



DEVELOPMENT COMMITTEE  
(Joint Ministerial Committee  
of the  
Boards of Governors of the Bank and the Fund  
on the  
Transfer of Real Resources to Developing Countries)



**DC2019-0007**  
September 18, 2019

**The Human Capital Project: An Update**

Attached is the document titled “The Human Capital Project: An Update” prepared by the World Bank Group for the October 19, 2019 Development Committee Meeting.



# *The Human Capital Project: An Update*

September 2019

This update has been prepared for the Development Committee  
and will be discussed in October 2019.

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### **Acknowledgements**

This paper was produced by Kavita Watsa and Emily Weedon, with inputs from Ayo Akala, Ciro Avitabile, Aaron Buchsbaum, Ritika D’Souza, Zelalem Debebe, Kathryn Gilman, Amer Hasan, Alex Leipziger, Pascale Schnitzer, Arlette Simo-Fotso, Jason Weaver, and Jozefien van Damme (World Bank) and Andrew Myburgh (IFC). The team is grateful to Annette Dixon, Amit Dar, Roberta Gatti, Nadir Mohammed, Dena Ringold, and Magnus Lindelow for advice and guidance.

## Executive Summary

This paper summarizes progress and outlines next steps as the Human Capital Project builds momentum.

- **The Human Capital Index has drawn global attention to the economic case for investing more effectively in people.** While many countries have cause for concern, income losses will be worst in Sub-Saharan Africa, South Asia, and the Middle East and North Africa, where children born today will achieve only 40 to 50 percent of their potential productivity as adults, compared to what could have been possible with complete education and full health. This has serious implications for the jobs and economic transformation agenda.
- **Human capital deficits are a significant barrier to progress.** In the bottom 30 countries on the index—of which 28 are IDA-eligible—children born today will achieve barely a third of their potential productivity as adults. In addition to inadequate infrastructure, weak access to quality social services is obstructing progress toward several of the Sustainable Development Goals.
- **Financing, efficiency of spending, and governance are key challenges in countries that are off-track.** Across developing regions, many countries with large human capital gaps are not raising enough resources nor sufficiently prioritizing human capital. External financing remains critical in the poorest countries, while others need support on how to enhance revenue mobilization. Spending efficiency needs to be raised, including by financing or enabling private provision of services.
- **Increased spending does not always deliver good outcomes.** In countries of all income levels, people are disadvantaged because of socioeconomic status, gender, sexual orientation and gender identity, geography, and environmental and other factors. Inadequate regulation of both public and private service provision, weak performance of service delivery systems, and other institutional and governance issues also hamper outcomes. In an era of constrained fiscal space, these challenges present opportunities for reform to catalyze better outcomes, particularly in middle-income countries.
- **Measurement and research on human capital focus on priority areas.** Work is underway to update the Human Capital Index with fresh data, analyze inequalities within countries, carry out complementary research on workforce skills and other dimensions of human capital, identify new areas of research, and provide actionable analysis on service delivery.
- **Key upcoming products include the next Human Capital Index in 2020.** Over the coming year, there will be an index retrospective capturing past trends, socioeconomic and subnational disaggregation of the index, and a global education policy dashboard and literacy policy package. A progress tracking tool is being developed to aid policymakers.
- **Countries are responding with concrete action.** Over 60 countries have joined the Human Capital Project. Many are taking concrete steps to build consensus and awareness, coordinate across sectors, improve measurement, and adopt reforms. The World Bank Group is helping accelerate critical knowledge transfer on human capital between countries through a specialized country network.
- **Many governments are concerned about good jobs and skills.** Low productivity work and unemployment are widespread concerns among policymakers. Countries need to support an enabling environment for job creation and quality education—both formal and on the job—that produces skills to match the needs of the labor market; and for utilization of human capital, particularly that of women who may face multiple barriers to entering formal or paid employment.
- **Work is underway across the WBG to meet growing country demand.** A new Africa Human Capital Plan aims to help increase productivity for the next generation by 13 percent by 2023. It will support women’s empowerment, among other game-changing investments. Regional plans will follow for the Middle East and North Africa, and South Asia. Contributions of all World Bank Global Practices, including those beyond the social sectors, and of the IFC are a key focus.

## 1. The Human Capital Project (HCP): Engagement and Action in FY19

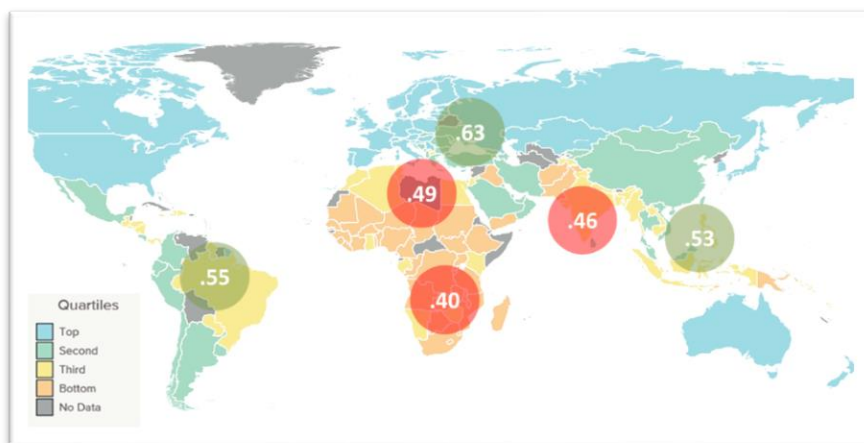
**The HCP was launched by the World Bank Group (WBG) in response to the scale of human capital deficits in many countries and mounting evidence on the cost of inaction.** In its first year, the HCP has drawn attention to the weak level of preparedness in many countries for the changing nature of work in this century and launched a strong effort to increase country engagement, support evidence-based action, and share knowledge on human capital issues.

**Released in October 2018, the Human Capital Index (HCI) catalyzed country commitment to accelerate more and better investments in people.** As of June 2019, over 60 countries across all income levels have joined the HCP (see Annex 1). An HCP Country Network, facilitated by the WBG, connects senior government officials around the world, mostly from finance ministries, but also including relevant line ministries, on more effective strategies to build human capital, while a coalition of human capital champions provides advocacy and advice globally. These achievements mark the beginning of a global movement poised to intensify in the years ahead.

**Strong country ownership of this agenda is timely in the face of global megatrends.** In the decade since the last global financial crisis, fiscal space has shrunk in many emerging market and developing economies, with a steady deterioration of debt sustainability (Kose et al, 2017). Simultaneously, global megatrends such as technological advancement, economic integration, migration, conflict, demographic trends, and climate change present interlinked challenges and opportunities for human capital formation (*Box 1*).

### 1.1 Global and country engagement sparked by the index

**The HCI was launched at Annual Meetings 2018, linking human capital outcomes with the productivity of the next generation (World Bank, 2018).** Its headline finding was that almost 60



**Figure 1: Human Capital Index averages for IDA/IBRD countries**

percent of children born today will reach only half their potential productivity, compared to what they could achieve with complete education and full health as defined by the index.

IDA/IBRD-eligible countries are worst affected in Sub-Saharan Africa (SSA) with an average HCI of 0.40, the South Asia Region (SAR) with 0.46 and the Middle East and North Africa (MENA) 0.49 (*Figure 1*).

**With three productivity-linked components—survival, schooling, and health—the HCI has fueled growing global interest in human capital.** *World Development Report 2019*, which contains an explanation of the index (World Bank, 2019), was accessed over 1.3 million times after publication and HCI datasets were downloaded 31,000 times. The index was covered widely in the press with nearly 1,500 news articles, and 90 percent of top-tier media articles highlighted economic messages.

