

# **Bhutan and Nepal Human Capital Forum**

## **Investing in People**

**5-6 June, 2019**

**Kathmandu**

**Venue: Hotel Radisson**

**Welcome Remarks: Mr. Faris H. Hadad-Zervos, World Bank Group Country Manager, Nepal**

Honorable Minister of Finance of Nepal Dr. Yuba Raj Khatiwada, His Excellency Secretary of Finance of Bhutan Dasho Nim Dorji.

Their excellencies Ministers, secretaries, joint secretaries and ambassadors, colleagues, partners, friends. Good morning and welcome to the Bhutan-Nepal Human Capital Forum.

This forum brings together in Kathmandu today policy makers from Nepal and Bhutan, as well as academics, international experts, civil society and development partners to chart out opportunities, constraints and hopefully a roadmap not only for a sustainable model for development, but one that puts people back in the center of it. After all, our world today is very different. First the pace of technological is so vastly accelerated that we no longer talk of rates of change, but the neck breaking acceleration in those rates of change themselves. Indeed, evidence shows youth 7 years from now will need to manipulate technology that we cannot conceive of today. Similarly, the world today is also one that is a global race for investment, where funds can largely flow to countries that offers safe ecosystems of policies, infrastructure and a talented workforce for these investors that thrive. Thirdly people's own aspirations are converging towards a justifiable high norm. The advent of social and other media have shown youth in most distant corners of the world what their fellow woman and man more fortunate than they can hope to achieve because of greater opportunities facing them. Within Nepal, for example, a father or mother is able to see that greater investment in human capital can grow their own economy from an additional 10-30%, and an additional year of schooling for either themselves or their kids can add up to 10% to their child's

income potential. In Bhutan, for example, 21% of children under 5 are regarded as stunted, impacting 1 in 5's chances of realizing their full potential in today's world. So, we are all gathered here around this common goal, and one our beneficiaries outside this room share and expect of us and that is to invest in people and in their early years so that they can realize their full potential. This is of course no easy task, requiring true vision and leadership, and hard policy and financing decisions. People are the true capital; they are infrastructure that doesn't rust, fall apart with time and cannot be depreciated. In fact, it's the only true infrastructure of a country that; if empowered, creates more infrastructure and charts new pathways to growth. So, it is in that sense, I myself on behalf of my colleagues and World Bank look forward to working with all of you over the next few days to find workable solutions to this very critical work. There are so many people to thank and hopefully we will do that towards the end. This is not the proper time but I do want to thank of course the generous host, the government of Nepal for hosting this event and of course our very important partners of the government of Bhutan and all of you; many agencies and people are involved in this including our partners and colleagues. So I really want to express our appreciation and how much we are looking forward to working on this event but like any other event, this is only a beginning and I think the success of this event will not determine today nor it should be determine tomorrow but months down the road, a year or two years to see when new look back and say as a result of this forum, meaningful change have been and as for far as we want to do please regard the bank as a key trusted partner in doing this and wishing you success.

Thank you very much.

*Lighting of Panas by chief guest Honorable Finance Minister Dr. Yubraj Khatiwada, Mr. Nim Dorji, Secretary, Ministry of Finance, Bhutan and Mr. Faris H. Hadad-Zervos, World Bank Country Manager, Nepal.*

### **Opening Remarks**

### **Videos Messages: Investing in People**

**Ms. Annette Dixon, Vice President, Human Development, and Mr. Hart Schafer, Vice President, South Asia Region, World Bank**

Hi, I am Annette Dixon, I'm the Vice President for Human Development at the World Bank. Hello I'm Hart Schafer, World Bank's Vice President for the South Asia region. Nepal and Bhutan are holding a summit on human capital. We are very sorry that we can't be there in person, but we know this will be a really important event for both countries. Nepal and Bhutan have joined 65 other countries worldwide to make it a priority to invest in the health, education and the learning of its people to better prepare its young generation for the jobs of the future. We know that countries that have done well on this human capital outcome have had broad-based support across all stakeholders and have sustained this effort over time. We hope that this conversation will really lead to a joint commitment to accelerate action. Thank you.

**Ms. Ani Choying Drolma, UNICEF Nepal National Ambassador**

As we all know, nothing is more important than investing in people. I would like to welcome and congratulate the government of Nepal and Bhutan for coming here for two days to discuss about human development. Both countries have come a long way when we look at education and health. But going the last mile sometime can be hardest. My appeal to all gathered here is to invest in early childhood. And make sure all our children grow up with access to clean water, sanitation and nutritious food. They must have the possibility to go to a school where they can have a chance to learn in a safe and fun environment. This investment will definitely bring enormous returns and help sure that our new generation will be fit for meeting all requirements in a changing world of ours. When young people are prepared, empowered and encouraged; they will use their energy, creativity and talent to turn on certain landscape into a world of opportunity for themselves, for Nepal and Bhutan. Let's invest in our children's future today.

**Mr. Hans Timmer, Chief Economist, South Asia Region, World Bank**

Thank you very much. Good morning everyone.

I would also like to thank the government of Nepal and government of Bhutan for co-hosting this very important event. We have already heard how important is to invest in the children, to secure future development. Over the two days, we will hear a lot more details, we will talk about priorities and about action plan and at a moment, I don't have a lot to add but what I would like to do is briefly share with you the history of education in the Netherlands; the country that I am from. 102 years ago, to be precise in 1917, the Netherlands wrote very remarkable education law in the

constitution. At that time, the Netherlands were a very different country from what it is now. Obviously it was much poorer and the population were divided basically in three groups; 1/3<sup>rd</sup> were Catholics, 1/3<sup>rd</sup> were Protestants and 1/3<sup>rd</sup> were socialists. Each of these three groups they wanted to have their own education system, own health care system and their own media. But to focus on education, what the country did in the constitution was saying that beside public education, we will also have private education and whether you are public or private you will all get the same amount of money per child as long as you meet certain quality standards. So everybody is financed by taxpayer money and that was a very remarkable system and 100 years later, that system still exists. There are lots of experiments in education. Parents can start school if they can show that school with this kind of characteristics doesn't exist in a neighborhood yet and they all get the same amount of money as long as they meet the standards. Now 100 years later, Netherlands rank number 9 out of 157 countries in terms of the expected numbers, quality control, number of years that a child get in the first 18 years. I am not suggesting with this example of the system in the Netherlands. That is just an example that should not be replicated in other countries. Every country is different, you cannot replicate this example but as in the coming two days, we are thinking how we in Nepal and in Bhutan we are further developing the education system. You might want think about a couple of principles that are coming from these examples. You might want to think how important diversification and experimentation is, allow different kinds of school forms to emerge and see which will comparatively last. We might want to think about the importance of the involvement of the parents in the school. As I said, we might want to think about competition between schools. Very importantly, we might want to think about the importance of a level playing field making sure that there is equality of opportunities, making sure that every kid can have access to high quality education irrespective of where you are born and what your social background is. And finally for me, the example of the Netherlands shows that we might think about effective nationwide quality control. The Netherlands is doing that through nationwide testing of children and through inspection of schools also and in return they give the money to any school that is viable. With these thoughts, I am very eager to learn about the next two days on what developments are there in Bhutan and in Nepal. I am for the first week here since I started this chief economist for the South Asian Region in Nepal. I am on a steep learning curve and this is a great opportunity for me also to learn about this two countries.

Thank you very much.

**Mr. Nim Dorji, Secretary, Ministry of Finance, Bhutan**

- Good morning
- Your Excellency Mr. Yuba Raj Khatiwada, Minister of Finance,
- Ms. Annette Dixon, Vice President, Human Development and Mr. Hart Schafer, Vice President, South Asia Region, WBG, who is joining us live from Washington DC,
- Mr. Hans Timmer, Chief Economist, South Asia Region, WBG Dignitaries, ladies and gentlemen,
- Distinguished delegates from Nepal and Bhutan
- Ladies and gentlemen

At the outset, allow me, I would like to express my appreciation to the World Bank Group for the invitation, warm hospitality and excellent arrangements made for this important regional forum on Human Capital Project.

I would also like to thank the Government of Nepal for co-hosting this important forum which is a testimony for ensuring that investing in the people of Nepal is the Government's top priority. I am honored to be participating in this very important forum on human capital. Human capital is central to World Bank's mission of ending extreme poverty and boosting shared prosperity. Upon embarking on the Human Capital Project, as a new global effort to accelerate more and better investments in people has become another important milestone of the bank's engagement with its member countries. One of the immediate outcomes of the HCP is the Human Capital Index, which helps in measuring the performance of past investment in human capital and identifies gaps to chart the way forward for targeted intervention of investment in human capital. The Royal GoB is fully committed to investing in human capital as the development paradigm is based on the pursuit of gross national happiness (GNH). Indeed, in Bhutan, we consider the happiness of people more important than GDP. As such, amongst others, health and education is free since the commencement of planned development in 1960s. Under the 12FYP, the Royal GoB is committed to investing in education, health, development of skills and job creation to narrow the income gap.

Being a landlocked country with limited economic opportunities, Bhutan believes that investing in people is the right thing to do. Indeed, investing in nutrition, health care, education, jobs and skills and ensuring that all Bhutanese are qualified and healthy will enable people to contribute holistically to our economy, society and culture. In view of the importance attached to human capital, Bhutan is one of the early adopters of the HCP. As such, it is one of the first waves of countries to work on elevating human capital policy dialogue across our government line ministries and identifying national priorities for accelerating progress on human capital. I am confident that this engagement will directly contribute to Bhutan's future growth and development. Bhutan can significantly improve its development prospects and population well-being by better leveraging its tremendous human capital. Based on the Human Capital Index (HCI) analysis, Bhutan performs well on several dimensions; child mortality is low and the probability of survival till age five in Bhutan is 0.969, which is above the South Asia average of 0.957. In addition, childhood stunting is low; in Bhutan, approximately 0.79 percent of children under five are not stunted compared to the South Asian benchmark of 0.65. Further, there is significant scope to improve Bhutan's performance on some HCI dimensions. Despite relatively good performance compared to the region, nearly 21 percent of children under 5 years of age are stunted. Also, the survival rate from ages 15-60 is at 0.80, which is low compared to the regional average of 0.84. A child born in Bhutan today can expect to get an average of 9.5 years of education, lower than the overall South Asian average of 10.5 years. We are working toward to establish reliable and benchmarked information on learning levels in the country. This is the reason why an aggregate HCI score is not available for Bhutan. There are several proximate and underlying issues surrounding Bhutan's HCI performance. Early childhood development programs are accessible to only 19 percent of children aged 3-5 years. Health and Education service delivery continues to be a challenge for remote and mountainous parts of the country. A significant part of the labor force, especially among rural communities, remains informal and without social protection. Therefore these barriers need to be carefully identified, using an evidence-based approach, before effective solutions can be found. Human capital deficits will impact Bhutan's development as driver of inequality in the country. They can be linked to low productivity in agriculture, which employs nearly 56 percent of the population. Unless addressed, wasted opportunities from constrained human capital will only grow over time. Rapid technological change, a young population, and rising aspirations in the country are creating tremendous pressures - which can be turned into opportunities for growth only if

strong human capital foundations are ensured for all. Bhutan can significantly improve its development prospects and population well-being by better leveraging the potential of its human capital. To kick-start Bhutan's transformative plan for human capital development, we have already started the whole of the government approach in Bhutan through the involvement of key national stakeholders. Recently, we have completed an awareness workshop for the national stakeholders including CSOs to help deepen the understanding of the HCP and develop strategic actions for Bhutan. Some of key strategic policy actions implemented by the Government of Bhutan under the HCP includes, firstly, accelerating mother and child health to improve maternal and child health. Under this Program, a Conditional Cash Transfer will provide monetary incentives for mothers in Bhutan who avail the requisite maternity and child health services. This is expected to improve maternal, neonatal and under 5 mortality rates and the support. Secondly, the day school feeding program for the rural schools will help improve the school enrolment rates, provide nutritional food to the school children and promote overall health and education in Bhutan. Thirdly, the government has removed the cut-off points and introduces scholarship for all tenth standard students to enable them to continue studying in 11 and 12 standards to enhance learning outcome by providing additional years of schooling that will positively contributes toward human capital development. These targeted policy and program interventions will help guide Bhutan's engagements in the Human Capital, help narrow the income gaps and promote Gross National Happiness. We will continue to improve coordination across the government, so that interventions by different stakeholders reinforce each other, build capacity and deepen awareness on HCP. We are also discussing with our development partners in investing in the accelerating the maternal and child health program – as well as universal health coverage; stunting and education systems that will help Bhutan improve learning outcomes. Besides attempts are being made to resolve issues related to information on learning outcomes and ensure that Bhutan is ranked in the HCI. The Bhutan delegation looks forward to meaningfully engage in discussion on HCP during the two forums as it provides an excellent platform to share experiences, exchange informations and discuss issues of mutual interest. More importantly, this forum will lay the foundation in shaping the future engagement of HCP in our respective countries. Lastly, Bhutan is looking for a long-term human capital strategy that will sustain over time and supported by all stakeholders, identify financing gaps on implementation of HCP in Bhutan and seeks development partners' support in

accelerating HCP in Bhutan. I look forward to the productive sessions that will undoubtedly bring us together towards greater and better investment in human capital.

Thank you and Tashi Delek.

**Keynote Address by Chief Guest Honorable Finance Minister Dr. Yuba Raj Khatiwada**

Mr. Nim Dorji, Secretary, Ministry of Finance Bhutan, Faris and Hans Timmer from World Bank, Senegal officials, member of NPC and senior official of the government of Nepal and Bhutan, distinguished guests and ladies and gentlemen.

It is a great pleasure for me to attend this meeting which I am very passionate too. As a firm believer on human being as the end of any development efforts we have and human capital being the meaningful means to achieve that human development. Perhaps, this program is one of very good and important session one has to attend and I am very happy to join the same event. Let me also take this opportunity to thank the government of Bhutan for co-hosting this event with Nepal and let me also welcome all the participants who have travelled all the way to attend this meeting.

We know human capital comprises of our knowledge, skills, innovations, good health leading to motivation and dedication to be productive throughout the productive life and live a very decent life which is the end of all development as I said. So, on that, human capital is considered as a central driver of sustainable growth and foundation of future competitiveness. What we have seen in the past is many countries have grown very fast on the basis of capital accumulation, more physical capital, more utilization of natural resources and so on and so forth. Have they been able to sustain the high growth path, are there growth path still steep, no. They have started flattening because capital accumulation without successive growth in productivity doesn't ever take you to high growth path. There would be a plato after sometime. So you need to be innovative, you need to produce more with same level or even reduce level of natural and physical resources and perhaps with the lesser amount of human labor as well. So, our knowledge, innovations, technological changes everything matters if we really have to enhance productivity without accumulating or exploiting our available resources so that we can sustain our growth path. I think investment in human capital is critical in that respect. But let me also mention that there is a big perspective gap. The time horizon between what we intend to do by investing in human capital and what we want to achieve in the very short run. Your accumulation of capital shows your tangible growth and

development in the very short run. You construct roads, schools without teachers and perhaps you have electricity, good transportation system, people look happier for the time being and since most elected government are tenured for 4-5 years, what they want to say is the tangible things in the short run. So, the challenge for policy makers like us, the think-tanks in human capital always have to pursue to the Politician, planners that this is not what you are going to sustain in the long run. If you really want to come back and build the country in a better way, you must invest in human capital. The event like this must also educate our political perspective that we must look at the longer term perspective of development along with looking at the tenure or short term perspective. This is the balance between short term and long term perspectives which is so critical for sustainable development which the SDGs provoked to. As I said, this is very timely to discuss human capital and as I understand the main objective of this forum is to attract the attention of high level policy makers, CSO, the private sector and the society at large and to promote actions improving the level and quality of public spending in human capital. I think this two days human capital forum brings together a wide range of high level policy makers and experts to discuss how best to support the government in accelerating investment in their people. I understand that the forum comprises of series of high level presentations and discussions around the role of human capital in Nepal and Bhutan in particular and in their economic growth and competitiveness.

Excellences, ladies and gentlemen we are witnessing an extraordinary change in technology as well as at the level of globalization. The conference of rapid technological change and globalization inspires us to prioritize human capital as a key strategy for an economic competitiveness and growth. Enhance investment in people is crucial for Nepal to ensure economic growth and improve our competitiveness, achieve our sustainable poverty reduction strategy and improve the livelihood of our people which as I said is the end of all our development efforts. Despite limited resources, government of Nepal is investing in its available resources in diversified human capital, physical infrastructure and stronger institutions. Actually a balance between investment and human capital and also the development of physical infrastructure seems to be so critical. Having experienced investment in MDGs during 2001-2015 and putting a lot of resources and efforts to education, health, drinking water, sanitation, hunger and agriculture, we also observed that sustaining the quality of what we invested in social sector must be done through at least minimum infrastructure that enhances the outreach, that sustains the investment made in the social sector and that enhance the productivity that we make in the social sector. You cannot simply

focus in one social sector versus the other economic or physical sector. We have to balance them and unless we balance, perhaps we don't get the maximum return from the investment in our human capital or the physical capital or economic activities. So, optimum balance is always necessary to ensure that investing in human capital also gives the best return to your investment. Having said that I want to just mention that we have good people, we have skilled people, learned people but we don't have economic activities to engage them in labor market opportunities in the job that they really enjoy to. Hence, a balance is really necessary. The role of policy makers is to see that there is proper balance between what you make good investment in human capital and in the economic side where you create opportunities for them to engage in and apply their expertise, knowledge and skills for the same. So, this is the kind of balance we should be looking at.

Nepal's constitution has enshrined right to basic and secondary education and free and compulsory basic education at least. It also ensures universal primary health care facilities to all the citizens, basic drinking water and sanitation which are very important to form human capital in countries like ours. The incidence of water borne diseases are so high in Nepal so unless you invest in water, in quality water perhaps, you can't even improve in students learning at schools. I have seen in some of my professional career, in many places, students are simply sick because of the problem of worm and they are not able to go to schools. Water is equally important as education and health in our context. If you reduce the incidence of being sick, perhaps you ensure better school attendance and you have better educational outcomes. Some of these things which look physical and different from investing in human capital are equally important to ensure that they contribute in human capital formation. Having kept this in mind, in the budget I presented to the parliament last week, I have increased budget for these 3 sectors: education, health and drinking water. As the estimated budget grows by 16% on average, I have increased the budget in these 3 sectors by about 21-22% thinking that in coming days the proportion of these 3 sectors budgets would gradually keep on growing up. Beside, our social security programs which are an integral part of human capital formation are also designed in the same way. We have a slogan "from womb to tomb". You take care from the womb to 1000 golden days where we take the intervention from the womb and up to death our social security programs like old age benefits. I have significantly increased budget on those two areas thinking that the role of state should be to protect its citizens at the age of childhood, even from the stage of maternity and to the stage of old age when they start becoming dependent either on their family or to the state. But in between when they get educated and in an

age where they have to be productive, we have ensured employment to them through employment guarantee scheme. You work when you are at your workable age; if you cannot work then you are protected by the state. It's the whole lifecycle of the human being that come in the preview of state and that's the fundamental welfare we are embarking on. This is one of the areas where we need to have more focus and discussion from the relevant stakeholders. I would like to request World Bank to see how we can proceed with this kind of things in a more sustainable way because every rupee that we pay to our elderly people must have to be earned by somebody else and has to pay by tax or by some other means. So how do we make this system contributory, contributory not in the sense that a person contributes and gets benefit later on but somebody contributing to others. It is a kind of cross subsidy and the role of state is to tax somebody and subsidize somebody else through the budgetary system. I would like to say how we can be able to sustain and even deepen our social security scheme in a much more consolidated way so that the intended beneficiaries, those who have to be protected by the state; not only the elderly but also people we have a disability, people who are in orphanage, people who are in the streets and people who are insecure, all of them needs protection from the state and that really needs more financing resources. Some of them could be done through financial market mechanism like health insurance, which we have been started in a contributory way. But you cannot take every social security as a contributory system; social insurances can be done but when it comes to social assistance, you have to have your own resources to finance them. While investing in human capital, we must see how it becomes an integral part of human capital formation like the day meal at schools. It is very fundamental to promote educational outcomes and also to address the nutritional level of the children or perhaps to introduce better learning opportunities to children who come to school hungry. There are several social security interventions which need to be done along with the kind of investments we are making in teachers, school infrastructures, textbooks and many other things. Other case is the joint contribution of the households, the private sector and the government for the investment in human capital. In Nepal, nearly half of the total investment in education and health comes from the private sector. The out of pocket expense are so critical. When you apply out of pocket expenses from the households, are we overtaxing the parents who could not otherwise afford educational and health facilities or are we not adequately making use of the parents who could otherwise contribute to better education. When we talk about free education up to secondary level, perhaps we should be mindful that the willing and capable parents can contribute to the quality education. How could

we introduce and continue their role in human capital formation should be determined which is one of the fundamental aspects. The same applies to health facilities as well. So, the role of households could be discussed. We understand that people who are in absolute poverty cannot afford to that. We have to protect them but for families who can really invest in those areas must also be encouraged to be the part of this investment process. I think this is one area where the people attending this event could discuss further and guide us to what best we could do to have a shared responsibility so far as investing in human capital is concerned.

