Post-Covid Economy and Society and Implications for Pensions Systems

Juan Yermo,
Chief of Staff to the Secretary General, OECD

Global Pensions Conference
29 November 2021

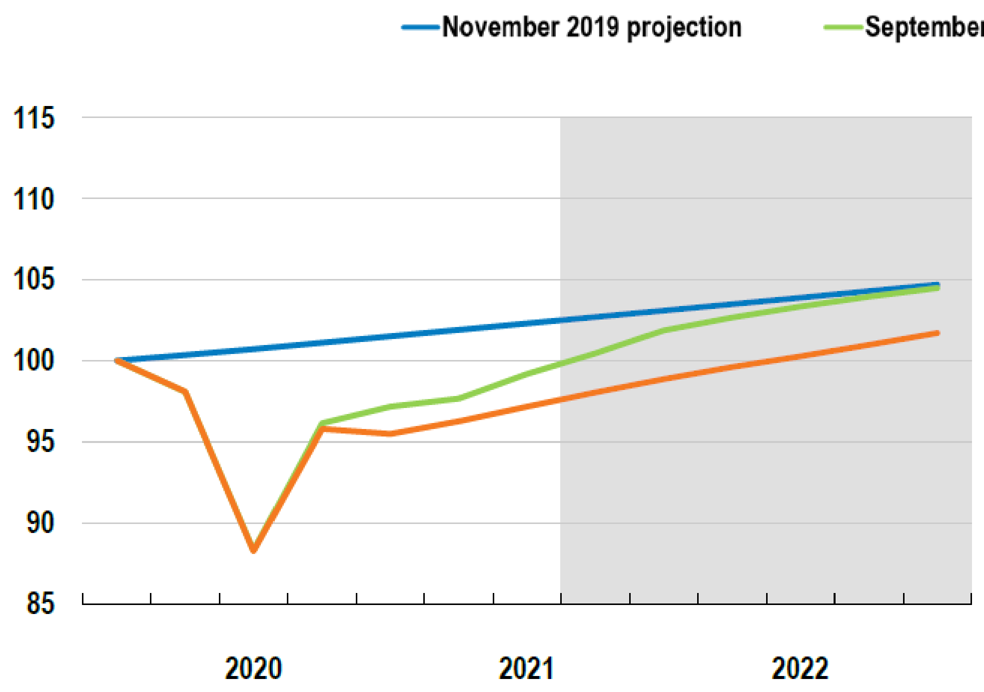
A stronger recovery, yet uneven

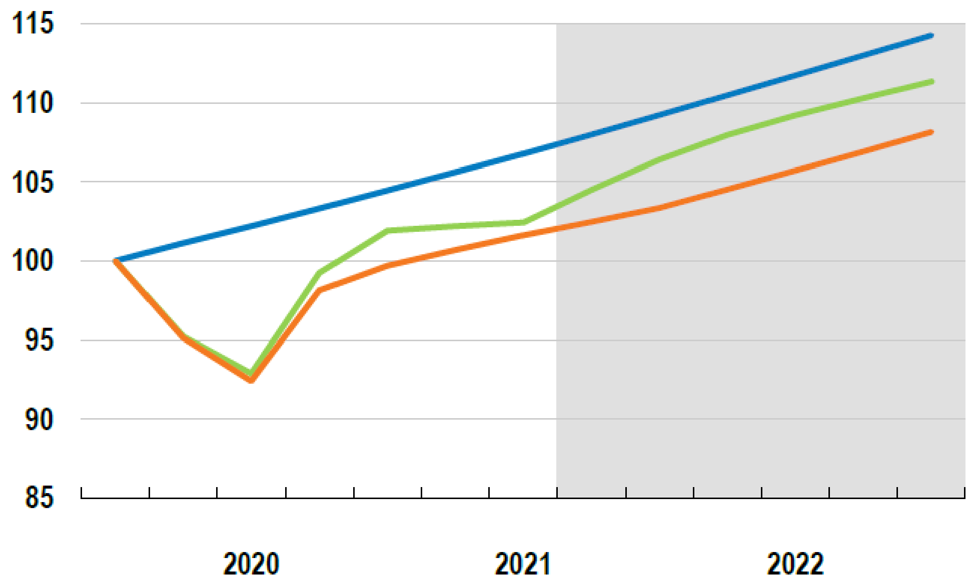
GDP: G20 advanced economies

Index 2019Q4=100

GDP: G20 emerging market economies

