THE HUMAN CAPITAL PROJECT

Aneesa Arur
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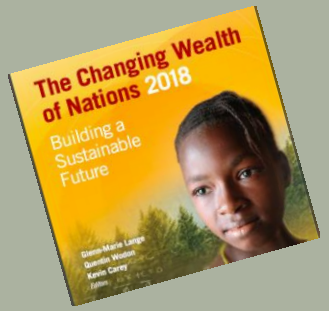
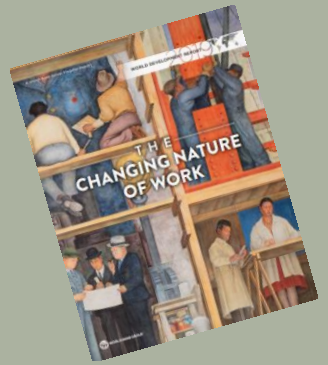
HUMAN CAPITAL = 2/3 OF COUNTRIES' TOTAL WEALTH





Changing Wealth of Nations (2018)

2018 World Development Report: Learning to Realize Education's Promise

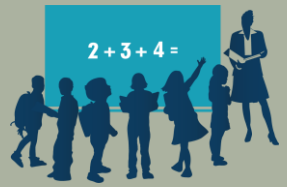
2019 World Development Report: The Changing Nature of Work

MASSIVE GAINS FROM HUMAN CAPITAL INVESTMENTS

CHILD STUNTING AND MORTALITY DOWN

MATERNAL MORTALITY DOWN

RISING LIFE EXPECTANCY



MORE CHILDREN IN SCHOOL

MORE PEOPLE COVERED BY SAFETY NETS

YET MAJOR CHALLENGES REMAIN, PARTICULARLY IN THE EARLY YEARS

- 1 in 10 children won't make it to their 5th birthday in some countries in SSA
- 22% of all children under 5 – 151 million – stunted due to chronic undernutrition, illness, and exposure to stress
- Only ½ of kids age 3 to 6 have access to PPE
- By age 3, economically advantaged children know 2x as many words as disadvantaged children
- Number of child refugees has risen 77% in just 5 years; 1 in every 45 children in the world today has been uprooted

HUMAN CAPITAL PROJECT

WILL ACCELERATE MORE AND BETTER INVESTMENTS IN PEOPLE GLOBALLY

1. **Human Capital Index:** Make the case for investment in the human capital of the next generation.
2. **Measurement & Research:** Improve measurement and research and provide analysis to support investments in human capital formation.
3. **Country Engagement:** Support Early Adopters, and ultimately all countries, to prepare national strategies that accelerate progress on human capital.

THE HUMAN CAPITAL INDEX

HUMAN CAPITAL INDEX: THE STORY

"How much human capital will a child born today expect to attain by age 18, given the risks to poor health and poor education that prevail in the country where she lives?"

Three ingredients reflect building blocks of the next generation's human capital:

SURVIVAL
Will children born today survive to school age?

SCHOOL
How much school will they complete and how much will they learn?

HEALTH
Will they leave school in good health, ready for further learning and/or work?

HUMAN CAPITAL INDEX:
DISTANCE TO FRONTIER

SURVIVAL

Children who don't survive don't grow up to become future workers

X

SCHOOL

Contribution of quality-adjusted years of school to productivity of future workers

X

HEALTH

Contribution of health (adult survival rate and stunting) to productivity of future workers