An *Open Letter to the World* signed by human capital champions was circulated to 13.5 million readers of the *Financial Times*. Country briefs for each country in the HCI are available online, summarizing performance relative to the global frontier, and presenting comparisons with other countries in the same income group and geographic region. A FastDraw video explaining the HCI is also online in 7 languages.

**The HCI provides insights to guide more effective investments in virtually all country contexts.** HCI scores vary considerably—from Chad (0.29) to Ukraine (0.65) to Singapore (0.88)—showing that all countries can do more to improve their human capital outcomes. While more work is needed to quantify the existing human capital of countries and strengthen the prospects of today’s adults, the index has drawn attention to the scale of human capital deficits and the barriers that prevent households from building human capital. It has also highlighted the need to invest early in young children.

**The 30 countries with the lowest index scores (HCI average 0.36) share many features.** The majority are in SSA. Over a third are affected by fragility, conflict and violence (FCV). Most have a total fertility rate over 4 and are pre-demographic dividend (could potentially register economic gains as a result of changes in the age structure of the population). Many have high stunting rates of over 30 percent, and over half have maternal mortality ratios of over 400 deaths per 100,000 live births. The average number of learning-adjusted years of school is only 4.2. Collectively, the lowest-performing countries account for a significant share of the global population falling short on key indicators. For example, Nigeria accounts for about a quarter of under-five deaths in Sub-Saharan Africa and over a tenth globally. Improving social services, empowering women and girls, and working towards a demographic dividend are key objectives for this group.

**Middle-income countries fare better on average but face serious challenges.** Many have deficits in learning-adjusted years of school, a key HCI component. Children who start school at age 4 in Brazil can expect to complete nearly 12 years of school, but experience only 7.6 years of learning. In Romania, children get over 12 years in school, but only 8.8 years of learning.

**For many middle-income countries, disaggregation of the index highlights key opportunities for focused reform to smooth the unevenness of human capital outcomes.** Also, while faced with the need to urgently improve the prospects for all children born today, these countries are often grappling with pressing issues such as unemployment and low productivity, non-communicable diseases (NCDs) that are sometimes rooted in early neglect, and already aging populations—all of which require strong policies and programs. It is important to invest early to ensure that older populations are eventually healthier and more productive.

**While wealthier countries tend to have higher HCI scores, some face significant human capital issues.** These include poor learning outcomes, high burden of NCDs, and low female labor force participation. In MENA, for example, while spending on education is above the OECD average, school attainment is more aligned with countries in lower income brackets.

**Since the launch of the index, the number of HCP countries has more than doubled.** In 2018, prioritization of human capital drew 28 countries to become HCP early adopters, beginning with a request from Tunisia’s late President Essebsi to engage on issues related to the index. Now, the HCP country network spans a group that is diverse in income level, country context, and index performance (*Annex 1*).

**HCP support for human capital development goes beyond challenges reflected in the index to respond holistically to countries’ wide-ranging human capital priorities.** The index does not capture all dimensions of human capital and the HCP country support goes well beyond the issues that it covers. Section 2 of this paper outlines how the WBG, with partners, is working on new data and research to engage an even broader set of countries and build further momentum.

### **Box 1. The links between global megatrends and human capital**

**Technological advancements have implications for jobs and economic transformation.** Technology presents opportunities if worker skills respond to the changing nature of work. Since 2001, the share of jobs requiring non-routine cognitive and socioemotional skills has risen from 19 to 23 percent in emerging economies. Preparing workers for higher order skills increases their productivity and helps countries grow and compete globally. Technology could also have a strong impact on the delivery of social services to communities that need them most. The Jobs and Economic Transformation Development Committee paper addresses this critical issue in more detail.

**Economic integration changes the nature of skills in demand.** Free trade agreements and better infrastructure have reduced the cost of cross-border trade, allowing transactions to take place wherever costs are lower, and firms are outsourcing more tasks to the market. As the boundaries of firms have expanded, the corporate labor share has declined; World Bank analysis shows a decline in two-thirds of 76 developing countries between 1975 and 2012.

**Economic migration may increase further with positive implications for sending and receiving countries.** The search for jobs across borders—accounting for 90 percent of all migration—will likely increase as people seek the benefits of labor mobility, as well as move in response to income gaps between countries, social inequalities, automation of jobs, aging populations in higher-income countries, and climate change. Evidence demonstrates that these migrants contribute positively to the economies of both the country from which they came and in which they settle (World Bank, 2019). Capturing such returns warrants attention to migration flows, investing in education and skills development, and supporting both migrants and native-born workers in destination communities.

**Protecting and building human capital during conflict can help address fragility.** Violent conflict has risen sharply in recent years. In 2016, out of 47 state-based violent conflicts, 18 spread beyond national borders—more than in any year after World War II (UN, World Bank 2018). Increased support in fragile and conflict-affected situations, including building capacity to reduce implementation gaps, protects and builds human capital, while also helping to increase trust and tackle the root causes of fragility. Building and protecting the human capital of internally and forcibly displaced persons warrants specific attention for both the displaced and their host communities.

**Demographic trends require strong policy interventions.** Challenges relate to both high fertility rates and aging.

- **High fertility rates** remain a serious challenge, and women’s empowerment is central to meeting it. While fertility decline is a key driver of the demographic dividend and female secondary school enrollment is linked to lower fertility rates, both are off-track in many low-income countries. Reversing this trend could help deliver economic gains if coupled with growth-oriented policies. In the Democratic Republic of Congo, a 3-child difference in total fertility rates could result in a 57 percent increase in real GDP per capita by 2050 (Hasan et al. 2019).
- While higher life expectancy is a major achievement, increased demand for services for older people has fiscal implications in developing countries with **aging populations**. Stronger human capital can compensate for a shrinking labor force as countries age. Lifelong learning enables greater productivity of the existing workforce by mitigating the risks of skills obsolescence, and can help the elderly to remain active and transfer their human capital to successive generations, while encouraging women’s participation in the workforce can help offset the impact of aging.

**Human capital and climate change impact one another.** Severe stunting could increase by 31 to 55 percent in parts of Africa and 62 percent in South Asia due to the impact of climate change on crop yields (Lloyd et al. 2011). A recent study shows that extreme heat could reduce human learning by about 15 percent (Goodman, et al. 2018). However, human capital investments could have a positive effect on climate change and its management. Investing in universal education and access to reproductive health could reduce global carbon emissions by 120 billion tons by 2050 (Hawken, ed., 2017).



## 1.2 A strong wave of first responses from committed countries

**In some countries, human capital is being championed at the highest level of government.** In Pakistan, Prime Minister Khan emphasized human capital outcomes in his inaugural address. Ethiopia's Prime Minister Ahmed is championing education quality. Azerbaijan, Nepal, Bhutan, Botswana, the Pacific Islands, and Pakistan have held Human Capital Summits and other high-level events. Recent thematic events have drawn attention to key issues, including the Mashreq Women's Economic Empowerment Conference in Beirut and the Digital Economy Summit in Amman. In addition, events in Beirut and Tunis have focused on unlocking young people's potential as a driver of growth in MENA, and high-level fora are expected in Kuwait and Saudi Arabia. An ASEAN event focused on human capital will be held in Bangkok in September 2019.