Index 2019Q4=100

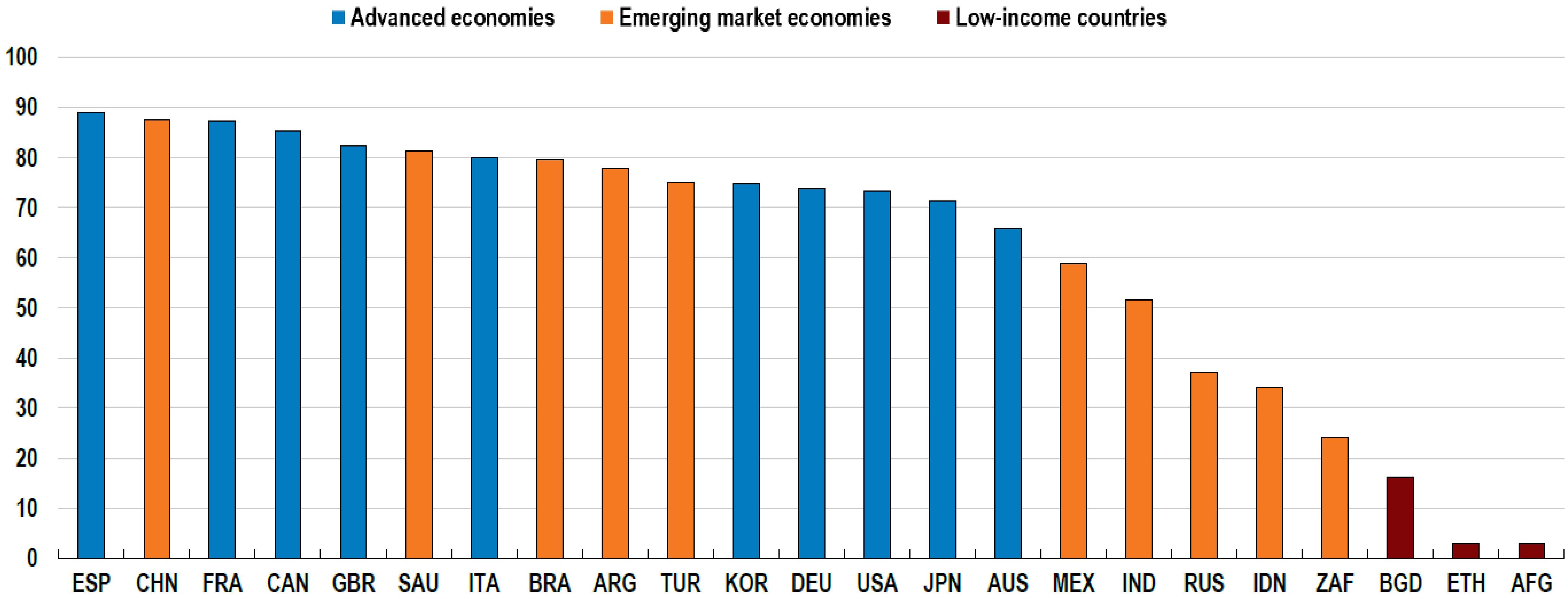




Source: OECD Interim Economic Outlook, September 2021.

Uneven progress in vaccination leaves us all exposed

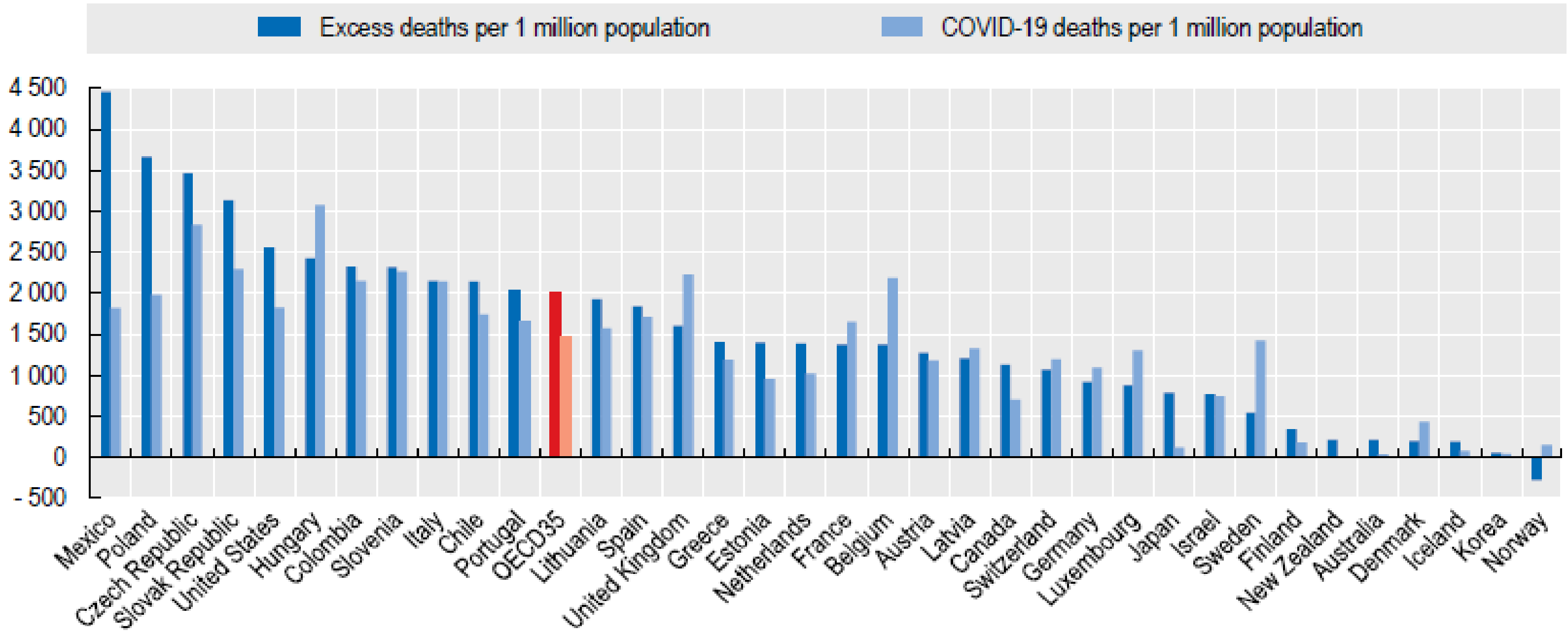
Vaccination rates, at least one vaccine dose, % of national population aged 12 and above



Source: OECD Interim Economic Outlook, September 2021.

