



Sustaining Human Progress:
Reducing Vulnerabilities and Building Resilience

Explanatory note on the 2014 Human Development Report composite indices

Lao People's Democratic Republic

HDI values and rank changes in the 2014 Human Development Report

Introduction

The *2014 Human Development Report (HDR)* presents the 2014 Human Development Index (HDI) (values and ranks) for 187 countries and UN-recognized territories, along with the Inequality-adjusted HDI for 145 countries, the Gender Development Index for 148 countries, the Gender Inequality Index for 149 countries, and the Multidimensional Poverty Index for 91 countries. Country rankings and values of the annual Human Development Index (HDI) are kept under strict embargo until the global launch and worldwide electronic release of the Human Development Report.

It is misleading to compare values and rankings with those of previously published reports, because of revisions and updates of the underlying data and adjustments to goalposts. Readers are advised to assess progress in HDI values by referring to table 2 ('Human Development Index Trends') in the Statistical Annex of the report. Table 2 is based on consistent indicators, methodology and time-series data and thus shows real changes in values and ranks over time, reflecting the actual progress countries have made. Small changes in values should be interpreted with caution as they may not be statistically significant due to sampling variation. Generally speaking, changes at the level of the third decimal place in any of the composite indices are considered insignificant.

Unless otherwise specified in the source, tables use data available to the HDRO as of 15 November 2013. All indices and indicators, along with technical notes on the calculation of composite indices, and additional source information are available online at <http://hdr.undp.org/en/data>

For further details on how each index is calculated please refer to Technical Notes 1-5 and the associated background papers available on the Human Development Report website: <http://hdr.undp.org/en/data>

Human Development Index (HDI)

The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. Just as in the 2013 HDR, a long and healthy life is measured by life expectancy. Access to knowledge is measured by: i) mean years of education among the adult population, which is the average number of years of education received in a life-time by people aged 25 years and older; and ii) expected years of schooling for children of school-entry age, which is the total number of years of schooling a child of school-entry age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child's life. Standard of living is measured by Gross National Income (GNI) per capita expressed in constant 2011 international dollars converted using purchasing power parity (PPP) rates.

To ensure as much cross-country comparability as possible, the HDI is based primarily on international data from the United Nations Population Division, the United Nations Educational, Scientific and Cultural

Organization Institute for Statistics and the World Bank. As stated in the introduction, the HDI values and ranks in this year's report are not comparable to those in past reports (including the 2013 HDR) because of a number of revisions to the component indicators. To allow for assessment of progress in HDIs, the 2014 report includes recalculated HDIs from 1980 to 2013.

The Lao People's Democratic Republic's HDI value and rank

The Lao People's Democratic Republic's HDI value for 2013 is 0.569— which is in the medium human development category—positioning the country at 139 out of 187 countries and territories. Between 1980 and 2013, the Lao People's Democratic Republic's HDI value increased from 0.340 to 0.569, an increase of 67.5 percent or an average annual increase of about 1.57 percent.

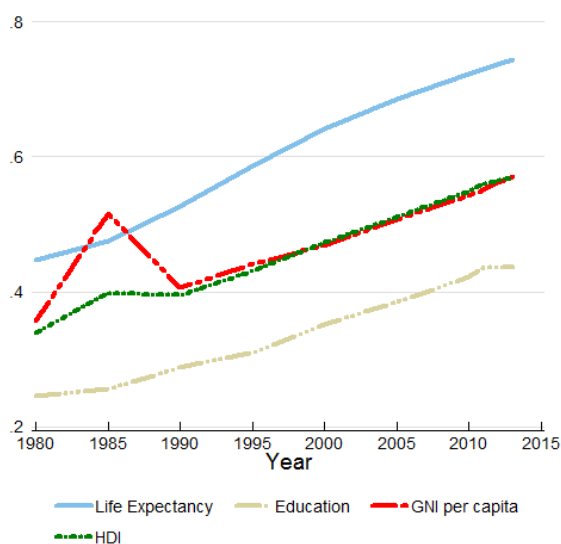
Table A reviews the Lao People's Democratic Republic's progress in each of the HDI indicators. Between 1980 and 2013, the Lao People's Democratic Republic's life expectancy at birth increased by 19.3 years, mean years of schooling increased by 2.5 years and expected years of schooling increased by 3.9 years. The Lao People's Democratic Republic's GNI per capita increased by about 310.5 percent between 1980 and 2013.