=

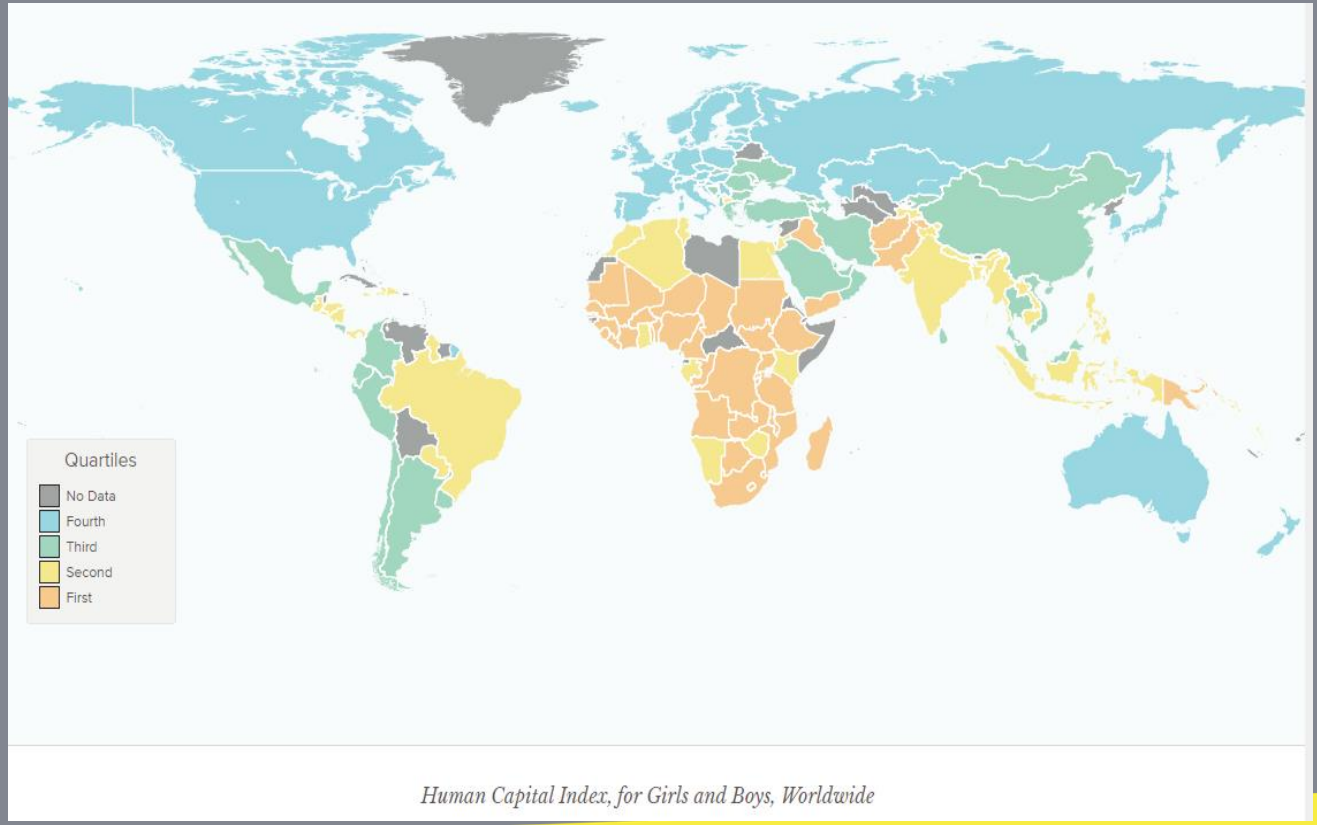
HCI

Productivity of a future worker (relative to benchmark of complete education and full health)