Around 2.5 million excess deaths in OECD countries

Figure 2.9. **Cumulative excess mortality compared to reported COVID-19 deaths per million population, January 2020 to end of June 2021**

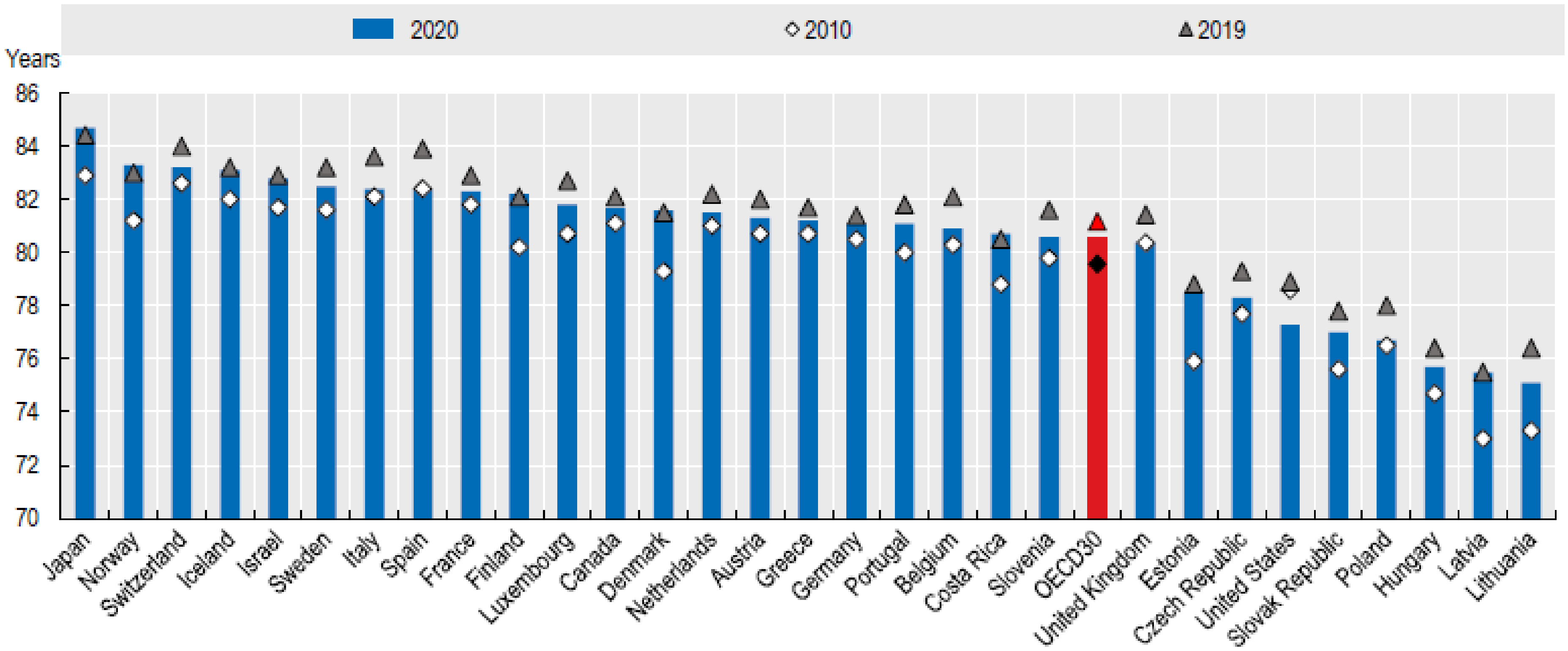


Note: Excess deaths data are not available for Costa Rica, Ireland and Turkey. Data for Australia are only available up to week 25, for Canada up to week 22, and for Colombia up to week 18. Comparator years to calculate excess deaths are 2015-19. Rates are not age-adjusted. Reported COVID-19 deaths can be affected by countries' capacity to detect and record COVID-19 infections and are included in the chart to highlight the important differences with excess mortality in some countries.

Source: OECD (2021[30]), "OECD Health Statistics", *https://doi.org/10.1787/health-data-en*, based on EUROSTAT data and national data.

