



MAKING OUR FUTURE: NEW DIRECTIONS FOR HUMAN DEVELOPMENT IN ASIA AND THE PACIFIC

**LAUNCH OF THE 2024 REGIONAL HUMAN DEVELOPMENT
REPORT IN LAO PDR**

21 December 2023, Vientiane

A decorative graphic on the left side of the slide, consisting of a grid of squares in various colors (green, blue, brown, purple, orange) with different patterns like leaves, circles, and abstract shapes. Three large circles with white outlines are overlaid on the right side of the grid, colored light green, light orange, and light blue from top to bottom.

Where are we today?

Why the need for new directions?

How do we make our future?

A decorative graphic on the left side of the slide, consisting of a grid of squares in various colors (green, blue, brown, purple, orange). Each square contains a stylized leaf or circular motif. A large, light green circle with a white border is positioned over the grid, partially overlapping the text area.

Where are we today?

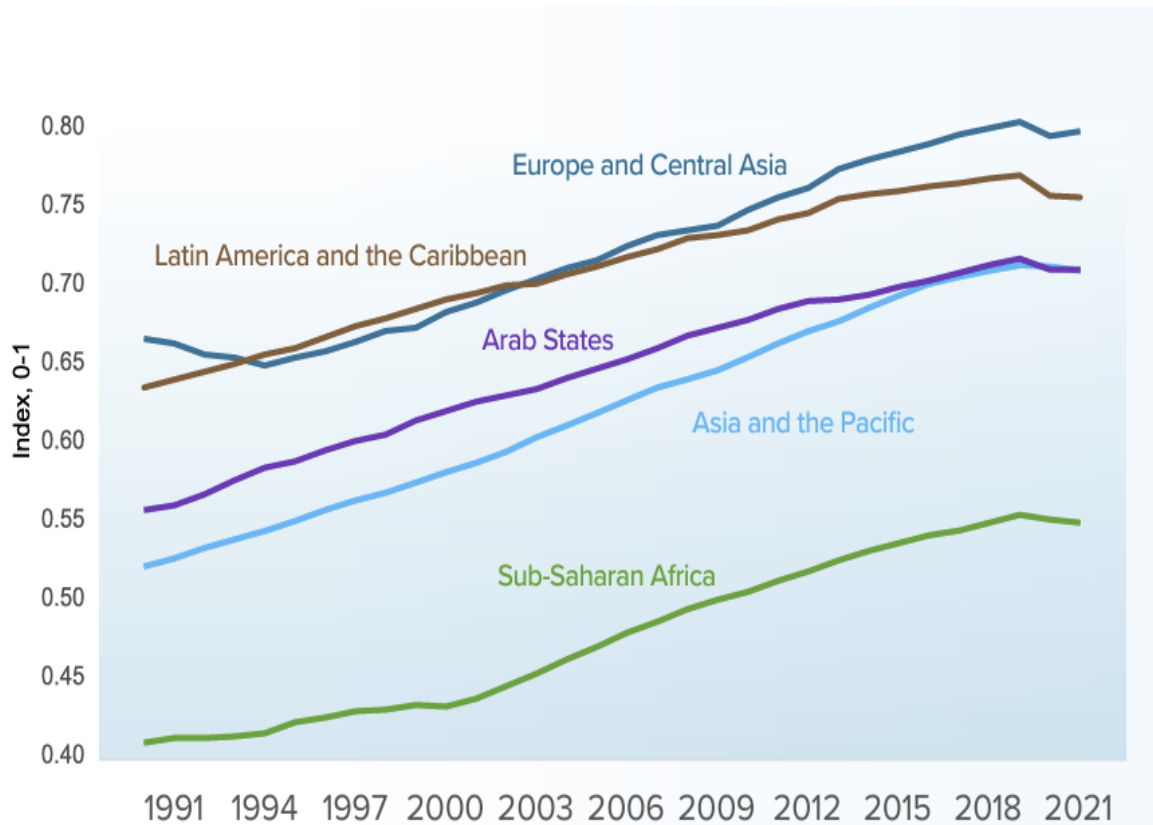
**Human development in Asia and the Pacific
has been a tale of**

- Long-term progress
- Persistent disparity
- Widespread disruption

Long-term progress

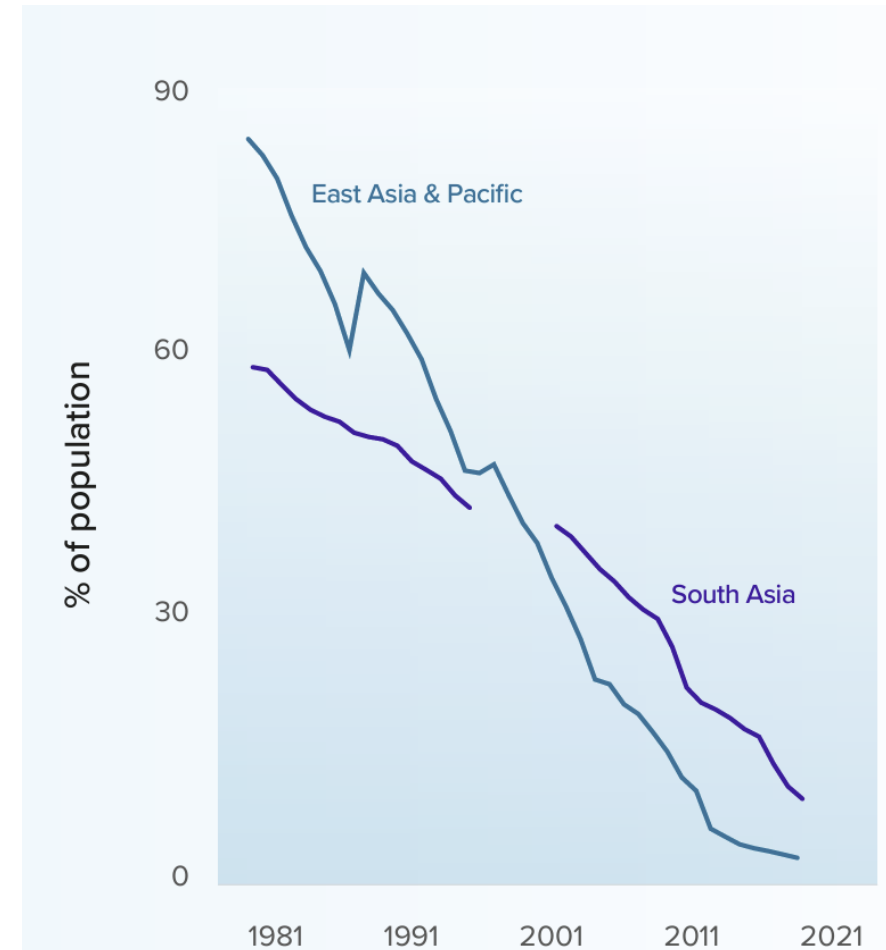


Human Development Index by regions (1990 – 2021)



Source: HDI database.

