

Lao People's Democratic Republic

Human Capital Index 2020

This brief provides an update to the Human Capital Index (HCI). First launched in 2018, the HCI measures the amount of human capital that a child born today can expect to attain by age 18. It conveys the productivity of the next generation of workers compared to a benchmark of complete education and full health. Worldwide a child born in 2020 can expect, on average, to be 56 percent as productive as she could be when she grows up. All data represent the status of countries pre-COVID-19.

THE HUMAN CAPITAL INDEX

Human Capital Index. A child born in the Lao PDR today will be **46 percent** as productive when she grows up as she could be if she enjoyed complete education and full health. This is lower than the average for East Asia & Pacific region and Lower middle income countries.

- **Probability of Survival to Age 5.** 95 out of 100 children born in the Lao PDR survive to age 5.
- **Expected Years of School.** In the Lao PDR, a child who starts school at age 4 can expect to complete **10.6 years** of school by her 18th birthday.
- **Harmonized Test Scores.** Students in the Lao PDR score **368** on a scale where 625 represents advanced attainment and 300 represents minimum attainment.
- **Learning-adjusted Years of School.** Factoring in what children actually learn, expected years of school is only **6.3 years**.
- **Adult Survival Rate.** Across the Lao PDR, **82 percent** of 15-year olds will survive until age 60. This statistic is a proxy for the range of health risks that a child born today would experience as an adult under current conditions.
- **Healthy Growth (Not Stunted Rate).** **67** out of 100 children are **not** stunted. **33** out of 100 children are stunted, and so are at risk of cognitive and physical limitations that can last a lifetime.

DIFFERENCES IN HCI ACROSS GENDER AND SOCIO-ECONOMIC GROUPS

In the Lao PDR, the HCI for girls is higher than for boys. Table 1 shows gender disaggregation for each of the HCI components.

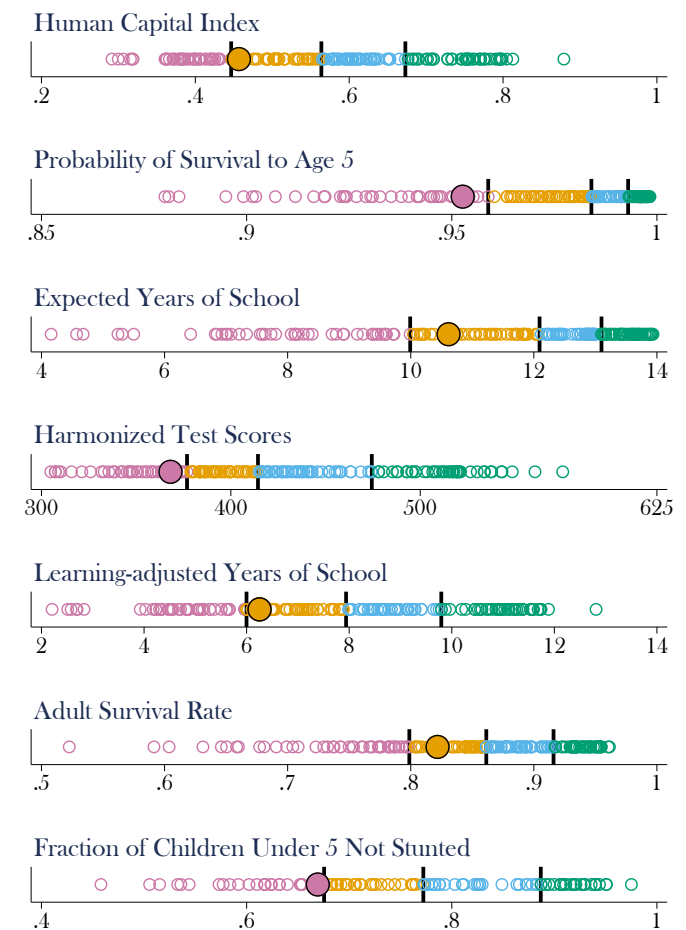
In the Lao PDR, there are not sufficient data to disaggregate HCI by socio-economic groups.

Table 1. HCI by Gender and Socio-economic Group

Component	Boys	Girls	Overall
HCI	0.45	0.47	0.46
Survival to Age 5	0.95	0.96	0.95
Expected Years of School	10.7	10.5	10.6
Harmonized Test Scores	363	374	368
Learning-adjusted Years of School	6.2	6.3	6.3
Adult Survival Rate	0.80	0.85	0.82
Not Stunted Rate	0.66	0.68	0.67
HCI Ratio (richest / poorest 20 percent)			-

For more on socioeconomic disaggregated HCI, please visit <https://www.worldbank.org/en/publication/human-capital/brief/insights-from-disaggregating-the-human-capital-index>

Figure 1. HCI and Components



Note:

- Large circle represents Lao PDR
- Small circles represent other countries
- Lines and color of circles indicate quartiles of the distribution

Countries in the East Asia and Pacific (EAP) region have made remarkable progress on almost every dimension of human capital in the last decade (2010-2020). COVID-19, however, threatens to wipe out much of the progress. Action is needed to boost learning achievement; reinvigorate the health, nutrition, and education systems; and deploy social safety nets to protect the most vulnerable, thus enabling an inclusive and sustainable recovery and accelerating human capital accumulation.