Life expectancy decreased in 2020 in most OECD countries

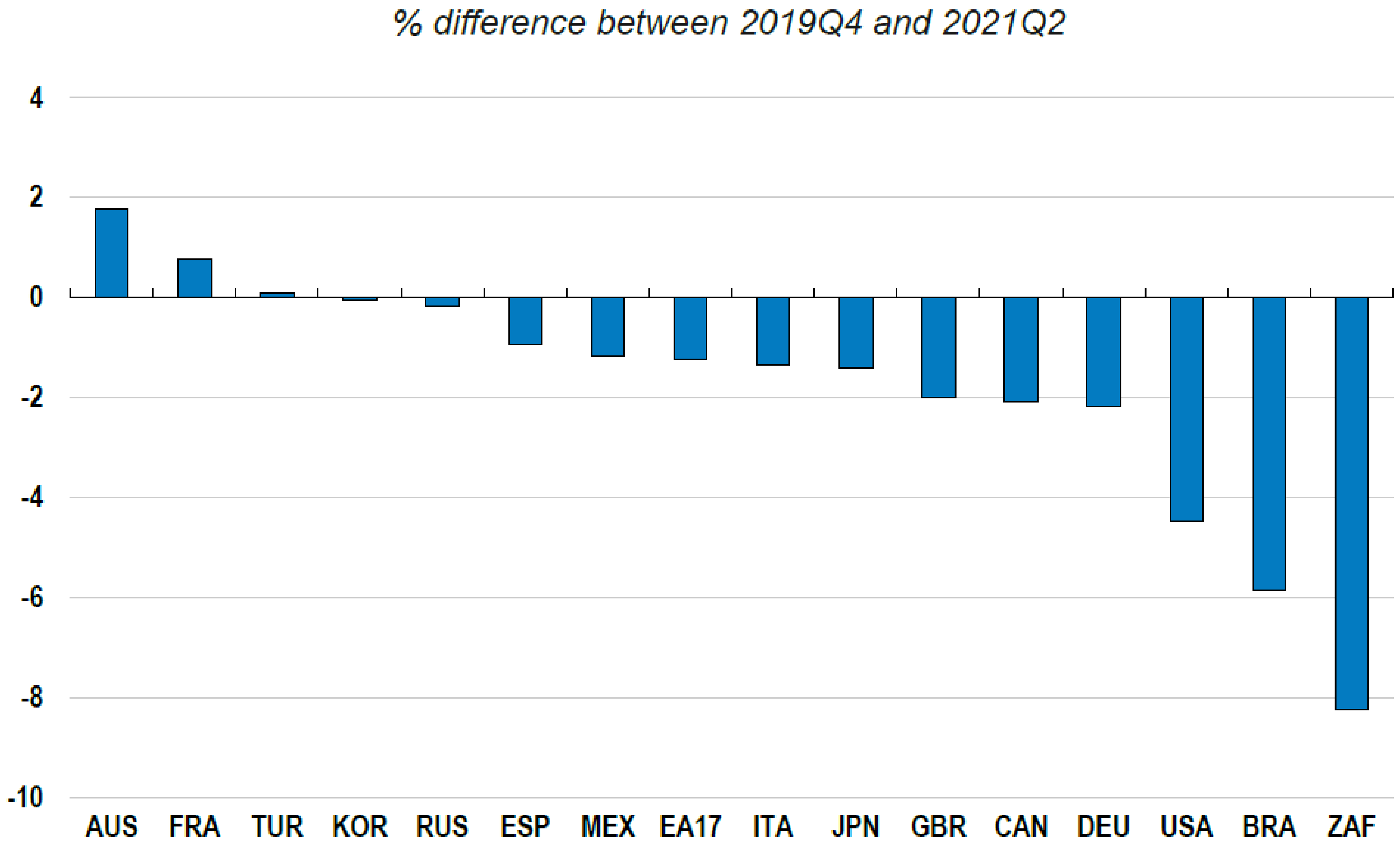
Figure 2.10. **Life expectancy in 2020, 2019 and 2010, selected OECD countries**



Note: 2020 data are provisional for some countries.

Source: OECD (2021[30]), "OECD Health Statistics", *https://doi.org/10.1787/health-data-en*.

Employment is still below pre-pandemic level in most countries

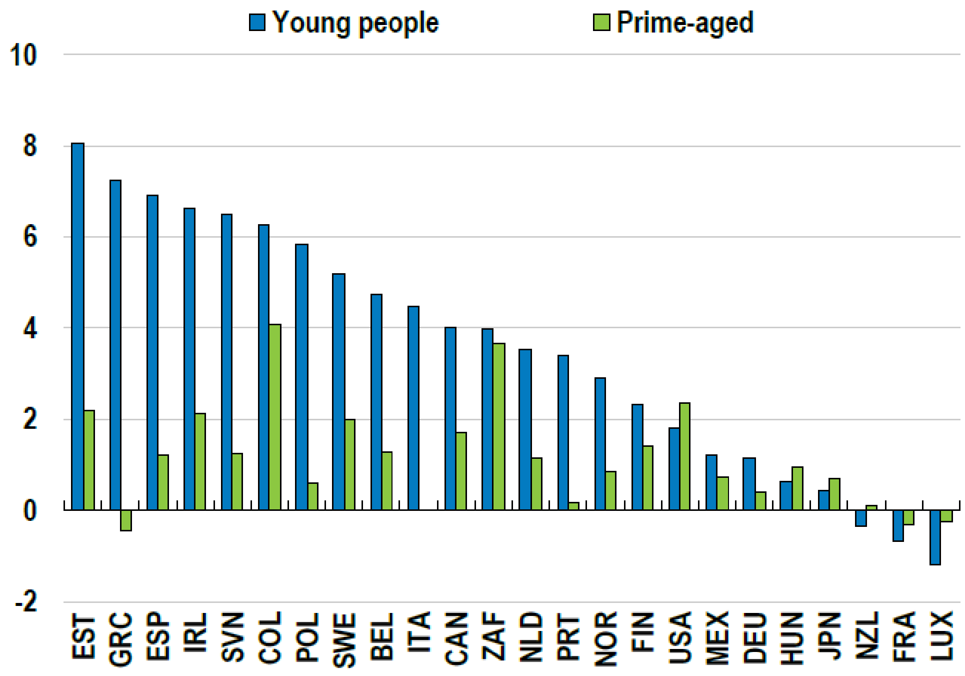


Source: OECD Interim Economic Outlook, September 2021.

