# Global AgeWatch Index 2014
*Methodology update*

HelpAge International
*age helps*

# Introduction

**The Global AgeWatch Index has three main objectives:**

- **It aims to measure and improve the quality of life and wellbeing of older people.**
- **It aims to highlight successes and shortcomings of strategic responses to population ageing challenges across the globe.**
- **It aims to stimulate demand for and supply of sufficient age- and sex-disaggregated data as necessary to generate evidence for policymaking.**

The indicators chosen for the Index have a number of important features:

- They provide a view of the current generation of older people.
- They are all outcome indicators.
- Most of them are absolute-level indicators, measuring quality of life and wellbeing of older people that is not relative to the rest of the society.
- They use data from publicly available international databases (including the International Labour Organization, World Bank, United Nations Population Division, and World Health Organization).

The methodology used to construct the Global AgeWatch Index is the same as that used for the Human Development Index (HDI) of the United Nations Development Programme (UNDP). The selection, development and use of multi-perspective quantitative indicators is also inspired by the Active Ageing Index of the European Commission and the United Nations Economic Commission for Europe (UNECE). The Global AgeWatch Index will continue to evolve with help and advice from international experts and the availability of additional, better data nationally and internationally.

The 2014 Global AgeWatch Index has been constructed using the same methodology as for the inaugural 2013 Index, apart from changes to some of the data sources where these were considered essential. In some cases, changes to data sources also necessitated a change in the definition of the indicator.

A detailed description of the methodology can be found in *Global AgeWatch Index 2013: Purpose, methodology and results,* the methodology paper prepared by Professor Asghar Zaidi, Centre for Research on Ageing, School of Social Sciences, University of Southampton. This update describes the objectives, definitions and data sources used for each indicator in the 2014 Index. It also explains the changes since 2013. It should be read in conjunction with the 2013 methodology paper. Full details of the methodology are also available on the Global AgeWatch website at **www.globalagewatch.org**

### 1.1  Pension income coverage

| | |
|---|---|
| Objective | This indicator measures the existence and coverage of the pension system in a country. |
| Definition | This indicator is what is commonly known as "beneficiaries coverage rate". The definition of this indicator has slightly changed from the definition used for the 2013 Index. In 2013, this indicator was defined as the ratio of beneficiaries of pension programmes (including both contributory and non-contributory programmes) to the number of people aged 65-plus. This indicator has been provided by and is commonly used by the World Bank. However, since in some countries this age threshold of 65 is higher than the age at which people become entitled to a pension, this meant that some countries had an indicator value in excess of 100 per cent, even where some people over 65 would not be receiving a pension. Despite imposing an upper threshold of 100 on this indicator's value, this did not avoid overestimating pension coverage in some cases. |
| | In the 2014 Index, this indicator is defined as the proportion of people aged 65 or over in receipt of a pension, which is calculated in different ways according to the availability of data. Where figures exist for the proportion of people aged 65 or over receiving a pension, this data is used. Where figures only exist for the proportion of people receiving a pension at a lower age of eligibility (such as 60), it is assumed that this data would be the same for the population aged 65 and over. |
| | Pension income coverage is calculated by comparing administrative data with age-disaggregated population figures, apart from some Latin American countries where coverage figures are derived from household surveys. The choice of whether to use administrative or household data was made on the basis of a number of criteria such as how recent the data was, and which figures best represented the coverage of the pension system as a whole. |
| Data source | Main sources:<br><br>International Labour Organization, Table 21 Old age effective coverage: Proportion of elderly (above statutory pensionable age receiving an old age pension (latest available year), 2014, www.social-protection.org/gimi/gess/ShowTheme.action?th.themeId=10 (23 February 2014)<br><br>World Bank, Social Protection and Labor, Pensions, Performance: Beneficiaries Coverage Q4 2013, www.worldbank.org/en/topic/socialprotectionlabor/brief/pensions-data |

| | |
|---|---|
| Data source *continued* | Other sources:<br><br>HelpAge International, Social Pensions Database, 2014, www.pension-watch.net/about-social-pensions/about-social-pensions/social-pensions-database (22 August 2014)<br><br>Latin American countries except Mexico: Rafael Rofman and Maria Laura Oliveri, *Pension Coverage in Latin America: Trends and determinants,* Washington DC, World Bank, 2012<br><br>Cyprus: Office for the High Commissioner for Human Rights, *Cyprus response to the questionnaire on social protection of older persons addressed to governments by the independent expert on the question of human rights and extreme poverty,* 2010, www.ohchr.org/Documents/Issues/EPoverty/older/Cyprus.pdf<br><br>Japan: Noriyuki Takayama, 'Pension Coverage in Japan' in Robert Holzmann, David A Robalino, and Noriyuki Takayama (eds), *Closing the Coverage Gap: The role of social pensions and other retirement income transfers,* Washington DC, World Bank, 2009<br><br>Mexico: Larry Willmore, *Towards universal pension coverage in Mexico,* London, HelpAge International, 2014<br><br>Serbia: Statistical Office of the Republic of Serbia, http://popis2011.stat rs/?lang=en Accessed: 2 June 2014 |