HUMAN CAPITAL INDEX: COVERAGE & RESULTS

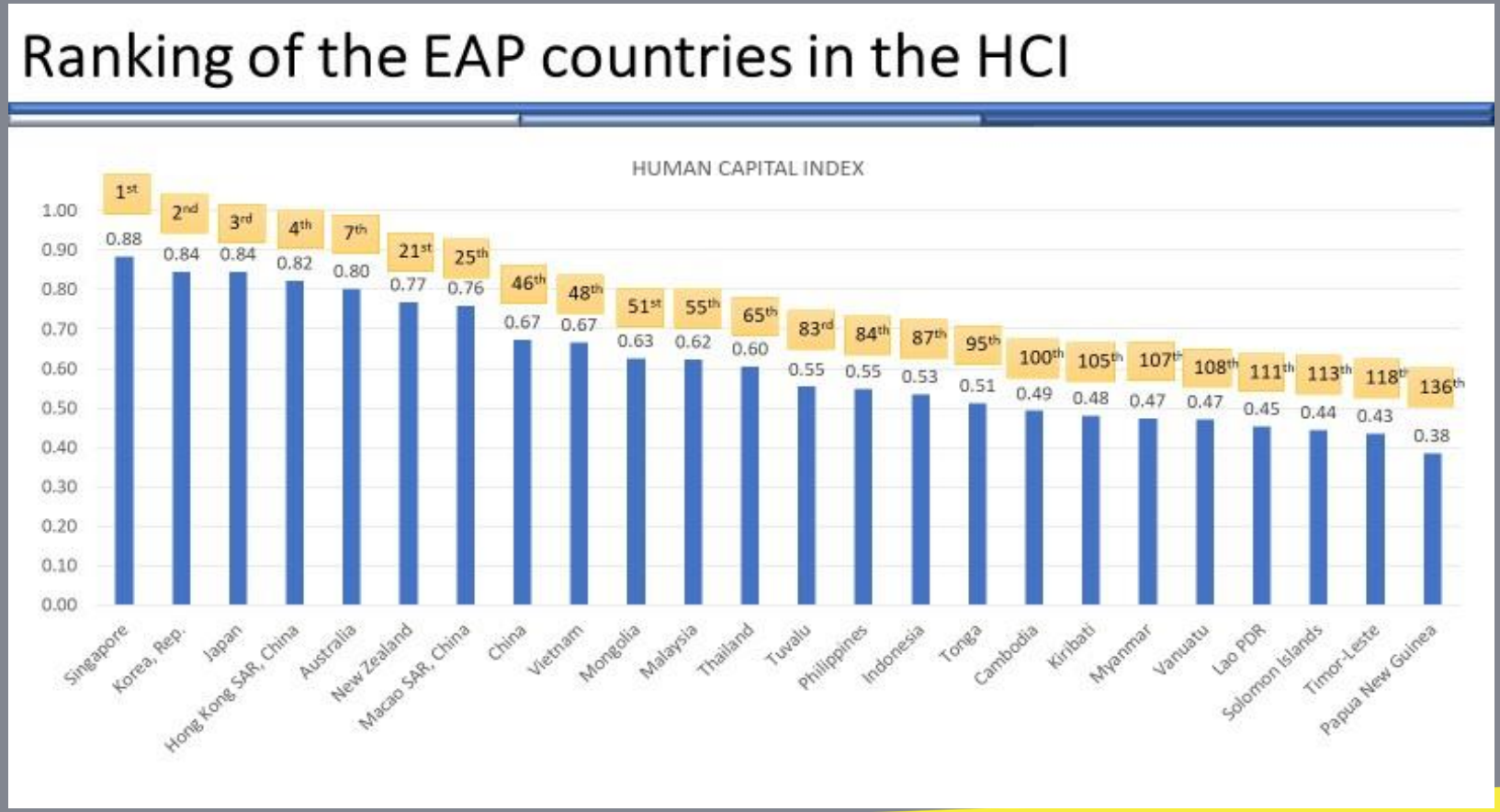
157 COUNTRIES

GLOBAL AVERAGE OF 0.56



Human Capital Index, for Girls and Boys, Worldwide

RANKING OF THE EAP COUNTRIES IN THE HCI



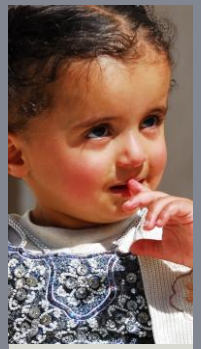
HCI SCORES FOR PACIFIC COUNTRIES

Indicator	Australia	New Zealand	Kiribati	Marshall Islands	Papua New Guinea	Solomon Islands	Tonga	Tuvalu	Vanuatu
HCI Component 1: Survival									
Probability of Survival to Age 5	0.997	0.995	0.945	0.965	0.947	0.979	0.984	0.975	0.973
HCI Component 2: School									
Expected Years of School	13.8	13.6	11.6	10.4	8.2	9.2	10.9	11.9	10.6
Harmonized Test Scores	524	517	383		358	362	376	387	356
HCI Component 3: Health									
Survival Rate from Age 15-60	0.948	0.939	0.807	0.704	0.778	0.859	0.870		0.874
Fraction of Children Under 5 Not Stunted	0.980				0.505	0.684	0.919	0.900	0.715
Human Capital Index (HCI)	0.80	0.77	0.48		0.38	0.44	0.51	0.55	0.47

“The job is never done because you reach a new level and expectations and challenges rise ... one of the things we are now focusing on is more of a focus on pre-school education”