Extreme poverty rate



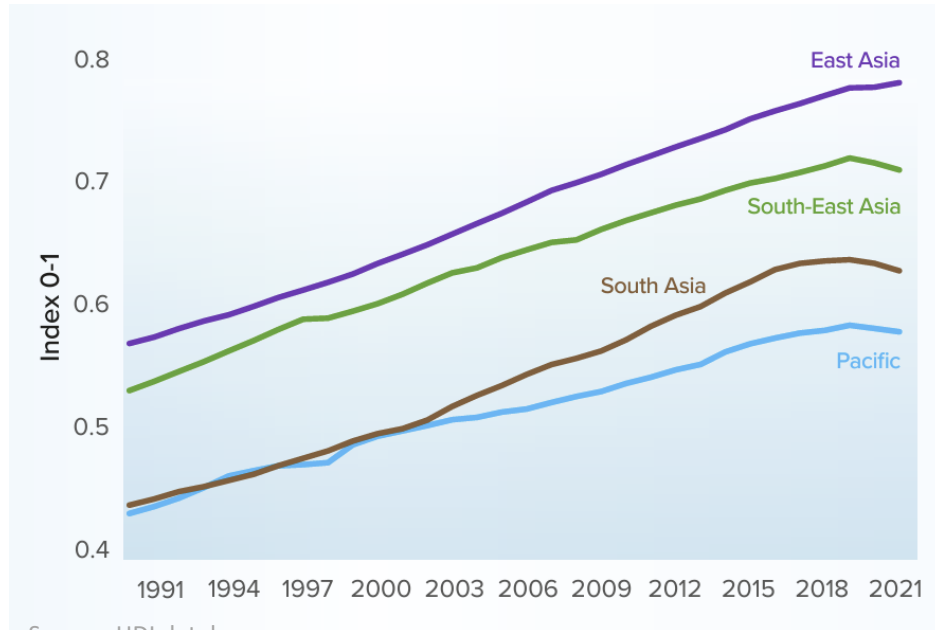
Source: World Bank's WDI database.

Asia-Pacific region has had a sequence of transformations helping to boost human development, living standards, pulling over 1.5 billion people out of extreme income poverty. Significant strides in education and health also underpin these achievements.

Persistent disparity 1/2

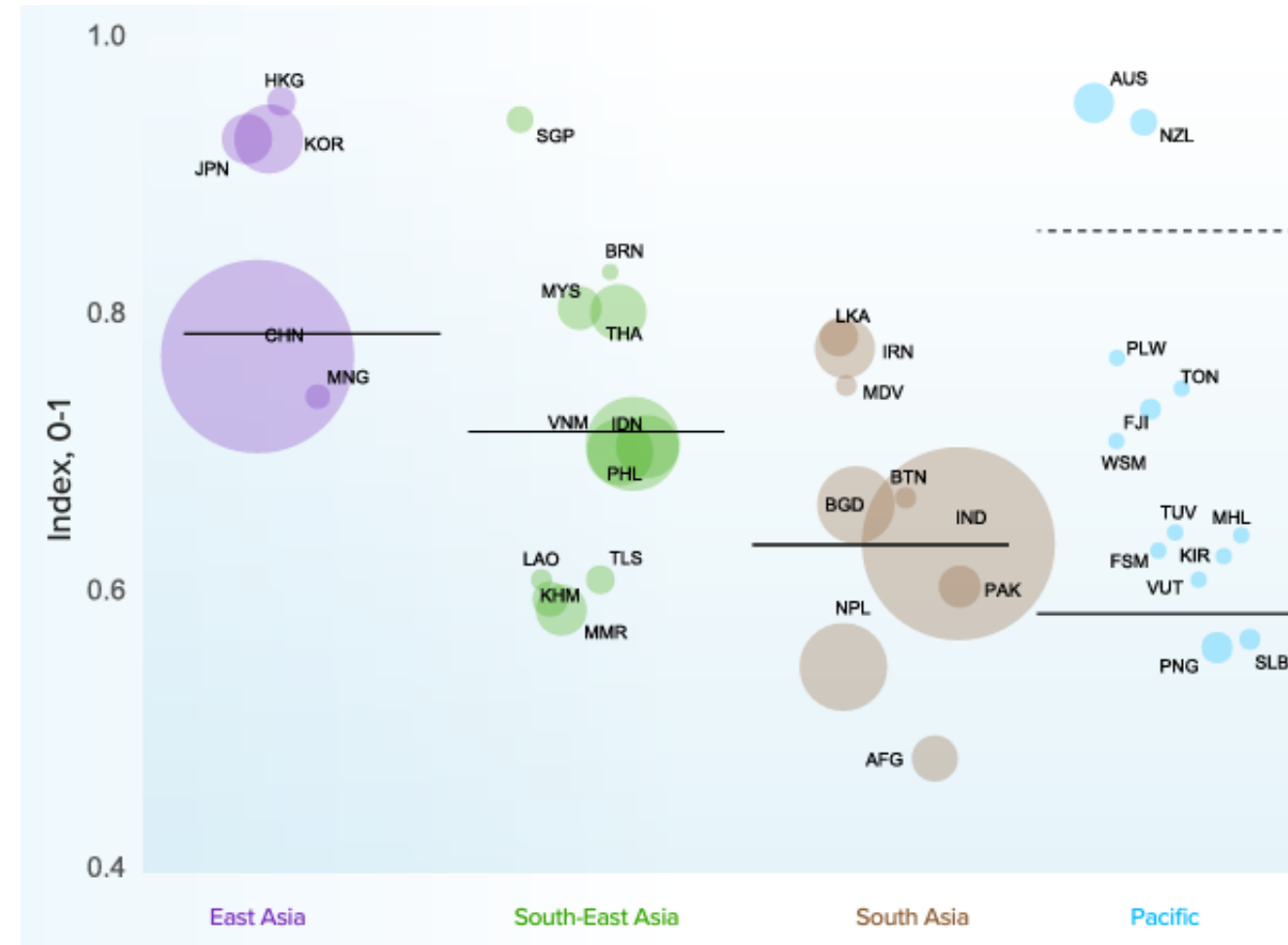


HDI by sub-regions (1991 – 2021)



While all regions and countries have progressed on HDI, there has been barely any convergence in human development outcomes.

HDI by countries in 2021



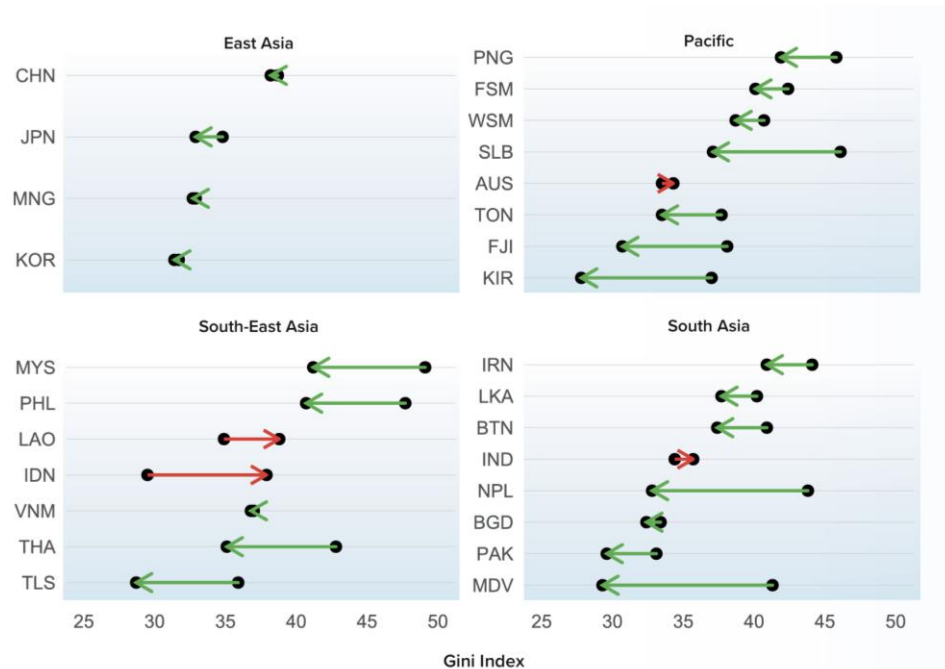
Source: HDI database.

Note: Horizontal lines are the population-weighted average of the HDI for each subregion during the period. For the Pacific subregion, the solid line includes Pacific Island Countries only, whereas the dashed line covers Oceania, thus including Australia and New Zealand.

