



*Empowered lives.
Resilient nations.*

20 Human Development Report 13 The Rise of the South Analysis on Cambodia

INTRODUCTION

The concept of human development entails freeing and enlarging people's choices within a society. In principle, these choices could be infinite, but there are three essential elements. People should:

- *lead longer and healthier lives (life expectancy at birth);*
- *attain knowledge (expected and mean years of schooling); and*
- *acquire the resources necessary to provide for a decent standard of living (purchasing power parity, income).*

The human development paradigm goes beyond these to also include such diverse choices as political, economic and social freedom, opportunities for people to be creative and productive, and to live with dignity. The essence of human development is to strengthen people's capacities and options for livelihood, and to create an enabling environment for it.

First launched in 1990, the Human Development Report's single goal was to capture the true status of development by putting people back at the centre of the development process in terms of economic debate, policy and advocacy. The goal was both massive and simple, with far-ranging implications – going beyond income to assess the level of people's long-term well-being. Bringing about “development of the people, by the people, and for the people”, the human development report emphasizes that the goals of development are choices and freedoms. Today, the human development report is prepared globally, as well as at regional and national levels.

The 2013 Human Development Report, *The Rise of the South: Human Progress in a Diverse World* was launched on 14 March in Mexico City, and opened by H.E. President Enrique Peña Nieto of Mexico and UNDP Administrator Ms. Helen Clark. The Report notes that over the last decade, all countries have accelerated their human development achievements in the three human development dimensions: education, health and income. No country for which data is available in the Report had a lower human development index (HDI) value in 2012 than in 2000.

For the period 2000 to 2012, faster HDI was recorded by low HDI countries; at the global level, the Report notes convergence in HDI values, although growth in HDI was uneven within, and between, regions. Cambodia is one of the ‘big improvers’ and/or countries that had greater gains in HDI in the South for the period between 1990 and 2012.

Presented in this leaflet is an abstract of the 2013 Human Development Report on Cambodia's performance on key indices of human development. It is to underscore the progresses in key human development indices and draw attentions to inequalities that potentially restricts and or undo human development progresses achieved over the last two decades or longer. In short, it is a brief account on Cambodia's HDI/IHDI, Gender Inequality Index (GII), Multi-dimensional Poverty Index (MPI) and concluding remarks based on the 2013 Human Development Report.

HUMAN DEVELOPMENT INDEX (HDI)

Over the past nearly two decades, Cambodia's economy has been among the fastest growing economies, unmatched by any other post-conflict society. Factors contributing to this fast economic growth included: restoration of peace and security; large public and private capital inflows; economic openness; fairly stable macroeconomic conditions; and dynamic and integrating neighborhoods. As a result, Cambodia has registered massive gains and improvements on human development as measured by the HDI: life expectancy at birth, educational attainments and providing decent living standards measured in Gross National Income (GNI) per capita (Purchasing Power Parity (PPP)).

Between 1980 and 2012, Cambodia's life expectancy at birth increased by 24.9 years, from 38.7 to 63.6, mean years of schooling and expected years of schooling increased by 0.8 and 4.0 years, from 5.0 to 5.8 and 6.5 to 10.5, respectively. Between 1995 and 2012, Cambodia's GNI per capita increased by some 163 percent, from \$797 to \$2,095 (2005 PPP\$). Overall, Cambodia's HDI for the period between 1995 and 2012 experienced fast growth in the three HDI dimensions at an annual average growth rate of about 1.7 percent, an average HDI growth faster than the Low and Medium HDI groups.

As a result, Cambodia is among the 40 countries in the South that have had greater gains in HDI between 1990 and 2012 than would have been predicted by their previous performances. Nevertheless, Cambodia's 2012 HDI of 0.543 is below the averages of 0.683 and 0.64 for countries in East Asia and the Pacific and the Medium HDI human development groups respectively.

	2012		
	HDI	IHDI	% loss HDI
Cambodia	0.543	0.402	25.9
EA & Pacific	0.683	0.537	21.3
Medium HDI	0.640	0.485	24.2

Being an average measure of basic human development achievements, the HDI masks inequality in the distribution of human development across the population of a country. For this reason, the 2010 Human Development Report 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. Thus, the HDI can be regarded as an index of 'potential' human development, while the IHDI is an actual HDI. The 'loss' in potential human development due to inequality is the difference between HDI and IHDI, and is expressed as a percentage.