Lee Hsien Loong
Prime Minister, Singapore

NEED WHOLE-OF-GOVERNMENT APPROACH TO ENSURE ACCELERATED EARLY YEARS RESULTS

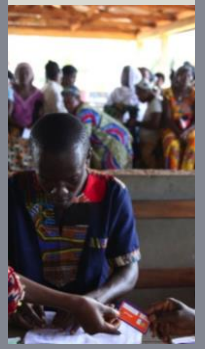


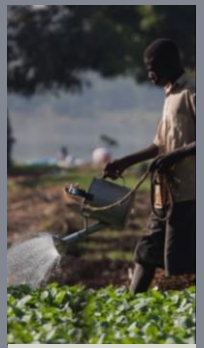
ECD

Water & Sanitation

Quality Reproductive & Health Services

Safety Nets & Response to Shocks

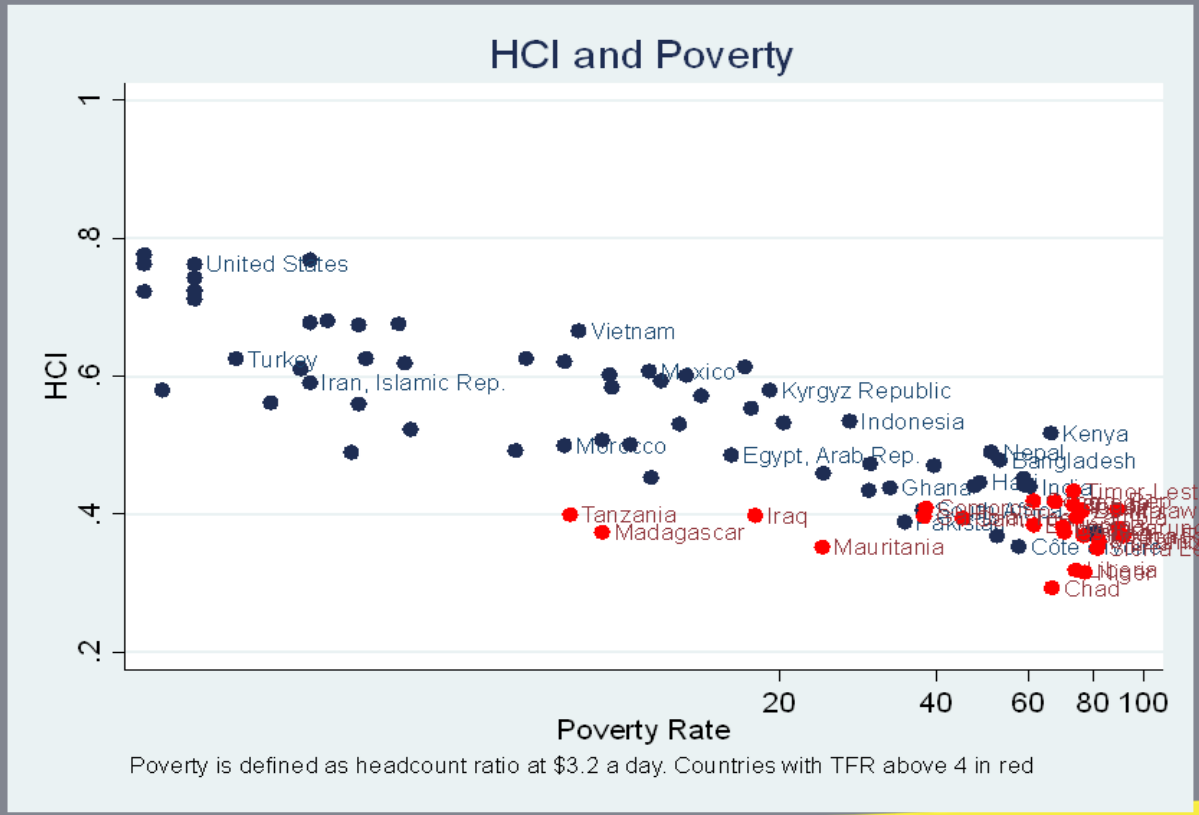




Quality, diverse & affordable food

Women's Education & Empower-ment

HIGH POVERTY AND HIGH TOTAL FERTILITY RATE (>4) → WEAK PERFORMANCE ON HCI



"I'm going back to education. In the next 30 years, human beings are facing huge challenges from disruptive technology. We have to teach our kids to do things the machines can never do."