Persistent disparity 2/2

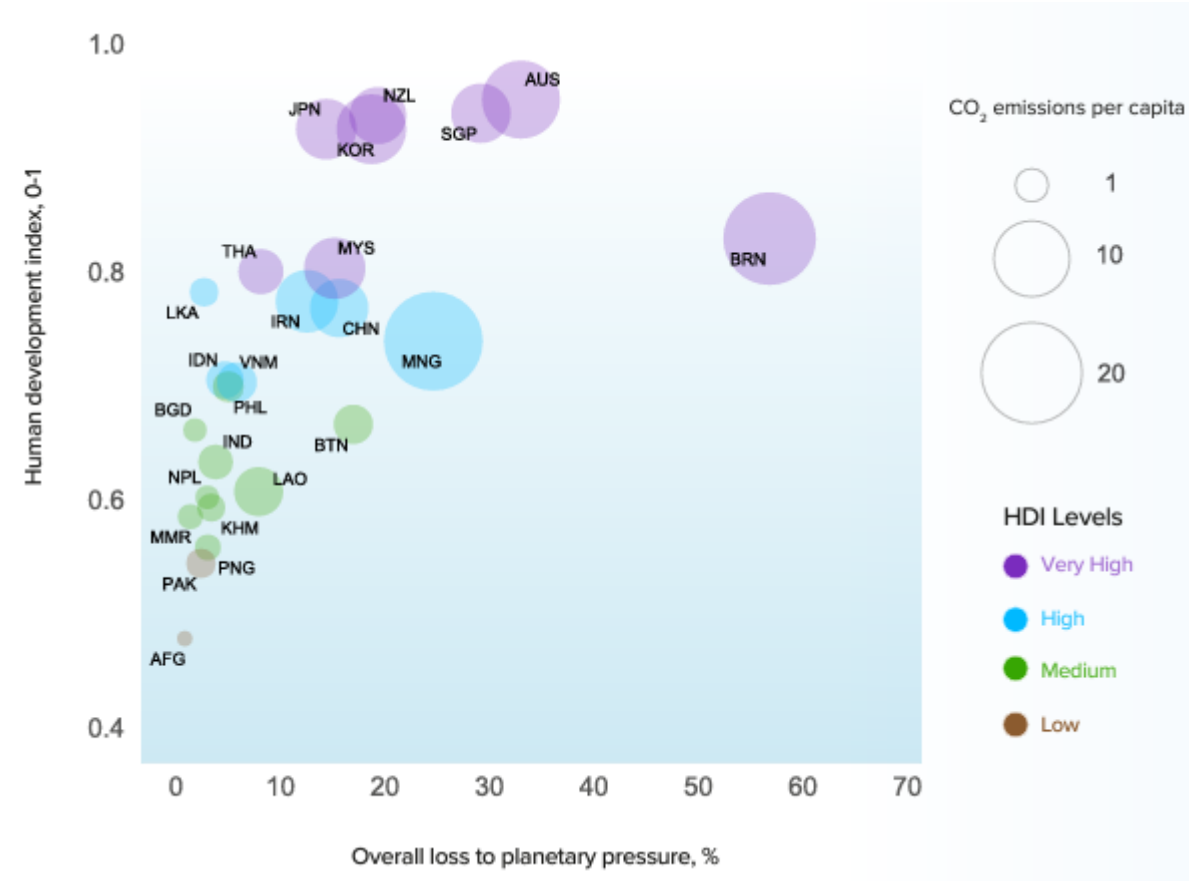


Gini index across Asia-Pacific countries, circa 2000 and latest available)



Source: WDI database, World Bank.

Planetary pressures (Loss due to CO2 emissions, 2021)



Source: HDI database.

Progress has come also at a cost when accounting for planetary pressures. The largest adjustments are for East Asia and countries at the highest levels of human development.

Widespread disruption

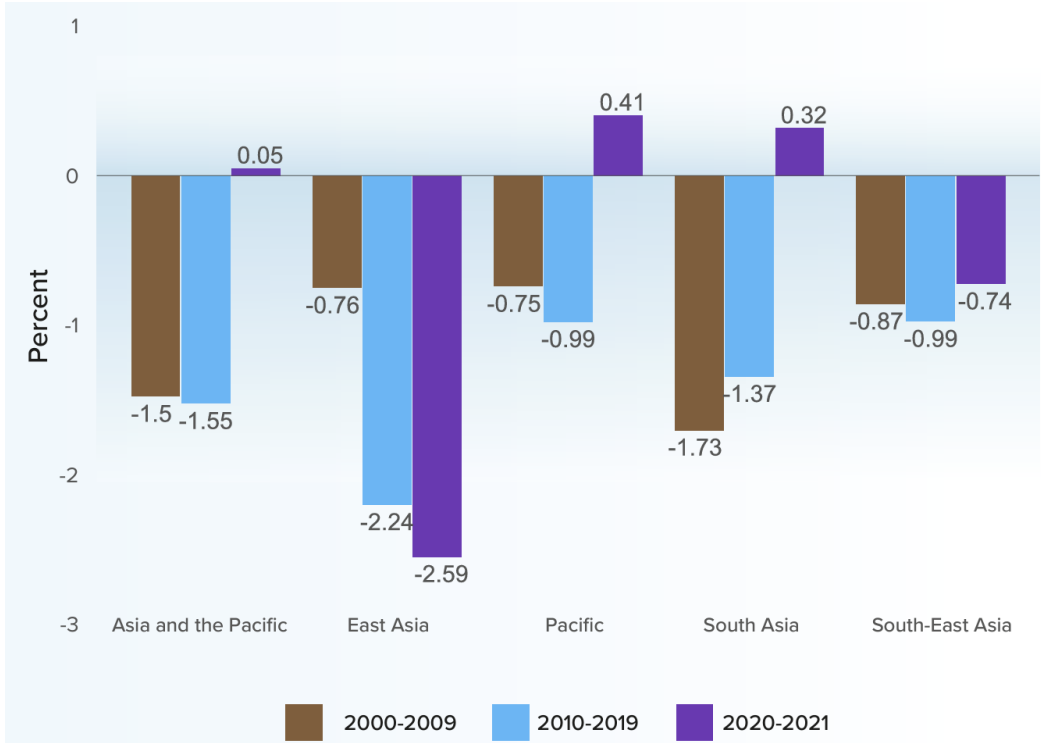


HDI (average annual growth, select periods)



Source: HDI database.

Gender Inequality Index (average annual growth, select periods)



Source: HDI database.

A deceleration in human development momentum, with serious setbacks in certain areas. Gender equality regressed in large part due to trends in South Asia and in the Pacific.

Lao PDR

Long term progress

- 2009-2019 – 7% GDP annual growth
- Poverty declined based on the national poverty line, from 33.5 percent in 2002-2003 to 18.6 percent in 2018-2019.

Persistent Inequality

- Estimated Gini index has increased from 30.5 in 1992/93 to 38.8 in 2018/19.
- Gender, age, geographic, identity
- Informal sector

Disruption

- Pandemic
- Conflict in Ukraine
- Climate change impacts

Figure 1.2: Trends in Lao PDR's HDI scores, 1990–2021

Source: UNDP, 2022.



Table 1.1: Impact of COVID-19 on HDI dimensions in Lao PDR

Source: UNDP, 2022.

