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
Where are we today?

Why the need for new directions?

How do we make our future?
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

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

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

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.
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

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.
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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
Why the need for new directions?

Three factors create an urgent need for change

• Unmet aspirations
• Heightened human insecurity
• A potentially more turbulent future
At the current speed, 2030 goals will be achieved by 2065.
Across Asia and the Pacific, millions of people live precarious lives with multiple threats to their security: economic and environmental, social and political.

Heightened human insecurity 2/2

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

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.

Source: Richardson and others (2023).
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.

Source: Jorda-Schularick-Taylor Macrohistory Database; Penn World Data (10.0), Peterson Institute for International Economics, World Bank and IMF.
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.
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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
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

<table>
<thead>
<tr>
<th>Revisit overall growth strategies</th>
<th>Pursue new opportunities</th>
<th>Future generations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Export-led growth requires a change of tack</td>
<td>• Do not de-emphasize manufacturing</td>
<td>• Macroeconomic policies to make markets work for development</td>
</tr>
<tr>
<td>• Maximize potential of domestic markets</td>
<td>• Identify new drivers in agriculture, services, and their intersection</td>
<td>• Outward orientation to leverage and discipline</td>
</tr>
<tr>
<td>• Grow through inclusion</td>
<td>• Tap into green, blue and care economies</td>
<td>• Market orientation to guide structural change</td>
</tr>
<tr>
<td>• Techno-industrial policies to tilt and push</td>
<td>• Leverage technology for development</td>
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</tr>
</tbody>
</table>
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

Executing course corrections

Adaptability
Adjusting plans and actions to changing conditions

Anticipation
From exploring future scenarios to planning contingencies

Agility
Mobilizing action with speed and efficiency

Fostering the spirit of change

Collaborative Leadership

Political Will

Civic Engagement

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

<table>
<thead>
<tr>
<th>Restoring economic stability &amp; recalibrating growth</th>
<th>Mainstreaming human development</th>
<th>Future-fit Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Macro-economic stabilization</td>
<td>• Education</td>
<td>• National Development Planning (NSEDP)</td>
</tr>
<tr>
<td>• National Agenda</td>
<td>• Skill development</td>
<td>• Financing for sustainable development (INFF)</td>
</tr>
<tr>
<td>• 9th NSEDP Financing Strategy</td>
<td>• Health</td>
<td>• Budgeting</td>
</tr>
<tr>
<td>• Macro-economic roadmap (WB &amp; ADB)</td>
<td>• Social protection</td>
<td>• Aid coordination</td>
</tr>
<tr>
<td>• Growth drivers (investment, skills, innovation, greening, inclusion)</td>
<td>• Food security</td>
<td>• Domestic investment</td>
</tr>
<tr>
<td>• Agriculture</td>
<td></td>
<td>• FDI</td>
</tr>
<tr>
<td>• Logistics</td>
<td></td>
<td>• Data (AI and predictive analytics)</td>
</tr>
<tr>
<td>• Manufacturing – light processing and medium-tech industries</td>
<td></td>
<td>• Results based management (RBM)</td>
</tr>
<tr>
<td>• Tourism</td>
<td></td>
<td>• Civil society participation</td>
</tr>
<tr>
<td>• Purple economy /care economy</td>
<td></td>
<td>• Public-private dialogue</td>
</tr>
</tbody>
</table>
Thank you