Jack Ma
Co-founder & Executive Chairman, Alibaba Group

28 EARLY ADOPTERS: 3 IN EAP

Armenia	Morocco
Bhutan	Pakistan
Costa Rica	Papua New Guinea
Egypt	Peru
Ethiopia	Philippines
Georgia	Poland
Indonesia	Rwanda
Iraq	Saudi Arabia
Jordan	Senegal
Kenya	Sierra Leone
Kuwait	Tunisia
Lesotho	Ukraine
Lebanon	United Arab Emirates
Malawi	Uzbekistan

BALI TAKE AWAYS

Beyond Bali:

mobilizing WBG to Deliver on HCP

1. **WBG collectively increase support**
2. **Operationalize an enhanced measurement and research agenda**
3. **Organize the WBG to deliver more and better**
4. **Financing to support more effective domestic resource use and mobilization**

What will it take to deliver on HCP?
Demand requires WBG collectively increase support

Whole-of-Government & Whole-of-WBG Approach: Work across PGs to unleash full potential

- **With EFI** on fiscal sustainability, public financial management, expenditure review, domestic resource mobilization, benefit incidence & equity analysis in expenditure/taxation, institutional capacity
- **With SD** on water and sanitation, environmental health, urban, peri-urban, and rural
- **With INF on MFD**, improving access to schools and health (facilities & transport), use of digital solutions
- **With IFC & MIGA** for effective private sector engagement
- **Across HD** to better link health, education and social protection interventions that help accelerate HC outcomes

Operational Agenda

- **Policy Reforms:** sectoral policies, service delivery, expenditure efficiency and reprioritization
- **Intensify domestic and int'l scale up:** in bottom HCI countries and FCVs with need to improve capacity to improve service quality and coverage, accelerated progress, including reducing TFRs
- **Link financing to results**: support clearer results focus linking interventions to outputs/outcomes, and ensure financing is linked to accelerated progress
- **Innovation:** tapping into innovations (esp. tested technologies) to achieve better & more efficient outcomes and maximize potential benefits; activate collaboration across WBG Disruptive Technology & HCP Teams

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What will it take to deliver on HCP?
Enhanced Measurement & Research Agenda

Improve and enhance Human Capital Index & Data

- Updated annually over the next 3 years
- Increase country coverage of HCI (additional 30 countries)
- Improve reliability and comparability of HCI ingredients
- Assess distributional/sub-national implications
- Explore additional metrics (workforce readiness, socioemotional skills)
- Through country engagement support country participation in int'l recognized assessments

Focused research on Human Capital

- Better understanding of the human capital accumulation process
  (e.g. how do you provide the enabling environment at the household level for a child to succeed)
- Assess determinants of improved HC including:
  - Use survey and administrative data to measure the quality of the delivery systems at different levels (national/regional/facility) – evolution of SDI, PHCPI, UHC, SABER
  - Evaluate successful reform initiatives
  - Help countries develop a road map on how they can improve on the HCI

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What will it take to deliver on HCP?
Organized to Deliver

Knowledge Sharing

- Help develop Network of Human Capital Countries to share evidence & experience – already underway for Early Adopters, including regional exchanges
- Demand for Regional Engagement (Singapore proposal)
- Use HD Week as key opportunity for staff learning

Organization & Staffing

- Emphasis on lowest HCI countries and Early Adopters w/ increased FCV & GFF country presence
- Focus on role of PL to support whole-of-country team engagement
- Focus on building technical skills among staff
- Enhancing skills with high powered thematic leads in critical areas – e.g. service delivery, technology and innovation

What will it Take to deliver on HCP?