### 1.2  Poverty rate in old age

| | |
|---|---|
| Objective | This indicator measures the poverty of older people, using the relative poverty definition. |
| Definition | Proportion of people aged 60-plus living in households where the equivalised income/consumption is below the poverty line threshold of 50 per cent of the national equivalised median income/consumption (equivalising factor is the square root of household size). |
| Data source | World Bank, The Atlas of Social Protection: Indicators of Resilience and Equity (unpublished data)[a] http://datatopics.worldbank.org/aspire Year: Latest available<br><br>OECD, Statistics, Social Protection and Well-being, Income Distribution and Poverty, Poverty rate after taxes and transfers, Poverty line 50% of median[b] http://stats.oecd.org/Index.aspx?QueryId=47991 Accessed: 22 May 2014 Year: 2010 or latest available<br><br>Eurostat, At-risk-of-poverty rate by poverty threshold, age and sex (source: SILC [ilc_li02])[c,d] Accessed: 22 May 2014 Year: 2012 |

## 1.3 Relative welfare of older people

| | |
|---|---|
| Objective | This indicator measures the income/consumption situation of older people in relation to the rest of the population. |
| Definition | Average income/consumption of people aged 60-plus as a proportion of average income/consumption for the rest of society. |
| Data source | World Bank, The Atlas of Social Protection: Indicators of Resilience and Equity (unpublished data)[a]<br>http://datatopics.worldbank.org/aspire<br>Year: Latest available<br><br>Eurostat: Relative median income ratio (60+) (source: SILC [ilc_pns2])[c]<br>Accessed: 22 May 2014<br>Year: 2012 or latest available<br><br>OECD, *Pensions at a Glance 2013: OECD and G20 Indicators,* OECD Publishing, 2013, Table 5.1, p.163[e]<br>http://dx.doi.org/10.1787/pension_glance-2013-en<br>Except China: *OECD Pensions at a Glance Asia/Pacific 2011,* p.54<br>Except Russia: OECD, Statistics, Social Protection and Well-being, Income Distribution and Poverty, Median disposable income (constant prices), 2010<br>http://stats.oecd.org/Index.aspx?QueryId=47991<br>Accessed: 22 May 2014<br><br>Data for this indicator is missing for Indonesia and South Africa. |

## 1.4 GDP per capita

| | |
|---|---|
| Objective | This serves as a proxy for the standard of living of people in a country. It aims to provide a comparison across countries and complement the age-sensitive indicator, relative welfare of older people. The use of the gross domestic product (GDP) per capita indicator implies that all citizens, old and young, would benefit equally from increased economic production in a country. |
| Definition | A measure of the per capita output of a country that takes the country's GDP and divides it by the number of people in the country. GDP per capita was converted to international dollars using purchasing power parity rates (PPP). PPP are in constant 2005 international dollars. |
| Data source | World Bank[f]<br>http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD<br>Accessed: 21 May 2013<br>Year: 2011<br><br>Except Argentina and West Bank and Gaza: GDP per capita data for Argentina and the West Bank and Gaza was taken from UNDP, Human Development Report 2013, *The Rise of the South: Human progress in a diverse world,* 2013, Table 6, p.162, https://data.undp.org/dataset/GDP-per-capita-2005-PPP-/navj-mda7<br>Accessed: 1 May 2014 |

**a.** World Bank data was used for Afghanistan, Albania, Argentina, Armenia, Bangladesh, Belarus, Bolivia, Brazil, Bulgaria, Cambodia, Chile, Colombia, Costa Rica, Croatia, Dominican Republic, Ecuador, El Salvador, Georgia, Ghana, Guatemala, Honduras, Hungary, India, Iraq, Jordan, Kyrgyzstan, Lao PDR, Lithuania, Malawi, Mauritius, Mexico, Moldova, Mongolia, Montenegro, Morocco, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Romania, Rwanda, Serbia, Slovakia, Sri Lanka, Tajikistan, Thailand, Turkey, Ukraine, Uruguay, Venezuela, Vietnam, West Bank and Gaza, Mozambique, Tanzania, Uganda and Zambia.

