

► Policy Brief

November 2025

Demographic Change in Europe and Central Asia: A Call for Labour Force Inclusion

Key points

- Unprecedented demographic shifts, in their diversity, are reshaping societies and economies worldwide. Central Asia is still in the middle of the demographic transition, experiencing a youth-driven population growth offering a potential demographic dividend, while Europe faces population decline and ageing. This creates distinct economic and social pressures.
- Expanding and diversifying labour force participation by including underrepresented groups (women, youth, older workers, persons with disabilities, migrants, and refugees) is a key component to address demographic change and mitigate ageing-related labour shortages.
- To unlock the full potential of these groups, it is paramount to attend to the specific labour market barriers they face and to create inclusive, supportive environments across the life course—through access to education, healthcare, flexible work, and anti-discrimination measures, amongst others.
- ILO, UNECE, and UNFPA emphasize here the need for a mix of coherent, inclusive, and evidence- and rights-based policies to navigate demographic change towards economic development and more equitable and resilient societies.

Demographic change, diversity and resilience

Fertility, longevity and migration shape the size, composition and territorial distribution of populations. Today, Europe and Central Asia, like the rest of the world, are undergoing unprecedented demographic transformations. Demographic shifts exhibit significant diversity across regions and countries.

Many countries in Central and Western Asia are still at the earlier stage of the demographic transition and continue to experience rapid (although slowing) population growth¹. Large cohorts of young people are entering their productive and reproductive years, vastly outnumbering

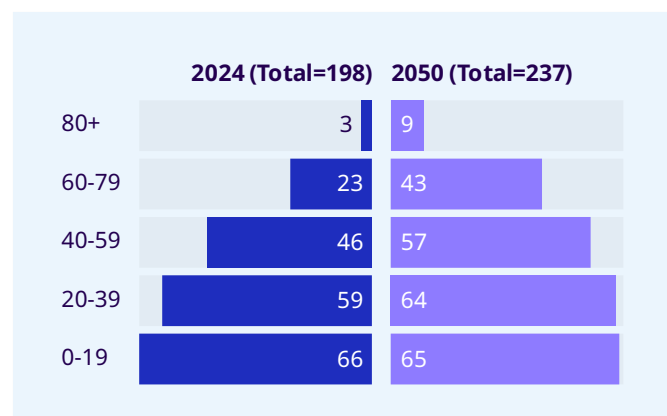
labour market exits by adults and older persons (figure 1). The favourable young structure of the population can translate into a unique and time-bound opportunity for accelerating economic growth known as the demographic dividend. However, without adequate investment in human capital, quality job creation, and inclusive labour market policies, millions of young people, especially women, could be left at the margins of the productive process. The risk is to have high youth unemployment, underemployment, increased gender inequalities and missed opportunities to harness the demographic dividend, with potential backlash in terms of unrest, social instability, and radicalization.

In Europe countries have largely left behind their demographic booms and now experience stable

¹ This brief utilizes [ILO classification of regions](#).

populations or population declines, especially when low fertility combines with substantial emigration, as is the case in Eastern Europe (figure 2). These population dynamics have implications for economic growth, sectoral labour shortages, long-term sustainability of social protection systems, together with rural depopulation.

► **Figure 1: Population by age group in Central and Western Asia, 2024 and 2050 (millions)**



Source: ILO calculations based on UNDESA (2024).

► **Figure 2: Population by age group in Europe, 2024 and 2050 (millions)**



Source: ILO calculations based on UNDESA (2024).

Considering the projected continuous decline of fertility rates, the current demographic situation in Central Asian countries must be considered a temporary stage in a broader demographic transition that will ultimately lead to the realities now experienced in Europe. Therefore, it is important to anticipate these trends and prepare for the next stages of the demographic transition while harnessing the demographic dividend (UNFPA, 2025).