	2019	2020	2021
HDI	0.610	0.608 (-0.002)	0.607 (-0.001)
Life expectancy at birth	68.1	68.5	68.1 (-0.4)
Expected years of schooling	10.5	10.1 (-0.4)	10.1
Mean years of schooling	5.4	5.4	5.4
GNI per capita, dollars (constant 2017 PPP)	7,519	7,652 (+133)	7,700 (+48)

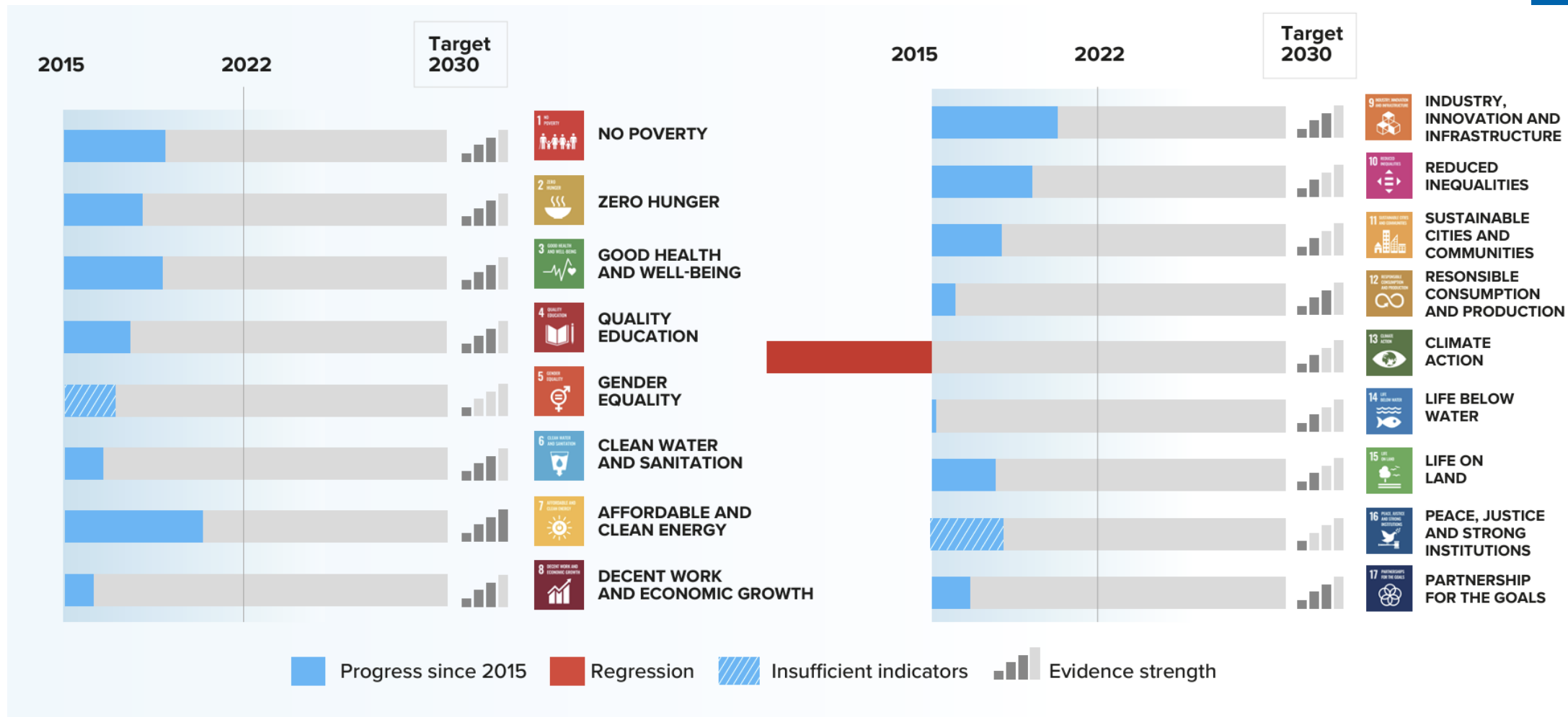
A decorative graphic on the left side of the slide, consisting of a grid of squares in various colors (green, blue, brown, purple, orange). Each square contains a different geometric or organic shape, such as circles, leaves, and abstract patterns. A large, solid orange circle with a white outline is positioned on the right side of the grid, partially overlapping it.

Why the need for new directions?

Three factors create an urgent need for change

- Unmet aspirations
- Heightened human insecurity
- A potentially more turbulent future

Unmet aspirations



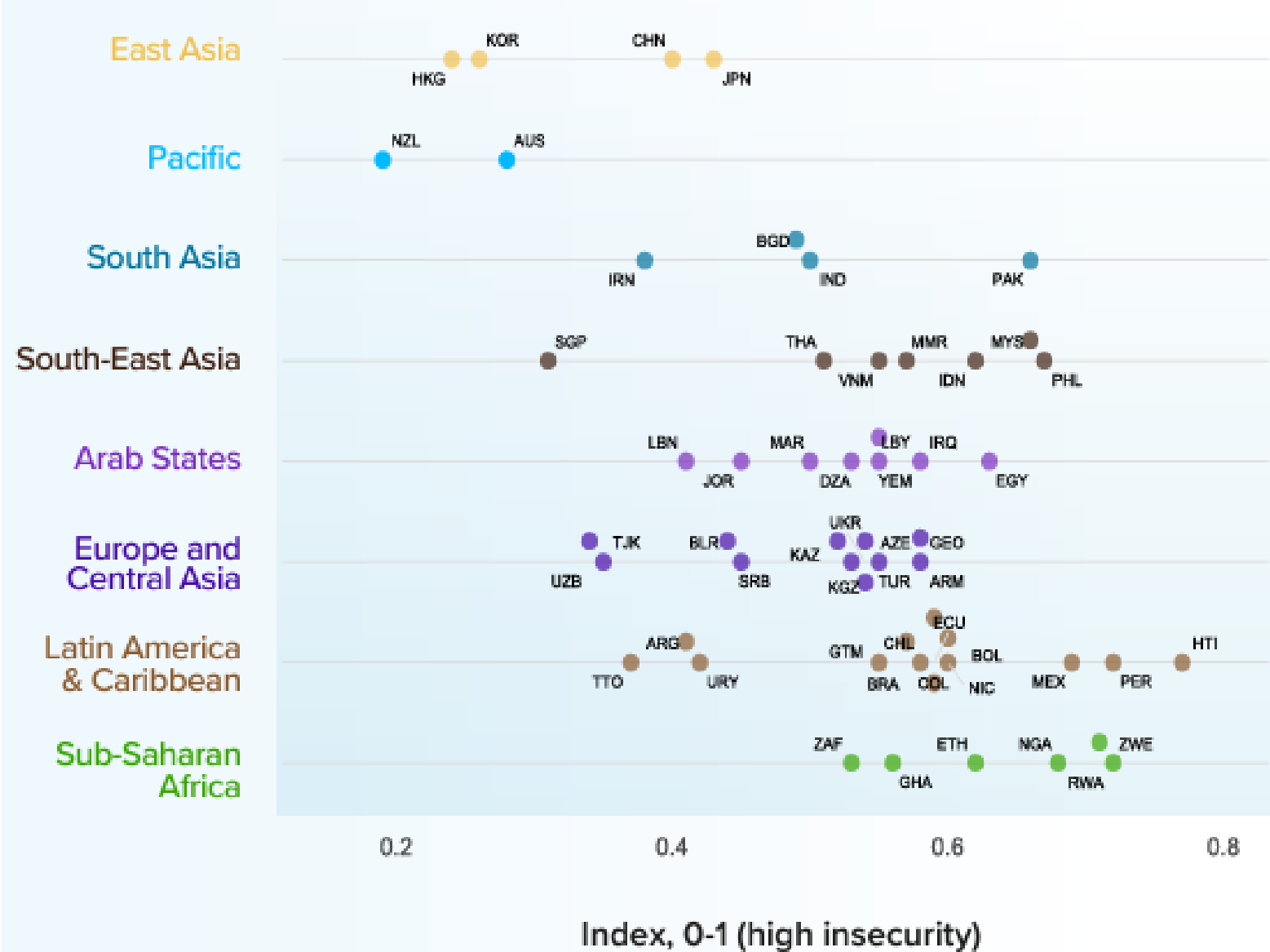
Source: UNESCAP 2023. Asia and the Pacific SDG Progress Report 2023.

At the current speed, 2030 goals will be achieved by 2065.