**Human capital has been prioritized in the national development plans of several HCP countries.** Following a stocktaking of human capital and investments in people, Sierra Leone launched its National Development Plan, *Human Capital for Development*, in 2019, with the central theme of promoting human capital and protecting vulnerable people. In Indonesia, human capital is a key priority area of the President's vision for his second term and has become a core pillar of the new Medium-term Development Plan 2020-2024 as well as a main cross-cutting topic of the 2020 Fiscal Framework. In Peru, the government's National Competitiveness Plan includes human capital as one of its objectives and adopts a whole-of-government approach in this effort. The government is prioritizing investment in education quality and early childhood development. In Kenya, a Presidential taskforce is working to align human capital with Kenya's "Big Four" Action Plan covering food security, affordable housing and healthcare, and manufacturing.

**Many countries are intensifying efforts to develop human capital using whole-of-government strategies across sectors and levels of government.** About a dozen countries have held national retreats on human capital outcomes. Angola has convened multiple ministries to identify priorities and resolve implementation bottlenecks. Ukraine has created a high-level Human Capital Board to coordinate efforts. Nigeria is building ownership from the federal level to local levels, with its new human capital plan endorsed by state governors and key ministries.

**Some HCP countries have begun implementing reforms to enact their policy visions.** Following its development of a vision to accelerate progress on human capital outcomes, Tunisia has adopted a national early childhood development strategy and the "Amen" law to improve coverage of the social assistance system. Mali announced reforms effective 2023 that will make health services free for children under age 5 and pregnant women. In April 2019, Pakistan launched a flagship program, *Ehsaas*, focused on investing in people, reducing inequality, and lifting lagging districts, with an emphasis on modern data and technology to deliver results. The Gambia is prioritizing a new national cash transfer program, *Nafa*, to enable the poorest households to cover basic needs while investing in the human capital acquisition of their children.

**Examples exist of low-income countries that have recently shown a steady commitment to better resourcing the social sectors.** Between 2012 and 2016, Guinea and Sierra Leone both increased education spending by 41 percent. Over the same period, Guinea increased health spending by 63 percent and Sierra Leone by 45 percent. Improved outcomes in many countries will require similar prioritization of human capital in the domestic budgeting process. Most recently, after joining the HCP, the Nepalese Ministry of Finance announced a 22 percent increase for the social sectors next year. Also, Morocco, in addition to traditional and already substantial spending on social sectors, will invest US\$1.8 billion in the National Initiative for Human Development over five years to accelerate progress.

**Some countries are trying to achieve more within their existing levels of spending.** In Indonesia, where the stunting rate remained stubbornly high at above 30 percent despite economic growth and substantial investments in nutrition programs, the Vice President launched a new national multisectoral stunting strategy that committed 23 ministries to converge an evidence-based set of priority interventions on 24 million “1,000-day” households—those with pregnant mothers or children under age two—across 6,000 islands. Because Indonesia is a highly decentralized country, the strategy involves aligning spending and accountability across provinces, districts, and villages. Sierra Leone has committed to a human development-centered public expenditure review to better understand allocation of resources in related sectors.

**Countries are innovating and leveraging technology to encourage better human capital outcomes.** Cabo Verde has launched innovative pilots to equip all students with digital skills, including “weblabs” powered by solar energy to teach robotics and coding in secondary schools. The United Arab Emirates is working on a case study for policymakers interested in volunteer-sourced translation of high-quality digital learning materials with an annotated toolkit based on the country’s *Madrasa* portal. After learning of India’s innovative use of digital technology to tackle stunting during a learning exchange in January, Indonesia is piloting an Android app to empower communities to converge priority nutrition interventions and hold frontline service providers accountable for service delivery.

**Many HCP countries are taking steps to improve measurement.** In 2018, Uzbekistan announced it would join the Programme for International Student Assessment (PISA) in 2021 to measure student learning and be included in the HCI. Efforts are also underway to support the first ever PISA for Mongolia. In 2019, Philippines participated in the Trends in International Mathematics and Science Study (TIMSS) for the first time since 2003. Several countries (including Central African Republic, Cote d’Ivoire, Guinea, Niger, and Nigeria) are implementing early grade assessments of reading and mathematics with WBG support. Further, Morocco aims to use the HCI to measure progress under its National Initiative for Human Development and will work to improve measurability by gathering data on the quality of early childhood development services. Indonesia is introducing measurements of stunting in its national survey starting in 2019 and, in Peru, multiple national surveys now include measures of early childhood development.

**The HCP has a strong focus on fragile and conflict-affected situations (FCS).** Ten of the HCP countries are listed as fragile situations by the WBG, more than a quarter of all countries currently classified as such. There is growing recognition that violence and fragility can have long-lasting negative impacts on human capital formation and utilization. Specific government responses, as noted above and elsewhere in the paper, include policy, program, and measurement actions in many of these countries.

### 1.3 Supporting platforms and partnerships

**The HCP Country Network allows countries to share experiences and discuss reforms toward their common vision.** An online platform provides an invitation-only space for focal persons—mostly from ministries of finance or planning—to stay connected. Users can share ideas, review upcoming events, and access a knowledge library. A newsletter, *Human Capital Project: Country Connections*, was launched in January 2019 to highlight innovative country policies and programs; showcase global, regional, and national events; and share the latest knowledge and data. A public version is planned in FY20.

**At the 2019 Spring Meetings, government focal persons from 41 HCP countries convened in Washington, D.C., for a specialized forum.** Discussions were driven by the experiences of a range of countries on themes such as economic performance, whole-of-government strategies, early childhood

development, learning outcomes, universal health coverage, and safety nets. Participants requested more learning opportunities, especially on domestic resource management and the jobs agenda.

**Individual countries are also trying to share their knowledge more widely.** For example, Vietnam, which performs well on student learning relative to the OECD average, is developing a retrospective on education and has participated in a knowledge exchange with Cote d'Ivoire.

**Human capital champions have used their influence to drive the agenda forward.** These champions are an informal coalition of global leaders across philanthropy, civil society, private sector, multilateral institutions, and governments who advise the WBG on HCP directions, advocate for more and better investments in people, and engage on specific issues. In the past year, these champions have used their voice across a range of platforms, participated in public advocacy events, and actively carried human capital messages across social media channels to reach 17.5 million people.

**Partnerships add considerable strength to the efforts of the HCP, and fill key gaps.** The WBG's partnership with UNICEF and the WHO in Yemen is an example of how various institutions can combine capabilities to build and protect human capital on the ground during conflict. In the multilateral space, under the Japan G20, the Development Working Group has produced an initiative on investing in human capital and the G7 Development Ministers' communique includes strong references to the HCP.

## 2. What's Next: Data, Research, and Support for Accelerated Outcomes

**An updated HCI release is planned for 2020, alongside work on disaggregation of the HCI, exploration of new areas of human capital research, and strengthening HCI data quality.** An updated HCI is expected in 2020 with expanded country coverage. Work is underway to analyze HCI inequalities within countries, and strengthen the quality of HCI data by filling data gaps, improving consistency, and achieving faster validation of data (Box 2). Complementary research is expected on additional dimensions of human capital, as well as actionable analysis on service delivery.

### 2.1 An updated HCI in 2020 with expanded country coverage

**More countries and newer learning data will be included in the 2020 index.** The WBG will release an updated global HCI during the first half of 2020. With the availability of recent data, especially for small island nations, the update will include about eight new countries, to cover up to 165 countries. The update is timed to follow the release of PISA data for about 80 countries in December 2019, introducing fresh measurement of learning for them.

