who are most likely to live alone. Solitary living can result in increased isolation and makes caregiving by family members more difficult to organize. It increases the need for supplementary support services in order to enable older persons to remain in their own home. Sri Lanka may have difficulties in providing such services.

### Recommendation 2:

**The Government should focus policy attention more on the elderly who do not have any children.** The average number of children per family in Sri Lanka is declining and the number of childless families is increasing. It will thus become increasingly difficult to maintain the current forms of informal long-term care arrangements. An increasing proportion of the elderly do not have children either due to childlessness associated with infecundity or they have remained single. This can affect their security in old age as they have no children to look after them for their various needs. From a policy perspective, this is very important because they need special assistance from the government.

### Recommendation 3:

**Carry out a study on national transfer accounts to understand national transfers to different generations and their income, expenditure, savings and consumption patterns in order to measure, analyze and interpret macro-economic aspects of age and population ageing.** Weeratunga (2015) explored whether the changing role of the family has any impact on intergenerational transfers between elderly parents and adult children and found that the accumulation of wealth and intergenerational transfers

<sup>4</sup> <http://www.prb.org/pdf13/africa-second-demographicdividend.pdf>

is important. From a policy perspective, it is necessary to establish the level and nature of private transfers to determine government debt, social insurance, and public transfer programmes. Similarly, the saving behaviour and consumption patterns of the population can also be affected by the level of intergenerational transfers. In this regard, an analysis of National Transfer Accounts is important because it measures, at the aggregate level, the reallocations that shift economic resources from one age group to another. Since such reallocations occur at some ages, individuals consume more than they produce.

#### **Recommendation 4:**

**Create a programme to improve the financial position of the elderly by devising a special programme of income generating activities for the elderly, as well as providing financial support from the government for those who are financially burdened.** Creation of suitable income generating activities for the aged can enhance their well-being. In depth studies of elders have shown that although they are capable of doing work, it is difficult for them to find suitable employment at older ages. Since the majority of the aged in Sri Lanka are in the young old category, they can still engage in productive economic activities which will improve their family welfare. Many of them still have dependent adult children. Therefore, the increase in current retirement age from 60 to 65 would allow them to work for another five years and support their young dependents until they become financially independent. This is possible because of improved life expectancy during the recent decades.

#### **Recommendation 5:**

**Devise a mechanism of improving healthcare facilities of the elderly including their mental health issues at all levels.** The existing health systems in Sri Lanka are still mainly geared towards providing care for acute episodic conditions, and not towards chronic care needs and care that is specific to older persons. Healthcare needs are provided to their elderly parents by both co-residing children as well as those who live

independently, although the level differs. The elderly who co-reside with children receive more health care support than those who live in one generation families. Moreover, the healthcare support comes in the form of non-monetary and moral support as opposed to financial support. Since it was found that healthcare of elderly do not meet expectations, irrespective of their living arrangement status, the government needs to devise a mechanism to attend to the healthcare needs of the elderly.

#### **Recommendation 6:**

**The government should ensure a supportive environment in the family and community for the elderly with appropriate legal rights to guarantee their well-being.** Assuring and protecting the human rights of the elderly is an important means of reducing the risk of abuse of older persons and empowering them (United Nations 2014). In this regard, complementary legislation is needed to improve the legal framework in order to protect the rights of the elderly, prevent abuse and neglect and strengthen their opportunities for participating in all aspects of social life. Similarly, there exists a need in Sri Lanka to identify sufficient mechanisms through which to avoid age discrimination in labour markets, guarantee intergenerational solidarity through adequate old-age income security systems, and to thereby activate the resources needed to supply adequate health and long-term care. In Sri Lanka, the family and the community are the main supportive groups for elderly. However, it was found that the changing role of the family has significantly altered this supportive environment. Therefore it is essential to strengthen the supportive environment in the family and the community through legal reform.

#### **Recommendation 7:**

**The government should take the initiative with the support of the private sector to establish an adequate number of homes for the aged with satisfactory facilities or encourage private investment like in developed countries.** With a rapid ageing process taking place and especially the

accruing of a significant proportion of the elderly in the oldest age group, it will be necessary to expand the supply of formal long-term care for older persons. For example, institutional living which can provide the necessary health care and other facilities. Since Sri Lanka does not have a significant proportion of elderly in the oldest age category, the number of institutionalized elderly is relatively small. At the same time, the elders' homes available in the country are simply called 'Adult Homes' where only very limited facilities are available. They are merely shelters for those who have been abandoned by their children or relatives and contain very limited facilities. These are mostly run by charitable organizations but presently a few private sector companies have started establishing homes for the aged with improved facilities for the provision of healthcare. From a policy perspective, there is a necessity to establish properly equipped homes for the aged in order to respond to the rapidly growing ageing population in the country.

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