Finally, I understand that this World Bank's human capital project launched last year is an global effort to accelerate more and better investment in people for greater equity and better and sustained economic growth. I see such events as a great occasion where the knowledge and ideas are shared, experiences are exchanged and human networks are established. I believe sharing of policies, practices and experiences between high level officials of two countries may reach each other. I would like to say there will be very productive and fruitful discussion in improving the quality of human capital services and finally I am very much thankful to my friend Faris and World Bank's team for organizing this event.

Thank you.

## **Joint Sessions**

## **1. Whole of Government: The Story Behind the Success**

Moderator: Ms. Lynne Sherburne-Benz, Director, World Bank

Presenter: Mr. Zelalem Debebe, Economist, Human Development Practice Group, World Bank

### Panelists:

- Mr. Nim Dorji, Secretary, Ministry of Finance, Bhutan
- Dr. Usha Jha, Honorable Member, National Planning Commission
- Mr. Abdoulaye Ka, National Coordinator, National Nutrition Coordination Committee, Senegal
- Prof. Le Anh Vinh, Vice Director General, The Vietnam Institute of Educational Sciences

### **Moderator:**

**Zelalem Yilma Debebe** is an economist in the Health, Nutrition and Population (HNP) Global Practice of the World Bank. He currently works in the Human Capital Project under the Human Development Vice Presidency. Before that, he was working in the HNP operations of the Bank in South Asia Region. Zelalem holds a PhD and Master's degree in development economics from Erasmus University Rotterdam, Advanced Masters in international development from Radboud University Nijmegen and Bachelor's degree in economics from Jimma University. His research in the areas of development economics and health economics have been published in scholarly journals including: World Development, World Bank Economic Review, Journal of Development studies, Social Science and Medicine, Health Policy and Planning, Contributions to Economic Analysis, British Medical Journal Open. His Pre-Bank experience includes teaching and research on areas of human capital development.

### **Presentation on “Whole of Government: The Story Behind Success”**

**Mr. Zelalem Debebe, Economist, Human Development Practice Group, World Bank**

Human capital project aims at accelerating investment in people. We advocate government invest more and better in sector that contributes in accumulation of human capital. Human capital refers to a set of knowledge, skills that people acquire over their lifetime and which makes them productive in their economy. Human capital is critical in sustaining goals over a longer period of time. Human capital is a critical issue and the challenge is quite complicated. Human capital outcomes are function of diversity of things:

1. Coverage and quality of services across health, education, social protection and so on.
2. Function of demand and supply side, household behavior, whether girls are allowed to go to school or not determines human capital accumulation process.

Places that are highly susceptible to weather shocks, floods, unexpected rainfall and storms have shown in the literature to contribute negatively to accumulation of human capital, reducing child nutritional outcomes as well as reducing the chance for a child to participate in school and so on.

3. Function of sectoral performance such as agriculture, social protection and so on. Effectiveness by which research are converted to outcomes depend on sectoral performance ranging from health, education to infrastructure.

Fiscal issues, micro fiscal issues as well as demographic structure also determine the amount of resources that might be available for a country to invest in human capital. The issue is quite a challenge.

In human capital project, after the launch of Human Capital Index in October 2018, we looked at the country that were successful in terms of human capital index and see what are those countries putting in place over a longer period of time.

Whole of government approach have 3 core principles:

1. One has to understand the multifaceted nature of this problem and have a good coordination across different sector. The coordination is not just horizontal, but also vertical between central government as well as municipal government. Coordination between central government and CSOs and state actors including development partners such as the World Bank.
2. Continuity of program across administration and policy cycle.

3. Human capital program, have to have outcome focus put in place monitoring and evaluation system and rely on policy, practices that have been tested elsewhere and proven effective.

Example of Success Stories from across the globe:

**Chile:** Based on pre-existing sectoral intervention such as in health, nutrition, etc., what the program did was created a system of coordination that leverages on existing organizational structure of different sectors which have been evaluated rigorously and shown to improve human capital outcomes. The gap between the health of a child from bottom 40% households and top 60% households has been closed due to this program.

**Pakistan:** The program enabled country to track the quality of services. Technology was used to track location of frontline health workers who go home to home to vaccinate children. The data obtained were used to find the coverage gap, find the number of frontline health workers who were not able to meet the target. Bringing together different sectors to make sure the quality of service delivery is well placed.

**Egypt:** Most energy subsidies are regressive in nature. Back in the days, Egypt used reform energy subsidy and used the money saved from the energy subsidy to actively invest in human capital area. Egypt saved 14 billion dollars a year which was used to invest in Conditional Cash Transfer program, food subsidies as well as school feeding programs. Program has been evaluated and poverty rate has reduced by amount the country was not hoping to achieve.

Example of Continuity

**Netherland:** Netherland is the highest ranked country in Human Capital Index.

**Philippines:** Conditional Cash Transfer program put in place back in 2007. Before, there were 6000 beneficiary households, now it has 20 million Pilipino benefitting from this. It started with a budget of 100,000 USD, now it has 1.5 billion dollars for this CCT program.

Example of Evidence based

Country using evidence that exists in different sector and using it to design their own program.

**Pakistan:** Benazir income support program. The design and implementation was from the experience of lot of Latin American countries who had experimented on CCT before. There has been evaluation of this program such as in child malnutrition, women empowerment, which is the key component of human capital issue we have in South Asia.

**Chile:** ECD program which has put in place monitoring and evaluation where key outcome indicators of ECD program are tracked over time and used to adjust and modify over a period of time. That specific program now has become a nationwide program that has increased the coverage targeting the children who are under 4 to children now who are under 9. That adjustment of the program has been informed by collecting data and evidence that was in the program itself.

The countries that have managed to do all these ratings have the principle of coordination, maintain continuity along the political cycles and administrations and have evidence based in place to modify and adjust their programs have transformed their economy as well as social benefits of their investments.

The key example in this regard is Singapore. **Singapore** ranks number one in Human Capital Index with an HDI score of 0.88. The child born today in Singapore would be 88% productive as its potential. Singapore invested really consistently on education and health across a period of time. They have also made sure that the education system is responsive to the labor market demands, skills.

We can also learn quite a lot from the experience of Senegal and Ireland, other country that made there is enough input from the business sector to input the curriculum development for technical schools as well as regular universities education. This is an example of countries that improved human capital outcomes.

**Peru** has a very specific program from which I think Nepal and Bhutan can learn a lot because stunting is an issue in Nepal. The lesson from Peru is also one of a whole government approach. Early on the country understood that reducing stunting rate is not really about food distribution. It understood that it required women empowerment and investment in water and sanitation as well as in other sectors and putting in place coordination mechanism across these different sectors. They also made sure that resources and accountability mechanism trickled from ministry of finance which is actually the leading institution for the stunting agenda and made sure that different

municipal governments are accountable to the resources that are given from the center. There is both vertical and horizontal integration which worked really well. From evidence based perspective they put in place a list of strategies or interventions that have been tested and shown result and a good example of how data that is created from a monitoring system itself can be used for informing policies.

The last part is about the continuity which is a critical point. Most countries were not convinced of what implication of stunting is on cognitive skills on long term economic development and so on. A few years back what the country did was rally support of different development partners, CSOs, grassroots organizations and different sectors to make sure that people understand that stunting is an issue of an economic importance and also underline that effort from different sector can actually reduce stunting rates and improve human capital outcome as they go along and the result is stunting declined from high 28% in 2005 to low of about 13% in 2016. There is 2% reduction almost every year which is a massive improvement where stunting reduction is concerned.

So, to conclude, whole of government approach is a way forward to accelerate investment in human capital and reap the benefits from it.

I really look forward to learning more about Nepal and Bhutan.

Thank you very much

**Moderator:** Thank you very much Dr. Debebe for that very interesting explanation of the core elements to the whole of government approach and giving us some sense of how different countries have applied those approaches.

### **Introducing the panelists:**

**Dr. Usha Jha**, currently an Honorable Member of National Planning Commission in Nepal, comes from a southern district in Nepal. She is a chemist by academy. She started her career as an academician in the Institute of Agriculture and Animal Science in Chitwan, Nepal and also became the Principal of one branch of the institute. Her work at Agriculture College brought her closer to women farmers and even closer to their vulnerabilities due to their illiteracy.

She was a member of Civil Society Advisory group of UN women, think tank member of Ministry of Women, Children and Elderly Women, Grant committee member of Project for Accountability in Nepal (PRAN) funded by World Bank and also a grant committee member of SNV for Social Inclusion Research Fund. She has worked with national and international consultants on the issues of women and girl economic empowerment.

Today, as a member of the National Planning Commission, an apex planning body under the chairmanship of Prime Minister of Nepal- she looks after two major portfolio- Health and Education. Also she is coordinating and facilitating the Provincial Policy Commission of Province 2. She strongly believes that health and education is core to the development of the country and so she remains engaged in the policy development for the improvement of health and education sector of Nepal. She is right now working with a team of experts in finalizing the Early Childhood strategy which is crucial to create a strong foundation for the development of Nepal. All of her work is aligned with the SDG indicators.

**Prof. Le Anh Vinh**, is Vice Director General of Vietnam Institute of Educational Sciences (VNIES) and the Director of National Center for Sustainable Development of General Education Quality.

Vinh got his B.Sc. in Math (with Honors) and Computer Science from the University of New South Wales, Australia in 2005 then pursued his PhD in Mathematics at Harvard University in 2010. Before joining VNIES, he held several positions at University of Education, Vietnam National University, including Dean of Faculty of Teacher Education, Director of Center for Educational Researches and Applications, and Principal of High school of Educational Sciences.

His academic activities include General member of Institute for Mathematics and Its Applications, University of Minnesota, US (from Oct 2014 – March 2015), Junior Fellow at ICTP, Italy (Fall 2013), Visiting scholar at University of Rochester (Spring 2011), Rothschild scholar at African Mathematical Research Institute, South Africa (Spring 2010), and Junior Research Fellow at the Erwin Schroedinger Institute, Austria (Spring 2008). Prof Le has published more than 60 papers at international journals (both in Math and Education) and is leading a research group at Vietnam Institute of Educational Sciences on developing Vietnam Educational Strategy Framework 2021 - 2030.

**Honorable Mr. Nim Dorji**, became Secretary of the Ministry of Finance in July 2016. Prior to his appointment, he served as Director General of Department of Agriculture, Ministry of Agriculture and Forests. He also served as the Joint Secretary in the Ministry of Finance. Nim Dorji started his career in 1989 as trainee officer in the Ministry of Finance. He became the Director of Department of Public Accounts in 2007 and the Joint Secretary of the Ministry of Finance in 2012. He holds a Masters' degree in Business Administration from the University of Canberra, Australia.

**Mr. Abdoulaye Ka**, is a public health and social development specialist with over 20 years of experience with maternal and child health and nutrition programming for governmental and non-governmental organizations in Senegal. He was part of the core team that initiated the nutrition policy reforms in 2001 that led to the: (i) creation of the National Nutrition Coordination Committee (CLM) under the auspices of the Prime Minister's Office; and (ii) the development of a national nutrition program (PRN). Mr. Ka was responsible of all the field operations and monitoring until he took over as the National Coordinator of the CLM in 2011.

During his tenure as National Coordinator, Mr. Ka has overseen: (i) the continuing scale up of the community program, which now reaches of 80% of under-five children; (ii) the strengthening of the nation-wide platform for community-based service delivery; (iii) the diversification of funding sources for national nutrition programs including from the national budget; and (iv) the participatory development of an inclusive multisectoral nutrition policy and strategic plan that includes the mainstreaming of nutrition in the different sectors. At the global level, Mr. Ka has also acted as an ardent champion for nutrition and currently is member of the SUN Movement Executive Committee.

Question:

Given Bhutan's unique and human development approach, it will be useful to get insights in terms of how Bhutan pursues the whole of government approach in this endeavor of developing human capital?

**Mr. Nim Dorji:** The whole of the government approach has gain importance and has being used as one of the major strategies for implementing our development initiatives. Bhutan is implementing the 12<sup>th</sup> 5 year plan. One of the focus area or strategy that has been adopted is consolidation of the past development gains and coordinating among the key stakeholders to chart the way forward. Consolidation and coordination among the key agencies has been used to drive in this whole of the government approach. With that, it also brings us to how it will help us to implement the human capital initiatives in Bhutan. Being the early adopter of human capital project, Bhutan has initiated policy dialogues, coordination among the key stakeholders. There is a technical committee that has been established among the key stakeholders including the CSOs that has been brought together. All these initiatives are based on the basic development paradigm of Gross National Happiness which is a very holistic approach to development, development of values, development issue which recognizes human participation and contribution as the core of initiative to achieve results and also contribute towards economic development. One of the pillars of Gross National Happiness is maintaining good governance through which all this initiatives can be taken up. The other three pillars are environmental preservation, achieving social-economic development and preserving cultural heritage. The good governance stands out to be very strong to pursue the whole of government approach. Firstly in bringing out social outcome in the health by focusing more on maternal and child health, investing in the early childhood i.e. 1000 golden days and secondly increasing the number of schooling years by removing the corrupt point in providing two more years for additional school learning to improve quality of education . With these initiatives, the whole of the government approach is on the philosophy of Gross National Happiness and Bhutan is moving forward with this targeted intervention.

Question:

Dr Jha, Nepal is currently undertaking a significant transition to a federal structure which adds yet another layer of complexity to this journey for stronger human capital. Could you tell us how it is affecting the coordination across actors and other elements of the whole government approach in Nepal as you develop human capital?

**Dr. Usha Jha:** I would link your question to the role I am performing at the National Planning Commission. NPC is an apex body that is very much responsible for the policy review, planning and basically the coordination which we are looking at. Coordination has been identified as the

key driver at least right now because we see that things are happening very much in isolation so NPC is trying to coordinate among the ministries and also among the different levels of government; the federal, provincial and local level. We have a coordination committee already under my chairmanship to look at the nutrition and food security. The coordination committee has government stakeholder, non-government stakeholder and EDPs. We are looking at the three-four different stages of early age like we take the age from 0-8 years and we have divided it into months like 0-24 months. When we look at this 0-24 month, we have several programs being implemented by ministry of health and which is very much owned by the local government. The ministry of health is guiding them and we are coordinating at the apex level but the implementation is taking place at the local level. Similarly, we have got the age group from 24-48 months which is very much in a learning stage and we have that age guided by ministry of women and children. From 48-60 months and from 60 months onwards, there is ministry of education. These major three ministries are taking care of these three age groups through a coordination body which is led by the NPC. On top of that, we have representation from the WASH, different stakeholders doing WASH in the community; we have representation from the ministry of agriculture and from other ministries as well. The whole of government approach, we call it multi sectorial approach. It is very crucial at least in this time and is giving us lots of learning that we should be doing this way and that way and we have a continuous coordination meeting on a quarterly basis where we see the progress and see what needs to be done now and how do we improve on it. This is the process we have taken in. We are now in the phase of finalizing our ECD strategy through this coordination committee and this is very much enclosed collaboration with all the ministries and the stakeholders from CSO and others. We would be having that strategy on board and that strategy will be implemented by the people at the local level, the local government. The provincial level will have certain role for facilitating the local government and also the program, the multi sectorial nutrition plan that is also being implemented by the local government. In the new political system, we have got the vertical linkage as well as the horizontal linkage and the NPC is coordinating both and ensuring that implementation is at the right place and right people are there taking care of everything. And I will be very happy to share the success story like the local government now has the increased understanding of spending in the early age and now they have started contributing from their budget for the early childhood programs at the local level. Similarly, provincial level has started realizing the importance of working in coordination for early age investment. So they

have also started putting their budget on this heading at least we should be coordinating for all these programs. Though Nepal is not in a good shape if we talk about HDI, it is progressing but is not in a very good stage right now in comparison to the South Asia. There has been lots of progress in education strategy, health strategy, agriculture strategy and WASH strategy and it is all through the whole of government approach which we call as a multi sectorial approach to an intervention to be implemented in the field. Thank you very much.

Question: Senegal has been very successful, in fact global leader in reducing stunting. Could you elaborate some of the key elements of the whole of the government approach that the Senegal government used to achieve the success?

**Mr. Abdoulaye Ka:** Indeed there is a long story behind the Senegal experience regarding the reduction of stunting. In the Sub-Saharan African countries, Senegal has the lowest prevalence of stunting among children under five. I will share some points regarding the story. In early 2000, when we had the government adopting multi sectorial approach regarding the fight against malnutrition, I can remember when we got different decision makers and political leaders on board; they asked the technical part of network to really demonstrate what we were talking about because at that time we were talking about rules promotion, exclusive breast feeding. For some specific nutrition intervention we had to prove those interventions would have impact at the community level and it was very exciting for us because we had the minister of finance who said he was ready to invest if he was convinced at the idea and we had the challenge to really propose what we call the model for the implementation of cost-effective interventions at the community level. This is what we can call the phase where we were looking for evidence and that phase lasted for 4 years from 2001 to 2005. After that phase everybody agreed that we would go to the scaling up phase because cost-effective intervention had shown impact in the early years. We had also identified the third phase that would be the institutionalization mainstreaming phase of nutrition across the different sectors. During those 4 years, I remember how exciting it was to really design the model and the principle was having an entry point at the community level where all the different vertical systems like the line ministries would have a place because we were figuring we need to have seat for education, agriculture, health and many other at different level. Our entry point at the community level was local government and regarding the implementation, capacities were really important for us. We had to determine, who had the capacity regarding the outreach or who would

reach the children under 5 at the household levels. In our country, civil societies were the actors who had the capacity to deliver the service at the community level and will build partnership between the government, civil society and the local government so that in the different area where we were implementing the project, the civil society will deliver the different intervention. If we refer to the Zelelam presentation, we had the model for sector performance at the community level. There is also another point that we can really underscore is related to how at the regional level also we enhanced the capacities for the different stakeholders to manage and oversee what were happening at the community level regarding the accountability of the different sectors in line of what we were expecting as an impact. At the national level, the key drivers for us we can talk about three points: the visibility of the nutrition in the national policy documents is really important for us. When the ministry of planning is talking about the macroeconomics situation and is planning the development for Senegal, nutrition has its place. Another important point is the budget line for nutrition and we have a budget line for nutrition in Senegal because the ministry of finance in Senegal is convinced that nutrition is an important input for human development. The third point is the high level of encouragement for nutrition because we have the steering committee at the prime minister office which gives us the capacity to convince the different stakeholders and line ministries around the different challenges regarding the nutrition. Now we are moving forward and I will have the opportunity later to present in more detail way regarding how we wished for the different international agenda we have regarding the SDGs also. Thank you very much.

Question: Vietnam has achieved significant progress in learning outcomes. How did the government worked across ministries and across levels of government as well as using strong evidence based to achieve those outcomes?

**Prof. Le Anh Vinh:** Thank you for the question and thank you presenter for very comprehensive presentation. Vietnam has been included in two examples about coordination and continuity in the government approach. For sure the success of Vietnam education is not by a single effort but is by the government effort and approach in education persistently for a longer period. I just want to address this in the 3 core principles for the government approach. The first one is continuity, the second one is about evidence based and the third one is about how we can coordinate it, both horizontal between the multi sectors and also vertical from the government to the local levels. For the continuity, in 1945 even after we declared independence, among the top three priorities for the

Vietnam government, hunger was the first, education comes second. Most of the top university or school in Vietnam has been established since then. Even during 1950s, when the war was in the most severe situation, we established the system of high school for the students. Education has always been in the top priorities of the Vietnam government. After 1975, 30 years after the war and unification of north and the south, education has always been on the top priorities in all of the social and economic development plans. We increased the public expenditure on the education and in the last 10 years, we keep 20% of public expenditure on education which is equivalent to 5-8% of the GDP. It is one of the highest among the region for the public spending in education. In the last 20 years, we have the three big reforms in education which I will discuss more about in my afternoon presentation. The second core element is about the evident based. In the presentation, the presenter mentioned about the result from Vietnam. We got good result in the 2012 and 2015. In 1974, Vietnam participated first time in the international mathematics and we got very good result at that time and Vietnam is the 1<sup>st</sup> country in the region to participate in such competition. For the coordination, it is very difficult because Vietnam is a very centralized country. For example, we spend 20% for the education. About 1/3<sup>rd</sup> will stay at the national level, 2/3<sup>rd</sup> will go to the local government. So how we ensure that the local government will spend properly in the education depends entirely on the local government. One of the big solutions is to implement the new curriculum and the textbook. We shift from the competence based curriculum and the new curriculum will start from 2020. In the new curriculum, for the primary level, we will change from the half day school to full day school. It will be very difficult because only 20% of province can afford that at the moment. 30% will face difficulty on how we can implement full day schooling for primary level. To solve the problem it comes not only from the ministry of education but also from the ministry of finance, ministry of investment and planning, ministry of home affairs, the teacher belongs to the ministry of home affairs and also from the department of education from the province level. We are under this reform and lot of effort from the government has been put in in how to ensure the investment in public spending will be spend correctly in the next two years to prepare teachers for the new reform and we also have to mention about the teacher preparation for the new curriculums. We have big system of education. There are 18 million of the students, more than 1 billion of the teachers. The teachers need to be prepared as there are many new subjects, many new way of organizing subjects at the school. How we can increase the salary of

teacher is also of concern. It is really important when we talk about the coordination, both horizontal and vertical. Thank you.