Table A: The Lao People's Democratic Republic's HDI trends based on consistent time series data and new goalposts

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP\$)	HDI value
1980	49.0	6.3	2.1	1,060	0.340
1985	50.9	6.2	2.5	3,054	0.398
1990	54.2	6.7	3.1	1,471	0.395
1995	58.1	6.9	3.6	1,851	0.431
2000	61.7	8.0	3.9	2,231	0.473
2005	64.6	8.8	4.2	2,860	0.511
2010	67.0	9.7	4.6	3,646	0.549
2011	67.4	10.2	4.6	3,837	0.560
2012	67.9	10.2	4.6	4,098	0.565
2013	68.3	10.2	4.6	4,351	0.569

Figure 1 below shows the contribution of each component index to the Lao People's Democratic Republic's HDI since 1980.

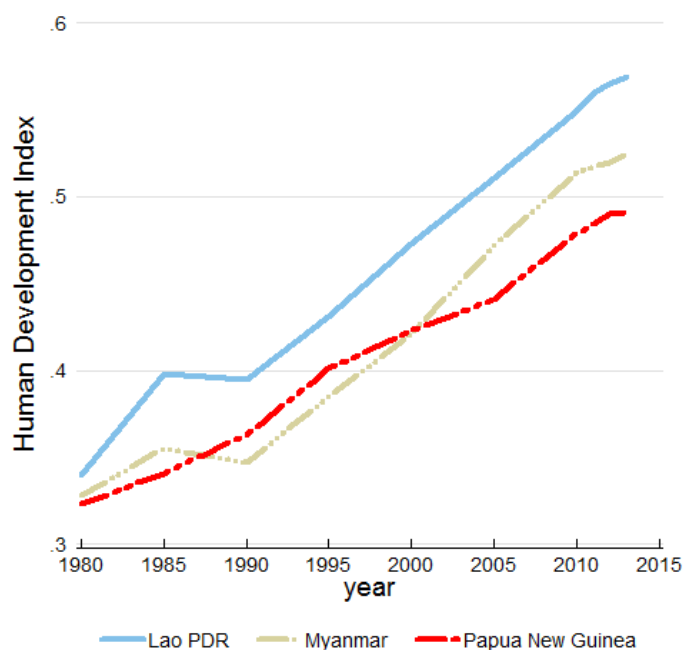
Figure 1: Trends in the Lao People's Democratic Republic's HDI component indices 1980-2013



Assessing progress relative to other countries

Long-term progress can be usefully compared to other countries. For instance, during the period between 1980 and 2013 the Lao People's Democratic Republic, Myanmar and Papua New Guinea experienced different degrees of progress toward increasing their HDIs (see figure 2).

Figure 2: Trends in the Lao People's Democratic Republic, Myanmar and Papua New Guinea's HDI 1980-2013



The Lao People's Democratic Republic's 2013 HDI of 0.569 is below the average of 0.614 for countries in the medium human development group and below the average of 0.703 for countries in East Asia and the Pacific. From East Asia and the Pacific, countries which are close to the Lao People's Democratic Republic in 2013 HDI rank and to some extent in population size are Papua New Guinea and Cambodia, which have HDIs ranked 157 and 137 respectively (see table B).