Data revision: Revised World Bank data was used for the following countries since updated survey results became available in the intervening period:  Argentina, Armenia, Belarus, Brazil, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Georgia, Guatemala, India, Malawi, Mauritius, Nicaragua, Panama, Peru, Paraguay, Poland, Serbia, Turkey, Ukraine, Uruguay, and West Bank and Gaza.

**b.** OECD data was used for Australia, Israel, Japan, New Zealand, South Korea and United States.
Canada: OECD, *Pensions at a Glance 2013: OECD and G20 Indicators,* OECD Publishing, 2013, Table 5.4, p.165
http://dx.doi.org/10.1787/pension_glance-2013-en

**c.** Eurostat data was used for Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland and United Kingdom.

**d.** Russia and China: Data was taken from the CSIS Global Aging Preparedness Index, http://csis.org/publication/global-aging-preparedness-index
South Africa: LIS Inequality and Poverty Key Figures, Relative poverty rates – elderly (50%), 2010
www.lisdatacenter.org/lis-ikf-webapp/app/search-ikf-figures, (22 May 2014)
Indonesia: The lack of data on relative poverty made us use a less comparable poverty rate indicator for Indonesia. The poverty rate used for Indonesia is derived on the basis of an absolute poverty line which restricts the international comparability of the Index for Indonesia. The absolute poverty rate indicator for Indonesia is drawn from 'Social assistance needs of poor and vulnerable older people in Indonesia', report prepared by HelpAge International and the Demographic Institute, Faculty of Economics at the University of Indonesia, September 2012, Table 21, p.77

**e.** OECD: Australia, Canada, Israel, Japan, Republic of Korea, New Zealand and United States.

**f.** For Luxembourg, this indicator is set as missing because it is a statistical "outlier".

## 2. Health status
### *Using direct indicators of personal health*

### 2.1 Life expectancy at 60

| | |
|---|---|
| Objective | This indicator measures how many years a person aged 60 can expect to live. |
| Definition | The average number of years that a person aged 60 can expect to live, if they pass through life exposed to the sex- and age-specific death rates prevailing at the time they are aged 60, for a specific year, in a given country. |
| Data source | WHO, Global Health Observatory Data Repository http://apps.who.int/gho/data/node.main.688?lang=en Accessed: 2 June 2014 Year: 2012 |
| | Except West Bank and Gaza: Data for West Bank and Gaza Life expectancy at 60 is taken from Profiles of Ageing 2013, UNDESA. http://www.un.org/en/development/desa/population/publications/dataset/urban/profilesOfAgeing2013.shtml Accessed: 22 May 2014 |

### 2.2 Healthy life expectancy at 60

| | |
|---|---|
| Objective | Healthy life expectancy at 60 measures how many years a person of 60 can expect to live in good physical health. |
| Definition | The average number of years that a person aged 60 can expect to live in "full health" by taking into account years lived in less than full health due to disease and/or injury. |
| Data source | Global Burden of Disease Study 2010, The Institute for Health Metrics and Evaluation http://ghdx.healthmetricsandevaluation.org/record/global-burden-disease-study-2010-gbd-2010-healthy-life-expectancy-1990-2010 Accessed: 11 April 2013 Year: 2010 |

### 2.3 Relative psychological wellbeing

| | |
|---|---|
| Objective | Psychological wellbeing is a critical factor in measuring the quality of life in later life. This indicator measures self-assessed mental wellbeing and supplements the healthy life expectancy indicator which relies on physical health only. |
| Definition | Proportion of people over 50 who answered "yes" to the question: "Do you feel your life has an important purpose or meaning?" Expressed as the percentage of people aged 50-plus who answered "yes" to this question divided by the percentage of people aged 35-49 who answered "yes". |
| Data source | Gallup WorldView https://worldview.gallup.com Accessed: 10 April 2013 Year: 2011 or latest available |
| | Data revision: The 2013 Index estimated the relative psychological wellbeing of older people in a country using time series data from different years. This year, the indicator was re-estimated with country data from the same year. The revision had an impact on the 2014 ranking of the following countries: Denmark, France, Greece, Italy, Lithuania, Moldova, Panama, Paraguay, Poland, Serbia, South Korea, Spain, Sri Lanka, UK and Ukraine. |
| | Data for this indicator is missing for China, Iceland, Iraq, Luxembourg, Malta and Mauritius. |