#### Question from the floor

1. Question from Ms. Usha UNICEF Nepal to Dr. Usha Jha: it is about the beautiful vision that you presented earlier about investing in children and through that enhancing the human capital relation leading to sustainable growth. In that context, Nepal does have an ambition of putting together social protection strategy. Could you please give us an update on where the thinking is and how do you see the strategy interacting with the other social sectors precisely to enhance the multi sectoral coordination you were talking about?
2. Question from Adarsh to all: we talked about whole of government approach, multi sectoral approach; I did not see the mention of private sector getting engaged somehow because for a sustainable long term growth, private sector has to have some role and some accountability in the human capital development, be it nutrition, be it health, be it jobs, be it education because in a country like ours, you must be aware that quality education is provided by private sector unfortunately. What role do you see or do you see a role at all of private sector?

**Dr. Usha Jha:** NPC is also working on social protection. It has not been finalized yet but we are coordinating with other sectoral stakeholders to develop the framework. We have old framework and we are trying to elaborate and contextualize that framework as per the requirement today. And as a part of the social protection, as our minister said it is a part of life cycle approach so from 0 to old age, we have to ensure that it is protected throughout. For the early age, we have got from 0 to 8 years of age for which we have many things as day meal. But for the social protection scheme comes under ministry of women and children and there is a strategy for that. We are still in the stage of finalizing the framework and I think we are working with all the stakeholders and will have very soon in board so that we can do that but we know what are the elements that will be put under the protection scheme and we will move forward with that. So we can communicate further if details needed.

#### Answer for question number 2:

**Dr. Usha Jha:** Regarding the private sector, NPC is very aware of the fact that we need to consider and build on the experiences that the private sector have and we have the representation from the private sector as well in our coordination committee and they come up with their own challenges when we talk to them about nutrition, food and other things because there is a commercial aspect that gets added from their side but we are in continuous discussion with them and we have a coordinated effort so that the food which we give to the child is always nutritional and is not creating any risk to the health of a child. They are on board with us and they are working with us. Also we have a close relation with them. Thank you.

**Mr. Abdoulaye Ka:** Private sector for us is a key partner but we have to confess that we don't have the ability or the capacity to really communicate with the private sector. Maybe you are aware about some of the business at the global level that are supporting the countries to put in place and also providing platform for the private sector in the nutrition issues. In Senegal, we are starting the process to put in place the platform. What is interesting is that we want to create a space where we talk about nutrition goal and also about profit and opportunities for the private sector when it comes to food fortification, complementary feeding for the children under 5 where we have huge gaps and huge opportunities also for the private sectors. It is under construction but we are really aware about the importance of the private sector. Thank you.

**Mr. Nim Dorji:** Private sector has a very important role in human capital and for an efficient and effective whole of the government approach. In Bhutan, private sector is considered as the engine of growth and also the main driver of the economy for generating jobs and ensuring stable economic growth. Especially for human capital focusing on schools firstly private sector contribution comes in the form of establishing high quality and high end private schools where you can provide additional space for children to go to and have additional learning years. Secondly, institutional arrangements are being made even at the community level, community farmers group could produce natural vegetables that could be supplied to the boarding schools for providing additional nutrition. At the national levels, supply chain systems for the schools with fortified rice, quality vegetables, and oils, all these are supplied by private sector. Private sector has important role to play and continues to play in terms of contributing to the human capital in Bhutan. Thank you.

**Prof. Le Anh Vinh:** I want to share some of the information regarding role of Vietnamese private sector in education. In 1986, we had reforms in national skills, not only education but also on socio-economic. At that time one of the important solution is to open up for the private sector and involve in the market. We see the first private university and the private school are from late 80s and early 90s and the system has been expanding very fast both in quality and quantities. For example in higher education now, 20% gross involvement is from the private sector and we can see the big involvement from the ECC sectors for the general education. I mean the roles of the government stays stronger but we can see the in high school and in lower secondary school, more and more private schools are there. We also have supporting policy for private sector. For example, if you open new private school, there is the tax exempt for the first five year supporting in the lands. So both government and private sector is in strong support to enhance the quality of education sector.

Moderator: From all our panelists, we got to know that the role of the private sector is the key.

Question from Mr. Karma Yeshey, Secretary, Ministry of Education, Bhutan to Prof. Le Anh Vinh: You mentioned about the budget outlay which is about 20% and which comes about 8-9% of GDP. When we looked at the successful systems, various countries have increased their outlay as high as even about 35% and any system that has put about 25% and above then they are considered having done well. We also heard that you have participated in international mathematics competition and have done well. How do you draw the connection between your budget outlay and the performance of your students and what plans do you have to go forward looking at the successful systems?

**Prof. Le Anh Vinh:** I want to clarify that the 20% of public spending on education is equivalent to 5.8 percent of GDP, not 8%. It is very strong commitment from the government to invest in education and I think if we look at the Vietnamese effort, we can guarantee about the access and equity of education and to ensure that in the 15 popular countries in the world, we have almost 1 million people for which we need a lot of investments. In 2010, we achieved the universal access of education in the primary education and we are on the way to achieve the universal access of education in the lower secondary. In 2017, we achieve the universal access of under 5 year old children to preschool education. We can see that the country has put in strong commitment to ensure that all of the children will have access to education. But the main problem to achieve the

education strategy by 2030 is we need to improve the qualities of the TEVTs and higher level education. One of the biggest priorities in the next 10 years is we want to increase the length of the schooling years by student in general and number of the highest education level among the population. In order to do that, we need comprehensive solution because it is not only about the investment in the general education; we need to invest in life-long learning, TEVTs and higher education because now there is more and more change in the education in the job market. People will change their jobs in the next 10 years and so on. Higher education will not serve the same purpose as in the past. In Vietnam, in the past, people get degrees and they go to job market and they never come back but now they are coming back to university to update their degree, update their education. So we can see that education is the key driver for us to improve and to get next achievement in the next 10 years. Thank you.

## **2. Investing in Early Years: Narrowing the Gap Early**

Moderator: Ms. E. Gail Richardson, Health, Nutrition and Population Practice Manager for South Asia Region, World Bank

Lightning Talks:

- Ms. Meera Shekar, Global Lead for Nutrition, Health, Nutrition and Population Global Practice, World Bank
- Mr. Abdoulaye Ka, National Coordinator, National Nutrition Coordination Committee, Senegal

Panelists:

- Ms. Jean Gough, UNICEF Regional Director
- Dr. Kiran Rupakhetee, Joint Secretary, National Planning Commission, Nepal

Moderator: Everybody including the chief guest in the previous session mentioned the importance of investing in the early years, which is not just nutrition. It's also the concept of early stimulation, equipping families with the knowledge and tools to be able to engage children and babies at very early age. But we will learn more about what it means by investing in early years.

**Ms. Meera Shekar** is an internationally recognized authority on public nutrition, and Global Lead for nutrition with the World Bank's Health, Nutrition and Population Global Practice. In this capacity she provides leadership, support and policy advice on the Bank's nutrition portfolio across the spectrum of undernutrition and obesity, managing key partnerships such as the Power of Nutrition, and the Japan Trust Fund, and firmly positioning nutrition within the Global Financing Facility for RMNACH and the Bank's new initiative on Human Capital. She is also responsible for building cross-sectoral linkages with the agriculture, water and sanitation, education and social protection sectors. Over the last several years, she has led the repositioning of the nutrition agenda that led to the setup of the global Scaling-up Nutrition (SUN) initiative and was a key partner in the discussions on the Catalytic Financing Facility for Nutrition developed in partnership with the Milken Institute, that evolved in to the Power of Nutrition. Meera serves on the SUN executive committee and has been one of the principals for the emerging aid-architecture for the SUN, and the G8 and G20 agenda-setting process for food security and nutrition over the last decade. She leads the global and country-level costing and financing analyses at the World Bank, she authored the first ever global Investment Framework for Nutrition, and is leading the Bank's analytics on obesity prevention. She has also worked on the demographic dividend and population and development issues.

Meera has lived and worked across the globe and has extensive policy and operational experience in India, Bangladesh, Ethiopia, Nigeria, Tanzania, Vietnam, Bolivia, Guatemala, Uzbekistan, Sri Lanka and the Philippines. Before joining the World Bank in 2003, she led UNICEF's Health, Nutrition and Water and Sanitation and ECD teams in Tanzania and the Philippines. Meera has a PhD in international nutrition, epidemiology and population studies from Cornell University and has consulted extensively including with JHU Population Communications Services and Population Services International. Meera has been Adjunct professor at Tufts University, USA, and a guest speaker at several G8 preparatory events including the G8 parliamentarians'

conference in Canada. She serves on several advisory boards and as a commissioner for the recent Lancet Commission on Obesity.

Among other publications, she is the author of the health chapter in the World Bank's flagship report entitled *eTransform Africa: the Transformational use of Information and Communication Technologies in Africa, 2012*; *Repositioning Nutrition as Central to Development, 2006*; *Scaling-up Nutrition –What will it cost? World Bank 2009*; And most recently, *An Investment Framework for Nutrition: Reaching the global Targets for Stunting, Anemia, Breastfeeding and Wasting, World Bank, 2016*.

### **Presentation: Investing in the Early Years: The Foundation of Human Capital**

Ms. Meera Shekar, Global Lead for Nutrition, Health, Nutrition and Population Global Practice, World Bank

As we think about investing in the early years, as the minister of finance from Nepal said earlier today, this is the foundation for human capital. He is looking for a sustainable investment, investing in the early years is really one of the most sustainable investment and there is a lot of evidence to support that. If we look at the human capital index, there actually are 3 components to it; first is survival which is essentially under 5 mortality, second is schooling which we have heard about it already, learning during the school and third is around health which includes two elements: child stunting but also adult survival rates. These 3 elements add up to the human capital index and determine the mortality of a worker in future years. It's important to remember that investing in early years is critical for all 3 of these elements. For under 5 mortality, it's critical to invest early. For schooling, in terms of early stimulation and early education, it's important to invest early. For health whether it is for addressing child stunting or for addressing adult survival rates. It's really important to invest early. I want to share with you some of the evidence that is very clear. This is the brain of a healthy well cared child and here is the brain of a child that is stunted. Do you see the brain development of these two children? Yes, indeed. You see that the neural synapses between the two are different and this wiring of the brain happens very early in life in the first

1000 days, from pre-conception to the first two years of life. That is the critical period and several of the previous speakers referred to the first 1000 days, the window of opportunity that we have. The important thing and especially linking it to the finance minister's comments is that if you do invest in this window of opportunity, this brain development gets locked in for life. So it is a sustainable long term investment. If you miss it, you miss the window for life. So it's really important to invest in this time period because this is the time when whether it's a sensory pathways, languages or higher cognitive functions, all of that is determined in this time period.

If we look across the world, stunting rates are extremely high all across the world. Every region of the world has high stunting rates. And it's really important and I have only highlighted two countries, Nepal and Bhutan over here, it's really important to see that actually if you look at Nepal, stunting rates in the poorest income quintile are almost 50%. Same thing in Bhutan, stunting rate in the poorest income quintiles are between 35 and 40+ %. The stunting is something that is highly impacted by equity issues. If we want to address equity, it is critical that we address these issues and think about them as well. But don't miss another point that's really important as well. Even in the highest quintiles, there is stunting. It's not just the question of handing out food to people that will solve the problem; it's much more complex issue. The other thing I want to introduce is around adult survival rates which are hugely influenced by obesity rates. The problem is growing everywhere especially in lower income countries though we think it is the problem of rich but it's not and is linked to adult survival rate and is closely linked to human capital as well. So, what will it take for children to reach their full potentials is the combination of three sets of inputs: good nutrition and health, early stimulation and learning and make sure children are protected and nurtured over time. Making all of this happen at the same time in the same country is not easy but if we are able to do that, if we are able to invest in first 1000 days window, we know we can increase schooling completion by one year, we can increase earnings by as much as 5 to 50% and children who escaped stunting are 33% more likely to escape poverty as well. That's a really compelling argument and of course there's lots of evidence around increase in GDP linked to reducing stunting.

There's a whole package of interventions that has been defined and it cost approximately 10 dollars per child per year which is about 7 billion dollars across the world to provide this package of services and yet making countries are still not able to provide it. On the early learning side, it's

absolutely critical that we provide support for cognitive and socio-economic development. This is something we haven't thought about, we haven't invested in the past but it is absolutely critical and if we do that, this two is linked to reducing inequities as well as in many cases depending on how services are provided it does provide a safe space for young children. Yet less than half of 3-6 years old across the world including the developed world have access to these services. How can we provide these services? Ultimately we want to make sure these services are provided at scale and there's a whole range of mechanism through which you can provide these services whether it's home visit or waiting room in hospitals or clinics or community playgroups or preschools and media like radio, TV, texting program and so on and so forth as cash transfer programs which can really improve. The other important thing to remember is that there are opportunities across many sectors from water and sanitation to agriculture, social protection, gender, education and health to provide these services. We should not forget about the private sector whose importance was referred in the previous session.

If we look at how the world has done, the dark line is the global trend and some of these dash lines are regional trends. The top line is South Asia and South Asia actually started out much worse than Africa but now South Asia and Africa are about the same level. Most people in South Asia are not aware of the fact that actually stunting rates in South Asia have been much higher than in Africa. But there is a decline in most of the counties and there are some countries that have done incredibly well like Vietnam, Bangladesh, Peru, Cambodia. So it is possible to do well and to do right things. Nepal and Bhutan have also done well but there is more that needs to be done.

If we look at what is happening in Vietnam, we have heard quite a bit about the secondary school education programs in Vietnam in the earlier session but I think it's also important to remember that they are putting in place school readiness program targeted much more the early year and that is already yielding from results expanding pre-school enrollment from 64 to 85%, training about 90% ECE teachers and so on. So there is reason for hope in several countries.

The 3 lessons to take away from these improvements that we have seen across the world whether it is in Peru or Vietnam or Mexico or Senegal are: whole of government focus is absolutely critical and is not just a buzz word. What it means is you need political commitment at the highest level. In Peru we had tons of conversations with president himself who said tell us how we want to make this happen. The PM in Senegal is fully committed and engaged in this. In Rwanda, we are having

conversations with president who is very engaged in this issue. This high level commitment is absolutely critical as a part of whole of government. Linked to that is the issue around high quality service delivery. We need to make sure that institution has the capacity to deliver, evidence based interventions and do them at scale. In Senegal NGOs are used to do service delivery. We are doing the same thing in Afghanistan. There is a national capacity to deliver to use other mechanism to make sure that the things go to scale. The third is financing for scaling up. Financing is absolutely critical both in terms of donor financing which we need to make sure is coordinating so that all financing is not same instead they are complementing the national plan and second around domestic resources, getting commitments from government. The example Usha Jha gave us this morning about how local governments in Nepal are already committing to some of the early childhood investments is a good one. These 3 critical elements are absolutely essential for investing in early years. In terms of Nepal and Bhutan, we seem to be doing very well but there are some things which you want to be thinking about. Obesity agenda which is something perhaps we haven't focused about as much up to now. If we look at Nepal, we can see that obesity among women is increasing over time. 4% of adult women in 2010 were obese. By 2025 it is expected more than double that amount, same thing in Bhutan from 7% to 14%. There is dramatic increase in obesity which links with diabetics and other cardio vascular diseases. The minister of finance from Nepal spoke a quite bit about universal health coverage. Very few countries are actually including preventive nutrition intervention in the UNC package. This is something the countries should be thinking about, both Nepal and Bhutan and many other countries. The other area to be thinking about is using some new innovative too for doing something we have done in the past. The measurement tool we have in our cellphone is now used to measure the height of the children. Instead of using the complication length boards, we can now use that which could lead to data revolution in terms of data on stunting. In countries where that may not be possible, there are new community length map which was designed in Indonesia. In Tanzania, there are very simple multi-sectorial scorecards that help you monitor how districts are doing. These sorts of innovation can really help both the scale up as well as quality of the scale up. The last thing is it's just not about having the money for investing in early year; it's also about making sure we get more money for nutrition but more nutrition for the money that is being spent as well. So improving the efficiency of that spending, there is a tool called Optima Learning Tool.

Thank you.

## **Presentation: Nutrition in Senegal: Investing in Early Years to Reduce Stunting**

Mr. Abdoulaye Ka, National Coordinator, National Nutrition Coordination Committee, Senegal

It is possible to reduce stunting. It is possible to see communities without any forms of malnutrition and for that I think it's really important for a country to focus on how it is possible, what we can do, what do we really need to do to develop nutrition in our country. In Senegal, we have been working for many years in that perspective, keep on improving nutrition, and keep on reducing all forms of malnutrition. We talked about three key elements: institutional framework, financing and activities, what is happening at the community level. We can see regarding institutional framework it's a kind of combination between top-down approach and bottom-up approach. Regarding bottom-up approach, at the top there is a PM office which is a coordination unit where different line ministries come together for planning, defining policies, defining strategies, conducting analysis all together and also setting different goals for the country. At the medium level, in region also we have empowered structures. There are line ministries at the operational level at the local government who are also able to ensure the governance of nutrition regarding the accountability, supervision and enhancing capabilities for the community level. The most important part is a community level because it is a bottom-up approach where community is placed at the front line. The community delivers itself different services through public service providers and the community implementing agencies which are NGO in fact. We have built alliance at the community level where we can have different interventions which includes agriculture, livestock, health, social protection. In fact it is a multi-sectorial platform that can deliver different services, evident based services that Meera presented earlier that can be implemented at the community level. You can also see the milestone regarding investment within the ministry of finance. We have fought a lot with the ministry of finance to move from 0.3 million dollars in 2002 to 5.7 million dollars in 2015 in terms of direct investment from government for nutrition. So, it's possible to scale up community based nutrition intervention, specific nutrition based intervention and also pro nutrition interventions. In Senegal we can see how stunting prevalence moved to attend today 17% and you can see what happened in 2000. In 2000 we created national committee for the fight against malnutrition and we can see how it's being declining and also see regarding GDP per capita how Senegal is standing among the other countries with low GDP and low rate of stunting also. It

is important that we invest to cover all the different communities. It is also important to see how our framework helps us to coordinate as coordination is a key because regarding the different interventions we have across different sectors, it's really important to coordinate. We have the tool to convince different stakeholders and coordinate their interventions. We also the tool to strengthen the accountability because is very important to report to the ministry of finance, PM about the progress we are making and also about the bottlenecks we have. Decentralization is also is a key for us to engage the local government, key stakeholders at the community level. NGO, CSO, communities, all the different stakeholders from the different sectors also has to be engaged. Engagement is really important. Senegal's national coordinators are really engage since the beginning. We also need to have national people engaged for nutrition if we want to move towards the agenda. We need to strengthen all the different stakeholders and mobilize them around common goals and principle and strengthen the multi-sectorial platform. It's also important to have private sector involved. The challenges we have are the political will to decentralize, how can we get effective horizontal structures and how financial support can be enhanced to move forward. We have many challenges in Senegal as many countries with SDGs agendas. We know we have to strengthen the prioritization and ownership for proper nutrition among different sectors: social protection, early childhood development, agriculture, water and sanitation, etc. We also have challenge regarding obesity, low birth rate, anemia, etc. In Senegal, we have been working on a new approach also since 2015 and we have developed a new national policy that covers from 2015 to 2025 where we have a new vision of strengthening more of the multi-sectorial approach and going to the mainstreaming area where we want to put all the different line ministries together in sharing the different principles regarding nutrition and having participatory approach in terms of elaborating these referential documents. We also have nutritional multi-sectorial strategic plan where we have 12 action plans which are relying on the same pillars i.e. focusing on human development. Protection of food with high nutritional value, appropriate transformation, distribution and pricing, education, hygiene and sanitation and essential health services are the four pillars which will optimize the nutritional status of the population and that will lead towards human development. This is how we want to work for the next 10 years and building on ownership through local government, multi-sectorial development, sustainable financing, communication, research, monitoring, evaluation, capacity building and coordination. This is where we are heading to and all the different stakeholders have agreed around these goals and we can see that investing

in the early years is also the key here because we have goals related to low birth weight, stunting, exclusive breast feeding, anemia and obesity. These are the goals which links the 12 action plans from 12 different sectors that are engaged to nutrition. We are sharing the vision focusing on child nurturing, child school, proper health facilities, education, agriculture and many others focusing centrally on early years to have population with adequate nutrition and proper behavior for the human development in Senegal.

Thank you very much.

**Ms. Jean Gough** is the UNICEF Regional Director for South Asia, based in Kathmandu. She is responsible for the leadership, oversight and guidance to eight (8) UNICEF country programmes; Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. She also represents UNICEF with governments, donors, the private sector and civil society, in the region.