**However, the 2020 update will not significantly change the HCI values for many countries from 2018, as it typically takes at least a few years to reflect progress or deterioration across index indicators.** The index will be gender-disaggregated for all countries with available data. Box 2 shows the full range of issues on which strong country consultations are important.

### **Box 2. Strong country engagement on the Human Capital Index, including on data quality**

**Data timeliness and consistency.** For 12 countries, some of the data used to calculate current HCI scores is over 10 years old and, for another 31 countries, data is between five to 10 years old. The WBG has started to work with countries and partners to improve the timeliness and consistency of data that feeds into the HCI, as this strengthens its overall quality. For expected years of schooling, for example, the HCI uses total net enrollment rate (TNER) data when available, but these data are missing for many countries and years, necessitating use of other measures and reducing consistency of cross-country and over-time comparisons. For the 2020 index, the WBG will continue to work with countries to make more TNER data available.

**Data validation and future methodological development.** Extensive consultations are needed to: (i) validate the data used in HCI calculations and foster understanding of country-specific data requirements; and (ii) identify future methodological development of the index that will be useful for policymakers. Human capital events organized by countries are an ideal venue; these will be supplemented by workshops and targeted outreach activities. High-level discussion on consultations is expected in the coming months.

**Index retrospective.** There is demand from countries to document past trends in the HCI and its components. Such analysis could inform country expectations of the rates of progress that are realistic to achieve in the medium term. It also would serve as a counterpoint to short-term changes in the HCI, which are likely to be small. The retrospective will generate a well-curated time series of HCI component data, as well as the overall HCI, for as many countries as possible from the early 2000s onwards. This will require significant collaboration with governments on data sources and availability to fill gaps in standard published sources.

**Capacity building.** These activities will aim to build know-how among representatives of governments, NGOs, and academic institutions. The team will prepare workshops and webinars that discuss the HCI formulation and its economic implications, as well as guidelines for in-country capacity building through formal training and a learning-by-doing approach. Objectives of capacity building include developing communities of practice for the use of the HCI as a policymaking and research tool.

## 2.2 Complementary research spotlights on other aspects of human capital

**The HCI currently excludes some dimensions of human capital (e.g., the skills gap of the current workforce) because of data paucity.** While the 2020 update will not change either the dimensions of human capital or the aggregation methodology, upcoming methodological work will explore issues that will interest a wider set of countries, in consultation with leading technical academics.

**Complementary research spotlights will investigate other dimensions of human capital.** These include: (i) skills of the working age population; (ii) the utilization of human capital; and (iii) non-communicable diseases. Some of this work will be done for subsets of countries for which data are available and are complementary to the core structure of the overall HCI.

**Many countries have raised current workforce skills as a missing element in the HCI.** This implies not just cognitive ability and educational attainment, but also socioemotional and job-relevant skills. While data from Programme for the International Assessment of Adult Competencies and STEP surveys reflect adult literacy, numeracy, skills gained on the job, and ability to problem-solve in technology-rich environments, they cover only about 50 high- and middle-income countries, and do not allow consistent comparisons across low-income countries (Laajaj et al., 2019). There are ongoing efforts to increase the cross-country comparability of personality traits measures relevant in the labor market. Through a recently signed partnership, the WBG and UNESCO Institute for Statistics will endeavor to step up adult skills measurement by developing the protocols for integrating the adapted version of the Literacy

Assessment and Monitoring Programme into regular household surveys. This could help create a sustainable mechanism to measure the skills of adult populations in low-income countries.

**The utilization of human capital is another critical extension of human capital research.** At a given level of human capital, individual characteristics (e.g., gender, previous occupation, family factors) and country-specific factors (e.g., investment climate, labor market regulations, social norms, economic growth/structure) can affect job availability, incentives to seek jobs, and prospects of finding and retaining them. Because of differences across these groups of factors, two countries with the same amount of human capital on average might reap varied benefits from it. And although there is evidence that girls overtake boys in terms of human capital outcomes in many countries (World Bank, 2019), girls have fewer opportunities to utilize their human capital in the labor market than boys. According to the ILO, in 2018, the employment to population ratio among those aged 15 or older was 71 percent among men and just 45 percent among women. Women’s empowerment and gender equity in the utilization of human capital can have significant impacts for economic growth (*Box 4*).

**The WBG will analyze properties of the employment rate as a proxy for human capital utilization.** While this has limitations (it can potentially underestimate informal, self-employed, or unpaid work), in line with the HCI, it is an actionable indicator with relatively large geographic coverage. Educated people who are unemployed for long periods of time or those who do not enter the labor market right after school experience deskilling as their human capital erodes. Measures of unemployment help quantify this risk.

**Non-communicable diseases (NCDs)—including cardiovascular disease, diabetes, cancer, chronic respiratory diseases, obesity, and mental health conditions— influence the economy in several ways.** First, when people of working age die of a disease, aggregate output suffers a direct loss. This dimension is already captured in the HCI by the inclusion of the Adult Survival Rate. Second, people of working age who suffer from disease might be less productive, work less, or retire earlier. Finally, current medical treatment and prevention require substantial resources, part of which could otherwise be used for productive investments in infrastructure, education, or research and development. In the long run, there is evidence (Jayachandran and Lleras-Muney, 2009) that a reduction in adult mortality can help increase the incentives to invest in human capital since the benefits can be reaped over a long period of time. The WBG’s Health, Nutrition, and Population Global Practice is supporting policy research in this area.

### 2.3 Insights to help smooth uneven human capital outcomes within countries

**A national HCI value can mask significant disparities in outcomes within a country—across regions, socioeconomic groups, and gender—which may have critical policy implications (*Box 3*).** Regional and socioeconomic disaggregation of HCI components can help increase returns to investing in human capital by targeting disadvantaged groups.

- The methodology for subnational HCI values enables calculation at any subnational level where the relevant representative data are available. This has been done for over a dozen countries, including Angola, Chad, Indonesia, Mali, Niger, Pakistan, Peru, the Philippines, Romania, Sierra Leone, Sri Lanka, and Vietnam. Notably, differences in HCI scores within countries can be as large as—and sometimes larger than—gaps across countries. The analysis reveals geographic inequities, as well as ethnic inequities in both health and education outcomes (as in the case of Vietnam), and signals that nuanced targeting of government policies is key.
- Similarly, the national HCI masks socioeconomic inequalities. The WBG has begun analysis of child survival, enrollment, test scores, and stunting for over 50 countries for which data allows disaggregation by wealth quintile using a common methodology. Here too, preliminary results show that differences within countries can also be as large or sometimes larger than across countries and suggest that seven of the 10 most unequal countries are middle-income.



This analysis will inform a forthcoming paper on equity and the HCI. The report will highlight the policy relevance of and substantial gains to be made in human capital development across all countries. It will challenge governments to adopt reforms that replicate the successes in their best performing regions and/or groups in the poorer performing ones.

### Box 3: Disaggregation of the Index for the Philippines

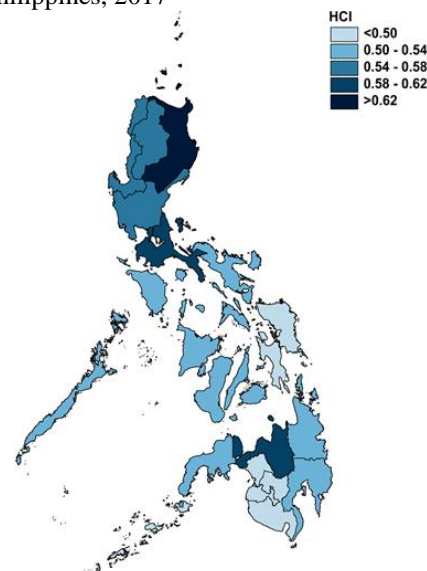
The national HCI for the Philippines (0.55), is above the average for lower middle-income countries and close to the global average, ranking 84th out of 157 countries included in the HCI.