Youth face a tough labour market

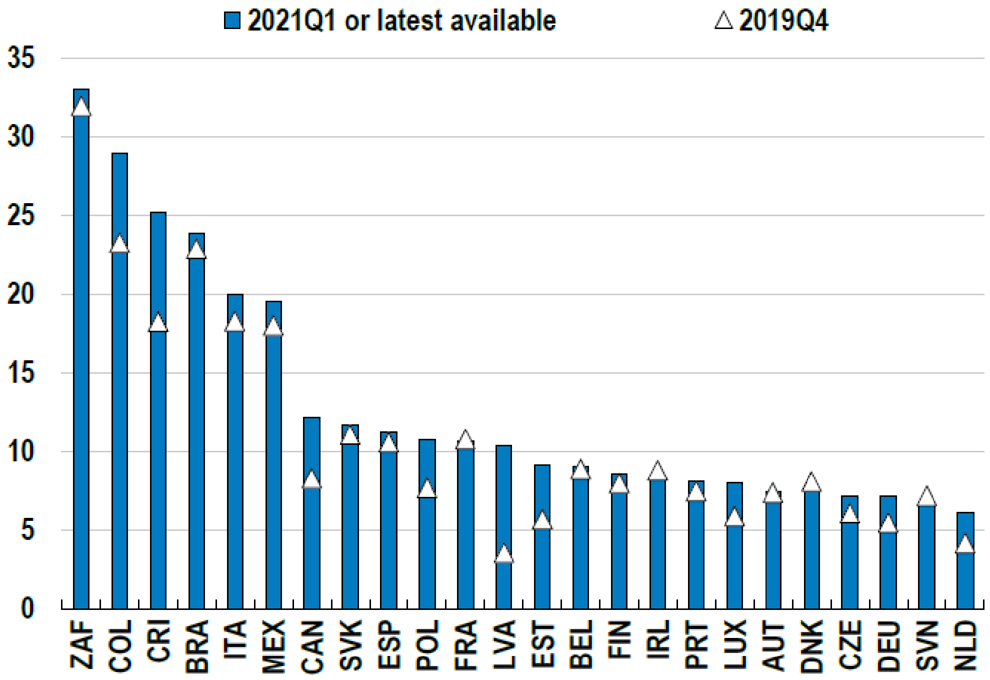
The increase in the unemployment rate was larger for young people

% pt difference between 2019Q4 and 2021Q2 or latest available



The share of young people not in employment, education or training is high

% of young people, 2021Q1 or latest available



Source: OECD Interim Economic Outlook, September 2021.

Monitoring the strength and quality of the recovery

Structure of the OECD post-COVID19 recovery dashboard

How robust is the economic recovery?

1. GDP growth → By sectors
2. Total hours worked
3. Household income
4. Business dynamism
5. Health risks → By gender

Is the recovery climate-proof?

1. GHG emissions
2. Renewable energy share
3. Material consumption
4. Natural land cover
5. Exposure to outdoor air pollution

STRONG

INCLUSIVE

GREEN

RESILIENT

Does recovery create more equal opportunities for all?

1. Income inequality
2. Labour underutilisation → By gender
3. Young people out of job or training → By gender
4. Financial insecurity → By gender
5. Low life satisfaction → By gender

What it takes to withstand the crisis and prepare for future challenges?

1. Liabilities by institutional sector → By government, households, non-financial institutions
2. Investment
3. Broadband coverage → By regions
4. Trust in government → By gender
5. COVID-19 vaccination coverage

Source: OECD Indicator Dashboard to Monitor a Strong, Resilient, Green and Inclusive Post-COVID-19 Recovery, https://www.oecd.org/coronavirus/en/recovery-dashboard

Uncertainties remain

- How quickly will high vaccination rates be attained across the world?
- How long will current “post-COVID” adjustment phase last and what will long-term structural changes look like?
- Is the current spike in inflation temporary or are we entering a period of sustained, higher inflation?
- How will governments manage their growing debt burdens?
- Will geopolitical tensions add to an already complex picture?

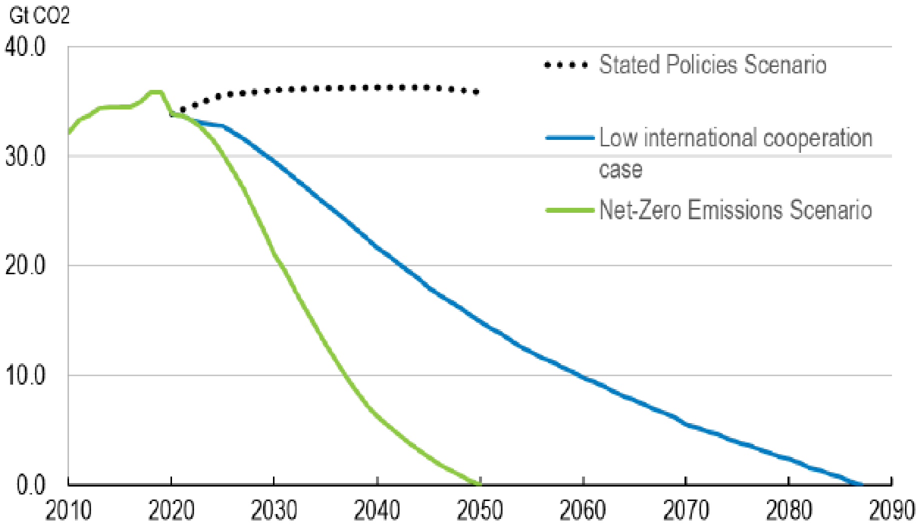
Megatrends transforming economies and societies