With over 23 years of service in UNICEF, Ms. Gough has extensive expertise in programme management, emergency response, systems strengthening, resource mobilisation and partnerships. Immediately prior to her current assignment, she was UNICEF Representative in Nigeria, coordinating the management of 10 field offices, covering 36 states and the Federal Capital Territory. She has also served as Deputy Regional Director, UNICEF Regional Office for Latin America and the Caribbean and UNICEF Representative in the Occupied Palestinian Territory and Barbados.

A national of Honduras, Ms. Gough is an engineer by profession. She holds a Bachelor of Science in Civil Engineering and a Master of Science in Water Resource Management from the Arizona State University.

Question to Ms. Jean Gough: What do you see as a primary challenge to this agenda in South Asia region?

I would like to thank the delegates of Nepal and Bhutan for taking their time off to come here to spend two days to really look at human capital and see what transformation could be done in their countries which are the key things for all of us here together to look into in the region. The region is a very diverse region. There are unique countries and special countries and when you look each one has different progress at different rates. The intervention in human capital is very important to them to make sure that we change and turn around because if we look at the data in terms of the numbers of children that will not meet the development outcomes is scary. There are 84 million children in this region i.e. South Asia, the region World Bank and UNICEF is covering. It is important for all of us to come together. UNICEF global report highlighted Nepal is a good

example because they have invested in early learning and it seems they have put their policies in place, laws in place and have done strategic plans and also their investments are part of those plans. The progress has been phenomenal. They have increased their children learning by 7% which is a major achievement and I want to congratulate the government. However I think we need to look at quality and I want to invite you all to look at federalization impact because all of the achievements have been done on the different regime. I think this decentralization will go either way. So we need to keep a good eye on how those investments will be translated to give accelerated results. That's something I will really want to invite the colleagues from Nepal to look at that challenge. In Pakistan, when they did decentralization, the system was not ready and they moved there quickly. Immunization coverage had dropped too quickly and the things we are seeing there need to be looked at. So, decentralization and the context need to be reviewed. When you look at success, coordination, they have reached the multi-sectorial nutritional plan which is a good example of Nepal. Nepal is at the second phase and they are going to start the third phase. If we complement the plan, investments in early years, it is a good chance to see changes and transformation at scale. In Bhutan, there is the case for investment in ECD and that case presents great opportunities for Bhutan for transformation. In 2000, they only had 11% access to ECD services but now, it has gone up to 27%. When we launched the plan, we worked together with the government; their goal is to reach up to 50% by 2020 and I think we need to accelerate faster. This program also presents the opportunities for acceleration of those. So investments, acceleration are the challenge but we have different models across the region and I think we just need to accelerate that and really focus investment in the right things. More investment in nutrition, nurturing is the way forward and is feasible and is possible as seen from the example of Senegal. If we only increase 50% per year per child, we get huge returns. Don't be afraid, just take it forward because sometimes we are really cautious especially our minister of finance, they need to take on early years the best they can. Continuity is another thing we need to make sure. In India ICDS program that has been going on for 50 years and PM Modi now created a mission on nutrition and i think it will bring huge results. So investing in early years is the best investment we could make. Let's find the fiscal space to do that and I think we have the models and examples and don't get afraid by the challenge. I think the challenges are there but we collectively can overcome them.

Thank you.

**Dr. Kiran Rupakhetee** has been working with the government of Nepal for the last 32 years. He has been working in the National Planning Commission (NPC) in the capacity of Division Chief/ Joint Secretary leading Good Governance and Social Development Division for the last six months. He has also been performing the role of SUN Government Focal Point coordinating nutrition related issues across different stakeholders. The government of Nepal has designated as a Coordinator of Implementing Sub Committee that has been formed to host SUN Global Gathering in November 2019 in Nepal. He served in the NPC for 11 years and was involved in the formulation, monitoring and evaluation of policies, strategies, programs and activities in the agriculture sector focusing on sustainable agriculture production along with livestock development and sustainable food system. Later in 2017, he looked after the public-Private Partnership, Women, children and social welfare, education and health sectors in the capacity of Program Director /Section Chief.

He also worked in South Asia Association for Regional Cooperation (SAARC) Human Resource Development Centre, Pakistan as human Resource Development Professional with the responsibility of coordinating human resource development programs. Dr. Rupakhetee worked in the Ministry of Women, Children and Social Welfare during 2012-2017 Section. As a chief of Human Trafficking Control Section, he had outstanding contribution for publishing first ever government's Trafficking in Persons report in 2013. He served as Secretary to the Ministry of Social Development and Ministry of Economic Affairs and Planning in the State Number 2. He has a PhD from Seoul National University, Technology Marketing Economic and Policy Program, International IT Policy Program, South Korea, Master of Arts in Agriculture and Rural Development from the Institute of Social Studies, The Hague, Netherlands, Master of Arts in Economics with gold medal award from Patan Multiple. Dr. Rupakhetee has several publications in national and international journals in the areas of ICT Policy-governance, planning, development studies and micro social issues, namely human trafficking, child rights protection, gender-based violence etc.

Question to Dr. Kiran Rupakhetee: How do you think the government of Nepal thinks that federalism better supports the **IYHA** agenda?

This debate we are having at the moment today is very time relevant at the pretext that the 15th plan is commencing very soon and we have highly emphasized in human capital development and also investing in early years especially through health, education and other facilities. Dr. Meera had wonderful presentation and we got the importance and have insight now that golden 1000 days are very important in every citizen lives and that period demands quality investment especially for the nurturing of that citizen. We have various reports from World Bank and landset as well. 80% of human brain develops at that time so it is also necessary to have investment through education, health, not only for kids per say but also to the mother, pregnant woman and also to the adolescent girls. We also have report on investing wantella to the nutrition brings 16\$ in return so that is the insight for all the government planner and policy makers those who are here from government of Nepal and Bhutan. So all these background with these backdrops, the government has tried to formulate 15th plan. As Gail has just mentioned, we have just entered into the era of federalism which is the reality of Nepal as constitutional arrangement has institutionalized it. The point here is how we can make the best use of it. Federalism in this country which is just being practiced, actually we are experimenting it in a way we are learning as we didn't have experience before. We use to have decentralization but not federalism. So at the moment you can just compare the situation, we use to have unitary government before, now we have 761 governments in place so there is huge challenge for us and opportunities as well. The challenges are: we have many governments and they have just come into place with the popular mandate of the people so they have to influence their voters. Physical infrastructural development has remained a political agenda at the moment. In Nepali, there is a saying called mato and bato, bato is the road or the way and mato is the soil so we like to play with constructing roads and creating infrastructures, buildings so on and so forth. So there is a fear that these issues will be overshadowed, whether these issues will not get proper focus while developing program and other interventions at the local level. This is one of the challenges where we really have to sensitize the policy makers especially the political leaders who are at the municipal level and rural municipal level. There is altogether 753 government at the municipal level. Another challenge is still the social agendas are not being internalized in the planning process by the local level. We use to have different bureaucratic setup, now that is somehow dismantled. New office structure has been setup and still some of the staffs is yet to be deputed there. The intervention that used to be carried out before, now some of them are still vacant, staff is yet to be deployed hence some of the challenges are there. Apart from this,

the challenge is also to coordinate among different governments at the local level. We have a sense of realization at the moment that there should be some organizations which can coordinate the interventions that has been made especially in early year's investment where there should be some mechanism and the government has been trying its level best and planning commission is trying to bridge the gap. Regarding the multi-sectorial nutritional plan and ECD strategy, we are trying to have some sort of structure whereby there is a mechanism, we regularly meet and try to give directives to the local governments and provincial governments but that act still yet needs to be made vibrant and more effective and recently with the help of minister of federal affairs, general administration and planning commission, we visited all the provincial governments and tried to make them realize the importance of nutrition and early child development. We are trying to do it gradually but there are challenges ahead.

On the other hand, there are opportunities as well. It is the right time because the local governments are evolving, they are very new and are at the formative stage. From that perspective, there is an opportunity to have a quality intervention regarding education, health, nutrition normally because they are in the early years especially for the citizens who are in their early years. Apart from that, MSNP is going to be trickled down to the grass root level, local level government and we are heavily focusing on our priority to expand the steering committee structural setup which can guide and monitor the intervention related to nutrition. Each provincial government now has a planning commission or policy commission as in India. There is an opportunity too to have their own localize multi-sectorial plan and ECD strategy covering their province and local government under that very province.

The most important thing is that globally Nepal is acknowledged as one of the best country to showcase the progress as Meera has also shown. We have massively progressed in terms of addressing the issue of stunting and for your kind information, Nepal is hosting Sun Global Gathering in November 2019 and that will also showcase ourselves in global arena and I also emphasize the fact that nutrition is very important and also investment in early years is very important. That kind of message can be propagated to policy makers, politicians. So there is a mix of feeling we do have regarding federalism but the reality is that planning commission which is an apex body, chaired by the PM, we have given high priority in 15th plan to the early years of investments especially in education, health, adolescents, youths but limitations are also there. We

have to work hard because the size of the pie is very minimal. Planning commission is there to allocate budget, provide financial resources but since internal revenue generation is weak in terms of the base so we have some challenges as well but I am happy that development partners including World Bank, UNICEF have been helping us to a greater extent and we hope that we can cope up with this problem.

Thank You.

Question from floor: Mr. Karma Yashey

In Nepal, we have all policies and plans in place in terms of access to early childhood program as well as the nutritional program. What has happened in translating that into reality in real practice? Has that been translated, how is it going forward and what is the success rate?

Dr. Kiran Rupakhetee: Regarding Nepal, when you talk about nutrition sensitive intervention and nutrition specific intervention, there are acts and laws and policies in place but definitely there is a mixed feeling for us. As per the expectation, we are not being able to implement because of different reasons: coordination issues are there, recently federalism issues are there and also in terms of resources we have not been able to achieve what we desire to have. But I am very much optimistic and I want to say two quotations by Mother Teresa, “you can do I cannot, I can do you cannot but together we can do” and “One pen one child one teacher and one book change the whole world.” Let’s educate our girls, let’s educate our mothers because it will bring solutions to so many problems.”

Mr. Abdoulaye Ka: I will give some numbers on what is happening now when we move from the policies, strategies to action. In Senegal, 45% of children under 2 are weighed each month and we are looking for the adequate weight gain so we are doing growth promotion for 45% of children under 2. This is the opportunity we have to integrate early stimulation because we have adopted the 1000 days strategy knowing that once we are at the community level, we start from pregnancy to two years regarding the growth promotion. The second one is we want to build the trend from pregnancy to age of 5 when the child is ready to go to school. What is missing now is between 2 to 5 years, what is happening there in terms of early childhood because there is a gap in terms of access to the facilities we have regarding the early childhood development. So we have a new project within the human capital program and World Bank that brings together the education

system and the community level and we will build the bridge, the virtuous path for the child to be ready at 5 years old and be better person at the future.

Ms. Jean Gauf: Bhutan has a special challenge geographically and region population is isolated. Investment in some kind of innovation of technology will be very useful to Bhutan but I also think that we need to use better universal health coverage, primary health care system. We need to bridge the political gap to push these agenda. We need to think how we get more technology for your isolated communities and bringing Nepal and Bhutan together is a good idea because we can learn from each other.

Ms. Meera Shekar: In any country having the policies, documents in place is a first step, it's not the solution. Next is making sure that we try and put those in place, in practice and that requires the capacity to scale up which is easier said than done. Building those capacities to scale up either through the government system or using NGO system, whatever is appropriate for the country context that's critical and the second is financing for scaling up. We see many countries with great plans but if resources are not available then we will not be able to scale up and won't be able to achieve results which we are looking forward to.

### **3. The Changing Nature of Jobs: Readyng Bhutan and Nepal for the Jobs of Tomorrow**

Moderator: Mr. Hans Timmer, Chief Economist for the South Asia Region, World Bank

Lightning Talks: Ms. Roberta Gatti, Chief Economist for the Human Development Group of Practices, World Bank

Discussants:

- Mr. Lok Nath Bhusal, Under Secretary, Ministry of Labor, Employment and Social Security, Nepal
- Mr. Sherab Tenzin, Director General, Department of Employment and Human Resources, MoLHR, Bhutan
- Mr. Tenzing Yonten, Executive Member, Bhutan Chamber of Commerce and Industry, Bhutan

Moderator: Main reason why we want to invest in children and we want to invest in adults is because we want to give them tools to become more productive in their future work but there is a slight problem because we don't really know what future jobs are. One thing is probably certain that the future jobs will be very different from the past jobs and it is very likely that education development will truly transform the labor market and that means that future workers will need different kind of skills than the previous workers and they will need the tools to adopt to much more flexible labor market. It means that we have to change the way we organize education but also we have to re think how to organize social protection in the labor market, we have to think again about how to regulate the labor market. There are many challenges coming to us and we actually have a wonderful excellent panel to set light on these issues.

Presentation by Ms. Roberta Gatti on "The Changing Nature of Work"

**Ms. Roberta Gatti** is the Chief Economist of the Human Development practice group in the World Bank. In this capacity, she co-led the conceptualization and release of the World Bank *Human Capital Index* and is in charge of the *Service Delivery Indicator* data initiative. Roberta joined the World Bank in 1998 as a Young Professional in the Development Research Group. Her papers, which includes theoretical and empirical contributions on labor and household economics, political economy, growth, and social inclusion, are published in top field journals such as the *Journal of Public Economics*, the *Journal of Economic Growth*, and the *Journal of Development Economics*. After a period based in the Bank's office in Bulgaria, Roberta became sector manager and Human Development Lead Economist in the Middle East and North Africa and then in the Europe and Central Asia regions, overseeing work on aging, skills, jobs, pensions, social safety nets, and the Roma inclusion agenda. While based in the World Bank Warsaw office, Roberta led the labor market reform dialogue with the Polish government and then moved to lead the World Bank global agenda for labor market policies as Global Lead for Labor. Roberta is the author of numerous flagship reports, including *Jobs for Shared Prosperity: Time for Action in the Middle East and North Africa; Being Fair, Faring Better: Promoting Equality of Opportunity for Marginalized Roma*; and the *Human Capital Project*. Roberta holds a B.A. from Università Bocconi and a Ph.D. in Economics from Harvard University and has taught at Georgetown and Johns Hopkins Universities.

Presentation:

Thank you Hans for the kind introduction. The changing nature of work which was the subject of World Development Report 2019 which was directed by my colleague Simon Jankov and Federica Salyola and it encompassed across sectoral teams that really thought hard about what the changing nature of work is. The underlined reality is that technology is changing and is changing fast. The world is divided into techno pessimist and techno optimist. The techno pessimist would say that automation is basically substituting machines for people and displacing people and therefore reducing the numbers of jobs and creating potential inequality and serious problems to the societal texture. Techno pessimists are quite many among us and great economist like John Maynard said we are looking forward to technological unemployment. The techno optimist takes a different look at reality and they see the potential of technological change and the potential innovation increase productivity and materialize in the labor market by increasing employment in the new sector. 60% of the jobs being created in the United States in the past 30 years had completely new job titles which did not exist before and these are also the jobs where the employment growth have been highest. Both techno pessimist and techno optimist agree on one fact that the world is changing and is changing fast. Digitalize platforms are really changing the scale and the type of growth of firm. You can also see the difference in the development. Look at the different evolution of Taobao and many others digital platforms in just less than 20 years. There is steady but rather low growth evolution of IKEA to be able to expand needs to create a new retail point. So, digital platforms are really changing the nature of development and the texture of firms and they are doing so in a very fast way. When moveable type printing was invented, it took about 700 years to migrate and be adopted in China. It took about 10 years for 2.8 million people being employed in the business processing industry after it was introduced. The change is rapid which we are experiencing in our lifetime. What does it mean for skills and how does it connect to what we heard is first it really means that we need to be adaptable individuals, adaptable not only for the future but for today. It also means that the nature of technological change is very complementary to higher skill. It means those who are being able to invest effectively, those families and governments who are being able to invest effectively in cognitive skills and being able to bring successful generation through tertiary education will be the one who will reap the most the benefits of this technological change. What is also happening is that not only technology is changing but complexity is increasing and so if complexity is increasing, any individual won't be able to learn and team of workers across countries, languages, time zones will need to work together to solve

problems. This means that not only cognitive problem solving skills need to be built but also the ability to work together in teams, negotiating differences, negotiating conflict. This is what is called social emotional skills and increasingly not only tech giants but also regular firms mandated the skills out there. As technological change is happening, also life expectancy is lengthening. So we as an individual will be working for much longer period of time. In long period of time as workers, we need to change and adapt. The benefits in terms of productivity and welfare for countries are very high. This change is rapid and the change is happening but is it happening the same way everywhere in the world and the answer is no. Developed and western countries are concerned about the hollowing in the middle, drowning down all the industrial jobs. In the same time however, number of East Asians countries like Cambodia, Indonesia, Thailand, Vietnam, industrial jobs are increasing. It's probably because this type of technological change that has substitute machines for routine task has not taken over yet in many countries but this is also because we are experiencing raise between how cheap machines are and how cheap labors are or how non-substitutable labor will be for the machines. And this will all be played between machines and skills. Just a glimpse of what is happening in Bhutan and Nepal. What we see is exactly what is happening in the United States. In the United States jobs with medium skills, secondary school graduates who might have worked as data entry, they have lost their jobs. Jobs with low skills orders are drawing down in both countries i.e. Nepal and Bhutan. Jobs with medium skills orders are increasing and there is beginning of demand of high order skills. So, we see in our two countries something that is similar to what we see in East Asia and something that is increasing to the need of the right foundation to be able to have a generation with strong cognitive and problem solving social emotional skills.

Not only skills are changing but those environments where people work are changing. If I think about what might have been the ideal job when I was growing up in my home country which is Italy, it was to have lifelong employment in bank or in the public sector. That dream of lifelong employment and the type of relation of traditional wage employment is rapidly disappearing. In the future we will see fewer standard longer term contract and more short term work contract that allow individual to be entrepreneurs and boss of their own. This is what we called the gig economy which is small about 3% of the global labor force. But it's a new wave of informality and fragmentation of labor market which in developing countries, it is super imposing itself over enlarged based of informalities. All of these things are changing and what can government do.

They can do a lot and they can really make the difference between the techno pessimists that they are right and moving towards the world being techno optimistic. In short they can really help societies to reap the benefits and opportunities that the technology change is presenting towards ourselves and protecting them from the risk which are clear. What the development report does is it focuses on three key areas where governments can make transformational difference. First one is build human capital and lifelong learning and world development report focuses on two key moments of life: early years and adult learning. The second one is rethink social protection systems and labor policies towards sustained change. Finally, it talks about how to mobilize revenues. I like the idea that early childhood development in the context of technological change. This is where the whole story starts and it needs to start well. So when we think about all the policies that we just discussed in the session that ECD does, this policy is fundamental for competitiveness, fundamental for the world to work where the race between machine and men is won by men. Just the moment of contextualization here we have the data for Nepal which we have already discussed in the session before but it's beautiful to see how both Bhutan and Nepal have made significant progress in access in early childhood education. Very important point was made before that when we think about children in the age of between 3 to 6, we should not really forget the ages between 0 and 3, first 1000 days of life when the basis for good learning are set. It is beautiful to see that by now 66% of the primary school entrance in Nepal has at least one year of early childhood education. This is fabulous and the one point I want to make here is that every country has started with expanding access and this is a tremendous way to start equalizing opportunities across people, families and generations. However, we always need to maintain an eye on quality and be able to generate environment where children are safe, they are stimulated and they have proper nutrition to find the synergies between their physical and cognitive development. The other part of the life cycle where the World Development Report focuses on is us, you, and me: adult lifelong learning. We are not probably quick in doing arithmetic now when we were fifteen. However, as people age, other skills come up and becomes important. Knowledge continues to improve over the lifetime and social emotional skills help mature people to negotiate conflict and manage better. It is important that the long working life phase we face, it is important that individual and government think about investing in lifelong learning. There are different ways to do it and need to be tailored to the skills of the individuals and that probably lies the crux to have the successful system. There's quite to learn from Denmark and Norway and hopefully for many others developing countries are

taking this challenge up. How to do all of these takes well working systems on the supply side. Early childhood education, schooling, training, etc. are on the demands side. So what is that which works well on the demand side? These are systems that actually get families and individuals to utilize the services. Families might have many constraints like why I am not able to invest optimally, economist will say they are sending their children to school long enough or investing them in terms of lifelong learning. What does this happen? Someone mentioned earlier, geographical constraints which are particularly strong in our country, socio-economic differences across the income spectrum, lack of information, social norms that might prevent girls from having as much investment in themselves as they will need to. Here I want to focus attention to two data's that I found interesting. There is low utilization of services, something that can be improved significantly. Only 1 out of 4 mothers in Bhutan seem to receive the 8 recommended ANC visits and not more than 60% of births in Nepal were delivered in institutions. And the difference wide and dramatically if you look at the poorest and better off individuals i.e. 30% among the poorest, more than 90% among the richest individuals. So, bringing individuals and families closer to services can be done with the conditional cash transfers from the social workers, information and also behavioral analysis. The new informality that is happening in the gig economy is super imposed on all the informalities and 65% of emerging economies is actually informal and this something not both Bhutan and Nepal are not far off from that statistics. Anywhere between 60-70% of these economies are informal. There much that can be done. Here it can be done by systems that not only talk about the demand and supply side but longer continuum of subsistence work and social employment theme for families all the way to making it easier to firms to enter and easing up the regulation for more economic masses. The World Development Report concluded with a framework for social protection systems and labor systems that protect people and not jobs. This is where I wanted to conclude with thinking that what system needs to do is ready to support dynamic movements and developments. For all of you who are wondering where WDR ended up, either techno pessimist or techno optimist, it is optimism. There is much to do but there are many opportunities that can be reaped for our societies.

