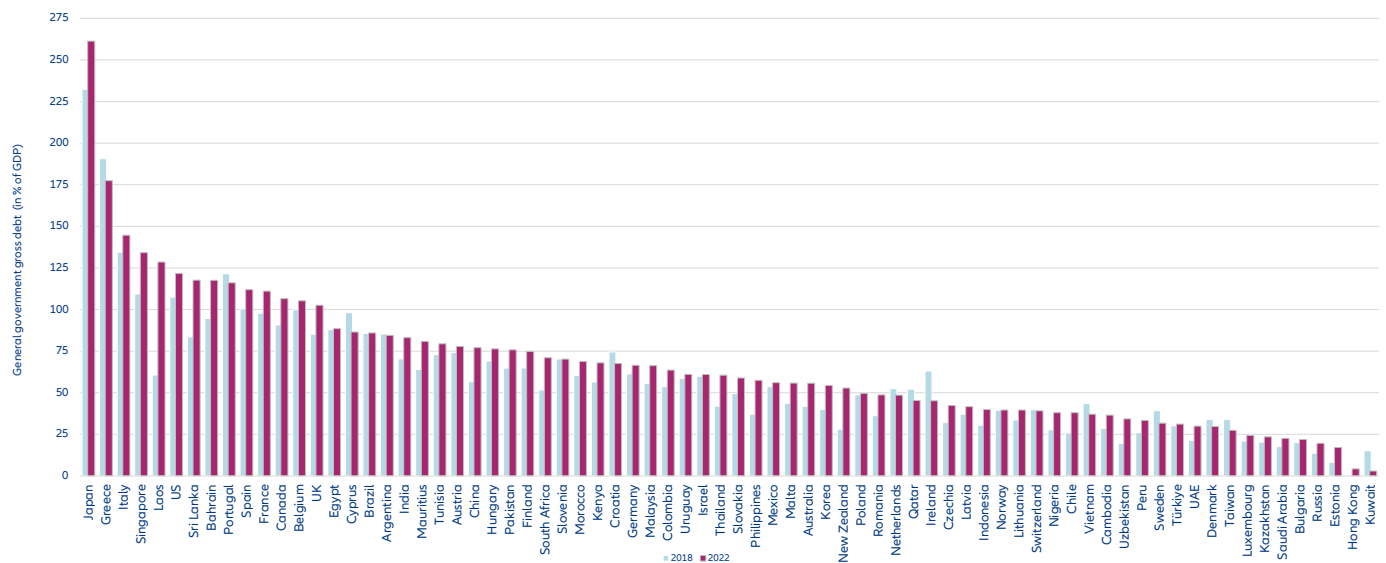**Figure 7:** Marked differences in gross debt to GDP ratios

Source: IMF.

To improve the granularity of the API, this year we have added the sub-parameter general living standards to the basic conditions sub-index. As a yardstick, we use parameters such as average GDP per capita or out-of-pocket health expenditure. These indicators give an even fuller picture of the resources a country has at hand to deal with demographic change.

Like in our last edition, the heavily indebted European countries Spain, Greece and Italy are at the bottom of the ranking in the sub-category Finances and Demography, with scores between 5.6 and 6.1. These countries already have comparatively older populations and their shares of public expenditures on old-age benefits already surpass 10% of GDP. There was also no change at the top of this list, where we find Nigeria with a score of 1.6, followed by Pakistan scoring 2.1. Both countries have young populations and low public spending on old-age benefits. However, both countries also rank on the bottom of the new sub-category living standards with scores close to 7; in contrast, countries such as Singapore, Switzerland and Hong Kong score between 1.5 and 1.8 in this sub-category.

Combining both factors, we find that Israel, the Netherlands and Norway fare best in terms of basic conditions, albeit with relatively mediocre average scores between 2.8 and 3.0. Given their overall living standards, demographic change and financial leeway, the need for further improvements is highest in Greece, China and Mauritius, with scores ranging between 4.8 and 5.0. In the case of Greece, the dismal score is due to the combination of high indebtedness and public expenditures with one of the oldest populations. In the case of China and Mauritius, it stems not only from demographic change but also from the need to improve overall living standards, including the coverage of health systems, which is also reflected in the still comparably low average GDP per capita of both countries.