Heightened human insecurity 1/2



Index of Perceived Human Insecurity (2017 – 2020)



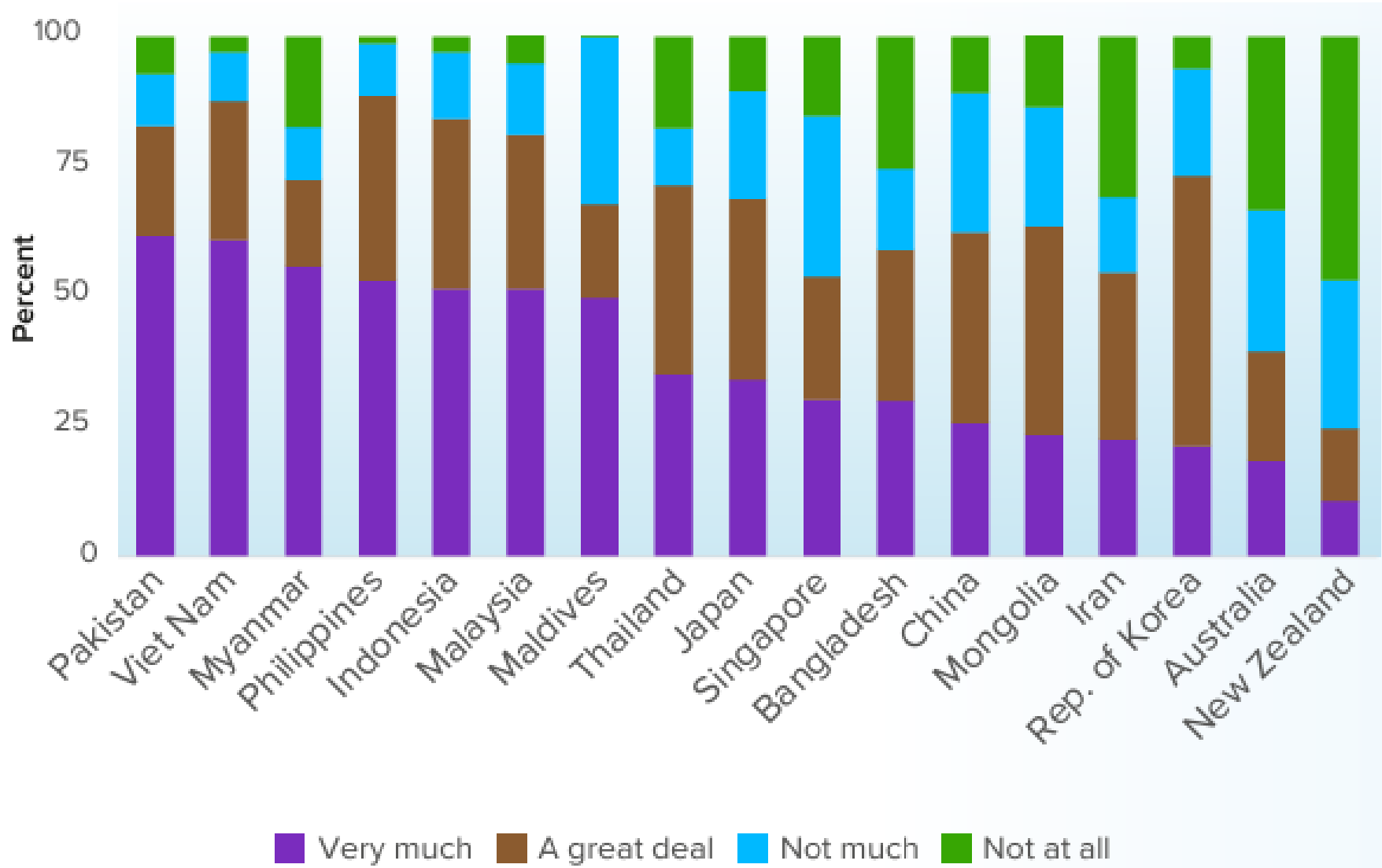
Across Asia and the Pacific, millions of people live precarious lives with multiple threats to their security: economic and environmental, social and political.

Source: UNDP Human Development Report Office, based on World Values Survey, 2017-2020.

Heightened human insecurity 2/2

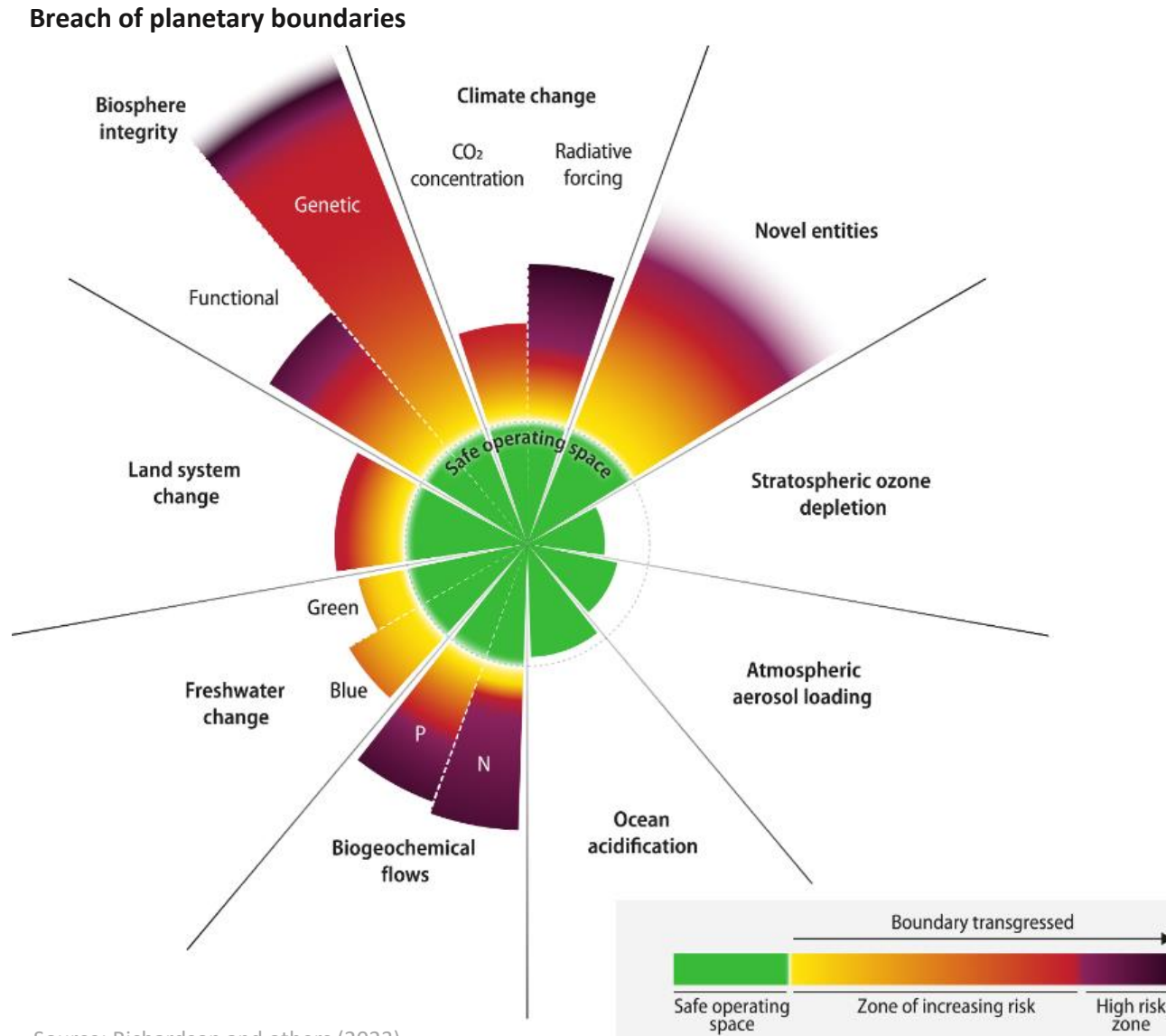


Share of respondents worried about job loss or not finding one (2017 – 2022)



Source: World Values Survey, Wave 7 (2017–2022)