## 3. Capability
*Using education and employment as a proxy for personal capability*

### 3.1 Labour market engagement of older people (employment rate)

| | |
|---|---|
| Objective | This indicator measures older people's access to the labour market (both formal and informal employment) and therefore their ability to supplement pension income with wages, and their access to work-related support networks. Thus, employment rate is used as a proxy for the economic empowerment of older people. |
| Definition | Proportion of the population aged 55-64 that are employed. |
| Data source | ILO Employment-to-population ratio by sex and age, www.ilo.org/ilostat/faces/home/statisticaldata/data_by_subject?_adf.ctrl-state=110lx1px7r_420&_afrLoop=2593264645623189 Accessed: 2 June 2014 Year: 2012 or latest available  ILO Key Indicators of the Labour Market, Labour force participation rate[g] www.ilo.org/empelm/what/WCMS_114240/lang--en/index.htm Accessed: 15 April 2014 Year: 2012 |

### 3.2 Educational attainment of older people

| | |
|---|---|
| Objective | Key competencies in the form of knowledge, skills and attitudes improve quality of life in older age. Education is a proxy for lifelong accumulation of skills and competencies that shows the social and human capital potential inherent in older people. |
| Definition | Proportion of the population aged 60-plus with secondary or higher education. |
| Data source | Barro, Robert and Jong-Wha Lee, 'A New Data Set of Educational Attainment in the World, 1950-2010' in *Journal of Development Economics,* 104, pp.184-198 Version 1.3 http://barrolee.com Accessed: 3 April 2013 Year: 2010 |

**g.** Due to lack of age-disaggregated data on employment, the Labour Force Participation (LFP) rate was used instead for the following countries: Afghanistan, China, India, Jordan, Lao PDR, Malawi, Nepal, Nigeria, Pakistan, Rwanda, Zambia, Uganda, Iraq, Bangladesh, Honduras, Nicaragua and Peru. The standardisation of the indicators made it possible for the scale differences between employment rate and the LFP not to affect the comparison.

## 4. Enabling environment
### *Using indicators of enabling features of communities in which older people live, prioritised by older people themselves*

### 4.1 Social connections

| | |
|---|---|
| Objective | This indicator measures the support available from relatives or friends. |
| Definition | Percentage of people aged 50-plus who responded "yes" to the survey question: "If you were in trouble, do you have relatives or friends you can count on to help you whenever you need them, or not?" |
| Data source | Gallup Analytics<br>https://analytics.gallup.com<br>Accessed: 22 May 2013<br>Year: 2013 or latest available |

### 4.2 Physical safety

| | |
|---|---|
| Objective | This indicator measures how safe people feel in their neighbourhood. |
| Definition | Percentage of people aged 50-plus who responded "yes" to the survey question: "Do you feel safe walking alone at night in the city or area where you live?" |
| Data source | Gallup Analytics<br>https://analytics.gallup.com<br>Accessed: 22 May 2014<br>Year: 2013 or latest available |

### 4.3 Civic freedom

| | |
|---|---|
| Objective | This indicator measures how much control older people feel they have over their life. |
| Definition | Percentage of people aged 50-plus who provided a positive response to the survey question: "In this country, are you satisfied or dissatisfied with your freedom to choose what you do with your life?" |
| Data source | Gallup Analytics<br>https://analytics.gallup.com<br>Accessed: 22 May 2014<br>Year: 2013 or latest available |

### 4.4 Access to public transport

| | |
|---|---|
| Objective | This indicator measures access to and quality of public transport which is key to older people's quality of life, enabling them to access services (such as healthcare and shops) and friends and family. |
| Definition | Percentage of people aged 50-plus who provided a positive response to the survey question: "In the city or area where you live, are you satisfied or dissatisfied with the public transportation systems?" |
| Data source | Gallup Analytics<br>https://analytics.gallup.com<br>Accessed: 22 May 2014<br>Year: 2013 or latest available<br><br>Data revision: Revised data has been used for Argentina, Bolivia, Chile, Colombia, Costa Rica, Croatia, Czech Republic, France, Georgia, Guatemala, Honduras, India, Ireland, Kyrgyzstan, Lao PDR, Moldova, Mongolia, Montenegro, New Zealand, Norway, Poland, Portugal, Portugal, Russia, Rwanda and Uruguay. |

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