Table B: The Lao People's Democratic Republic's HDI indicators for 2013 relative to selected countries and groups

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Lao People's Democratic Republic	0.569	139	68.3	10.2	4.6	4,351
Papua New Guinea	0.491	157	62.4	8.9	3.9	2,453
Cambodia	0.584	137	71.9	10.9	5.8	2,805
East Asia and the Pacific	0.703	—	74.0	12.5	7.4	10,499
Medium HDI	0.614	—	67.9	11.7	5.5	5,960

Inequality-adjusted HDI (IHDI)

The HDI is an average measure of basic human development achievements in a country. Like all averages, the HDI masks inequality in the distribution of human development across the population at the country level. The 2010 HDR introduced the Inequality-Adjusted HDI (IHDI), which takes into account

inequality in all three dimensions of the HDI by 'discounting' each dimension's average value according to its level of inequality. The IHDI is basically the HDI discounted for inequalities. The 'loss' in human development due to inequality is given by the difference between the HDI and the IHDI, and can be expressed as a percentage. As the inequality in a country increases, the loss in human development also increases. We also present the coefficient of human inequality as a direct measure of inequality which is an unweighted average of inequalities in three dimensions. For more details see technical note 2.

The Lao People's Democratic Republic's HDI for 2013 is 0.569. However, when the value is discounted for inequality, the HDI falls to 0.430, a loss of 24.5 percent due to inequality in the distribution of the dimension indices. Cambodia shows a loss due to inequality of 24.7 percent. The average loss due to inequality for medium HDI countries is 25.6 percent and for East Asia and the Pacific it is 19.7 percent. The Human inequality coefficient for the Lao People's Democratic Republic is equal to 24.1 percent.

Table C: The Lao People's Democratic Republic's IHDI for 2013 relative to selected countries and groups

	IHDI value	Overall loss (%)	Human inequality coefficient (%)	Inequality in life expectancy at birth (%)	Inequality in education (%)	Inequality in income (%)
Lao People's Democratic Republic	0.430	24.5	24.1	21.5	34.1	16.8
Cambodia	0.440	24.7	24.6	25.3	28.3	20.3
East Asia and the Pacific	0.564	19.7	19.5	11.7	19.7	27.0
Medium HDI	0.457	25.6	25.2	21.9	35.1	18.6

Gender Inequality Index (GII)

The Gender Inequality Index (GII) reflects gender-based inequalities in three dimensions – reproductive health, empowerment, and economic activity. Reproductive health is measured by maternal mortality and adolescent birth rates; empowerment is measured by the share of parliamentary seats held by women and attainment in secondary and higher education by each gender; and economic activity is measured by the labour market participation rate for women and men. The GII can be interpreted as the loss in human development due to inequality between female and male achievements in the three GII dimensions. (For more details on GII please see Technical Note 3.)

The Lao People's Democratic Republic has a GII value of 0.534, ranking it 118 out of 149 countries in the 2013 index. In the Lao People's Democratic Republic, 25.0 percent of parliamentary seats are held by women, and 22.9 percent of adult women have reached at least a secondary level of education compared to 36.8 percent of their male counterparts. For every 100,000 live births, 470.0 women die from pregnancy related causes; and the adolescent birth rate is 65.0 births per 1000 live births. Female participation in the labour market is 76.3 percent compared to 78.9 for men.

In comparison, Papua New Guinea and Cambodia are ranked at 133 and 105 respectively on this index.

Table D: The Lao People's Democratic Republic's GII for 2013 relative to selected countries and groups

	GII value	GII Rank	Maternal mortality ratio	Adolescent birth rate	Female seats in parliament (%)	Population with at least some secondary education (%)		Labour force participation rate (%)	
						Female	Male	Female	Male
Lao People's Democratic Republic	0.534	118	470.0	65.0	25.0	22.9	36.8	76.3	78.9
Papua New Guinea	0.617	133	230.0	62.1	2.7	6.8	14.1	70.5	74.0
Cambodia	0.505	105	250.0	44.3	18.1	9.9	22.2	78.9	86.5
East Asia and the Pacific	0.331	—	72.0	19.7	18.7	54.6	66.4	62.8	79.3
Medium HDI	0.502	—	186.0	42.8	17.5	44.7	53.2	38.7	80.0

Gender Development Index (GDI)

In the 2014 HDR, we introduce a new measure, the Gender Development Index (GDI) based on the sex-disaggregated Human Development Index, defined as a ratio of the female to the male HDI. The GDI measures gender inequalities in achievement in three basic dimensions of human development—health (measured by female and male life expectancy at birth), education (measured by female and male expected years of schooling for children and mean years for adults aged 25 years and older); and command over economic resources (measured by female and male estimated GNI per capita). For details on how the index is constructed refer to Technical Note 4. Country rankings are based on absolute deviation from gender parity in HDI. What this means is that ranking takes into consideration inequality in favour of men or women equally.