Thank you.

Mr. Tenzin Yonten is the Co-Founder and first Director/President of Royal Thimphu College, Bhutan's first private college. He has a degree in Mechanical Engineering from the University of

California, Berkeley, and an MBA from Yale University. He worked as a civil servant in the Ministry of Trade & Industries for 14 years before he left in 2007 to start RTC. As a civil servant he worked first in the Department of Power and then the Bhutan Power Corporation. He has also done some consulting work and interned at the World Bank in Washington DC. He served as the head of RTC till 2015 and continues to remain involved in the governance and strategic direction of the institution. He is currently the Chairman of the Bhutan National Bank and has served on the boards of numerous organizations such as the Druk Green Power Corporation, Royal Insurance Corporation of Bhutan, Penden Cement Authority, Bhutan Olympic Committee, Bhutan Electricity Authority, the Royal Education Council and the National Environment Commission. He has also served as President of the Bhutan Basketball Federation and Chairman of Bhutan Telecom.

Moderator

Question: I would like to benefit from your deep experience in education and at the same time your private sector. Through the eyes of the private sector, where do you see the most urgent reforms in education, especially in the education system in Bhutan? Roberta talked about early childhood education all the way up to lifelong learning but there might be the priorities in primary, secondary and tertiary education. Where do you see the priorities?

Thank you very much for the question. Early childhood prepares you and is very important in terms of your cognitive development and physical development. I think it is the education system because now life spans are increasing, the productive time that you have is lengthened tremendously and I think good education really can't be over stated. One of the reasons why I am in education is the critic that you had about the traditional educational system which is quite prevalent in this region is just the focus on content and not so much on inquiry. I think we need a lot more in terms of our ability to create students who can think for themselves and who become lifelong learners. I really subscribe to this aspect of education because it is extremely important for lifelong learning. I think the basic skills generally numerical, literacy are taught in the school and in the education system but the critical thinking I think sometimes is lacking and with the changes that we are seeing with technology and in the job markets I think that is going to be what

differentiates us from a lot of new technologies we hear about automation, robotics, artificial intelligence all of that and I think that's extremely important. The other aspect of education in terms of more technical, vocational education would be the fragmentation of the job market into very specific skills sets so almost the commodification of labor in terms of plumber, software developer and what you see is requirement of people to re skill, up skill into new areas which is coming to the market as well as up skill for areas that are being devised by new technologies and in that sense I think the education that we see, the tradition we have of moving through middle school, tertiary education and getting a degree I don't know that's the model anymore. Otherwise what you have is people with some education but no degrees and some education no credential and in as much as there is a critic against education just being a credential as a signaling value to employers, I think because of the fragmentation you will need credential to signalize the labor market that you are good at this job. So I think education needs to be more individualize so if I want to scale up to be a plumber, I should be able to take that 3 months or 6 months course and get that credential and if that job is taken out from the job market then I can move to something else and I think we will see this throughout our lives. But what happens with that is that we can't have a system that is very heavy like we have right now where you have to go to certain universities or institutions which are very difficult to set up. So it has to be flexible, it has to be cheap in some ways so you are really looking at online education and new models where you have your micro credential, you have your micro master which certify that you are good and you have these skills. I think that is the new direction that I see in education and training.

Moderator: Those two points actually could be the solution to that problem that we don't know what the future of the jobs is because if you shift from learning facts to critical thinking then actually you help the current students to shape the work of the future and if you become more modular and continuously upgrading then you are a lot more flexible and then it is not just in school that you are learning but you are learning on the job also. Thank you so much.

**Dr. Loknath Bhusal**, is Under Secretary at the Ministry of Labour, Employment and Social Security, Government of Nepal. He has more than 20 years working experience in Nepal's Development Administration. He worked for more than 15 years for the National Planning Commission of Nepal where he provided support for the formulation, monitoring and evaluation of various periodic and annual development plans, policies, programmes and projects in different

development sectors. Dr. Bhusal has three Masters' Degrees from Nepal, Japan and the Netherlands, respectively in Public Administration, Economics and Development Studies. He conducted research in the Political-Economy of Poverty Measurement and Poverty Reduction for his Doctoral Studies at the Oxford Brookes University, UK. He played a key role in the conceptualization, design and initial implementation of the Prime Minister Employment Programme (PMEP), a national flagship programme for social protection for the working-age population.

Question: With your international experience, how did you shape the Prime Minister Employment program to prepare the people in Nepal for that future work that is so much changing as Roberta explained?

Thank you very much. I am very pleased to be here and I would like to express my sincere gratitude for giving me this opportunity to speak about the Prime Minister Employment Program. I was fortunate to have the slides few months ago in South Korea when the World Bank report was formally launched in South Korea. The Prime Minister Employment Program was started in this fiscal year about 10 months ago with the objective of breaking the vicious circle of poverty, unemployment, vulnerability and inequality. For this program, we basically thought about 6 components: first of all we want to provide the employment services. This is the package starting from the registration of unemployed people to provide them subsistence allowance if the government cannot guarantee at least 100 days of work as included in the Right to Employment Act. Once these unemployed people are registered at their local governments (753), we then provide them need based training and also we will be providing them employment opportunities from the public sector itself but not limiting to that we can also send them to private sector if private companies demand workers. In providing training, we refer them to the nearby place where they have specialized training institutes. So this is how we want to upgrade the skill of the work force and as we have been discussing from this morning that we want to enhance the human capital. We are not only limited to that, we also want to formulate sectoral policies that also mainstream the employment agenda within the country because the government has announced the long term vision of the government which is to create a prosperous country with happy Nepali people. Since employment creation is a multi sectoral cross cutting issue, we want to look at the sectoral policies to see whether these policies are employment creation friendly or not. In this year also, we have

chosen about 5 policies: agriculture, industry, tourism and these national policies will be reviewed and identified whether these policies have create sufficient space for domestic employment creation or not, whether they have mainstream the employment agenda with this policies or not. If we find that they are not doing so, we will ask the respective ministries to mainstream employment agenda in these policies and these sectoral ministries will carry out national reforms in the policies. The one problem that Nepal is currently facing is in Nepal about 500,000 people enter the labor market but we can hardly provide 100,000 people with the employment in the country. The remaining 400,000 people either have to stay unemployed or they have to leave the country in search of employment. Over the years, more than 300,000 people are leaving the country per year. There are so many reasons behind this and has got both positive and negative side to it. One of the reasons for leaving the country for work is in this country people do not feel that they have dignity of labor. So, within this Prime Minister Employment Program we have also initiated strategic communication campaign to generate mass awareness that every worker and every work is respected in this country. Within that we have many areas where we need to work on. For example: social protection within the informal economy is very important issue in terms of ensuring dignity of labor and we are working very hard regarding this issue. This morning we learned about the whole of government approach in creating human capital within the country. So internalizing this idea we have gone beyond the whole of government approach by including the private sector and non-governmental organizations in the designing and implementation of the Prime Minister Employment Program. We have given very huge space for the private sector to partner with the government. We have also included the cooperative sector which is very emerging in this country and other developmental partners ton help us to create more and better domestic employment opportunities. We have also initiated research to identify new areas of employment within the country and we have also started to exploit these new areas so that newly skilled labor forces which are very technological friendly can get jobs in new and emerging areas. In order to stream line all these activities, we are going to develop nationally connected network system of employment management information system that will be operated from our ministry, ministry of labor, employment and social security but will be extended to the all the 753 local governments and provincial governments. Once they enter the data of unemployed people, the type of employment they are getting and the type of employment private sector is demanding, based on these information we will be formulating new policies that will be evidential based policies related to

employment creation but not limiting to that we will also develop training policies as well. As I have already stated, in designing this program we have considered the international context as Mr. Hans has asked me regarding how I internalized my international experience, I did my research on poverty and social protection and have gone through the literature on social protection and poverty reduction and found out that there are many countries which have erupted this type of Casper work initiative as a social protection intervention, labor market intervention to provide employment opportunities to the unemployed people and in the meantime also developing crucial physical infrastructure in the local level. Hence for the unemployed people from this year, we have provided a few days of employment from the registered unemployed people in the development, maintenance and construction of the local infrastructure such as construction and maintenance of roads, gardens and other various infrastructures. We hope and we are confident that by conducting various activities in Prime Minister Employment Program under different 6 components we will be able to cater the needs of our future labor force so that they get better employment opportunities in the labor market and in the meantime if the government cannot guarantee and fails to provide employment and the private sector cannot provide employment to the registered unemployed people, we also have a provision that is categorically stated in the Right to Employment Act that social protection in the name of subsistence allowance will be provided to the registered unemployed people in this country. Thank you.

Moderator: I think this very much consistent with what Mr. Yonten said because he said we should start thinking in much more flexible way about the education system in much more modular way and what you are talking about is not so much about the formal education system but about the training centers directly linked to the needs in the labor market where those two are interacting.

**Mr. Sherab Tenzin**, is the Director General of the Department of Employment and Human Resources, Ministry of Labour and Human Resources. Prior to his current position, he also served as the District Governor, Joint Director of the Department of Trade at the Ministry of Economic Affairs, First Secretary, Economics for the Permanent Mission of Bhutan to the UN in Geneva and Program Officer at the Tourism Authority of Bhutan.

Question: With your experience and hearing the changing nature of work and being responsible for employment and human resources, how are you working with young people to make sure that they are ready for the future?

Thank you. I think in Bhutan's case, our biggest problem is sometimes our education system has not become relevant to our economy. The jobs are in agriculture, construction and now in tourism sector but education system has not produced people interested to work in agriculture, construction sector and so on. Actually education system has helped to produce people with different sets of aspiration. At the moment what we are doing in our department is we are focusing on setting their mindset right so that we can help them go into jobs where there are jobs in the economy. We are now investing a lot in re-skilling, re-scaling and re-educating so that they will move into areas where there are jobs. Here partly as a problem, we have a lot of uneducated youth who are unemployed. So we now need to help uneducated youth take up jobs that are traditionally considered not for educated people. That is where we are working really hard on. I think we have a lot of similar programs including placements overseas. In our case, overseas we do not see as a long term solution, we are looking at it as a short term education and skilling program that they will go overseas, work for about 3-5 years, come back with their work experience, work discipline, skill and may be even links and network that will enable them to setup businesses and enterprises and are thereby creating jobs in the economy. I will end here because a lot of things we are doing is very similar to what Nepal is doing. Thank you.

Moderator: These are all very consistent because this again was an example that we shouldn't just focus on the education system but we should focus more on the interaction between work and education and your example was that, actually going to work can help you in developing your skills and you can come back and learn even more. So that the idea that you shouldn't have separate education system and then hope that the people are ready for the work force and only work but see it much more as a smooth scale between the two. You work at school but you learn at work also. That was the chief economist at the World Bank who said that.

Question from the floor:

Mr. Karma Yeshey: One challenge is always that in the same system involving the same kind of youth that are coming out with the same skills mismatched or skills matching or the same labor

market that we have, the same economy we have and then we continue to talk about the challenges of one group not addressing the other system. So I wonder sometimes that whether the certain systems have been successful in that, that they have one coordinated approach in the way of thinking, have one plan and then implement it. If that is the case, I think we would not have the gaps. The other thing is that in other systems whether they have been successful in doing so, so that there are no gaps at least in the planning and therefore in the implementation. If we put people from the same set of skilling very specific to that job, we are stuck in the traditional ways. We have to move on the jobs on the other extreme end. I like the comment from Mr. Tenzin that we have to educate them, skill them with transferable skills so that they will not become unemployed when they lose one job and will always find another job. It would be great if we can hear some successful systems that have coped up with some of the challenges.

Moderator: An example that is always given is the apprentice system in Germany where young kids are sent to companies to learn the skill and that is to prevent the mismatch skill. I recently experienced the example of small startup tech companies in Bulgaria. They told the government that they don't need schools to change their curriculum to learn skills that are needed in our sector because we can actually educate those kids ourselves, only give us the authority to give some kind of certificates to that kids so that it goes very much in the direction of modular system and try to bridge that gap between the education and the private sector.

Mr. Tenzing Yonten: Just to take on Honorable Secretary's point, I was in a different conference and there was mentioned that there is now no premium for information and even to some extent knowledge. You just Google and everything is there in your fingertips but there will be premium for your ability to think. When you think about how machine learning is taking place and what is happening in AI, there are so many stories of what we are going to do if there are no more jobs but in think there will still be jobs but it will be of much higher order and if you want to thrive in that kind of era then I think having that kind of education much more in curriculum based which depends on teamwork and depends on connecting big dots around, which depends on research, those kind of softer skills and others are going to be extremely valuable and is what will distinguish us. Thank you.

Mr. Sherab Tenzin: Around 1994, when President Bill Clinton was campaigning, he had put out an article in Time where he had put in some 14 or 15 employment ideas, at that time there was unemployment in America. I read through and I found that he was talking about repairing roads, repairing houses and so on. I was thinking, no matter what stage of economic development you are going through, permanently the jobs are in that sector. Yes IT and technology will create jobs but long and sustainable jobs are there in that sector. So we need to build people interest in that sector. Through education system, you produce all kinds of bright people 5-10% of them who can find jobs anywhere but the country is always left with the problem of unemployed people who can't really compete and find jobs elsewhere. So through policy we need to address that. We need not be really worried about 5% who will find a job anywhere, I think we should be worried about 60-65% and that's where the education system must respond to.

Dr. Loknath Bhusal: On respected secretary's query on training, what we are planning to do under the Prime Minister Employment Program is we have few industrial corridors and recently in these industries, we are lacking the skilled workers so we are going to partner with the private industrialist through apprentice system. In doing that, we will be contributing some of the salary for at least 6 months so that workers who want to be trained when they work and during that period we will be contributing some of the salary so that in that way the private sector will also benefit. These are some of the new innovation that we are going to do through this Prime Minister Employment Program.

Ms. Roberta Gatti: I like very much the question on what are the systems without gaps and there is some gap or some systems that talk to each other. Our system of job intermediation that work directly with the employers for example through skill councils or through systems of apprenticeship but system of intermediation work directly with schools helping students to understand what are their returns to their choices and helping schools to direct topics and field of study become more relevant. There are few examples not only Germany and Australia but also Denmark and Turkey is doing a great job in that. And these are the question of talking to each other and designing policy so that they are coherent with the system and they make the conversation interruptible based on common databases. Thank you.

## 5. Measurement and Data for Progress

Moderator: Ms. Roberta Gatti, Chief Economist for the Human Development Practice Group, World Bank

Presentations:

- Mr. David Wilson, Program Director, Health, Nutrition and Population Global Practice
- Mr. Halsey Rogers, Lead Economist, Education Global Practice

Moderator:

Index is an international matrix that really shines lights on the urgency of investment in human capital. We use measurement to do advocacy based on facts rather than views. As we put together the human capital project, we actually thought about a logical framework for the project and after starting with the international measurement, we moved on with measurement and research because we understood that it is very important to know how to get to those results to be able to guide country engagement. So there is a sense that measurement is used for a shared understanding of what reality looks like which is the basis for discussing, agreeing on action aligning the stakeholders for reform and better result. Gail earlier spoke about the role of measurement as the tools that allow us to monitor and track progress so there is something that is very concrete about measurement that allows us to know whether we are on track and if we are off track how and why. Measurement is also for enabling structure for many things: decision making, evidence based policy making, targeting which is increasingly important if we want to make a difference where the difference can be large and also analysis to really understand the reality.

Presentation by Mr. David Wilson on “Using Digital and Technological Innovation to Strengthen Performance, Management and Measurement

**Mr. David Wilson**, is Program Director in the World Bank’s Health, Population and Nutrition global practice. He coordinates a Decision Science initiative focusing on technological innovation. Before joining the Bank in 2003, David worked as an academic, development practitioner and global health advisor for 20 years. David has over published over 120 scientific papers and delivered over 1,000 scientific addresses. He has worked in about 60 countries on all continents.

I will be talking specifically about digital innovations in measurement including measurement of Nepal's own health framework. I would like to suggest following criteria to evaluate measurement: Robust impact, simplest feasible option with comparable impact, readiness across country ranges, scalability and rapid development impact potential. Using these criteria, I would also like to suggest following framework for assessing digital innovation focusing on the right areas, the right predictions, the right payments, the right services and the right overall measurements. Regarding right areas or location science, Nepal's response to the earthquake and crisis mappers worldwide, used cross verified crowd sourced social media geo tagged reports and area and satellite imagery to tap damaged buildings, roads, bridges and disaster areas to map navigable bridges and roads to locate relief and water centers and to set up an information exchange to link separated families. Thermal imagery was used to identify survivors. What's globally relevant about this is the combination of geo-tagged verified social media and Ariel special satellite remote sensing technologies. Another example is the use of Geospatial support for malaria elimination in Bhutan. Bhutan used special decision support system to target and strengthen buffer zone in particular in long lasting insecticidal nets, indoor residual spraying and reactive case detection. Using these geospatial decision support tool, Bhutan improved malaria outcomes and came closer to malaria elimination. Similarly, other example is poverty mapping in Sri Lanka. Sri Lanka like everywhere else faces the challenges that censuses are expensive, laborious and combustion but Bank teams used satellite imagery combined with machine learning for object identification to essentially create satellite based census poverty mapping which very quickly in a matter of months explained 2/3<sup>rd</sup> of the variance achieved by census estimates and actually achieved comparable predictive capacity for poverty and welfare targeting. The implications here are very important. We can turn from episodic censuses to constantly updated low cost continuous targeting and re-targeting monitoring and impact. The ability to make tactical adaptation to constant data flows becomes real. In Indonesia Bank supported to assess the lowest cost, maximum coverage pathway to expand health services in slums and poor areas in Denpasar, Bali and it underscores how limited coverage was in slums and underscores the least pathway to expand the services.

Examples regarding Right to prediction or predictive analytics: In Nepal use of AI and spatial imagery for reconstruction. A Nepali company Build Change created a decision model combining deep learning with 3D imagery that allowed households to send images and be told whether their

houses could be retrofitted or near to be reconstructed. This system has the capacity to support 100,000 teams in engineering process and won the second prize in Global IBM AI competition last year. Another example is using machine learning to predict immunization defaulters in Pakistan. Pakistan's basic childhood immunization coverage is only about 40% and that low coverage adds a third to adverse childhood survival outcomes. Pakistani machine learning teams were quickly able to deliver algorithms that successfully predicted 9000-12000 immunization defaulters and did so with 95% sensitivity and 56% specificity and in predictive analytics we usually want more sensitivity than specificity. We want to over predict.

Right payments and look at the opportunities for improved financial inclusion and verification and for reduced shrinkage. Regarding mobile money and financial inclusion, the best example worldwide is Kenya's famous pacesetter program which covers 93% of Kenyans. Banks half of the GDP processes to 2 billion transactions a year and in percentage term the world's largest scheme. In South Asia in Bangladesh, we have the largest aggregate and not percentage scheme. Bangladesh Bkash which reaches 24 million people. And also in South Asia, we have the third largest mobile system in the world, Pakistan's Easypaisa which works in a country that had banking coverage as low as 12% in the formal sector. Unfortunately turning to Nepal, it hasn't been as positive. We have about 2.7 million people banked through the two major schemes esewa and Khalti. But there is room for expansion. How this matters for health? Kenya has Africa's most mature mobile health insurance program M-Tiba. They operate in a context when nobody trusted or accepted paper based insurance. It was almost worthless. And yet today, M-Tiba has one platform which can combine health insurance, vouchers, cash transfers, monthly savings and cash payments as accepted by over 350 major health facilities countrywide, has over a million clients and process about 60,000 visits over a year. It has really changed the possibility of financial insurance inclusion. Similarly, Afghanistan's M-Paisa program which in a single stroke can increase take-home salaries by third reducing cash shrinkage leading some commanders to try to intercept the SIM card which reduce their income stream. Another example is Machine learning for fraud detection. We have so many IBF program worldwide in health and education and we have used manual verification which is slow and expensive. Yet in the USA, center for disease controls a quarter of billion dollars a year through simple fraud detection process based on IRs algorithms. In Zambia, bank team recently showed that machine learning approaches based on

Random Forest techniques rapidly outperformed other fraud detection schemes. In short, we can automate IBF and focus on the key cases.