A turbulent future 1/3 – Existential threats



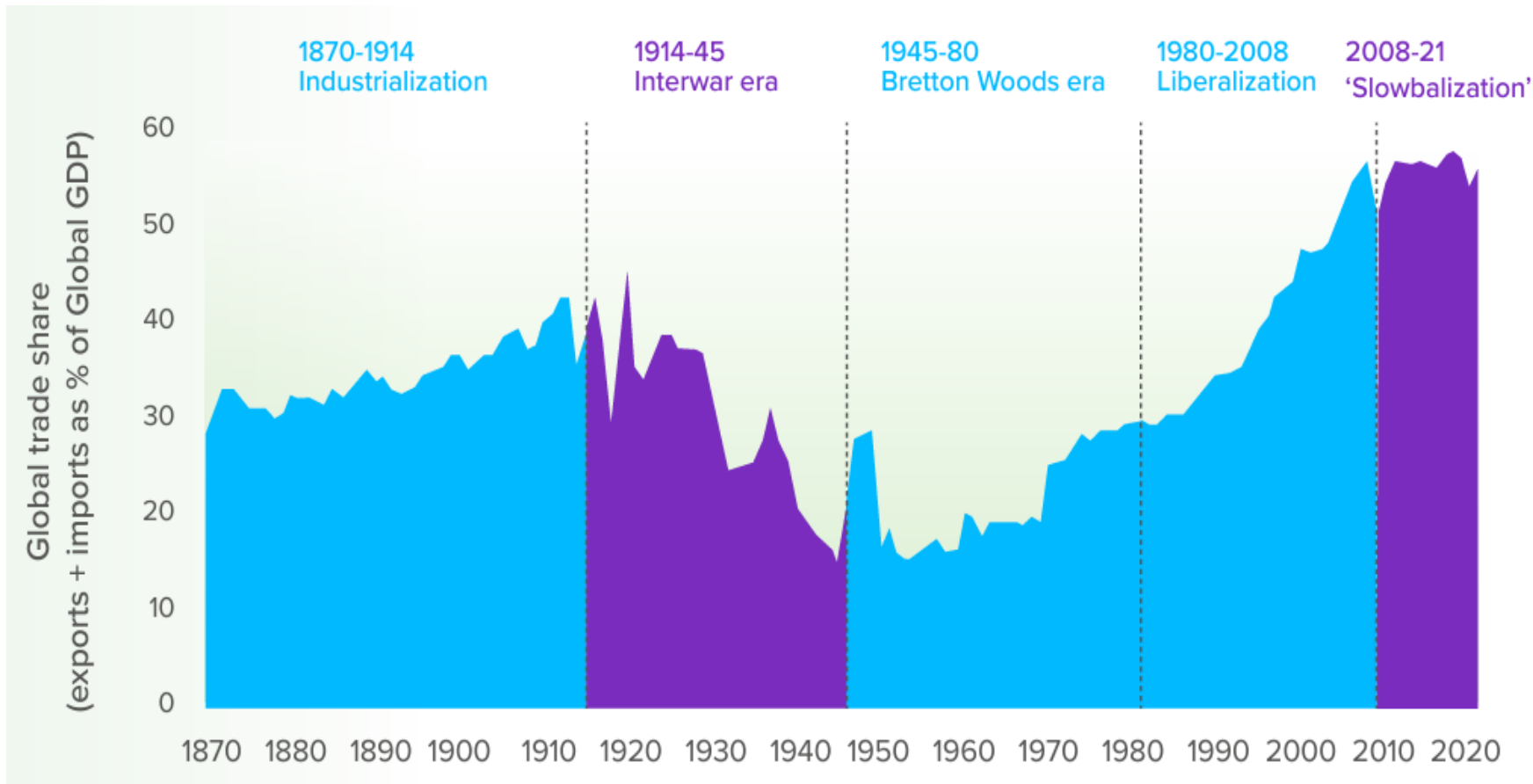
Source: Richardson and others (2023).

Climate change and the risks of pandemics, amplified by urbanization and the continuing encroachment of humankind on nature, present existential threats to a vulnerable region

A turbulent future 2/3 – Risks to growth drivers and job creation



Evolution of trade globalization, exports and imports as percent of GDP, 1870-2021

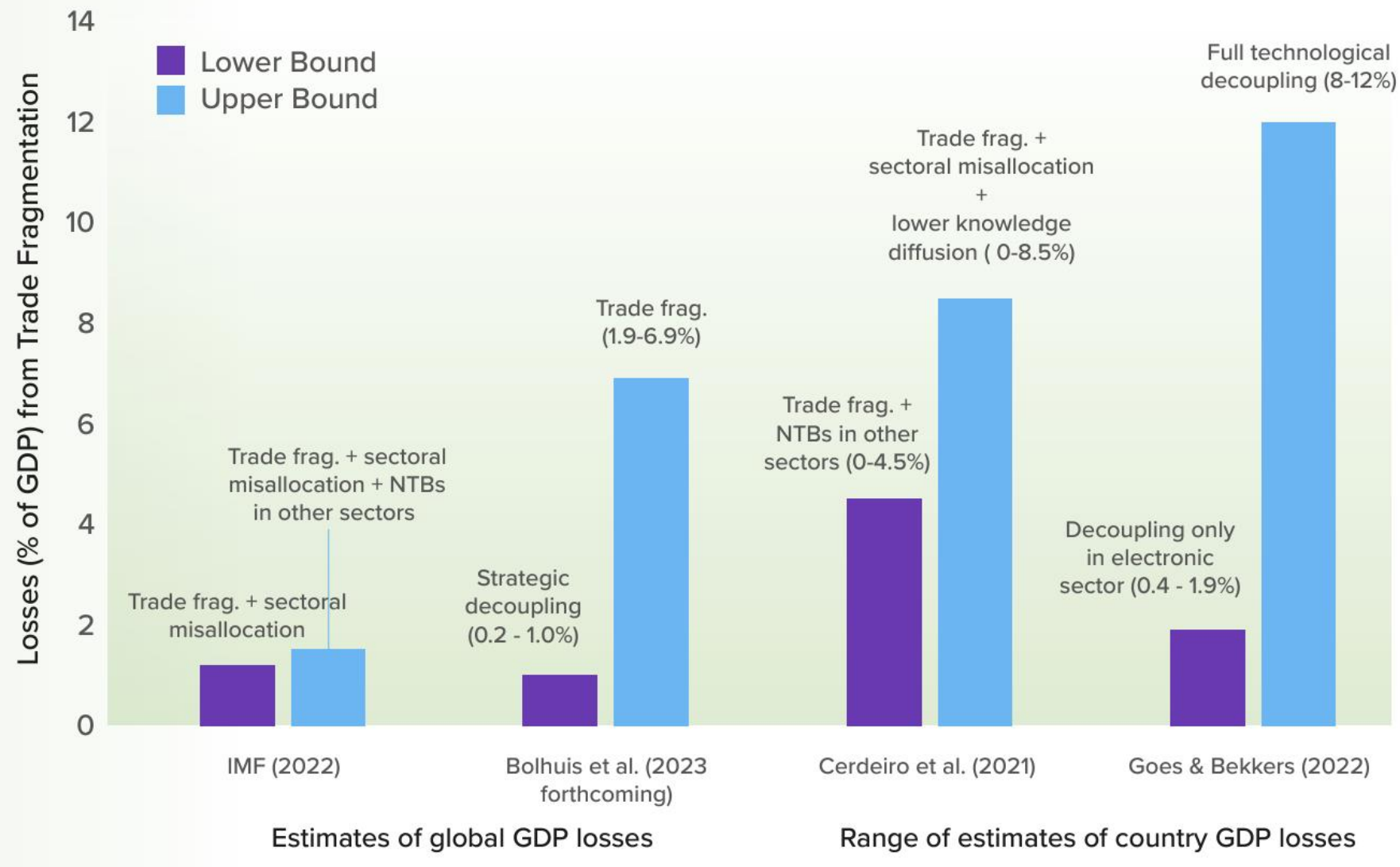


The global trade share has stagnated. Do not dismiss external opportunities. Extract greater benefits from domestic integration and specialization. And grow through inclusion.