The GDI is calculated for 148 countries. The 2013 female HDI value for the Lao People's Democratic Republic is 0.537 in contrast with 0.599 for males, resulting in a GDI value of 0.897. In comparison, the GDI value for Cambodia is 0.909 (see Table E).

Table E: The Lao People's Democratic Republic's GDI value and its components relative to selected countries and groups

	Life expectancy at birth		Expected years of schooling		Mean years of schooling		GNI per capita		HDI values		F-M ratio
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	GDI value
Lao People's Democratic Republic	69.7	66.9	9.5	10.8	3.8	5.4	3,806	4,902	0.537	0.599	0.897
Cambodia	74.5	69.1	10.3	11.5	3.2	5.0	2,410	3,220	0.533	0.587	0.909
East Asia and the Pacific	75.8	72.3	12.8	12.6	6.8	7.9	8,154	12,488	0.682	0.724	0.943
Medium HDI	70.0	65.9	11.4	11.8	4.7	6.4	3,199	8,619	0.565	0.646	0.875

Multidimensional Poverty Index (MPI)

The 2010 HDR introduced the Multidimensional Poverty Index (MPI), which identifies multiple deprivations in the same households in education, health and living standards. The education and health dimensions are each based on two indicators, while the standard of living dimension is based on six indicators. All of the indicators needed to construct the MPI for a household are taken from the same household survey. The indicators are weighted to create a deprivation score, and the deprivation scores are computed for each household in the survey. A deprivation score of 33.3 percent (one-third of the weighted indicators), is used to distinguish between the poor and nonpoor. If the household deprivation score is 33.3 percent or greater, the household (and everyone in it) is classed as multidimensionally poor.

Households with a deprivation score greater than or equal to 20 percent but less than 33.3 percent are *near multidimensional poverty*. Definitions of deprivations in each dimension, as well as methodology of the MPI are given in Technical note 5 and in Calderon and Kovacevic 2014.

The most recent survey data that were publically available for Lao People's Democratic Republic MPI estimation refer to 2011/2012. In Lao People's Democratic Republic 36.8 percent of the population are multidimensionally poor while an additional 18.5 percent are near multidimensional poverty. The breadth of deprivation (intensity) in Lao People's Democratic Republic, which is the average of deprivation scores experienced by people in multidimensional poverty, is 50.5 percent. The MPI, which is the share of the population that is multi-dimensionally poor, adjusted by the intensity of the deprivations, is 0.186. Cambodia has an MPI of 0.211.

Table F compares income poverty, measured by the percentage of the population living below PPP US\$1.25 per day, and multidimensional poverty. It shows that income poverty only tells part of the story. The multidimensional poverty headcount is 2.9 percentage points higher than income poverty. This implies that individuals living above the income poverty line may still suffer deprivations in education, health and other living conditions. Table F also shows the percentage of Lao People's Democratic Republic's population that is near poverty (with a deprivation score between 20 and 30 percent) and that live in severe poverty (with a deprivation score of 50 percent or more). The contributions of deprivations in each dimension to overall poverty complete a comprehensive picture of people living in poverty in Lao People's Democratic Republic. Figures for Cambodia are also shown in the table for comparison.

Table F: The most recent MPI for Lao People's Democratic Republic relative to selected countries

	Survey year	MPI value	Head-count (%)	Intensity of deprivations (%)	Population share (%)			Contribution to overall poverty of deprivations in (%)		
					Near poverty	In severe poverty	Below income poverty line	Health	Education	Living Standards
Lao People's Democratic Republic	2011/2012	0.186	36.8	50.5	18.5	18.8	33.9	25.4	37.7	36.9
Cambodia	2010	0.211	46.8	45.1	20.4	16.4	18.6	27.7	25.9	46.4