Example of Right services in Nepal, 3D printing of medical equipment. As we know, 60-80% of humanitarian cost on transport contributes about 15 billion dollars a year to aid cost. In Nepal, even outside emergencies, sourcing can be slow and unreliable. Field Ready, a Nepali NGO, used a 3D printer to print otoscopes and is now exploring 3D print design for fetoscopes and umbilical clamps. Digital Health Enterprise, world largest public sector, India's Poshan Abhiyan nutrition mission which is a developed software making every aanganwadi field worker able to upload data immediately to a supervisor who can provide support back to them. The scale of this program is extraordinary. We have almost quarter of million nutrition workers enrolled and supported. We have almost 2 million visits upload daily. We are still at the system building stage. Take the haste that can break down to small haste and find the needles. We are being close to able to do that. The final example is Kenya's uber ambulance program which replaced the combustion phone system to individual ambulance companies. Field tested was under the most stressful circumstances when in the first year of its existence, dusicD2 terror attack occurred and within twelve minutes, the software had actually coordinated ambulance and continued to coordinate the deployment throughout the day, the biggest pressure test you could ever put such a system under.

Hospitals are extraordinarily complex and demanding organisms and we don't pay enough attention to the management. We have got great examples from just near the bank in Maryland, Johns Hopkins Hospital who use a command center to manage operations in the hospital. One program creates a digital twin of the whole hospital to predict hospital activities over the next 24 hours. Another tells staffs which room patient discharges contribute most to reduce wait time. Tracks staffing levels and tells when it is dangerously low. As a result, there has been a 70% decline in hospital room holds, 30% decline in admission time and 20% time increase in early discharges.

We have spoken earlier about nutrition and diabetes challenge that is present in South Asia. There is a great example of exercise adherence using data connected devices and the famous early example is South Africa discovery health which offers life and health insurance premiums at discount if you have a wearable device and if you meet exercise and health rate targets and if you

follow individual advice prescriptions. We met them recently and they said their proprietary information showed that they were immensely cost saving for them as an insurance company. In the US, we have got Virta diabetes app which is been shown to 76% patients to reduce or eliminate insulin which is a success rate comparable to most invasive bariatric surgery.

Example of Right measurements, a survey done in the West Bank and Gaza where the sampling frame was constructed entirely from satellite remote sensing imagery in a matter of weeks and 12,000 representatives survey fielded that would have taken us 18 months or more using traditional enumeration method. In Tanzania, we see a great example of a SMS based stock out system, GPS linked and sent to a central command center which noted stock out and responded to them. We were able to halve stock outs within a year and this is a real contrast between what I would describe all-encompassing reporting systems which try and manage by checking everything and instead critical exception based management which this technology enables us to do. Pakistan's immunization program where they used the whole gamut of digital technologies. First they used very precise granular geo targeting based on satellite imagery to hone in low immunization areas. Second, they established geo tagged thrice daily reporting plus vaccine confirmation also geo tagged for all vaccinators. Third, they established performance management system of the dashboard and weekly meetings. What did they do was vaccinators attendance doubled from about 54 to 97%. Vaccine coverage went from 35 to 66% and most impressively polio cases fell from the world's highest 294 cases in 2014 to just 19 in 2016. That really is a comprehensive approach to digital innovation in service delivery.

So, in conclusion, digital and technological innovations have demonstrated real potential to transform measurement, management and performance and they may be particularly suited to the challenging geographic, social and economic context of Nepal and Bhutan. Thank you.

Presentation by Mr. Halsey Rogers on "Measurement and Data for Progress: The Global Education Policy Dashboard"

**Mr. Halsey Rogers**, is Lead Economist with the World Bank's Education Global Practice. He recently served as Co-Director of the *World Development Report 2018: Learning to Realize*

*Education's Promise*, and he now helps lead several measurement and strategic initiatives that carry forward the WDR vision, including the Global Education Policy Dashboard. In the past, he has represented the Bank in SDG negotiations on education, led the Bank's global research on teacher policies, and co-authored the Bank's *Education Strategy 2020: Learning for All*. Rogers has published widely in peer-reviewed journals and advised many governments on teacher effectiveness, service delivery, and aid effectiveness, and he co-authored *Growth and Empowerment: Making Development Happen* (Oxford). Previously, Rogers served as advisor to former World Bank chief economists Joseph Stiglitz and Nicholas Stern and as senior economist in the research department. Prior to joining the Bank, he served with the Council of Economic Advisors at the White House, UC Berkeley, the Indonesian Ministry of Finance (Jakarta), and the Korea Development Institute (Seoul). He holds an AB from Princeton University, an MPP from the Harvard Kennedy School, and a PhD in Economics from UC Berkeley.

I am going to describe about the new measurement initiative that grows out of the human capital Index and the world development report 2018. This is new work supported by the Gate's Foundation and UK Department for international development which we are collaborating with a lot of countries and just beginning to pilot. It's called the global education policy dashboard. The centre challenge here is really posed by the human capital index, specifically the learning years of school, portion of human capital index in education. Once we adjust for learning, we see a very wide range of expected years of schooling for children born today by the time they reach age 18. In some countries like Singapore, you have 13 years of education quality adjusted where you have very high rates that students can expect to complete by age 18. But in other countries, it is low as 2.2 learning adjusted years of education. So the question is if country like Mozambique say and you know a child born in a day can expect to finish only 4.4 learning adjusted years of schooling by age 18, what can you do to improve that? We know that component of the HCI change relatively slowly; it's going to take time to get those children through school, to ramp up the learning outcomes at the level of the national system. We need to be able to help policy makers with measurement tools, enable them to track progress over the next few years on a more frequent basis, some indicator that can change more rapidly than at ultimate goal arise. This is why we constructed and designed the education policy dashboard as a tool for policy makers like you to track the key indicators that are necessary to tell you are you making progress for higher learning adjusted years

of schooling. The framework we are using is where the learning is at the center and make sure all the children are learning and we would measure and track that which is already a big advance because often we are not doing that in a systematic way that will give us insights at the national level, whether learning is improving or not. What we want to focus on the education policy dashboard is primary school because we want to make sure that all children will get that foundation education. We also have to measure what is driving learning. The learners arriving in schools do they have the cognitive social emotional skills they should have on a 6 years old in order to start school and to learn as much as possible. We also want to know are the teachers in school have the skills they need, do they understand what is it they are supposed to be teaching, are they getting support. We need to understand whether all the schools have the inputs, infrastructures that they need at least minimum but necessary in all school though inputs and infrastructures alone don't drive learning. You have to have minimum to create that context for teachers and learners to work together and learning to happen. Finally, school management; do you have capable management in the school. This is something we haven't known much about until recently in any systematic system wide way and we are trying to change that and some researches have been changing them. So that's what we think of the key service delivery drivers, we need to measure those or practices at the school level. But that's not enough, the outer ring: politics, other actors that are affecting everything that is happening in the service delivery level. For the policy dashboard operation, it has been broken out into two sections. First is the policy. Do you have the types of policies in place that will encourage and support good practice at the school level and make sure that all children are learning. Secondly, the politics which is typically not measured in a systematic way. It is the politics, the bureaucratic environment supported or focused on learning and aligning all the actors toward learning. In the global education policy dashboard, what we want to do is capture indicators of these entire in one dashboard so that we can see if we are making any progress.

How do we put the framework in practice? In order to know whether the teacher teaching is improving, you need to know something about teacher skill level, their knowledge and their level of effort. So, it's basically whether they know and whether they are applying and how they are applying in the classroom. Both content knowledge and knowledge of pedagogical skills must be measured. In Mozambique we find that less than 1% of teachers possess the context knowledge they are supposed to have in order for their 4th grade students to learn. They don't even have the

knowledge the 4th grader is supposed to have by the time they finish 4th grade. Pedagogical skills we find that when you score the pedagogical of random sample of teachers from 0 to 100, they score only about 12 on average which is not very good. Regarding teacher effort, we find that 56% of teachers are absent from the classroom at the time when we ran a surprise visit which means you are losing much of the teaching time you need. We think it's really important to highlight these service delivery indicators which will inspire a lot of thinking and action to try and improve those. But we also want to provide other information so we are also going to measure the policies. If we think about the policies which has to do with the attraction, how do you pay teachers, policies on selection and deployment, are you selecting on a basis of merit or simply based on some political or connection factors, are teachers supported, do they have good training service education opportunities, are they been evaluated appropriately. Intrinsic motivation, we are actually going to measure intrinsic motivation using some questions to random samples of teachers. We will have measures of all of these policies and in addition to that the measure on service delivery and will be scored on 1 to 5 compared with global practice. Finally we need to have measures on politics and this is really about the education policy dashboard. We are going to be serving bureaucrats to find about the quality of the bureaucracy, what is the preparation of the education, in part of decision making do they make decision on basis of impartial objectives or are they driven by political factors. We are going to be surveying them about mandates and accountability, do they promote learning for all students as their goal or not, is there any sense of what should be achieving in terms of national goals. We will also be measuring financing. All of these will fall into politics category.

Ideally what this dashboard will do is just pull together data like David described and just present in ways policy makers could use. But when we think through each of these levels, we find actually most system don't have good national level representative sample data on any of the service delivery indicators, on the attitudes and capacity of bureaucrats, on the quality of policies. So actually this global quality education dashboard is largely a data collection efforts where we are going to countries and collecting data in order to populate this dashboard. In the capacity of learning, we will actually be measuring students; we are going to be taking 1st graders in primary schools and measuring their cognitive capacity, their social emotional capacity in order to get the extent to which they are ready to learn and write in school because we understand other sectors like health,

nutrition have a great deal to do with, whether or not the children learn. It's not just enough to look at service delivery in education. We will also look at what is driving that; nutrition programs, health programs, etc. We measure the quality of progress there. Under school management, there are lots of tools and we will look at the determinants in the policy framework. In inputs and infrastructures, we will be having direct observation by survey teams of the quality of inputs and infrastructures including things like accessibility for students with disabilities and also looking at the policies that are driving them. All of this will be collected through surveys. Regarding methodology, we have many good measurement tools developed in the last few years that we can use to prepare this unified dashboard. For teachers, we have classroom observation tools, we have new ways of going into random samples of classrooms and then watching what teachers are doing and figuring out their ways of scoring so that you will understand whether or not the teachers are interacting effectively with students, whether they have a good command of the content knowledge, whether they are keeping students engaged, etc. We thought about the service delivery indicator survey from Gail. The surveys for high weight of teachers absents, those come from service delivery indicator survey. We go to schools and do random samples of schools and find out what's happening on a typical day with teachers and students, etc. Development world management survey been deployed in a number of countries now to assess the quality of management. We have child development measurement tools. There has been an initiative of World Bank SABER policy measurement tools that assesses the quality of policies and then finally politics where we are excited to be working with colleagues in governance practice in World Bank who have developed bureaucracy lab and have deployed this in 8 countries to measure the attitudes and capacities of bureaucrats. What we will be doing with this global education policy dashboard is not just planting of these but to take streamline versions of all of them, put them together in one tools so that policy makers can have key information at their fingertips. But at the same time we see that this is a tool to try to inspire and increase demand for each of these tools. Once you identify problems in one area say in the political area, you can then do a more in depth analysis through bureaucracy lab survey for example. Similarly, the service delivery indicators survey will provide much richer data at the survey service at the school level. You can do that as a complement after implementing the dashboard.

Our vision is to use this to track overtime. We implement the dashboard for every two years or so in a country so that you will be able to see progress. In Tanzania, they have reduced their classroom absent rate of their teachers from 53% to 41% over just five years. That's the type of progress we like to be able to track and see where the dashboard across that whole set of indicators described. Our initial plans over the next year will be implementing this in 13 countries and we are still finalizing the lists, some of these are already underway. And eventually help this tool to make available to all countries that want to use it. We care a lot about learning, we need to measure that but we also need to measure everything that grows into learning.

Thank you.

Moderator:

Question for Mr. David Wilson: How do you see the greater relationship between the units such as AI, algorithms, etc. we see out there and some of the reality on the ground: leap frogging, complementarity, how should we think about it?

It's a great point. I think there are no easy answers. About 4 days ago, Mark Zuckerberg tweeted that it should be as easy to send money as a photograph. And people immediately tweeted, northern man discovers in paysa. So my point is there are areas where we have been able to leave mobile money. I think the use of satellite imagery and remote sensing opportunities in future; we got to tame the hype. There's way too much hype so I deliberately and studiously avoid any drone examples, I think they are worst of the hype. But there are many incremental things we can do. I do think lot of technologies I described can be leveling influences and in fact, Halsey was kind enough to say that it was underpinned by a lot of data, it's actually underpinned by much less data than we think and I think the strings of the new data techniques is if we have enough data you can actually make strings of it even with noise and you can only improve data by actively using it. So we absolutely got to tame the hype. But I also think that it gives us leap frogging and other opportunities which we should see and if you are to ask me and response to the question just to add to the confusion, things I would most like to emphasis is two: the first is concept of continuity of care. Making sure that anyone with a health condition, is diagnosed, linked to care, receives adequate care and achieves disease control. The second thing is disparity reduction. There is so much evidence you get about the quickest gains by trying to reduce low performing sides and data analytics can give us powerful insights into who those low performance are, why they are low

performing, what they have in common, what we can do for disparity reduction. So I would really make a platform, bigger focus on disparity reduction and on human development.

Question to Mr. Halsey Rogers: Many of us working for measurement have great hopes for the dashboard and also for the components that are going in the dashboard that will help us understand what teachers do in the classroom for the service delivery indicators that will give us a sense of input and effort on absenteeism. The dashboard is still a tool of future because you all are working on it and probably goes live in a year or 18 months. But you have been in this business of measurement for a long time. Could you give us an example about what you felt on measurement really changing the reality that putting data out there was the trigger for change? Does it really work?

I think there is lot of examples where it's really changed the climate sometimes leading to result as well. The place where it changed the climate nearby is India where you have the asar measurement of learning that really changed the agenda by showing that there are such low levels of learning in the real areas. It has really helped to focus attention but I think before that often the debate was could be more ideological or sometimes it was about budgets, was more about inputs and very little about outcomes that hasn't yet led any dramatic improvement but we have really seen a change in conversation and understand there is a new draft and education policies that were produced this week and was just published that very much incorporates lot of thinking driven by really paying attention outcomes rather than just inputs. But we see this in other places as well. The SDI indicators have led to real change in the conversation in parts of Sub-Saharan Africa. We have an example on world development report about how Tanzania launched a major reform programs, the big results now in education program because of this SDI indicators, because it was combined with citizen led learning measurement. This has really shifted the conversation there and led to big reform efforts. There are many examples like this. Thank you.

## **7. Water and Sanitation**

Moderator: Mr. Sanjay Srivastava, Program Leader, Sustainable Development and Infrastructure, World Bank

Keynote Speech: Honorable Minister Ms. Bina Magar, Ministry of Water Supply, Nepal

Presenter:

- Mr. Richard Damania, Senior Advisor Water Global Practice, World Bank

Panelist:

- Ms. Therese Dooley, Regional Advisor, WASH UNICEF

### Moderator

This is the last session and should not be considered the least important. Perhaps this is the most important session and I think the ground for which was laid in the morning by the Honorable Finance Minister Dr. Khatiwada and I was very impressed with his remarks and several speakers have said this out of which I have picked three points where he said there is very strong evidence of linkage between water and sanitation and human capital in fact he gave several examples where he knew that some kids couldn't attend the school because of poor quality of water and falling sick. He also provided very strong evidence saying investment in human capital means better economic growth opportunities. I think this second point is also very important. The third point I think which our speakers are also going to talk about that he said that in order for better investment

in human capital, it's the whole of the government approach which essentially meant better coordination across horizontal and vertical lines and better continuity of interventions. So, I think all three points laid the foundation for all we have heard but I have pleasure that this is the last session but probably the most important. I also have the pleasure of inviting Honorable Minister of Water Supply Honorable Ms. Bina Magar.

**Honorable Minister Ms. Bina Magar** is the youngest parliamentarian in the cabinet. She won her parliamentary seat from Province number 7 and she is very enthusiastic. She represents the young aspiring Nepal. She got into her own confession; her priority is to provide clean water and better sanitation facility to every citizen in Nepal. Among various interesting thing, Ms. Bina Magar also climbed Mount Everest.

**Keynote Speech: Honorable Minister Ms. Bina Magar, Ministry of Water Supply, Nepal**

Today Nepal stands at the brink of establishing a prosperous socialism-oriented economy for the benefits of its people. Nepal's 15<sup>th</sup> 5 Year Plan (2019-2024) has committed to the theme of "Prosperous Nepal, Happy Nepalese" and accordingly the plans and budgets are aligned to this aspiration. We also have an obligation to meet the challenging but necessary national commitments towards the SDG goals by 2030.

Understanding that an active human capital is a reflection of the country's potential for its future, Nepal needs to prudently manage its human resources, specifically its youth. For this we need to build their capacities by utilizing available technical advances.

The approach paper of the 15<sup>th</sup> 5-year plan has specifically targeted to produce capable, efficient, skillful and productive human resources. Towards this, Nepal government's strategy is to develop a comprehensive human development through the participation of all levels of Nepal government as well as the private sector. This implies that the capacity of youth which fall in the 15 to 40 years of age group, which comprise nearly 40% of the national population, has to be substantially improved through various training and capacity building exercises.

Water supply and sanitation are carriers of economic prosperity. They are not just having infrastructure. Studies have shown that investment in water and sanitation can yield up to 9 times return on investments. The Constitution of Nepal has embraced water supply and sanitation as a fundamental right of citizens. Also, SDGs have set specific targets for water supply and sanitation.

The planned water supply Nepal started in 1894 through the system known as Birdhara. Today over 80% of the population has access to basic, and the remaining 20% are enjoying improved water supply through about 41000 schemes constructed. On the sanitation side, as a result of coordinated efforts by multiple stakeholders, the country has been able to achieve 99% basic coverage sanitation.

By the end of Fifteenth Plan Nepal targets to achieve: basic water and sanitation services to 100% population, medium and high-level services to 40% of the population, and 20% coverage of waste water with treatment. In the longer term by 2030, the challenge before Nepal is providing safe water and sanitation services to 90% of the population, and has a 50 % wastewater treated. For this, Nepal envisages to develop human capital equipped with experience, knowledge and skills. In the recent past Nepal has drastically reduced water borne diseases and malnutrition which contributed towards reducing child mortality rate and increased longevity. Increased investment in the sector has demonstrated higher political will in the sector.

Given these facts the role of water supply and sanitation sector is pivotal to produce highly productive and competitive human capital base for the country.

Presentation by Mr. Richard Damania on “Water and Human Capital Development, Delivering Services for Enhanced Human Capital Outcomes in Nepal and Bhutan

**Mr. Richard Damania** is a Senior Economic Advisor in the World Bank’s Water Practice. He has held several positions in the World Bank including as the Lead Economist in the Africa Region’s Sustainable Development Department with oversight for analytical work on infrastructure, environmental and social issues in Africa. He has also served as Lead Economist in the South Asia and Latin America and Caribbean Regions of the World Bank. Prior to joining the World Bank was Professor of Economics at the University of Adelaide. He has published extensively with over 100 papers that span matters ranging from Natural Resources, Water, Infrastructure Economics, Climate Change and the Economics of Regulation. He has held numerous advisory positions with governments and in international organizations and serves on the Editorial Board of several prestigious academic journals.