DOMESTIC RESOURCE UTILIZATION AND MOBILIZATION

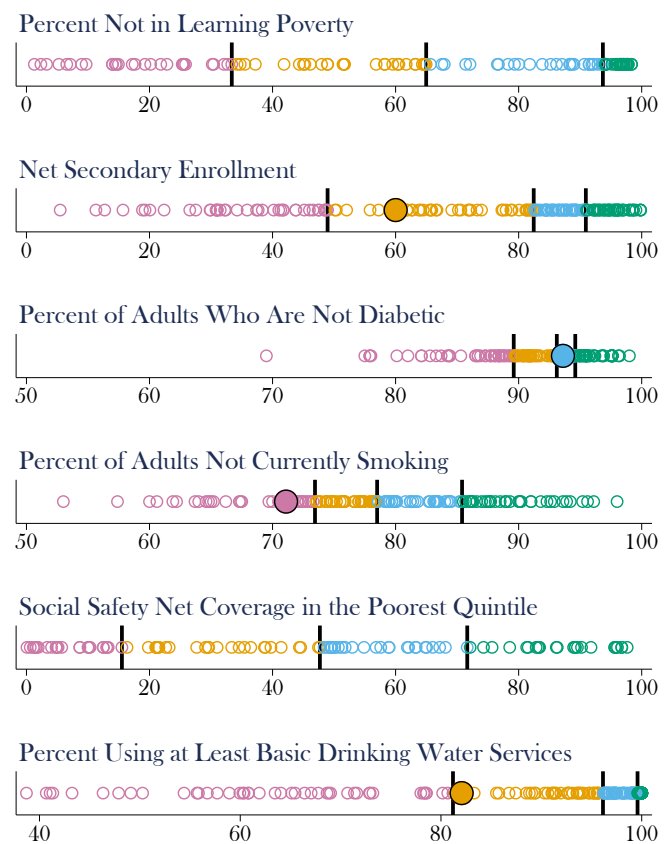
- **Health Spending.** The Lao PDR spends **1.0 percent** (2017) of its GDP in public spending on health. This is lower than both the regional average (4.9%) and the average for its income group (2.8%). **3 percent** (2007) of the population incurs catastrophic health expenditure measured as out-of-pocket spending exceeding 10% of household consumption or income.
- **Education Spending.** The Lao PDR spends **2.9 percent** (2014) of its GDP in government education spending. This is lower than both the regional average (4.7%) and the average for its income group (4.5%).
- **Social Assistance Spending.** The Lao PDR spends **0.0 percent** (2011) of its GDP on social assistance. This is lower than both the regional average (1.1%) and the average for its income group (1.4%).
- **Government Revenue.** General government revenue in the Lao PDR is **16.1 percent** (2017) of GDP. This is lower than both the regional average (40.7%) and the average for its income group (27.3%).

COMPLEMENTARY INDICATORS

- **Learning Poverty.** In the Lao PDR, data on learning poverty are not available. In its region, 15 percent of 10-year-olds cannot read and understand a simple text by the end of primary school. The corresponding value for its income group is 59 percent.
- **Net Secondary Enrollment.** In the Lao PDR, **60 percent** (2018) of secondary-school age children are enrolled in secondary school. This is lower than the average for its region (72%) but higher than the average for its income group (57%).
- **NCD Deaths.** In the Lao PDR, the probability of dying between ages 30 and 70 from cardiovascular disease, cancer, diabetes, or chronic respiratory diseases is **27 percent** (2016). This is higher than both the average for its region (21%) and the average for its income group (21%).
- **Diabetes.** In the Lao PDR, **6 percent** (2019) of the population ages 20-79 has type 1 or type 2 diabetes. This is lower than both the average for its region (12%) and the average for its income group (8%).
- **Smoking.** In the Lao PDR, **29 percent** (2016) of the population age 15 and older are current smokers (**51 percent** among men). This is higher than both the average for its region (25%) and the average for its income group (19%).
- **Universal Health Coverage (UHC) Index.** The index, ranging from 0 to 100, measures coverage of essential health services based on tracer interventions. In the Lao PDR, the UHC Index score is **51** (2017). This is lower than both the average for its region (65) and the average for its income group (56).
- **Social Safety Net Coverage.** In the Lao PDR, data on social safety net coverage of the poorest quintile are not available. The average for its region is 45 percent and for its income group is 39 percent.
- **Social Safety Net Adequacy.** In the Lao PDR, data on social safety net adequacy for the poorest quintile are not available. The average for its region is 9 percent and for its income group is 19 percent.
- **Human Capital Utilization.** In the Lao PDR, **39 percent** (2017) of the working-age population is employed. This is lower than both the average for its region (65%) and the average for its income group (54%).

- **Female Labor Force Participation.** In the Lao PDR, the female labor force participation rate is **77 percent** (2019). This is higher than both the average for its region (57%) and the average for its income group (50%).
- **Drinking Water.** In the Lao PDR, **82 percent** (2017) of the population has at least a basic source of drinking water. This is lower than the average for its region (92%) but higher than the average for its income group (81%).

Figure 2. Complementary Indicators



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This brief is based on the most recent data available from the Human Capital Project, World Development Indicators, Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE), UNESCO Institute for Statistics, WHO Global Health Observatory and Global Health Expenditure Database, IMF World Economic Outlook, selected national sources and World Bank staff estimates.

For more information on the definition of indicators and data sources, please visit: www.worldbank.org/humancapital