However, geographic and socioeconomic disaggregation reveal wide disparities. Figure 2 illustrates the geographic inequities.

There is also a marked difference in the HCI outcomes between rich and poor households:

- Children who grow up in the wealthiest one-fifth of families accumulate 40 percent more human capital than those in the poorest one-fifth.
- Children in the poorest quintile are nearly four times more likely to die before age five than children in the wealthiest.
- One in two children in the poorest quintile are stunted, compared to one in three nationally.

Figure 2: Human Capital Index by Region, Philippines, 2017



Source: WBG staff analysis

**Gender disaggregation of the HCI is available for 126 of the 157 countries in the index.** It shows that HCI scores are higher among girls than boys in most countries with available data (noting that the index does not capture many other profound inequalities for women). Gender gaps are most pronounced in survival to age 5, adult survival, and stunting, where girls, on average, do better than boys across all regions. These gaps may be partially explained by biological and behavioral factors that place boys at a greater risk of experiencing morbidity or mortality (Muenchhoff and Goulder 2014; Simchen et al. 2013; United Nations 1998).

**While the number of expected years of school and test scores are higher among girls than boys in many countries, girls face barriers to the accumulation and utilization of human capital that are not as prevalent for boys.** In Africa and Asia, girls in low-income countries fare worse than their male counterparts on learning outcomes compared to the number of years of schooling achieved. As women transition out of school, they account for only 39 percent of the labor market, despite making up half of the population globally. In the MENA, where this is a particular challenge, only 21 percent of women participate in the labor market, compared to 74 percent of men. Differences in labor force participation can also contribute to gender differences in human capital accumulation over the life cycle, since significant skills are acquired at work.

**An attempt will be made to fill gaps in the gender disaggregation of the HCI.** This will be done as part of the ongoing effort on an “index retrospective” (Box 2). The shortfall is mainly linked to lack of gender-disaggregated administrative data, particularly in poor countries, on enrollment rates used to construct expected years of school. The WBG will explore alternative data sources such as household

surveys, with the goal of completing coverage of gender-disaggregated data for all countries. Research on the utilization of human capital will also explore gender dimensions in the workforce.

## 2.4 Actionable data on where to focus service delivery improvements

**The WBG’s Service Delivery Indicators program (SDI) measures the quality of service delivery in a country at the frontline where services are delivered to citizens.** By linking facilities’ resources—financial and human—to outcomes, the program is helping shift national policy dialogue from inputs towards quality and results. In Tanzania, the government used these data as diagnostics while planning major reforms and added SDI indicators to the monitoring framework of a major education results program. Policies based on SDI evidence have resulted in Tanzanian teachers being deployed more equitably within and across districts, and motivated to spend more time in classrooms teaching.

**In the 12 African countries covered to date, SDI surveys provide stark insights on what service providers know, what they do, and the inputs to which they have access—across both public and private providers.** On average, based on nationally representative surveys of primary health facilities and schools, the SDI found that less than 20 percent of teachers have mastered the curriculum that they teach, 50 percent of health providers misdiagnose basic conditions that they encounter, and only 40 percent of facilities have access to clean water, electricity, and improved toilets. Importantly, disaggregated data are available for private and public providers, as well as for rural and urban areas, providing useful insights.

**SDI surveys have now been deployed in 12 additional countries.** These are in Asia, Latin America, and Europe and Central Asia, with new analysis expected on links between the quality of service delivery and non-communicable diseases, childhood nutrition, pandemic and disaster preparedness, facility management, and school feeding. Whenever possible, SDI also collects gender-disaggregated data to gain insights and recommend policies that help eliminate any gender related gaps in both utilization and quality of service delivery in health and education.

**A forthcoming analytical report will synthesize findings and lessons from nearly 10 years of SDI data collection, drawing comparisons across countries.** With an eye toward equity, it will also examine how key indicators vary *within* countries and include novel geospatial datasets to shed light on how the local environment (demand-side factors/constraints such as population density, poverty, climate change metrics, electrification, access to roads, among others) relates to facility (supply-side) quality. The report will highlight where resources may be deployed strategically to increase access to high-quality services. Country spotlights will describe how SDI findings can trigger changes in the political economy around human capital investment. The report will be released at Spring Meetings 2020.

## 2.5 Sharing knowledge from successful countries and tracking policies

**As part of planned knowledge sharing, the HCP has begun a series of best practice case studies to understand how countries have realized positive outcomes in various human capital metrics.** The topics of the case studies match the components of the HCI and the countries were chosen based on analysis of positive outliers in performance of these outcomes. These will cover the experiences and lessons learned from whole-of-government approaches (Singapore), schooling and adult survival (Morocco), stunting (Ghana), and human capital as an export (Philippines). Country experiences also underscore the role of women’s empowerment and education in changing demographic trends and improving human capital outcomes (*Box 4*).

#### **Box 4. Broad action is needed for countries to empower women and build human capital**

While below the global average, **Bangladesh** has an HCI score that is above its regional average and also above what its income level would predict. The country's success is, in part, driven by clear political will and direction, coupled with commitment to an evidence-based, well-designed comprehensive strategy to empower women. Notably, between 1960 and 2017, the total fertility rate declined from 6.7 to 2.1 births per woman.

Family planning reforms were a key policy to reduce fertility. A massive deployment of Family Welfare Assistants went door-to-door to deliver family planning services, and was accompanied by actions to improve maternal and child health services. Key stakeholders such as religious and political leaders and NGOs helped to shift social norms.

Fertility reduction also hinged on women's empowerment through education and employment opportunities. Targeted stipends for poor, rural girls helped increase girls' enrollment in secondary school from just 39 percent in 1998, among the lowest in the world, to nearly 67 percent in 2017. An increase of one year of schooling was found to boost labor participation of married women, from 2.4 percent to 5.3 percent (Hong et al, 2012). Collaborative efforts between government and civil society to expand microcredit and foster entrepreneurship also helped to nearly double the number of women in the workforce between 2003 and 2013.

Newly released evidence from **Eswatini** reinforces that financial incentives to increase girls' education can have demonstrated impacts on reducing early pregnancy and HIV rates, as well as increasing the likelihood that girls return to school after pregnancy compared with their peers who lack financial incentives (Gorgens et al., 2019).

**There is also demand from governments for a tool to monitor policies that are essential to move the needle on the HCI.** The WBG is developing a new progress tracking tool to respond to this need. It has two interrelated objectives. First, it aims to help low-income and lower middle-income countries identify a set of actionable policies, laws, financing arrangements, implementation, and delivery mechanisms for effective service delivery. Second, it tracks how each country is doing across a set of intermediate outcomes to monitor whether the policies in place are leading to improved human capital indicators.

**The WBG, with support from the Bill and Melinda Gates Foundation, the UK's Department for International Development, and the Government of Japan, is also launching the Global Education Policy Dashboard (GEPD).** It will enable countries to monitor how well they are oriented toward improving learning and attainment for all children in primary education—and ultimately improving the HCI as well. The GEPD will be phased in for 13 countries across all regions by early 2020, with the goal of scaling up rapidly afterwards. Data for the first country, Peru, will be available in November 2019.