A turbulent future 3/3 – Risks to growth drivers and job creation



Losses from Trade Fragmentation (percent of GDP)



Source: Aiyar and others (2023).

Heightened geo-economic fragmentation may dampen growth. In addition, the adoption of labor-saving technology will disrupt labor markets throughout the region, not only in countries with a burgeoning youth bulge but also in places undergoing rapid population aging.

Lao PDR

Unmet aspirations

- 80,000 young people expected to enter the job market every year in coming years
- Precarious employment

Heightened human insecurity

- 87% of HH affected by cost-of-living crisis
- Over half of HH reduced spending on education and health
- Food insecurity

Turbulent future

- Climate change impacts
- Risk of Pandemic
- Trade fragmentation
- Technological change

Figure 1.1: Lao PDR's demographic transition and window of opportunity for a demographic dividend

United Nations Lao PDR, 2022

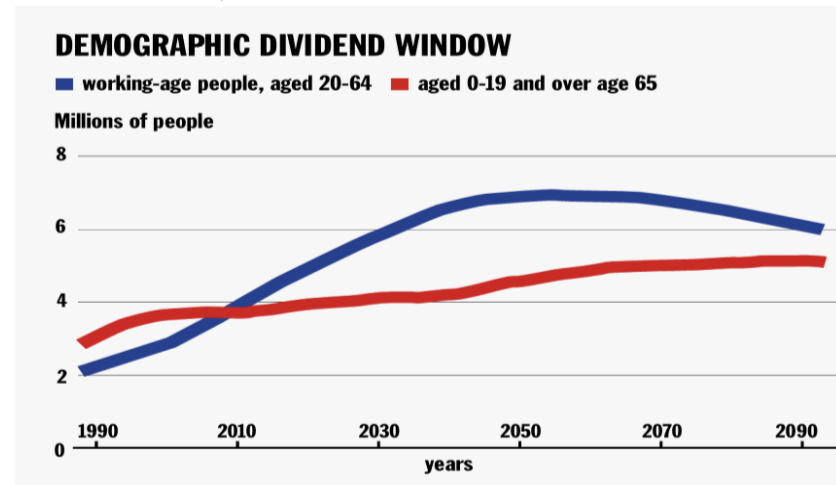


Figure 2.1: Share of youth aged 15-24 who are not in education, employment or training in South-East Asian countries, percentage

Source: ILO, 2022b. Data sources are national labour force surveys from 2020 except for Cambodia and Indonesia (both 2019) and Lao PDR (2017).

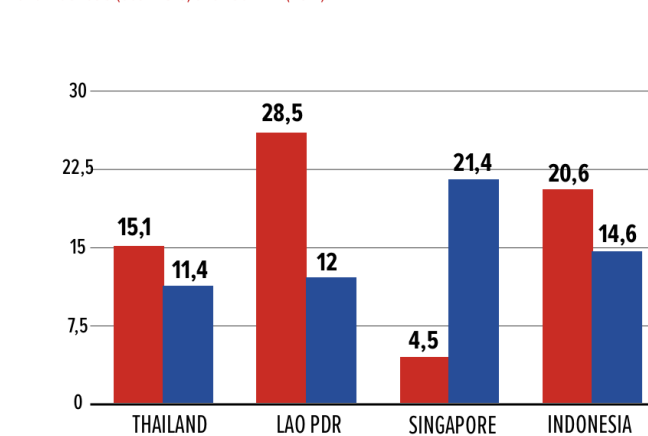
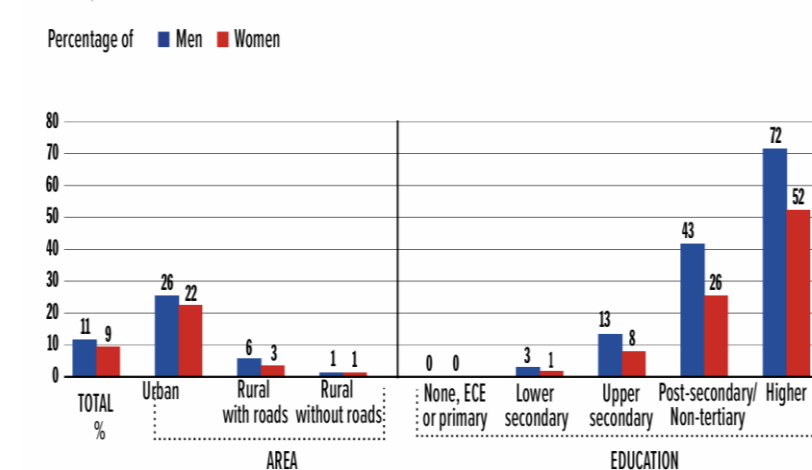


Figure 2.4: Percentage of adolescents and youth aged 15-24 performing at least one ICT activity in the last three months

Source: LSB, 2017.



A large decorative graphic on the left side of the slide, consisting of a grid of squares in various colors (green, blue, brown, purple, orange). Each square contains a different geometric or organic shape, such as circles, leaves, and abstract patterns. A large, solid blue circle with a white outline is positioned on the right side of this graphic, partially overlapping it.

How do we make our future?

While the region can find inspiration in its own proven models, setting new directions requires a revamp of old practices

- Mainstreaming human development
- Recalibrating growth strategy
- Making change happen

New directions: Mainstream human development



Enlarge people's choices

- Tackle structural exclusion
- Enhance human capabilities
 - Education
 - Skills and upskilling
 - Digital
 - Health

Build stronger human security

- Transform social protection
- Ensure health for human security and development
- Invest in risk-informed development
- Guarantee food security

Tweak existing policy levers

- Accelerate just energy transition achieve net zero
- Invest in climate resilience
- Protect nature
- Manage public finances more responsibly

New directions: Recalibrating growth strategy



Revisit overall growth strategies

- Export-led growth requires a change of tack
- Maximize potential of domestic markets
- Grow through inclusion
- Techno-industrial policies to tilt and push

Pursue new opportunities

- Do not de-emphasize manufacturing
- Identify new drivers in agriculture, services, and their intersection
- Tap into green, blue and care economies
- Leverage technology for development