Good afternoon ladies and gentlemen. It’s a great honor to be here. I am going to talk quickly about human capital and water. The Bank has produced something called Human Capital Index

and there are three main components to it: survival component, education: the more education you get, the higher will be your Human Capital and thirdly there is a proxy based on health or morbidity. You multiply all those together and you get a Human Capital Index. The highest value of HCI is Singapore with HCI of 0.888. Nepal stands at 0.49 and because of inadequate data; we don't have HCI for Bhutan. But what might be a little bit worrying is the fact that stunting rates are perhaps a little bit higher. So far, we deal with the human capital index but there is no water in it. What is water got to do with human capital? Let's plot human capital index against interventions that we have in water for sanitation and improved drinking water. Better sanitation we provide, the higher human capital index and likewise for drinking water. There is something happening in here in which minister of finance had hinted on. To look at the impact of water on human capital, it is first good to know about its impact on life cycle. Very early on in life, during pre-conception and during infancy, people are very vulnerable to sickness. As they grow older, they become a little bit more resilient and when we look at the evidence, we can clearly see that the impacts of water very much depends on what phase of life cycle you are in. The impacts of water on human capital begin long before a child is born. In fact, they begin in conception. Through evidence, we find that water quality matters. When we have poor sanitation this will lead to bad health outcomes and the evidence suggests that it actually increases at births and an intervention as simple as hand washing can reduce the number of mortality as 41%. Similarly, there is an evidence to show that water variability matters. The best evidence comes from Africa which shows that infant mortality tends to spike during periods of draught. During infancy of a child, let's focus on the important element in the human capital index which is about stunting. There is a plenty of evidence to suggest that one way or another that sanitation matters when it comes to stunting. Some of the evidence in terms of the intervention contested with the fact that actually exposing children to fecal matters being good for them and good for the health no one would actually suggest that. You might suggest that the intervention of a certain type does or does not work. The second block we have over there is there is new and emerging evidence that nitrates have an impact on stunting. Nitrates typically but exclusively come from nitrogen and nitrogen fertilizer. Nitrogen fertilizer is a blessing for the farmers but it's not so much blessing for everyone else. The problem with nitrogen fertilizer is that the plant only absorbs about 20-30% of the fertilizer, remaining 50-70% will end up in water where it has toxic impacts or it ends up in the air where some of it will form nitrox oxide. The problem with nitrox oxide is it is 300 times more potent in its greenhouse gas impacts

than carbon dioxide which is why number of scientists is increasingly saying nitrogen is a bigger global externality than is carbon dioxide. When that nitrogen ends up in water, if nitrogen dose exceeds than 10 mg per liter, we know in terms of new borns, it can cause something called blue baby syndrome. Blue baby syndrome is lethal or it means there is insufficient oxygen which travels through the blood and that ends up killing the baby. But the question that is not been asked or adequately answered is what happens to the babies that survive. The recent evidence at medical literature shows that those babies end up being stunted and the stunting impact occurs at nitrogen level that are lower than where the blue baby syndrome occurs. This is emerging as a very significant threat especially in south of the border over here where nitrogen fertilizers are very heavily subsidized and there is high amounts of nitrogen found in the water. There is also evidence in parts of East Asia the heavy usage and even in parts of Africa. After you become an infant, you turn to adolescence and here teen agers are generally much more resilient and the biggest impact we find in terms of water is associated to performance in school. When you provide toilets, you find that girls tend to attend school much more, you provide taps, children don't have to waste time fetching water so attendance goes up and some of the strongest evidence we have coming out of China is that the provision of clean water actually improves academic performance. The reason is obvious because if children have access to clean water, they don't get sick so often, they attend school more and their academic performance tends to go up.

In human capital, there are many important elements: element of health, element of child development, elements of nutrition and the production food. Water affects all of them so if we want to intervene and if we want to improve human capital, we need to intervene right across that chain and we can think of this being a chain we is only as strong as its weakest link. If any of those links are weak, be it health, education, water or nutrition then of course strength of the human capital index will be compromised. To achieve it in practice, what we would like to suggest and promote is coordinated approaches, integrated approaches, we bring convergence by bringing investment in water and once you do that, you got the synergy of greater body of resources and you can begin to share the resources through project coordination.

If we are thinking out sanitation and ending open defecation, behavioral change and communication are very important. Almost all projects have communication element which can be shared and support each other. You get the institutions to work and of course you can save money. These all are good in theory but can it actually work in practice? It turns out that there are

some examples where this is happening. In Bihar, where there is lot of poverty World Bank also have a number of projects. We have a project on nutrition, livelihoods and we are a part of sanitation project called Swachh Bharat Mission which is trying to end open defecation in India. What we are trying to do over there is to share the components by leveraging from one project to another. The behavioral change element is used for nutrition and they are trying to improve the health outcomes. In terms of livelihood project there always are large amount of financing infrastructure for poverty reduction. The SPM project has large amount of finance. It is not only a matter of building toilets but also the matter of changing century's old habits which requires a lot of behavioral change and that gives us some improved sanitation and at the end of the day, the hope and the prayer leads us to a much better human capital outcome. In Lao PDR, there are number of World Bank projects in one hand addressing livelihood and poverty reduction, social protection and education, health. But if we don't have good water, if we don't have good sanitation, we won't achieve our human capital goals. Data and evidence are very important but it can't be done everywhere so we need to prioritize and fortunately nowadays we have tools that will allow us to geographically target and geographically prioritize. GIS tool today can allow us to perform and produce maps with intervention areas which will allow us to focus and bring the collaboration, convergence and synergy that we need to achieve the human capital goals without which there can be no development.

**Ms. Therese Dooley**, is the regional advisor for UNICEF South Asia for water and sanitation. She is very experienced and has worked in multiple countries.

Question: Where do you see Nepal in five years given what they are doing in water and sanitation and how water and sanitation would contribute to better human capital outcomes?

Specifically on Nepal I think what most people don't realize how far Nepal has come over the last numbers of years. We talked about big neighbors but biggest per capital decrease in open defecation in this region is happening in Nepal. So there is a lot of really good and very strong work that is taking in place. I think Nepal doesn't just aim to eliminate open defecation but wants to go for total sanitation and the part of that is also the development of water safe communities and looking at all elements: water, sanitation and hygiene. We heard Honorable minister talk about how to do it by bringing in youth, bringing in human capital, but most importantly what we are

looking at in Nepal is sustainability because we know the delivery of services is probably the easy part of the WASH component. How do you sustain the services and behaviors over time and I think the sustainability checks that they have introduced here in Nepal are very powerful because they are showing very limited dropping in behavior. We do need to enhance our operation and maintenance but I think by bringing in the private sector, the youth and enhancing the human resource capacities we can do that and I think we got to look at it not just in communities but in schools and most importantly we shouldn't forget our health centers because neo-natal sepsis is still very large contributor to neo-natal mortality. There are a lot of really good and powerful things happening in Nepal and I do believe that in 5 years by 2030 by the end of SDGs, Nepal will have achieved them. But I do think when we talk about 80% water coverage it's wonderful. If we add the layer of safely managed linked to water quality and time and distance, Nepal runs the risk of dropping back down to about 26%. So how do we enhance and retrofit systems to make them even better so they do impact on the health, economic and other benefits we talked about earlier.

## **Day II: Nepal-Specific Sessions**

## **Launch of the Nepal development update**

### **Opening and Welcome Remarks by Mr. Hans Timmer, World Bank Chief Economist for South Asia Region**

He thanked everyone for joining, thanked for strong co-operation of World Bank. Overwhelmed to be a part of launch of the Nepal Development Update. I don't want to talk about the report because I don't want to steal the thunder from Kene Ezemenari, as leader author of this report is better placed to share with you the findings of the report. But if you allow me, I want to tell a few words about the series of the report and few observations, personal observations as I am trying to learn more about Nepal as I just started in this job. So, this is a report that is published every six months and which empirical and analytical work. We aim to contribute to policy debate on tropical issues in Nepal. For us it is one of the most important report that we put out in Nepal. But don't expect silver bullets that solve all problems and unleash all opportunities. We don't think that those silver bullets exist or at least we haven't found them and I think that the problems the challenges that Nepal is facing are too stubborn and that all the opportunities that you have too much into uncharted territory that you can say okay the problems can be easily solved and so their now based on my initial personal experience let me talk about three problems and three opportunities. The first problem is that Nepal is seriously under performing in exports. We just published a regional report where we showed that the export potential when you look at other countries with the same kinds of characteristics is nine times what Nepal is actually exporting and that is a challenge because I don't know of lot of countries that continued to grow at the fast pace on a sustained basis without further integrating into the global markets. Second challenge is that like many other countries you are emerging from a history where there was too much rent seeking and not overnight you can create a very competitive market in Nepal. And third challenge, just based on my personal observations again, you see this in lot of part in south Asia, level of participation of women is very low. So, these are the challenges that cannot be solved by single policy change but requires lot more. So, then shifting to opportunities, I think there are enormous opportunities for Nepal but again they are not easy because they bring you into uncharted territory. The first one is your shift towards fiscal federalism from an economic point of view there are lots of opportunities there but at the same time the implementation is not easy and every country is different and you have to learn along the way how to solve the emerging problem to benefit from all

the opportunities. The second opportunity, we see that many other countries is the immergence of new digital technology and that is not something that is happening far away, it is not something that will happen far into the future, it is actually happening now here in Nepal already. Just think about the rapid development of mobile payment systems and I encountered many other initiatives that make use of digital technology and there are lots of opportunities in agriculture to improve productivity and to access into international markets but again these opportunities are very promising but not too easy to navigate. The third opportunity is your location. Increasingly in the world economy the economic gravitation center is shifting to Asia so it's very good to be at Asia in this moment of history and on top of that you have two very strong economic dynamics as neighbors. That is a huge opportunity but you have to navigate it also. I interacted a lot with countries in the world that had one big neighbor which was very strong and dynamic and often those countries benefitted from being a neighbor although there were sometimes issues also. I have never interacted with countries that had two economic dynamic as neighbors. In such an environment of problems and opportunities, it is not a single policy change, it's not single program that can solve everything. I think to be successful you have to be relentless, you have to experiment continuously solving small problems and along the way seizing the low hanging fruits that are there all the time. You are embarking on what I see as a fascinating journey, having your eyes on becoming a middle- income country in 2030 and I would be very honored myself if I could be the part of that journey going forward. This is not about me this is about an important report which discusses the economic outlook the current assessment of the economic situation and very important it discusses how you can close the human capital gap and who better to talk about it then kene.

### **Ms. Kene Ezemenari (senior economist, World Bank Nepal)**

**Ms.Kene Ezemenari** is a Senior Economist with the World Bank based in Kathmandu, Nepal. Her research and operational work is focused on public finance, structural transformation and growth. She has over 20 years of experience advising countries on the design of reforms to accelerate growth and poverty reduction including the design of growth strategies for countries in

Africa and Latin America. She has also led several World Bank operations supporting structural reforms to promote inclusive growth. Before joining the Bank, she worked at the International Food Policy Research Institute where her research focused on managing external shocks with emphasis on firm/household productivity. Dr. Ezemenari received her Ph.D. from the University of Guelph in Ontario, Canada.

## **Power point presentation on the Nepal Development Update**

Perhaps I will start talking as we try to figure out the logics the techniques. So, that now we figured out the technology just want to start with what the main messages are coming out of the report.

First that, growth is strong with low inflation and that as Hans just said there are two key challenges, one of them as he said, in terms of the country Nepal reaching its goal of middle income status by 2030 is addressing the issue of high trade deficit and this is how we need to improve export as Hans mentioned and also diversifying the sources of growth so that's a critical to sustaining high levels of growth.

Another is the challenge around budget execution and the risk that post to service delivery and this is an important constraint to address to ensure that there is no disruption in terms of investment in human capital. Now, government has been taking steps towards reforms to bring in private investment, foreign investment to close infrastructure gap but equally important would be investments to increase human capital and close that gap in order to help with competitiveness that will raise exports.

So, rest of the presentation I will look at the recent economic development, the outlooks and risks and talk about the main messages coming out of the Nepal development update. We should have special focus on investing in people. We see the estimate growth this fiscal year to be 7.1%. most of that growth will be coming from the services sector and the agricultural sector reflecting the investment to increase tourists and also to improve imports in agriculture. We also see that private investments continues to be a key component driving that group. In terms of inflation that's been low mainly driven by low food inflation which is estimated to be 2% in the first 8 months or so of this fiscal year. The un food inflation is about 5.8% driven by housing and utilities but then inflation is also being kept low due to the peg with Indian rupee.

We would see on the external fronts that there has been some pick up on exports which grow as 27.5% due to the recovery of exports to China and India and that export is reaching or have reached

their 5-year average at just around 67 million dollars a month. However, the level of imports continues to be very high, almost 10 times the level of exports and this is what is driving the high level of the trade deficit. And that's driven by industrial imports and supplies which we see is going towards productive activities more so than consumption but still the level of the deficit remains high and as a result it's impacting the current account deficit that even though remittances have grown by 14.4% over the past few eight months of fiscal year 2019 but still this is not enough to cover the trade deficit and as a result you have the current account deficit estimated at 8% for fiscal year 2019 and of course that means that there is heavy reliance on reserves even though that has been now drawn down to 9.6 billion as in march 2019. We still see that by the end of march there was sufficient points to reserve some .9 months of imports. In terms of on the fiscal side we see that there has been strong growth and revenue due to the reforms that the government has put in place to rationalize the value added tax exemptions and also some of the taxes on luxury items and high income house-hold sources to increase revenue to console revenues at 17.5 % in the first 8 months of fiscal year and as a result we estimate that the consolidated fiscal deficit is going to be reduced to around 3.4% estimate. Mainly because of the effects of the challenges around the transition to federalism where we see that the consolidated expenditure has not increased as it was expected. Some of the challenges in devolution of steps has impacted the implementation and that has reflected on the budgets both at the consolidated expenditure level but particularly at the provincial level that we see level of execution of the budget is extremely low. And so, in terms of the economic outlook we estimate that over the mid-term growth would be about 6.5% and inflation moderate as government continues with the investments and reforms has not been placed to increase tourists arrival and also to increase productivity and agriculture and also with the sustained availability of electricity that should helpo in the industrial sector. We expect the current account deficit will improve as the trade deficit moderates so as earthquake reconstruction levels off and becomes the study in-flow of remittance continue we expect that to improve and of course fiscal federalism will increase as local government begin to improve their capacity to implement their budget we expect the fiscal position to remain same the tax reforms measure that will take effect. And then the risk come from on the external sides from again the heavy reliance on remittances shouldn't be a shock to that there this could affect the domestic consumption and poverty and of course could translate on to availability to credit in the economy which could have impact on growth. Nepal continues to be vulnerable to shocks which could again impact growth

but government has taken some measures to strengthen the disaster risk management across the different levels of governments to mitigate that risk. Another area of risk is to potential disruption in service delivery into the challenges around local level, local provinces. This is a credible area to address so that it doesn't reaches the level where it disrupts invest in human capital and people and to execute and monitor the budget that would affect service delivery. Not only investment in human capital and investment but also in terms of attracting the private investments needed to sustain growth. And finally, slow implementation of reforms continues to be a risk. The government as I mentioned has been taking steps to undertake reforms to attract foreign investment but its going to be critical when it's shows that reforms have the critical ingredients that signal to the investment of the private sector the transparency and the government commitments to elements that reflect good practices in terms of implementation of these reforms.

So, now for the special topic section I will just go briefly over the main messages coming out of the report, some of which have been touched upon already yesterday during the human capital forum and will be also discussed this afternoon over- why it matters to investing in people in terms of its effects of growth, look at the benchmark of Nepal against peer countries and then briefly go over some of the priorities in terms of accelerating or scaling up investments in human capital. Of course, the first thing is to note that it is important in itself to invest in people to support people's aspirations in terms of them reaching their first potential. But in addition to that investing in people helps in terms of improving their productivity which has an impact in growth and various study is to show and estimate how investing in people can impact their productivity, income and therefore growth. It also affects growth indirectly in terms of the how it interacts with technology and invention to increase the productivity of capital. And finally, of course as I said earlier it impacts comparativeness by raising skills to the population. Some of you may already have been aware of the measure that the World Bank uses to access the human capital of countries, human capital index, it consists of three sub-indexes linked to survival of a child; whether the child is able to learn and whether that child will be in good health and able to be a productive member of society or to go on to further education later in life and that's all aggregated into a single indicator called human capital index (HCI). And of course, Nepal is at 49% or 0.49 in terms of achieving human capital index which implies that in Nepal a child born today would be half as productive as it could be, if it did not reach its full potential. Implication of that being that if all children can reach their full potential Nepal has to be potential to double its GDP. And so here we look at the composite

indicators of the human capital index we see that the main thing that's dragging Nepal down stunting and learning just at years of schooling and the harmonized text course. So, these are the areas that is limiting or creating the gap in terms of how Nepal measure against other countries. And so, the report then goes into what needs to be done to scale up investment to close that gap. This is categorized into three key areas.

1. Reducing inequity
2. Improving service quality
3. Minimizing the vulnerabilities to shocks

So, in terms of reducing inequity we see when we look at the outcome and access to services that even though Nepal performs well on average there is some disparity and key disparity that needs to be addressed: One has to do with the gender disparities both at the early levels of education and also in terms of secondary and post-secondary that have a bearing on disparity and that some of these disparities like gender disparity is worsened with income level and also we see in terms of the various examples you see on the slide of human capital outcome that these are all worse according to the level of income. These are also original disparities linked to particular social groups as well. Second is improving the service quality and what we see that for education and this manifest in different across various services. For education we see that almost five years of schooling is lost on average due to low quality of education and we find that for health the key elements that impact quality have to do the availability of critical inputs, for nutrition have to do poor nutrition practice low quality of the diet and diversity. And for social protection program linked uneven access despite the significant level of spending and the lack of flexibility of programs to respond to shocks.

In terms of minimizing vulnerability to shocks, this is linked again to the level of poverty and how the poor are the most vulnerable and those around the poverty line are most risked at being pushed towards destitute shock occur and so there is a need then to ensure given the vulnerability of Nepal to external shocks that these aspects are managed to minimized. In terms of priority interventions just briefly to reduce inequity and need to focus on adopting demand side incentives to stimulate investments in human capital; and reduce the outer pocket spending of the poor to link these design to behavioral change to increase again and improve outcomes and to establish registries that enable one to identify the poor and their special needs. Of course, health financing is also an important area where this is extremely high out of pocket cost that needs to be looked at to be paid attention

to as well. On the supply side you see that it's important to ensure that the needed facilities, essential inputs, drugs, teachers are available especially as it varies across regions. And links to that is the whole federalism and opportunity that Hans mentioned earlier. That means looking at issues of fiscal transverse and how to devolve resource to subnational level to increase their own revenues and increase implementation capacity to develop standardization of services that are available across regions. In terms of improving service quality across all services it's important to link to performance, management approaches to improve co-ordination across programs and also across the level of government and yesterday there was this recurring theme about the whole government approach and the continuity of the policies. So that's important in terms of arriving at high sustained level of service quality. Of course, this manifest in different ways in different services but in particular its important given again and this was also said yesterday the importance of investing early in children to have an integrated approach so in terms of early childhood education, early childhood development to have an integrated approach where you bring health and education and nutrition together to support the child to ensure that by the time they are aged 4 or 5 they are ready to build and able to learn. And then of course you have social protection system that can help facilitate into that connection across programs and co-ordination across levels of government. Finally, to minimize vulnerability to shock its important to adopt an adaptive approach to social protection that can scale up to response to shocks when they occur. There is a mechanism that is linked to that, that there is an establishment of links to disaster risk management across all the levels of government and that facilities are built in a way that makes them resilience to risk so that when shocks occur there is no long time efforts for services to come up on-line again. So basically, that's the overview of the report and the results from the report and I look forward to questions, discussions of the panel. Thank you.