#### 2.6 Working across the WBG to support better outcomes

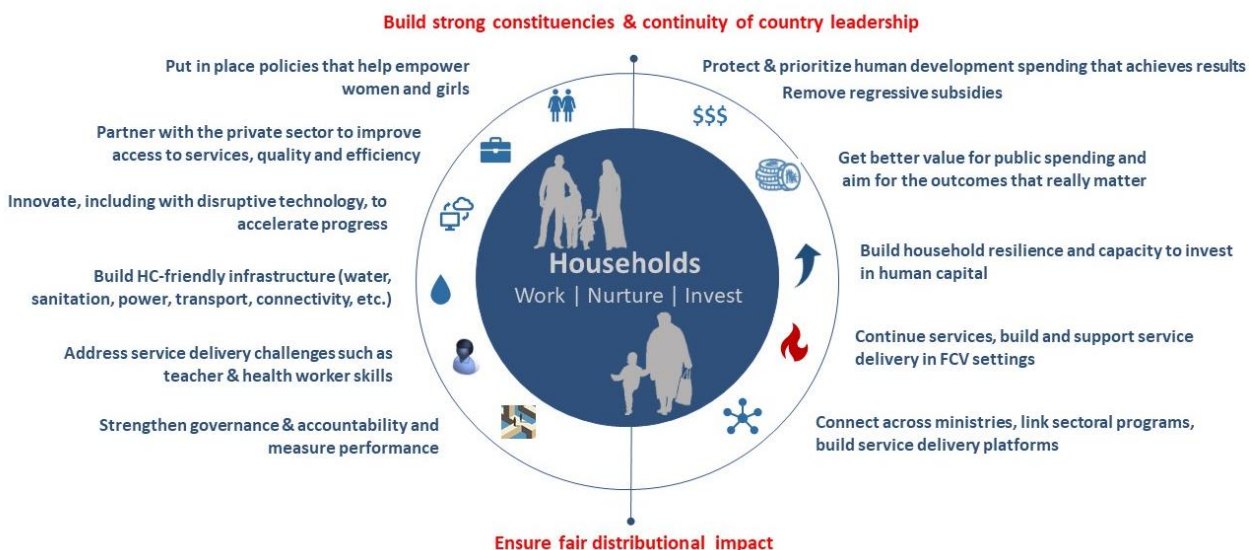
**The HCP's theory of change is centered around the household as the main incubator and the most important institution for human capital development (Figure 3).** Governments, with the support of partners, have a strong role in strengthening the enabling environment for households to build human capital, including with resources for the poorest. Policies and programs need to tackle both the demand and supply side to deliver better results. Citizen engagement and social accountability are concrete mechanisms through which to empower households in the design and delivery of social services.

**Aligning government programs and taking a multisectoral perspective across and beyond the traditional social sectors while tackling key challenges is a key shift being advanced by the project.** There is strong evidence for this approach. Investment in water and sanitation programs (Alsan and Goldin, 2019; Coffey, Geruso and Spears 2018), improved quality of air (Ebenstein et al. 2016), and electrification (Lipscomb et al. 2013) can lead to long-term improvements in human capital.



This “whole of government” approach has been outlined through numerous country examples in a series of HCP notes, exploring (i) sustained efforts on human capital development across political cycles; (ii) coordination across government; and (iii) policies and programs that use and expand the evidence base to influence different dimensions of human capital (WBG, 2019). The HCP Country Network is facilitating learning on this approach, and the tracking tool under development is based on WBG technical expertise to identify key policies and interventions proven (based on the empirical evidence and the experience of other countries) to be important to improving the key HCI components.

**Figure 3. Households need holistic support from governments to build human capital**



**The role of government in enabling households to incubate human capital spans financing, service provision, and—importantly—effective regulation and recognition of non-state actors** (elaborated in a 2018 Development Committee paper, *Human Capital: A Project for the World*). The private sector and non-governmental organizations provide services on a large scale in many countries. For example, in one Nigerian state, 57 percent of children are enrolled in private schools (WDR 2018). Harnessing non-state capacity will help countries to achieve key SDG targets on equitable access to quality services. Regulation of both public and private sectors is important, such as through accreditation processes.

**A WBG Human Capital Steering Committee has been set up, given HCP’s multisectoral nature.**

The HCP is linking the WBG’s institutions, practice groups, and regions to help accelerate progress on human capital outcomes. The WBG Human Capital Steering Committee was established in 2019 at the vice president level, with a rotating chair, to ensure aligned and strategic contributions, greater attention to private sector collaboration, and monitoring of regional and practice group efforts on human capital development as an institutional priority closely linked to the WBG goals and the SDGs. In addition to the delivery of a focused and coordinated research agenda, the project’s impact will be monitored at the country level through monitoring of country programs and activities, and regional plans as applicable.

**Human capital will be a cross-cutting issue under IDA19 (alongside disability, debt and technology) as it is central to growth, resilience, and people.** This builds on the five special themes under IDA18 which remain profoundly significant to tackle human capital deficits and accelerate progress on outcomes. The focus on human capital proposed under each theme includes: (i) support to improve skills and employability under *jobs and economic transformation*; (ii) improvements in service delivery in

*fragile and conflict situations*; (iii) increased access to quality reproductive and adolescent health under *gender and development*: services; (iv) strengthening public finance management for human capital financing under *governance and institutions*; and (v) supporting adaptive social protections systems to reduce the human capital impact of threats posed by *climate change*. IDA19 will capitalize on the strategic focus areas of the HCP, prioritizing strengthening of the HCI, measurement and research on human capital accumulation as a public good, and country engagement to help tackle the worst barriers to human capital accumulation and utilization. IDA resources will help countries take effective, coordinated actions in support of their human capital priorities.

**Greater support for human capital across IDA/IBRD remains critically important.** In recent years, IDA financing for human development has been focused on low-income countries and fragile states, where human capital investment needs are greatest, and IBRD financing for the same has been focused on lower middle-income countries, with upper middle-income countries being supported more through reimbursable advisory services. Greater capacity across IDA/IBRD is vital, especially to support policy reforms for human capital. Policy reforms for human capital are a critical step towards catalyzing change.

**More will also be done to raise complementary resources.** The Global Financing Facility (GFF)—a catalytic platform that uses grant funding to leverage domestic resources to drive sustainable gains in health and nutrition for women, children and adolescents—received a large replenishment of US\$1 billion in 2018, with 10 new investors joining.

**The WBG Practice Groups are prioritizing human capital and working to decentralize staff to respond to client demand to improve related outcomes.** The Agriculture; Climate; Digital Development; Energy and Extractives; Social Development; Urban and Rural Development and Resilience; Transport; and Water Global Practices are placing new emphasis on the contributions of their work to human capital formation and exploring potential scalability.

- An illustrative example is how the **Energy and Extractives Global Practice is working with Nigeria and Niger to help electrify health and education institutions** under the Regional Off-Grid Electrification Project. The start-up phase will assess feasibility of the technological and business model proposed, which has a strong private sector dimension. Lessons will be applied to scale up electrification in Nigeria and Niger as well as 17 other countries in West Africa.
- **The contributions of water, sanitation, and hygiene (WASH) are well documented, with substantial investment by the Social Development Global Practice, to holistic operations that contribute to better nutrition outcomes.** The Ethiopia One WASH Project incorporates clear investments for sustainable WASH services, nutrition-sensitive behavior change, targeting to districts with high stunting/low levels of access, WASH in health care settings, and geographic convergence with other nutrition-specific and nutrition-sensitive projects.
- **Quality service delivery is critical to better human capital outcomes and the Governance Global Practice has established an HCP Task Force.** Work is ongoing on revenue mobilization, human resources management and public administration, budgeting for human capital, and citizen and civil society engagement.
- The current call for proposals from the **Global Partnership for Social Accountability** includes a theme on **how civil society can help create innovative solutions** to improve service delivery for better human capital outcomes.

