



HIGHLIGHTS OF THE 1999 UNDP HUMAN DEVELOPMENT REPORT

Overview

The Human Development Report was first published in 1990 by the United Nations Development Program (UNDP) in response to the need for an alternative measure of development which in the past has relied on growth rate of per capita income as a sole yardstick.

The use of per capita income as a gauge to development has been widely criticized because the benefits of development to individual well-being was measured simply as a by-product of economic growth which was assumed to "trickle down" to the masses of population in due time.

The concept of development as conceived in the Human Development Report provides an entirely new perspective in measuring economic growth and development. Instead of focusing only on physical output and material gains, development is now centered on people and how the process of development enlarges their choices and opportunities. Most crucial of these wide-ranging choices are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living. Additional choices include those relating to physical environment, political freedom, guaranteed human rights and personal self-respect.

This report presents the highlights of the 1999 Human Development Report in terms of how the Philippines fared vis-à-vis other countries in managing growth and human development.

Measuring Human Development

For the purpose of measuring the overall sense of well-being of people, the UNDP constructed a composite index of human development - called human development index (HDI) - based on three indicators: longevity, knowledge, and standard of living. These are measured respectively by: (1) life expectancy at birth, (2) functional literacy and combined elementary and high school enrollment ratio and (3) real income per capita.

Computing the index begins by setting minimum and maximum levels for each of the indicators as follows:

Indicator	Maximum	Minimum
Life Expectancy	85 yrs.	25 yrs.
Functional Literacy (%)	100	0
Basic Education (%)	100	0
Income (US\$ PPP*)	40,000	100

*Purchasing Power Parity

An index for each indicator is then arrived at in the following manner:

$$Index = \frac{\text{actual value} - \text{minimum value}}{\text{maximum value} - \text{minimum value}}$$

The HDI in all cases is then simply the average of three indices: the Life Expectancy Index, the Education Index and the Income index, i.e.,

$$HDI = (1/3)(\text{Life Expectancy Index} + \text{Education Index} + \text{Income Index})$$

The value of HDI ranges from 0 to 1. The HDI value for a country shows the distance that it has already traveled towards the maximum possible value of 1 and also allows comparison with other countries.

The difference between the value achieved by a country and the maximum possible value shows the country's shortfall - how far the country has to go. A challenge for every country is to find ways to reduce its shortfall.

HDI and the Philippine Performance

Based on 1998 HDI ranking which covered some 174 countries, the UNDP report listed the top three (3) countries in terms of human development achievements as Canada, Norway and the US. Correspondingly, the bottom three (3) were Burkina Faso, Niger and Sierra Leone. The Philippines was placed in the medium human development category with an overall rank of 77 (HDI = 0.744). Among its neighboring countries, the Philippines is far behind Malaysia (rank 61), a step below Thailand (rank 76) and far ahead of Indonesia (rank 109).

A closer look at the components of the HDI shows that the Philippines performed best in education (literacy rate and secondary enrollment rate) surpassing both Malaysia and Thailand which recorded higher real per capita income and longer life expectancy. In terms of income, the country's per capita income is five (5) times lower than Malaysia and 1.5 times below Thailand.

Rank	Country	Life Expectancy at Birth	Functional Literacy Rate (%)	Primary & High School Enrollment Rate (%)	Real Per Capita Income Purchasing Power Parity (US \$)	Human Development Index
Top 3						
1	Canada	79.1	99.0	100	23,582	0.935
2	Norway	78.3	99.0	97	26,432	0.934
3	USA	76.8	99.0	94	29,605	0.929
Selected ASEAN Countries						
61	Malaysia	72.2	86.4	65	18,137	0.772
76	Thailand	68.9	95.0	61	5,456	0.745
77	Philippines	68.6	94.8	83	3,555	0.744
109	Indonesia	65.6	84.7	65	2,651	0.670
Bottom 3						
172	Burkina Faso	44.7	22.2	22	870	0.303
173	Niger	48.9	14.7	15	739	0.293
174	Sierra Leone	37.9	31.0	24	458	0.252

Source: 1999 Human Development Report, UNDP

FOR INQUIRIES:

Regarding this report contact Labor Standards Statistics Division at 527-3489

Regarding other statistics and technical services contact BLES Databank at 527-3577

Or write to BLES c/o Databank, 3/F DOLE Bldg., Gen. Luna St., Intramuros, Manila 1002

FAX 527-3579 E-mail: Issd@manila-online.net Website: <http://www.manila-online.net/bles>