Financing To Support Efficient Domestic Resource Use & Mobilization

Tailored approaches required based on broad patterns of HC spending & outcomes

1. Low capacity to mobilize resources, low investments in HC, & high needs (e.g. Chad);
2. High capacity to mobilize resources, low investments in HC, & weak outcomes (e.g. Nigeria);
3. High investments in HC without commensurate outcomes (e.g. Indonesia); &
4. High level/efficiency of HC spending with good outcomes (e.g. Singapore)

Given strain on public finances, options for strengthening fiscal positions need consideration

- Improving debt management capacity;
- Increasing domestic resource mobilization;
- Exploring new pathways to sustainable, inclusive growth including digital economy; boosting the capacity of people, firms and institutions; and brokering technology solutions

Operationalize MFD/the Cascade & Boost Private Sector Engagement in the agenda

IMMEDIATE NEXT STEPS FOR EAP

1. Support the government to measure, report and share data on HD outcomes, while “pushing the frontier” of HCI (pre-school, tertiary education, on-the-job learning) and health outcomes related to productivity
2. Dialogue with finance ministries (productivity, jobs, value-for-money, service delivery and governance), while maintaining strong engagement with line ministries
3. Carry out analysis and present in country economic reports (e.g. HC-focused economic monitor or national level reports/engagements)
4. Regional support and learning – ASEAN, learning among EAP countries/other regions, etc.
5. Use of technology to leapfrog HC outcomes

NEED MORE INFORMATION?

For Additional Information

- Visit website [in English, Mandarin, Bahasa] for country data, 2 page summaries and data visualization, Fast Draw video

  www.worldbank.org/humancapital

- Contact the HCP Team focal points for EAP:

  Amer Hasan
  ahasan1@worldbank.org
  Emily Weedon
  eweedon@worldbank.org

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#InvestinPeople

HCI RANKING BY REGION: EAST ASIA & PACIFIC (SORTED FROM LOWEST TO HIGHEST HCI VALUE)

Country/Territory	WB Code	Region	Income Level	Overall HCI Rank	HCI - Lower Bound	HCI Value	HCI - Upper Bound
Papua New Guinea	PNG	East Asia & Pacific	Lower middle income	136	*0.36*	**0.38**	*0.40*
Timor-Leste	TLS	East Asia & Pacific	Lower middle income	118	*0.41*	**0.43**	*0.45*
Solomon Islands	SLB	East Asia & Pacific	Lower middle income	113	*0.43*	**0.44**	*0.45*
Lao PDR	LAO	East Asia & Pacific	Lower middle income	111	*0.43*	**0.45**	*0.47*
Vanuatu	VUT	East Asia & Pacific	Lower middle income	108	*0.45*	**0.47**	*0.48*
Myanmar	MMR	East Asia & Pacific	Lower middle income	107	*0.46*	**0.47**	*0.49*
Kiribati	KIR	East Asia & Pacific	Lower middle income	105	*0.45*	**0.48**	*0.50*
Cambodia	KHM	East Asia & Pacific	Lower middle income	100	*0.47*	**0.49**	*0.51*
Tonga	TON	East Asia & Pacific	Upper middle income	95	*0.50*	**0.51**	*0.53*
Indonesia	IDN	East Asia & Pacific	Lower middle income	87	*0.52*	**0.53**	*0.55*
Philippines	PHL	East Asia & Pacific	Lower middle income	84	*0.53*	**0.55**	*0.56*
Tuvalu	TUV	East Asia & Pacific	Upper middle income	83	*0.53*	**0.55**	*0.57*
Thailand	THA	East Asia & Pacific	Upper middle income	65	*0.59*	**0.60**	*0.62*
Malaysia	MYS	East Asia & Pacific	Upper middle income	55	*0.61*	**0.62**	*0.63*
Mongolia	MNG	East Asia & Pacific	Lower middle income	51	*0.60*	**0.63**	*0.65*
Vietnam	VNM	East Asia & Pacific	Lower middle income	48	*0.65*	**0.67**	*0.68*
China	CHN	East Asia & Pacific	Upper middle income	46	*0.66*	**0.67**	*0.68*
Macao SAR, China	MAC	East Asia & Pacific	High income	25	*0.75*	**0.76**	*0.76*
New Zealand	NZL	East Asia & Pacific	High income	21	*0.76*	**0.77**	*0.78*
Australia	AUS	East Asia & Pacific	High income	7	*0.79*	**0.80**	*0.81*
Hong Kong SAR, China	HKG	East Asia & Pacific	High income	4	*0.81*	**0.82**	*0.83*
Japan	JPN	East Asia & Pacific	High income	3	*0.83*	**0.84**	*0.85*
Korea, Rep.	KOR	East Asia & Pacific	High income	2	*0.83*	**0.84**	*0.86*
Singapore	SGP	East Asia & Pacific	High income	1	*0.87*	**0.88**	*0.90*