The responses to the complexity and variety of demographic shifts and of their economic, social and environmental implications call for a systemic policy mix, that (i) combines supply- and demand-side policies; (ii) takes due account of evidence and of national

circumstances; and (iii) upholds the respect of human and labour rights. Strategic foresight considering the demographic transition helps countries to systematically integrate population change into planning and policymaking and to build demographic resilience. Addressing demographic change requires both mitigation policies which aim to influence the root causes of demographic trends through measures related for instance to fertility and/or migration, and adaptation policies that address the consequences of such trends, for example depopulation and population ageing (UNFPA, 2024).

Unlocking the untapped labour supply

In Europe, demographic and labour force participation trends combine in projecting a rising economic dependency of the non-employed on workers, a shrinking labour force and a rising share of older workers (figure 3; ILO, 2025). An expansion of labour force participation through more inclusion – together with measures to increase productivity – is a key policy strategy to adapt to these implications of demographic change in the region. Including and empowering currently underrepresented groups in the labour force, in particular women, older workers, youth, persons with disabilities, migrants and refugees through targeted measures can mitigate the effects of population ageing and labour shortages. Such measures will benefit from deeper support and broader implementation if social dialogue is involved in their design, based on the overall role it plays in labour relations.

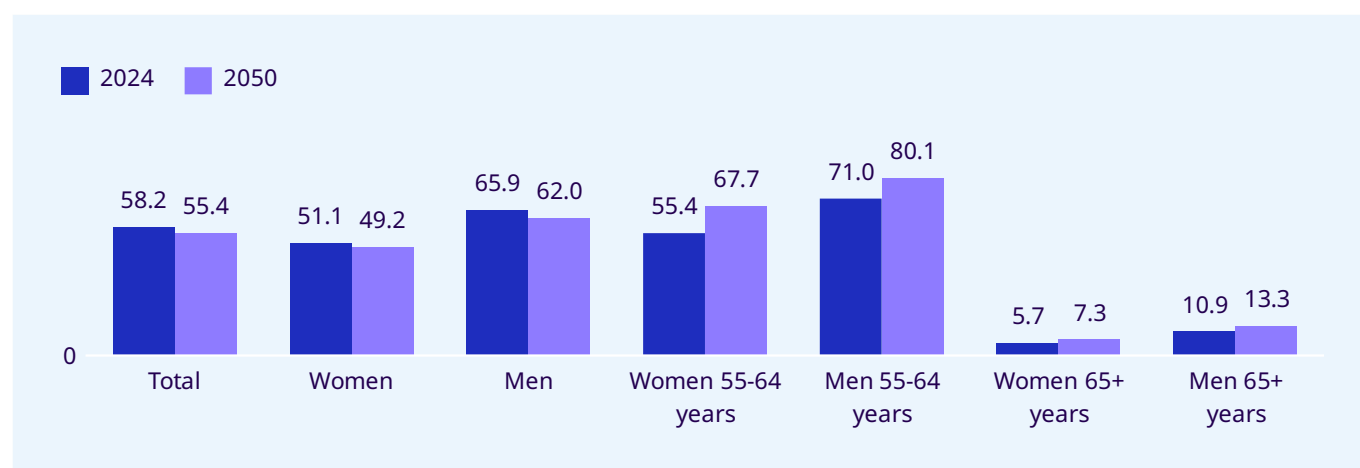
Women continue to face gender-based discrimination and inequalities in the labour market. These include disproportionate burdens of unpaid care and domestic work, wage gaps and occupational segregation. This is compounded by gender-based violence in various settings and rising societal pressure for increasing fertility. Addressing these issues and barriers through gender-responsive family policies (such as parental leave, increased availability and access to care services, flexible work arrangements, etc), quality family planning and sexual and reproductive health services (to ensure women can choose if, when and how many children they want), investments in human capital, and addressing discriminatory gender norms, and prevention and response to gender-based violence can support women to enter, remain and participate fully in the labour market.

Older workers bring valuable experience and skills yet face barriers such as ageism, rigid retirement systems and non-

adapted workplaces, which worsens their employment outcomes and conditions (ILO, 2025). Policies that ready, retain, and re-engage older workers through age-friendly workplaces, lifelong learning, flexible retirement options and active ageing programmes can help extend working lives and maintain productivity in ageing societies (UNECE, 2025). Intergenerational solidarity is key for creating

cohesive and resilient societies and building pathways toward wellbeing, sustainable development, peace and security; this speaks for policies and actions in all domains, including communities and the workplace. Because older women face additional intersecting discrimination, barriers, and risks, solutions aimed at increasing their labour force participation must be gender responsive.