- Climate change and biodiversity loss
- Digitalisation, AI and scientific innovation
- Demographics: ageing around the world, except Africa’s youth bulge
- Shifting wealth and influence to Asia

Tackling the climate crisis requires major transformations

Rapid acceleration in global mitigation is needed

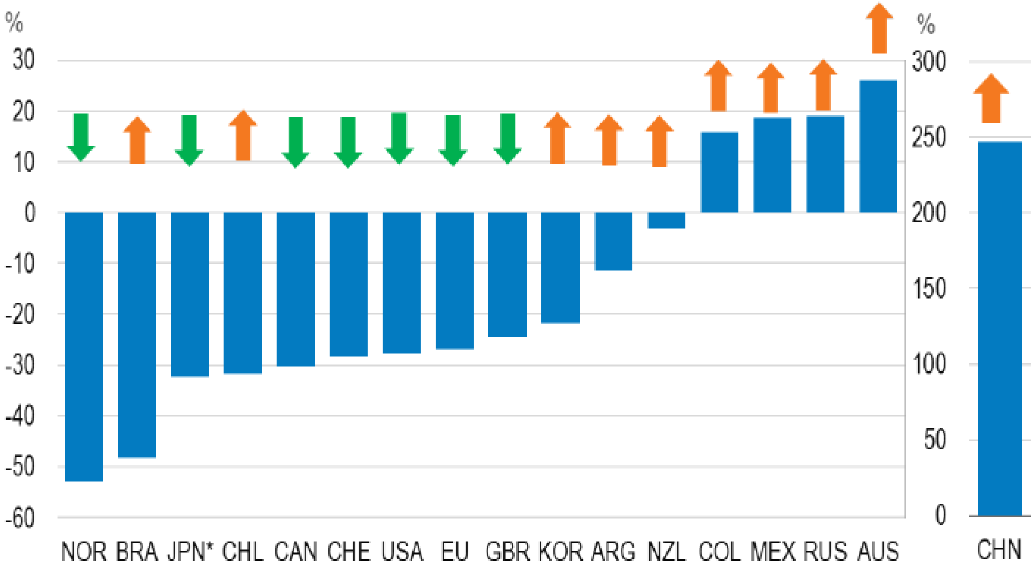
IEA's global emissions scenarios



Distance from 2030target differs across countries

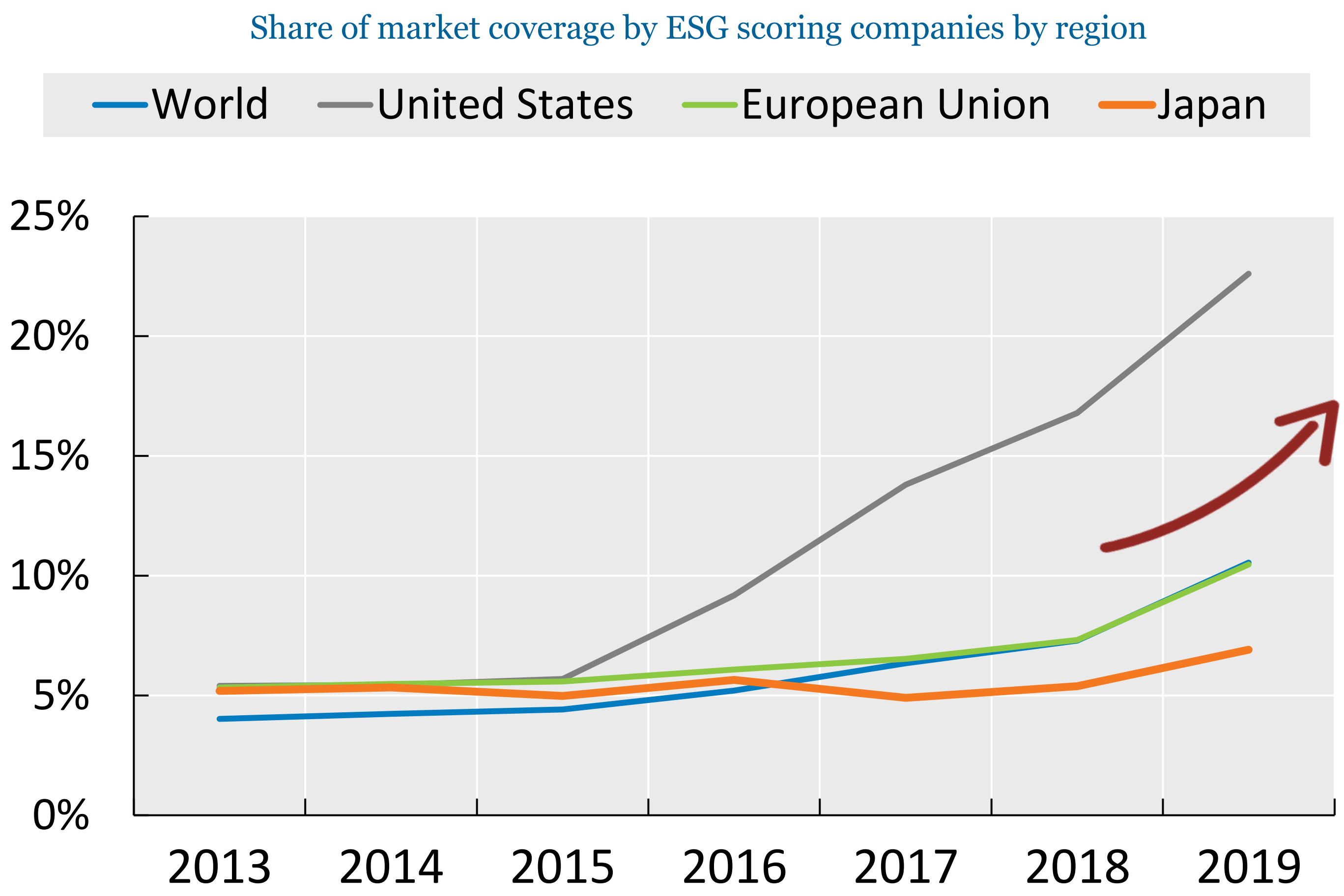
Green arrows = emissions are shrinking

Orange arrows = emissions are increasing



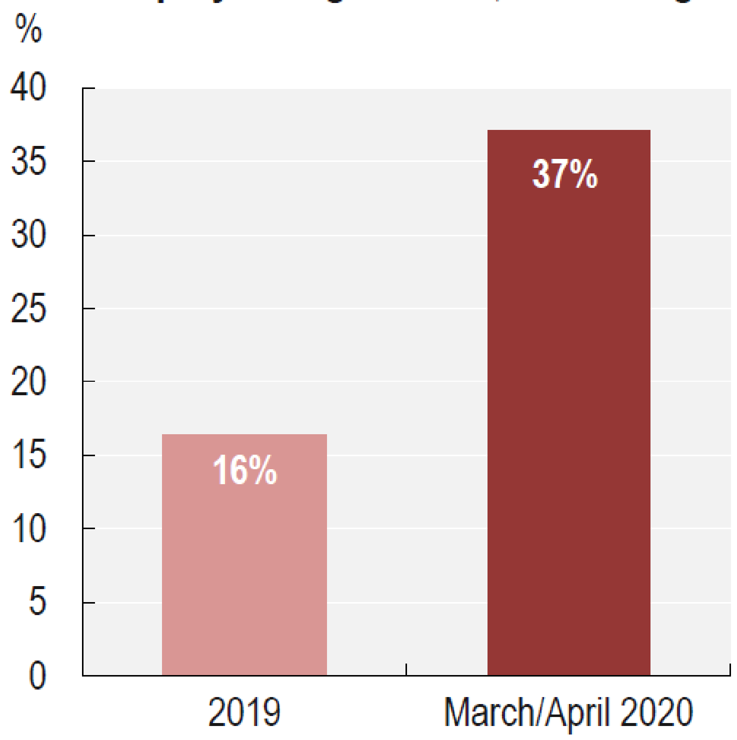
OECD

Growing adoption of ESG investment approaches

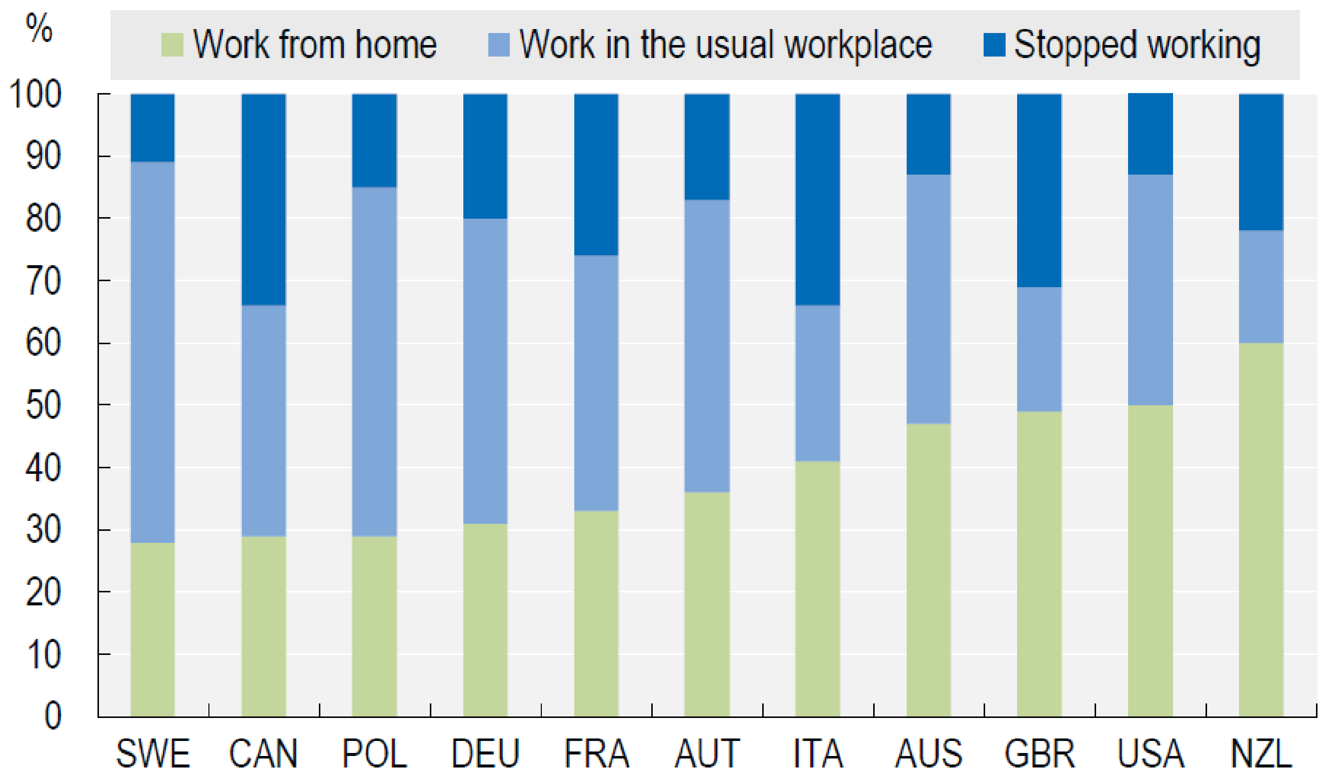