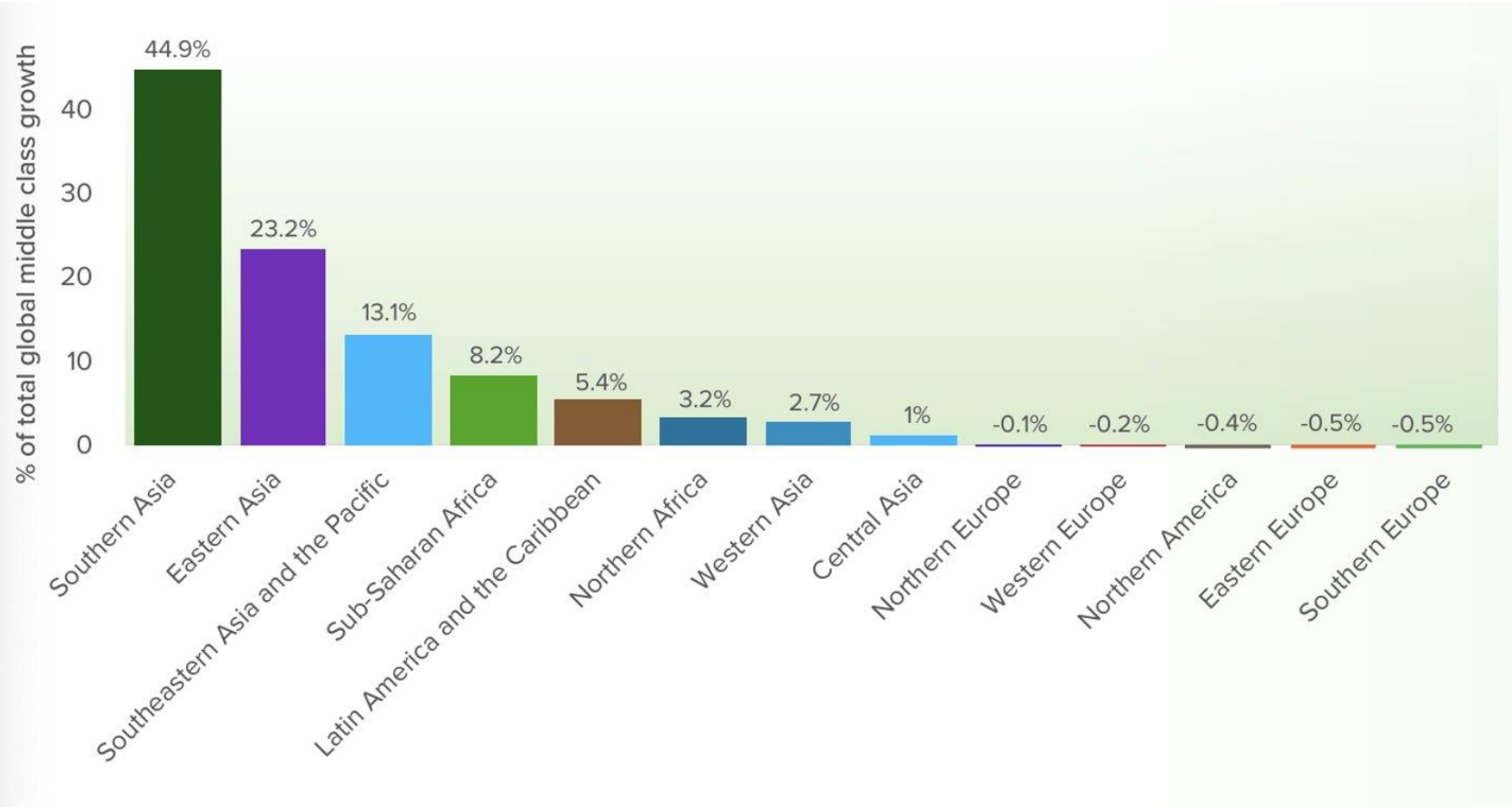
Future generations

- Macroeconomic policies to make markets work for development
- Outward orientation to leverage and discipline
- Market orientation to guide structural change
- Techno-industrial policies to tilt and push

Growth of middle-class in the Asia-Pacific region



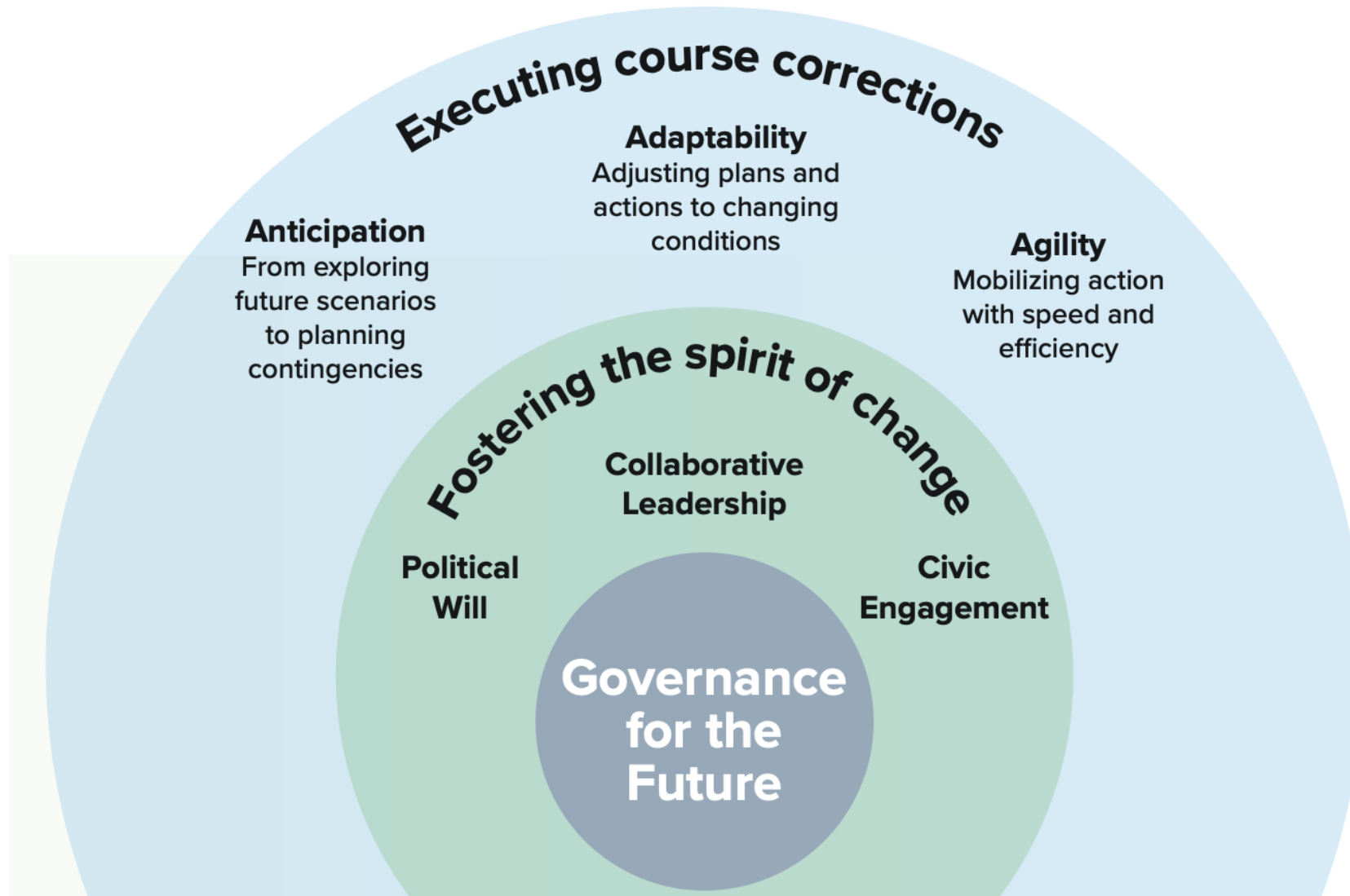
Contribution to global middle-class growth, 2012-2030, by subregion



Asia-Pacific region is expected to drive 80% of global middle-class growth through 2030, where the middle class refers to those spending \$12-120 a day (2017 \$PPP).

Source: World Data Pro.

New directions – Making change happen



Lao PDR – New Directions in the context of 10th NSEDP Planning

Restoring economic stability & recalibrating growth

- Macro-economic stabilization
 - National Agenda
 - 9th NSEDP Financing Strategy
 - Macro-economic roadmap (WB & ADB)
- Growth drivers (investment, skills, innovation, greening, inclusion)
 - Agriculture
 - Logistics
 - Manufacturing – light processing and medium-tech industries
 - Tourism
 - Purple economy /care economy

Mainstreaming human development

- Education
- Skill development
- Health
- Social protection
- Food security

Future-fit Governance

- National Development Planning (NSEDP)
- Financing for sustainable development (INFF)
 - Budgeting
 - Aid coordination
 - Domestic investment
 - FDI
- Data (AI and predictive analytics)
- Results based management (RBM)
- Civil society participation
- Public-private dialogue

A decorative graphic on the left side of the slide. It features a grid of squares in various colors (green, blue, brown, purple, orange) with different patterns: solid colors, circles, leaves, and concentric circles. Three large circles with white outlines are positioned vertically on the right side of the grid: a green one at the top, a tan one in the middle, and a blue one at the bottom.

Thank you