► **Figure 3: Labour force participation rates, 2024 and 2050 (projected), Europe and Central Asia, by sex and age (percentage)**



Source: ILO estimates.

Many *young persons* are not in education, training and employment. Promoting intergenerational solidarity, mentorship programmes, and targeted skills development can help bridge gaps and ensure smoother transitions into employment.

Persons with disabilities, migrants and refugees face structural barriers to employment, including discrimination, skill mismatches, and limited access to support services. Inclusive policies, workplace adjustments, recognition of prior learning, and bilateral migration agreements can facilitate their integration and enhance labour market dynamism, especially in sectors facing acute shortages.

Creating enabling environments

Unlocking the potential of these groups requires environments that support participation, productivity, and inclusion across the life course. This means removing structural barriers, addressing discriminatory norms and stereotypes, and investing in systems that enable all individuals to thrive in the labour market.

Access to *lifelong learning* and *digital skills development* is essential to prepare workers for evolving job demands. A life course approach to education, including tailored support for those with limited formal education, helps

ensure that all age groups can adapt and contribute meaningfully to the labour force.

Life-long access to *health services*, including *sexual and reproductive health* and *comprehensive sexual education*, is critical for fostering a productive workforce and enabling individuals to pursue their careers and fully realize their family aspirations.

Inclusive, gender and age-friendly workplaces are key to attracting, retaining and engaging diverse workers, in particular youth, women, older workers and persons with disabilities. This includes combating discrimination, promoting flexible work arrangements, and offering incentives for inclusive hiring practices. Strengthening legal protections and fostering positive employer attitudes towards a diverse labour force are critical steps toward more equitable labour markets.

While *quality employment prospects* can discourage early retirement, offering *voluntary flexible retirement* options and *supportive tax policies* can motivate older workers to stay active or return to the labour market. *Part-time and hybrid work* models allow youth, parents and caregivers to balance employment with family, education and other responsibilities, while *job-matching services* help align skills with labour market needs, reduce unemployment, and encourage labour force participation.

For *migrants, refugees, and persons with disabilities*, enabling environments include recognition of prior learning, access to work permits, and workplace accommodations. Bilateral migration agreements and targeted support services can facilitate integration and mobility, enhancing both individual opportunity and economic resilience. Evidence and research on migration (e.g. push and pull factors, complementary vs. competitive relationships to the local labour force) can strengthen management and facilitate integration.

To ensure sufficient employment opportunities during fast-changing times governments need to foster a *favourable business environment* conducive to robust job creation and inclusive entrepreneurship. This rests upon a foundation of predictable governance, sound macroeconomic management, strategic investment in both physical and digital infrastructure, and financial and non-financial services especially for small and medium-sized enterprises.

Conclusions

Demographic change significantly impacts all dimensions and aspects of sustainable development, and particularly the labour markets. In Europe and Central Asia, as populations age and labour force dynamics shift, inclusive, coherent and forward-looking policies are essential to ensure economic development and social cohesion. Unlocking the potential of groups facing specific challenges in relation to the labour market—women, older workers, youth, persons with disabilities, migrants and refugees—by fostering inclusive and enabling environments is not only a socioeconomic necessity in response to demographic shifts but a strategic opportunity to build more equitable, inclusive and resilient societies.

Investing in comprehensive, timely, and age-disaggregated data, analysis and research is critical for soundly understanding the issues at stake, and designing effective, evidence-based responses. Equally important is fostering

collaboration across governments, employers, trade unions, civil society, academia and international partners. Peer learning and international exchange offer valuable insights into what works and how to adapt successful approaches to different national contexts.

This joint brief reflects the shared commitment of ILO, UNECE, and UNFPA to support countries in navigating demographic change and transition through integrated, rights-based, and inclusive strategies that uphold human rights, promote gender equality and leave no one behind.

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