Cambodia's 0.543 HDI value for 2012 discounted for inequality falls to 0.402, an average loss of 25.9 percent due to inequality in the distribution of the dimension indices; this is regarded among the highest losses in the 2012 HDI in East Asia and the Pacific region. This appalling average loss due to inequality is shared between loss due to inequality in life expectancy at birth (28.8%), education (28.3%) and income (20.3%). Cambodia's overall loss is 4.6 and 1.7 percentage points above the average losses due to inequalities for East Asia and the Pacific (21.3%) and Medium HDI countries (24.2%) respectively.

GENDER INEQUALITY INDEX (GII)

Gender equality is a concern of human development and is an essential part of the human development reports. Too often women are restricted and or suffer discrimination, measured against the three dimensions of gender inequality indices (GII): reproductive health, empowerment and economic activity. Indicators of gender inequalities are: maternal mortality ratio, adolescent fertility rate, percentage of female seats in parliament, percentage of population with at least secondary education, and the participation rate in the labour market by each gender. The GII replaced the previous Gender-related Development Index and Gender Empowerment Index. The GII shows the loss in human development due to inequality between female and male achievements in the three GII dimensions.

	2012			
	GII	FSE %		MR
		Female	Male	
Cambodia	0.473	11.6	20.6	250
EA & Pacific	0.333	49.6	63	73
Medium HDI	0.457	42.1	58.8	121

FSE = Female Secondary Education Attainment

MR = Maternal Mortality per 100,000 live births

Cambodia has a GII value of 0.473 and is ranked 96 out of 148 countries in the 2012 index. In Cambodia, 18.1 percent of parliamentary seats are held by women, and 11.6 percent of adult women have reached secondary or higher level education, compared to 20.6 percent of their male counterparts. For every 100,000 live births, 250 women die from pregnancy-related causes; the adolescent fertility rate is 32.9 births per 1000 live births. Female participation in the labour market is 79.2 percent, compared to 86.7 percent for males.

Cambodia's maternal mortality rate, 250 for every 100,000 live births, is far higher than the averages for the East Asia and the Pacific and Medium HDI groups, which are 73 and 121 respectively. Similarly, secondary or higher level educational attainment for adult women is far lower compared to the same HDI groups, which are 49.6 percent for East Asia and the Pacific and 42.1 percent for the Medium HDI group. Moreover, adult women's secondary and/or higher education attainment is lower by almost half (9 percentage points) of their male counterparts, indicating wide inequality between genders in education in Cambodia.

Another interesting indicator about Cambodia is the high participation rate in the labour market by both genders. Cambodia's 79.2/86.7 female/male percentage labour force size is much higher than the averages for East Asia and the Pacific and Medium HDI groups, which are 65.2/80.6 and 50.5/79.9 female/male percent respectively. As indicated, Cambodian female labour market participation is 28.7 and 14 percentage points higher than the averages for East Asia and the Pacific and the Medium HDI group countries. Among others,

factors that affect the size of the labour force are: size of working age population, wage rates, cultural attitudes and social norms, education and skills, flexible working time, part-time employment opportunities and the business cycle. The fact that Cambodia's labour market participation is above average is worth further study, although one possible reason for this could be Cambodia's young population. If this is true, the dependency ratio is so low that Cambodia needs to adopt the right policy mix to maximize the benefits of demographic dividend before the unavoidable age transition from presently younger age population not less committing to job creation and education to absorb the growing labour force and so as to help the economy grow.