- The **Global Tax Team** has drafted a note, *Revenue Mobilization for Human Capital Investments*, that outlines **options for increasing domestic revenues, improving tax equity, and implementing soft earmarks**.
- **Realizing better returns to current investments, particularly domestic resources, is fundamental to improve human capital outcomes.** A **public expenditure review (PER) in Brazil** (WBG 2017) showed that savings from efficiency reforms could increase the budget for programs proven to help poor households, while still shrinking overall domestic spending. Through distributional analysis of fiscal policy, the Commitment to Equity methodology, which was adopted as part of the Brazil PER, provides policy-relevant guidance for efficient and effective spending to build human capital.
- **Identification for Development (ID4D) is another cross-cutting initiative, encompassing nine Global Practices, to improve efficiency toward better human capital outcomes.** Analytical work evidences how digital ID systems improve public service delivery, including health and education systems. The Unique ID for Regional Integration and Inclusion Program is a cross-Global Practice collaboration supporting governments in West and Central Africa to use technology to deliver wide-ranging social protection, health & financial inclusion benefits.
- **The Human Development (HD) Practice Group will collaborate with the Equitable Growth, Finance, and Institutions Practice Group and the International Monetary Fund on policy-relevant guidance for efficient and effective spending to build human capital.** This is a major priority in countries which spend adequately but do not achieve commensurate results. The IMF has recently come up with a new strategy for engagement with countries on social spending (IMF, 2019), which will necessitate strengthened collaboration with the WBG and other international development institutions on improving spending effectiveness and efficiency in the social sectors. The WBG has significant experience in supporting structural reforms and its comparative advantage and expertise on social expenditures can inform more effective aggregate spending targets in IMF programs.

**The HD Practice Group is building on factors that have been essential to improve the WBG’s work in the human capital space.** These include engagement of macro-fiscal agencies on the linkages between human capital and productivity, the importance of interlinkages between various aspects of human development, and the criticality of aligned and multisectoral efforts. The HD Global Practices are closely aligned with the HCP through the following sharpened objectives:

- (i) Universal social protection and good jobs by investing in households’ human capital and risk management, including strengthening and expanding social protection systems and preparing for the future of work;
- (ii) Addressing the learning crisis with innovative approaches, including disruptive technology, to ensure that all acquire the skills for productive work and citizenship (*Box 5*);
- (iii) Achieving universal health coverage and access to quality health services for all, without financial hardship.

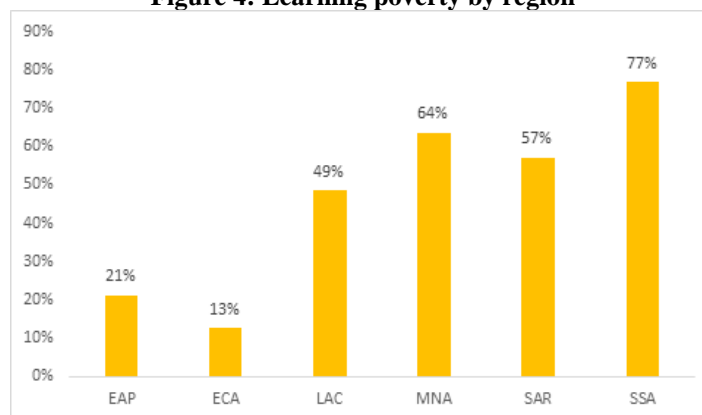
**The HD Practice Group is also prioritizing its work in FCS, aligned with the focus in IDA19 and the forthcoming WBG-wide FCS strategy.** The FY20 HD FCS work program emphasizes protecting human capital in crises, and fostering social cohesion through service delivery, among others.

**There is also scope for greater climate co-benefits from HD investments** through support for low-carbon service provision, universal education and reproductive health, positive behavior change stimulation, such as including climate content in school curricula, skills for the green economy, and more.

### Box 5. Learning: An actionable target and strategic support from the WBG

A high-priority theme emerging from evidence and data across the past few years (WDR 2018, HCI) is student learning. WBG analysis shows that the *learning poverty rate*—the share of 10-year-olds who cannot read and understand an age-appropriate story—averages 50 percent in client countries. ***In low-income countries, the problem is nearly universal: 78 percent of all children are learning-poor.*** But the challenge is global—even in upper-middle-income countries, the rate is 29 percent on average. Regional averages are outlined in Figure 4.

Figure 4: Learning poverty by region



In a July 2019 report, *Meeting Commitments: Are countries on track to achieve SDG 4?*, UNESCO’s projections show that low- and middle-income countries are unlikely to meet SDG 4 on effective learning. Urgent action is clearly needed and the WBG’s Education Global Practice is working on a package of support for countries. Work has been underway on *an actionable target*—to decrease illiteracy among ten-year-olds by 50 percent by 2030. This is an ambitious but necessary target. If countries made progress at the same rate of the top 20 percent performers in their regions, they could reduce current reading poverty rates by half on average.

Global evidence highlights five strategic commonalities amongst countries that have successfully improved education and learning outcomes: (1) *learners* of all ages are prepared and motivated to learn, which means supporting early childhood development and financial support to get children in school; (2) *teachers* are valued and effective, which starts with making teaching a socially valued, merit-based career; (3) *classrooms* are equipped for learning, for example with the right curriculum and the right learning materials; (4) *schools* are safe and inclusive spaces for learning, accessible and welcoming to all learners; and (5) *systems* are well-managed, which includes ensuring that there is political support and a serious commitment to learning for all.

To help countries overcome the learning crisis, the WBG is developing a ***Literacy Policy Package***. It lays out five evidenced-based components that have proven successful in rapidly improving reading proficiency.

1. **Assure political and technical commitment to literacy** by measuring baseline levels of achievement, establishing time bound national reading goals, creating standards for progress with simple and explicit curricula, and monitoring indicators of progress towards those goals.
2. **Ensure effective teaching for literacy** by supporting teachers through detailed guidance, such as structured lesson plans in low capacity settings, and continuous in-school practical pedagogical support through coaching and teachers’ professional development.
3. **Ensure timely access to more and better age-appropriate texts and readers** in and outside schools that stimulate interest among children.
4. **Foster a school and teachers’ mindset that all children must learn** by promoting “Teaching at the right level,” equipping teachers and schools with the tools to assess progress at the level of the individual student and to get back on track those who fall behind.
5. **Teach children in their mother tongue.**

**The broader research agenda to explore issues critical to human capital is a collaborative effort across HD and other WBG Practice Groups and the Development Economics Vice Presidency.** It supports the scale-up of measurement of early-life cognitive and behavioral development, synergizes findings from across the WBG on scalable interventions, and explores key factors influencing reduced risky behavior among adolescents and their successful entry into the workforce. Research will also explore how health service delivery and social protection systems can adapt to protect human capital during climate, migration, and natural disasters.

**Identifying how to bridge gender gaps will be an essential element in this agenda.** In low-income countries, this will explore patterns of early marriage and related societal norms associated with gender gaps in schooling. Research in middle-income and high-income countries will probe the design of interventions to eliminate gender disparities in higher education and occupational choices. Better understanding the interplay among education, social norms, and access to reproductive health care in fertility choices will inform policies to help reap the demographic dividend. Women’s labor force participation is a critical issue across countries of all income levels.