Teleworking surged at the start of the crisis

Share of total workers teleworking, % employees aged 15-64, OECD avg



Share of total workers usually employed at the onset of the crisis



Source: OECD Employment Outlook 2021

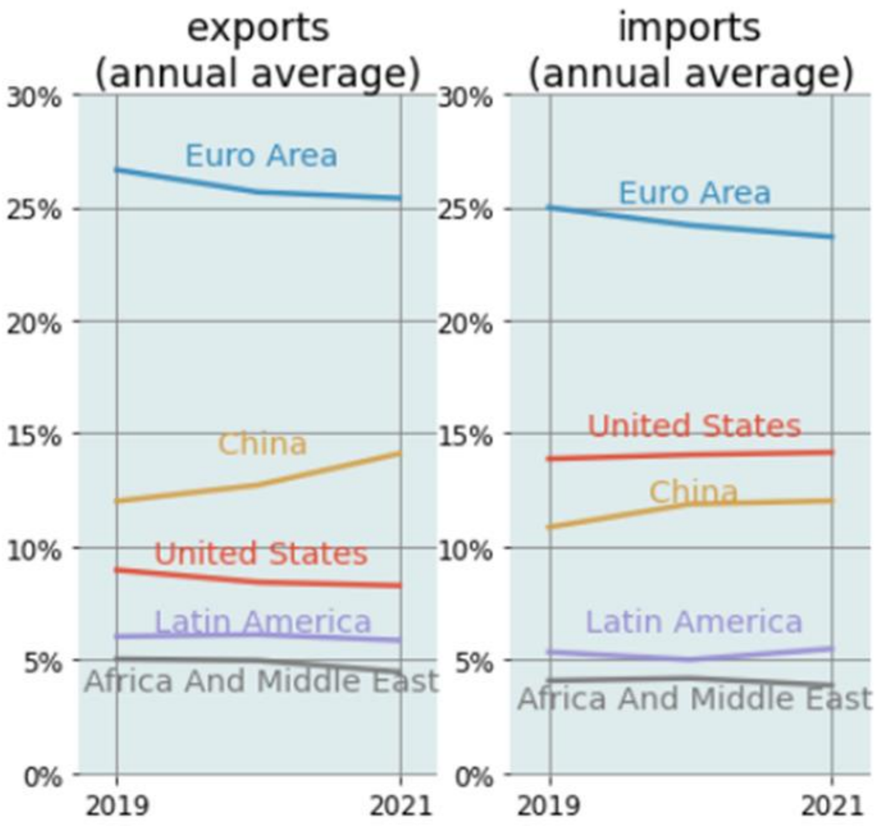
World demographic growth to be concentrated in Africa

Table 1. Population of the world, SDG regions and selected groups of countries, 2019, 2030, 2050 and 2100, according to the medium-variant projection

	Population (millions)			
Region	2019	2030	2050	2100
World	**7 713**	**8 548**	**9 735**	**10 875**
Sub-Saharan Africa	1 066	1 400	2 118	3 775
Northern Africa and Western Asia	517	609	754	924
Central and Southern Asia	1 991	2 227	2 496	2 334
Eastern and South-Eastern Asia	2 335	2 427	2 411	1 967
Latin America and the Caribbean	648	706	762	680
Australia/New Zealand	30	33	38	49
Oceania*	12	15	19	26
Europe and Northern America	1 114	1 132	1 136	1 120
Least developed countries	1 033	1 314	1 877	3 047
Land-locked Developing Countries	521	659	926	1 406
Small Island Developing States	71	78	87	88

Data source: United Nations, Department of Economic and Social Affairs, Population Division (2019). *World Population Prospects 2019.*
* excluding Australia and New Zealand

Shifting market shares in world trade 2019 - 2021(July)



Thank you!

Juan Yermo,
Chief of Staff to the Secretary General, OECD

Global Pensions Conference
29 November 2021

BETTER POLICIES FOR BETTER LIVES