2013 HUMAN DEVELOPMENT REPORT CAMBODIA

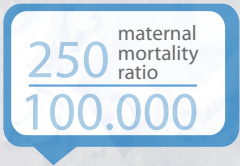


GNI per capita increased 163% since 1995



life expectancy at birth increased by 25 years between 1980 and 2012

Women hold 18% of parliamentary seats



when East Asia and the Pacific average is 73

INNOVATIVE SOCIAL POLICIES

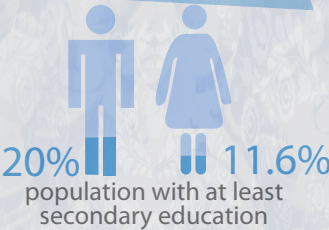
HUMAN CAPITAL



% fixed or mobile phone subscribers

Means years of schooling increased only by 0.8 years since 1980 up to

5.8 years



INEQUALITY

but potential to improve

28.5%

29%

20%

26%



MULTI-DIMENSIONAL POVERTY INDEX (MPI)

The Multi-dimensional Poverty Index (MPI) is the percentage of the population that is multi-dimensionally poor adjusted by the intensity of deprivations. Multi-dimensional deprivation measured by the MPI is a comprehensive measure-of-poverty index which looks at multiple and overlapping deprivations in health, education and standard of living across groups, regions and sub-regions, and in rural-urban settings.

Similar to the introduction of the IHDI, the 2010 Human Development Report introduced a MPI, which identifies multiple deprivations in the same households in education, health and standard of living. The education and health dimensions are based on two indicators each, while the standard of living dimension is based on six indicators. All the indicators needed to construct the MPI for a household are taken from the same household survey. The indicators are weighted, and the deprivation scores are computed for each household in the survey. A cut-off of 33.3 percent, which is the equivalent of one-third of the weighted indicators, is used to distinguish between the poor and non-poor. If the household deprivation score is 33.3 percent or greater, that household (and everyone in it) is multi-dimensionally poor. Households with a deprivation score greater than or equal to 20 percent, but less than 33.3 percent, are vulnerable to or at risk of becoming multi-dimensionally poor.

MPI Value = Headcount (%) X Intensity of deprivation (%)

The Human Development Report 2013 used the most recent survey data collected and calculated in 2010 for estimating the MPI figures for Cambodia. In Cambodia, 45.9 percent of the population lived in multi-dimensional poverty (the MPI 'head count') while an additional 21.4 percent of Cambodians were vulnerable to multiple deprivations. The intensity of deprivation, that is, the average percentage of deprivation experienced by people living in multi-dimensional poverty in Cambodia, is 46.1 percent. The country's MPI value, which is the share of the population that is multi-dimensionally poor, adjusted by the intensity of the deprivations, is 0.212. The contributions to the overall poverty of deprivations in health, education and living standards are 32.7, 22.1 and 45.1 percent respectively.

Cambodia's 2010 multi-dimensional poverty headcount is 45.9 percent and the population below the income poverty line is 22.8 percent, meaning multi-dimensional poverty is 23.1 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. Thus, the contribution of deprivations in each dimension to overall poverty complete the comprehensive picture of people living in poverty in a given country and or local and rural-urban settings.

Based on an analysis of 132 developed and developing countries, the Report finds an inverse relationship between human development and inequality, reinforcing prior studies on inequality. Like all past human development reports, the 2013 Human Development Report reiterates that economic growth alone does not translate into human development progress, meaning countries should not trade-off human development with economic growth.

CONCLUSION

Cambodia is an example of a fast post-conflict growing economy; however, fast economic growth does not guarantee sustainable human development. In order to sustain achievements and progress in human development, Cambodia needs to push ambitious innovative social policies. From the findings of the 2013 Human Development Report, the following needs attention:

- Sustaining progress through addressing inequalities and preventing falling back into multidimensional poverty;
- Innovative social policies and commitment to address the wide inequalities between genders, regions and rural-urban settings;
- Investment in education and health, as education and health have multiple effects on human development;
- Invest in people and support them through innovative social policies to fully realize their potential;
- Commit to job creation for the growing labour force through education and skills building, diversifying the country's economic base, and maximize the benefits of demographic dividends;
- Keep asking why some countries are doing better than others and learn lessons from other emerging countries in the South;
- Use micro-level statistical data on poverty and inequalities for more focused and robust anti-poverty and inequality policy measures;
- Focus on human development and invest in education, health and economic infrastructure in order for people to take advantage of their full potentials; and
- Development prospects of a country are influenced by the age structure of its population and its size; thus Cambodia needs to maximize the benefits of demographic changes as these will have considerable effects on its ambitious economic growth agenda.



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