There are a wealth of ideas and new activities relevant for future research on human capital across the WBG. The WBG Human Capital Steering Committee will play a role in identifying research priorities.

**Sub-Saharan Africa has led the way on developing a regional human capital plan.** At Spring Meetings 2019, the WBG launched its first regional effort on human capital—the *Africa Human Capital Plan*. Given that rapid improvements have been documented, the WBG aims to assist the region to reach an HCI value of .45 by 2023, an increase from the current .40 value (and an estimated 13 percent increase in future productivity of children born then). The plan also sets high-level targets across multiple sectors for 2023 on child survival, reduced stunting, learning, social protection, reduced adolescent fertility, and reduced open defecation. Gamechangers for WBG support include increasing financing (to reach US\$15 billion in the 2021-23 cycle), supporting key policy reforms, including to accelerate the demographic transition through women’s empowerment (*Box 6*), preventing and reversing losses in fragile, conflict, and violence-affected settings, maximizing technology and innovation, advancing research and advocacy, and convening partners in support of these efforts. An ambitious plan for scaling up IDA resources for better human capital outcomes is important for many of the bottom 30 countries in the HCI.

**The Africa plan is collaborative, engaging all Global Practices and the IFC.** Explicit filters are being adopted to assess new projects and monitor progress in expanding “human capital sensitive” investments. For example, the Agriculture Global Practice reviews its projects from concept stage for opportunities to improve nutrition outcomes through three areas: understanding the nutritional context in which the project is operating, mainstreaming nutrition activities, and selecting appropriate indicators. Global Practices are also putting forward more targets to track their contributions to the human capital agenda, e.g. by 2023, 50 percent of Transport operations in Africa should improve access to schools and/or health centers.

Targeted for completion in Fall 2019, a *MENA Human Capital Plan* will respond to client demand to realize the use and potential of its human capital. Twelve countries in the region are already committed as HCP countries. The plan will outline WBG support to client countries to achieve their respective human capital acceleration plans and strategies and areas of support through which the WBG can support the plan’s realization. A regional plan is also being developed for *South Asia*. In addition, there is ongoing region-level work on human capital in the East Asia and Pacific region.

### Box 6. Accelerating the demographic transition in Africa through a new project series

A series of operations is proposed for the Africa Region to support demographic transition through a multisectoral or portfolio approach involving extensive collaboration and alignment across sectors. Multiple sectors to be involved include Health, Nutrition and Population; Social Protection and Jobs, Education, Infrastructure, Water, Agriculture; and Finance, Competitiveness and Innovation. This effort will be supported by a regional platform to devise prototype projects, develop tools, share lessons and evaluate impact.

## A FRAMEWORK FOR WORLD BANK SUPPORT FOR DEMOGRAPHIC CHANGE



KEEP GIRLS IN SCHOOL AND INCREASE FEMALE EDUCATION

REDUCE CHILD MARRIAGE

ADDRESS SOCIAL NORMS ON FERTILITY

IMPROVE ACCESS TO SEXUAL AND REPRODUCTIVE HEALTHCARE, INCLUDING FOR FAMILY PLANNING PROGRAMS

REDUCE CHILD MORTALITY AND MALNUTRITION

PROMOTE GENDER EQUITY AND FEMALE EMPLOYMENT

EMPOWER

ENHANCE  
HEALTH SERVICES

EMPLOY

EDUCATE

4 E'S TO  
PROMOTE  
WOMEN'S  
AGENCY

Interventions should include boys and men who are central to reproductive decisions, leverage families, and mobilize community and religious leaders as agents of change.

Source: World Bank Africa Human Capital Plan, 2019h

**IFC is a critical partner, collaborating to help governments engage more effectively with the private sector for better human capital outcomes.** Collaboration will focus on supporting regulatory reform, health insurance and student lending, accreditation frameworks to ensure quality and employability, government capacity to undertake public-private partnerships, and introducing health and education technology to public providers through platforms such as TechEmerge. An IFC Sector Deep Dive on Education in December 2018 was closely aligned with the HCP and had a new focus on foundational skills. Notably, investments outside the traditional HD sectors can have a significant impact on human capital outcomes. For example, the Egypt Energy Subsidy Reform, supported by IBRD, IFC and MIGA, has saved the country US\$14 billion annually, a large share of which has been channeled towards human capital investments through expansion of better-targeted safety net programs.

The IFC has worked closely with the HD Practice Group to develop *Ethical Principles for Health and Education*, and several health care companies in a range of countries, including several HCP countries, signed on to the health care principles launched in early 2019. In addition, the IFC has developed an analytical tool to evaluate the enabling environment for providing high quality health care across the public and private sector. This tool was piloted in Colombia, with the results presented to the Minister of Health and used to inform a health program in the country. In education, the IFC has worked with the Education Global Practice on an innovative impact bond to finance early childhood education in Jordan.

**Across the WBG, working with external partners and existing human capital champions remains critical.** The HCP will continue to drive the agenda forward with organizations that share the vision on this agenda, particularly deepening partnerships around citizen engagement and social accountability. Further collaboration with several partners including private foundations continues to take shape and will expand in FY20. An effort will also be made to bring new champions on board to advise, advocate and engage, including at the regional level.

### 3. Questions for the Development Committee

**Do you agree that the proposed next steps for the Human Capital Project are appropriate in different country and regional contexts, including in the areas of (i) the research agenda, and (ii) the prioritization and sequencing of current and proposed activities to support countries?**

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## Annex 1. HCP Countries as of June 30, 2019

- |                              |                          |
|------------------------------|--------------------------|
| 1. Algeria                   | 33. Lebanon              |
| 2. Angola                    | 34. Lesotho              |
| 3. Armenia                   | 35. Malawi               |
| 4. Bangladesh                | 36. Mali                 |
| 5. Belarus                   | 37. Morocco              |
| 6. Benin                     | 38. Nepal                |
| 7. Bhutan                    | 39. Niger                |
| 8. Burkina Faso              | 40. Nigeria              |
| 9. Burundi                   | 41. Pakistan             |
| 10. Cabo Verde               | 42. Panama               |
| 11. Cameroon                 | 43. Papua New Guinea     |
| 12. Central African Republic | 44. Paraguay             |
| 13. Chad                     | 45. Peru                 |
| 14. Colombia                 | 46. Philippines          |
| 15. Costa Rica               | 47. Poland               |
| 16. Cote d'Ivoire            | 48. Republic of Congo    |
| 17. Djibouti                 | 49. Rwanda               |
| 18. Dominican Republic       | 50. Sao Tome & Principe  |
| 19. Egypt                    | 51. Saudi Arabia         |
| 20. Eswatini                 | 52. Senegal              |
| 21. Ethiopia                 | 53. Sierra Leone         |
| 22. Gambia                   | 54. Tajikistan           |
| 23. Georgia                  | 55. Tanzania             |
| 24. Guinea                   | 56. Togo                 |
| 25. Hungary                  | 57. Tunisia              |
| 26. Indonesia                | 58. Turkey               |
| 27. Iran                     | 59. Ukraine              |
| 28. Iraq                     | 60. United Arab Emirates |
| 29. Jordan                   | 61. Uruguay              |
| 30. Kenya                    | 62. Uzbekistan           |
| 31. Kuwait                   | 63. Vietnam              |
| 32. Kyrgyz Republic          |                          |

In addition, Cambodia and Ghana joined the HCP in the period July-September 2019.