Launched Nepal development update investing in people to close the human capital gap by honorable finance minister Dr. Yuwaraj Khatiwada, world Bank country manager for Nepal

**DR. YUWARAJ KHATIWADA (Finance Minister) key note address:**

Thank you very much. Chief economist of the World Bank for South Asia, Country manager of the World bank, mission chief of ADB, my excellencies, the ambassadors, my senior colleagues from the professionals and all the participants. Very pleased to be here again this morning. This is a second day in the row that I am in Radisson hotel talking to you. I don't have much to say today, the update itself speaks of what we have done so far and what challenges we are facing or what challenges we have to cope and manage in the days to come. I appreciate the authors and the world bank team for having come up with very rich document with lot of insights into the strength and the challenges the Nepalese economy is facing. And this would be a very powerful guidebook for the policy makers including the government to carry on the reform agenda that we for-see in the next several years. The key challenge the country is facing, of course is to sustain the high growth path that we have achieved so far and to even accelerate. How do we accelerate our growth while also maintaining macro-economic stability, keeping prices low, jobs to be created to be matching to labor market, entrants and then also maintaining our external balances. These are perhaps what we achieve by this fiscal year end. Its good to share that we have been able to de-couple growth and inflation which was not the case for several countries for decades. Those countries which were growing by double digit were also having double digit inflation and close to double digit unemployment. Now, the decoupling is a major job otherwise the growth could not be distributed evenly and that growth impulse would not reach everybody in the same equal way and that might hurt our efforts to reduce inequality but in this case, in the current case as the inflation moderates to below 5% and the growth is being coupled with bigger job opportunities. I think the development outcome would be much better than what our neigh boring countries having achieved double digit growth have come out. So, I think this is a good indication. Now, achieving growth and then also sustaining growth along with sharing the growth outcomes, equally to the citizens is not an easy job. Given that we function in a market economy what instruments do we have to see that growth benefits everyone so that our growth is inclusive. If we really want to make growth inclusive, we have to do several things. Everybody should be participating in the process of production or activity itself. Right from decision making to implementation, to sharing the benefits. How do we ensure that everybody participates in this process? At a time, when a large section of population is illiterate, unskilled, immobile and don't have much of the information on the market process or they are still the victims of digital divide. So, how do we engage everybody in this production process, how do we keep them in the productive endeavors that we make. That

would be the big challenge. So, the labor market reforms and developing skills to the workers and developing our education that not only imparts knowledge and skill but also make our citizens innovative and also remain healthy at that course so that they can contribute better to the wellbeing of the country, well themselves being good citizens, happy citizens. That's what we all aspire to. The challenges very rightly pointed out, institutionalization of federalism with good fiscal discipline and then also ensuring the effective service delivery with the resources we allocate to all the levels of the government, that's the key challenge and also mobilizing domestic resources to meet our growing expenditure need. So when it comes to mobilizing domestic resources we are in a big transition, we are substituting imports with our domestic industrial production like in the construction materials, like in several consumption goods and while also discouraging imports of luxurious goods like the luxurious automobiles and we are also reducing the import of petroleum because we have our own alternative energy source electricity. The major sources of revenue are shrinking because of our own policies. So, the custom based revenue structure has to be changed to domestic production and income-based revenue structure. That's the major structural change that we have to make and It's not an easy job and it can not be made overnight. So, we have to see how we can better manage our internal resources to fuel the growth momentum that we have and still maintaining our that level which is at about 30% now. Almost at the same level, that only calls for improving our efficiency of our allocations, efficiency in public spending, efficiency in private sector spending. So, how to raise productivity and how to make our resource allocations more efficient and productive; filling in the human capital gap is one but equally important would be some other fiscal instruments which could be important to see that our allocations are judicious, public investment always crowd in the private investment, not crowd out and government complimenting the private sector not crowding out. And then also center province and the local government working together hand in hand without any sense of competition or being in a situation whereby you might think that we are not given sufficient resources. Every local level and provincial government have to be not only happy with the resources they can generate, they are imparted but also they should be happy with what they can deliver with resources they are imparted. Transiting through a centralized nation state to the federalized set up we have many obligations, many financial liabilities have left to the central government, the salaries, the dead-service obligations, the re-constructions obligations and several other things. So, apparently it seems right now that the center is not sufficiently allocating resources to the provinces but if you

look at the fiscal liabilities that this central government have; the central government does not have much space or much more freer resources to do its own major works like the projects of nation priority and this is where we are looking for our development partners to support us and see that this financial gap is also met along with filling in this human resource gap. The external sector issues, I think, the project shows that whenever our growth is moderated, so would be the current account. Obviously, because as the report says, our imports are grown high because of the import of industrial and capital goods. So, if you want to invest more on the economy with important goods and services perhaps you achieve higher growth but you are also bound to have also achieve or face the higher current account deficit through higher commodity imports. So, it's a hard choice do you really need to reduce the growth momentum if you really want to reduce your current account deficit or if there are any other alternatives. I would like to seek World Bank self in this that we don't want to decelerate growth but we want to reduce current account deficit. that only says that we have to export our services more and then also goods. So, exporting services through better infrastructure and other things in tourism, in some of the other services like education and health along with merchandise export in the commodity sector. Perhaps we have to think about how we can really improve our exports of services and how we can add more value to some of our sectoral expenditures like in tourism. Last calendar year we increased the number of tourists in a large number but value added was less than expected. So, how to add value to the services that we generate for export is equally important that also applies to commodities. So, I would like to request world bank to see the structure of our economy in particular, the imports driven investment and growth and then also low value added in our exports particularly in the services export that would be one area of our subsequent reforms and then maintaining current account to less than 5 % would be our target, I don't say we have to balance the current account as of today, if you really want to grow fast I don't think its easy in the short term but in the medium term our target has to be below 5% so would be the deficit that has to be financed from domestic resources. That would balance our growth and overall economic stability, objectives that we want to carry forward. So, with this let me thank once again for the update, the team who have been working very hard continuously publishing the Nepal development update and also for the insightful suggestions put in the report. Thank you once gain. Thank you very much.

And since I have to attend the parliament I seek leave today. Thank you.

Sadichha Shrestha(emcee): Thank you very much honorable minister for your optimistic and always looking on the bright side key note address. We would now like to move on the panel discussion which is on human capital in Nepal, which will discuss on the challenges, opportunities when it comes to human capital in Nepal the progress that has been made and the progress that can be made. So, to chair and moderate this session I would like to call Mr. Tekabe Belay, human development program leader for Nepal, Bhutan and Bangladesh, world bank

Panelists- Dr. Pushpa Chaudhary, secretary, ministry of health and population,

Dr. Swarnim Wagle, former vice-chairman, National Planning Commission

prof Dr. Pushkar Bajracharya, former member, National Planning Commission

Moderator- Mr. Tekabe Belay, Human Development Program Leader for Nepal, Bhutan and Bangladesh, World Bank

**Dr. Swarnim Wagle** was the former Member (September 2016 to August 2017 and May 2014 to November 2015) and then Vice-Chairman of the [National Planning Commission](#) (August 2017 to February 2018). He is a member of the opposition Nepali Congress Party (NC) and is known for his technocratic approach. Dr. Wagle has worked as an international development professional for more than 15 years and worked in over 20 countries, most recently as Senior Economist at the World Bank HQ. He has published several flagship reports and academic papers in areas spanning public finance, trade, investment, and the impact of macro-economic and social policies. At the United Nations Development Program (UNDP), he co-authored the 2013 Human Development Report titled “The Rise of the South”; from 2002 to 2007, he co-led the Asia-Pacific Trade and Investment Initiative. Dr. Wagle has also had short-term assignments at the Asian Development Bank (Manila) and the International Trade Center (Geneva). Having been the South Asia editor of Harvard Asia Quarterly (1999-2000) and a regular broadcaster on BBC Nepali Service, he maintains an interest in current affairs. Dr. Wagle holds a PhD in Economics from the Australian National University, an MPA in International Development (MPA/ID) from Harvard University, and a BSc (Econ) from the London School of Economics. He was born in Gorkha in 1974.

**Dr. Pushpa Chaudhary** has been serving as the secretary of the MoHP, Nepal since December 2017. She is a leading expert in Obstetrics and Gynecology with over 25 years' experience in clinical, academic, public health, and health systems. Notably she has more than 5 years' experience in higher administration in health sector under the Government of Nepal. She has served Nepal Government in a number of different capacities, from serving as clinician and academic expert, the Director of Maternity Hospital, Director of Family Health Division, Director General of Department of Health Services to working her way up as Secretary at Ministry of Health and Population, her current position. She has demonstrated experiences and is a leading public health expert, specializing in health systems strengthening and health policy and planning at the national and international level. She has received various awards including Maternity health visionary award and FIGO Young Gynecologist award. She has many high-quality publications and research.

**Dr. Pushkar Bajracharya** is a Professor of Tribhuvan University, Faculty of Management. He has specialized in policy formulation, policy analysis, poverty analysis, trade, strategic management and institutions strengthening. He has been involved with policy formulation and planning exercises for Government of Nepal, Tribhuvan University and a number of other private and social institutions. Besides being a professional teacher, he has served as a Member of National Planning Commission, Government of Nepal (2009-2011), and also as a member in a number of other high-level committees in Tribhuvan University, Other Universities and the Government of Nepal. He has also worked as consultant for a large number of international and domestic agencies. Some of these include Asian Development Bank, World Bank, DFID, UNDP, ILO, UNCTAD, UN ESCAP, WHO, Asian Productivity Organization etc. including working experience in India, Thailand, and Malaysia. He has published numerous professional and research articles, and books, and is also member of a number of professional and other organizations.

With this I think I will move on the discussion on the human capital, closing the gap in Nepal.

I would start my question to Dr. Wagle

Yesterday we had rich discussion on the challenges as well as the opportunities that the Nepal face in really developing and closing the gap and also even beyond using the opportunity that in this historical time that Nepal has been going forward. One of the recurring themes was the hall of

government. The hall of government has three elements; one is co-ordination, i.e. co-ordination between the government, different lines of ministries, co-ordination between different levels of government; central government, provincial and the local government and also the co-ordination between government and the municipal society. The second component of the hall of government is policy continuity that means ensuring that efforts are sustained beyond the political cycle, efforts to improve human capital outcomes which require really a long time, which is usually longer than the political cycle and ensuring that sustaining of effort is another key hall of government. And the third is really using evidence and selecting and designing policy and problems. Given this experience as other countries have been successful in closing the human capital gap by adapting the hall of government. How do you see Nepal adapt its hall of government specially at this sort of time?

Dr. Wagle:

Thank you, I think it's a nice, elegant concept of hall of government, sort of convenient framework to organize our different thoughts and issues. I am not too sure if this is a sort of an exposed recognition or an ex-anti sort of a prescription. You know, did the concept come first and the country followed it or did we go around the world and looked at the interesting success stories and tried to put it all together in a framework. So, that has implication on the longevity of this idea. But the core constituents you are emphasizing and the framework is emphasizing it's true, its valid, there is nothing to debate on the constituents and I sort of liked it the 3 C's right? The co-ordination, continuity and the correction, the evidence comes and correction. Now, the challenges in Nepal I think are in many folds. These are well-known challenge that people have been talking for long time with the kind of federalism that we are practicing, and that we have begun to practice adds an extra layer of complexity. So, the traditional challenge in co-ordination was to get the horizontal co-ordination right; the ministries don't talk to each other, turf battles, aligning the incentive structure of the bureaucrats around the common goal was always a challenge in Nepal. With the private sector you have profit motive, something else there is a sort of rallies. In the government its not so clear, is it the personal interest that the people are looking after or is it political interest that they are serving. These things were always a challenge for Nepal. My personal experience at the planning commission, we try to intertwine with some coordinating tools; take the MSNP for

example the multi sectoral nutritional plan. we sort up a secretariat at the planning commission but it involved seven different ministries who otherwise wouldn't have talked to each other. By having exercising this power of convocation NPC was able to bring this diverse actors together; education, health, agriculture, livestock, water, local government, ministry of women and also some of our development partners; the EU, UNICEF, USAID, UN and even the World Bank to the table to force working mortalities whereby the degree of co-ordination the body like the NPC or the Prime Minister office which has the convening authority doesn't necessarily have the executive where to really make sure what are the ways great upon that's actually implemented so that the challenge now is vertical co-ordination that we now have to ensure at different layers of government. This was not a case before where it was very much top-down approach. So, this year I think we have to really make sure that the incentives are aligned, that there is a inbuilt interest on the part of these diverse actors to work really together, the constitution has the broader mandate, there is a unbundling report that the ministry the prime minister office issued few years ago which sort of break down the constitutional duties into much finer tasks. So, I think owning that and then following these broad guidelines could help on the co-ordination front. But the chief secretariat office, the NPC, the prime minister office has high tone role for them to ensure horizontal collaboration and the constitutional guidance on the vertical. here I think how you bring in the civil society and the private sector to also serve the common goal which is extremely important. So, far there is a grudging collaboration, its not like people like tom do things on their own but again rather than forcing actors to behave in a certain way, the incentives have to be aligned. People really ask you know what's in it for me? And that part has to be taken care of. on the continuity front, there is a kind of paradox, in Nepal the bureaucratic competencies are weak rather we put for policy continuity you need a strong bureaucracy and also they need to be once the bureaus are really working hard they need to be shielded from political influence. The good part of our bureaucracy is after the 2000's, they basically ran the country. You know its terrible term wile and instability and they did this nice handover in 2014 constituent assembly and all that but the same time everybody has been recognizing the general quality of our bureaucracy on the win and that's what needs to be really need to be. The idea of the continuity is embedded in the constitution, you look at the constitutional bodies that we have, election commission for the investigation of authority, election, you know all the other constitutional bodies have six years tenure, whole idea is to transcend political cycles. Now in health and education we have had a degree of continuity

so the priority that we have set even in the early 90's despite the political problems have had a force of continuity attached to them but again here we need to build on what has worked, so there is a lot of good experience in health, maybe madam secretary will talk about female community work schemes and all that. Even in education it has been less fragmented and less of a peace mail approach than other sectors so there is a lot to build up on when it comes to continuity, but the well-known, well-recognized weaknesses has to be remedied. On correction or the evidence part what we really lack is institutionalized and systematic urbanization response to generating rigorous, peer-reviewed credible evidence but there is a lot of anecdotal evidence that does find its way into policy the problem with anecdotal evidence is often selective and its upon partition but link between those; this and this is not working in a district like Dailekh, Jajarkot it quickly finds its way to media and lot of media folks are present here today and in an era of social media that exerts a lot of pressure for quick responses on the part of government but from a scientific lens the **slow** burn that you have to go through the slug that you have to go through to really arrive at systematic evidence is sort of missing and this is where we have to do much more. And I will end with this recognition also that however globally accepted knowledge does find its way into Nepal. You look at the first 1000 days investment, the golden 'Sunaulo 1000 din campaign', you look at the beauty of the evidence around the conditional cash transpose. You look at other forms of social protection like Prime Minister employment guarantee scheme, these are all globally tested programs that found their way into Nepali policy making. It is sort of accepted, once these things has been tried and tested so from that perspective there is a healthy receptivity to good ideas but on our own native and indigenous capacity to generate evidence and then inform policies. I think there we need to do a lot more. And of course, we need to recognize there is no linear and automatic jump from evidence generation to policy making. In fact, between there is this big elephant in the room which is the political economy. so for teaches accountability, learning outcomes for example, a lot has been written much is known about this filling system that is been ongoing but we are not being able to undertake decisive interventions even in the face of compelling evidence because of the political sort of interest so I do like to inject that bit in there. Let me end with these thoughts.

Moderator:

Thank you, this is very insightful comment let me give a chance to other panelists if they want to react to your intervention. Anything to add before I go to audience.

Prof. Bajracharya:

Nothing much on what Dr. Wagle said but anyway since we are talking about: I would say three things probably important. Number 1, opportunities has already been exhibited by the growth, expected to grow in future so how do we really sustain that and for that government policy is not the government policy alone but government and private sector how do they come together and how we really for a longer term perspective establish a private sector into default as well with confidence that is where including the investments and environments and all the things that we talk about kind of things will have to brought into it. Secondly, some of the efficacy of the projects whether it is the employment guarantee kind of scheme, that scheme is going to be questioned. The infrastructure, the background, the foundation that has to be made ready we have not given much thought about that and how really to implement them, take it to the real people who really deserve and require it; secondly sustain it and third translate it into a kind of work force who is not dependent on that but on the job itself. Probably and obviously this is where the human capital I will be talking later will have to be linked as well i.e. education, training everything. Thank you.

Dr. Chaudhary:

Thank you, government system is the system that reaches each and every corner of the country. Government can be weak but there is no alternative of government system. The rest of the system are supporting system to the government because the government carries a huge accountability to the public so I take it that way. In health, we talk a lot about inequity, equity gap in health and quality gap in health and when we try to address these issues ultimately into the government when you compare with private sector, yesterday also I had this discussion, you can get a lot of support from private sectors but we shouldn't forget that private sector is brought for profit. The government is not for profit. So, somehow we have to balance the contributions of each sector, each stakeholder to come and align in one agenda to support the government and that is the approach that will ensure that no one is left behind in terms of access to health, access to education, access to nutrition. Just take an example of Sri Lanka, the citizen in Sri Lanka gets free access to education even higher education, access to nutrition and free access to health. So, if you get all

this quality service by the government, your accountability to the government is going to be very high. So, personally this is the way I feel government responsibilities is huge and the public and citizen should directly feel the presence of the government so that ultimately you don't need to go to outside officials. Maldives, Bhutan smaller countries they have done by this hold the government approach. Thank you.

Moderator:

Before I move to next question. If there is any question from the audience, we will take one question.

Audience, Usha Mishra (Chief Asocial Policy with UNICEF Nepal Country Office):

My question is regarding necessity of the incentives to be aligned for the horizontal co-ordination and the vertical co-ordination and I go back to the development update which the World bank presented earlier where there was lot of emphasis for investing in early childhood and it was heartening to learn that as it was presented by Dr. Usha Jha yesterday that NPC is very close to finalizing the ECD strategy. So, given the fact that ECD is clearly a multi sectoral priority where number of the sectors come together so the first question is where do we get the credible, responsible and effective leadership to ensure a focus on quality supply of ECD services as well as the generation of demand for the ECD services so the leadership and second is what would be the messages and the strategies for ensuring that the incentives across the horizontal stakeholders and vertical stakeholders are aligned. I clearly see that would be a challenge but I would really like to learn about how you are seeing this evolving going forward?

Dr. Wagle:

This is where I think political leadership ultimately really matters, right? To really leverage the science and the known facts and the global success stories and argue and link that with the Nepali experiences and argue that this investment in the cognitive capital is as important as roads and the drinking water and all the physical infrastructure that specially the Nepali rural population is in armored with. Mostly 90% of the demand is on physical infrastructure works and last year one of the perversions in the fiscal federalism was to divert even conditional grants given to health and

education to physical infrastructure. I think this year has been slight tightening of those behavior but ultimately this is where the incentives come in the locally elected representatives you know some 36,000 of them need to see the investing in ECD, the well-being of each child: boy and girl and each households will ultimately be politically rewarding for this people to really make that investment. so, the beauty of decentralization and federalism is politician do tend to respond to vote banks. So, make that connection so that household welfare will get you votes and that's where the incentives will lie for the bureaucrats or the politicians. For The bureaucracy, I think different forms of incentives from pay and perks to recognition and different other things that I don't want to bring in. but how do you bring other actors that are traditionally excluded is also an issue, right? So, as I speak and involve in a new initiative funded by bill gates and Melinda gates foundation called 'Baliyo Nepal' where we know what government is doing, what NGO's are doing on the nutrition sector, the private sectors actions are kind of missing. So here we are reaching out to the largest producers of lito (fortified porridge), the largest producers with the massive networks of eggs. So, doing that kinds is between six months and twenty-three months need to have access in protein in adequate quantities. But the private sectors need to make these products available and affordable. And how do we get that campaign going? So, we are starting with the big awareness campaign about it to make sure cricketers like Paras Khadka and celebrities coming in and making sort of this campaign on why this is a good thing? So, once there is the demand side you also have the private sector supply ready on us to really meet these demands. So, we are really beginning with this initiative, this is perhaps again linked with the hall of government approach where the government will do what it does best policy setting, norms setting, larger legislatives mandates and all that. Civil society does what they will do best, NGOs will do what they will do best, development partners will come in and leverage their relative strength but then the big actor the private sector can also be brought in if there is an inbuilt incentive which is good for its image, good for its bottom-line and you can make the keys for corporate social responsibility as well in areas. So, its not an easy solution, the kind of silver bullets that we have talked in the morning but I think it's taking a step forward knowing what we know has worked and hasn't.

Moderator:

Thank you, we move to the next question. The next one is to Dr. Chaudhary. And this is really about the recommendation of the Nepal development update that we launched this morning the

update recommend is really reducing inequity by bugging on the demand side by involving incentive people to really services on the supply side by making facilities ready, available and absorb the whole imports. On the other sides it also really recommends on improving the quality of this services. We know resources are limited and choice has to be made. If you have to choose between expanding service to reduce inequity versus improving quality of services which on do you think should be priority and why?

Dr. Chaudhary:

Very tricky question indeed. I will try to answer. I am not sure whether you will be convinced. Its hard to choose between inequity and quality. Inequity has remained problem for long time and we are trying to address in our policy strategies. We have cost effective interventions but when it comes to programming usually what happens that people who are left out or not captured and poor, rural poor, urban poor, marginalized people; services are not reaching out to them and they are the who is losing life. We talk about survive, thrive and transform if we look at the global strategy for women, children and adolescents. But the country like Nepal still we are struggling with the survival. On the other hand, quality is something that can not be compromised. Quality is test from policy to program implementation in every aspect of health system. So, all between blocks need quality. I would like to give you an example: say a 16-year old girl married becomes pregnant. She had hardly one prenatal care to the nearest facility, which was sort of primary health center recently upgraded to conc center. She goes in labor; labor is prolonged and then finally she is taken to nearest upgraded conc center but unfortunately the provider is not there; she was looked after by HBA. She was in abstracted labor. Finally, she was referred back to bigger referral hospital where she had caesering section but unfortunately baby was still born and she ended up in an obstetric fistula, so the bladder was damaged. So, look at the scenario in the nearest center, we tried to provide facility close to her house but that was not providing standard care in terms of inadequate human resource, provider is not there. So, this delay which was unnecessary, she could have by-passed that nearest facility and come straight to the higher referral center so that her baby could survive, her bladder would be alright. So, this is the example where to me as a clinician if there is no quality then no service. Its better to have no service than poor service because you know yesterday it was very clearly said that that is wastage of resource, loss of human capital if the

service is not of quality. So, I think we have to balance both of it. You can like set a Second standard can be customized to local context. The standards that are priced to developed world not necessarily developing world need those standards but say for example you choose between an ordinary Maruti car that comes from India, cheaper, easy to maintain, long-term it's okay compared to Mercedes but you can not say if you need a car you should be compromised with a bicycle that will not work. So, addressing equity in the same time ensuring what we say in minimal quality and standard is the way to invest in both so that no one is left behind because the poor and less-informed people who will never come to health facility if you do not perceive that quality. The people who can afford they will go to other facility but these people they will go back to their house and may die there. The quality in terms of client who perceive quality is for everyone. You can not just immunize a child who is poor when you know that storage was not optimum. So, for me there is nothing to choose between addressing equity and providing quality. You have to take both agenda forward and invest in both because they are mutually exclusive and to get the best return and the highest return from investment in health. We have to address both at a time. Thank you.

Moderator:

Thank you. If there is any question from the audience to Dr. Chaudhary's response, before I move to the panelists for the reaction to Dr. Chaudhary's comment.

No response from the audience and the panelists.

Let me move to Dr. Pushkar. And this is touched upon by many of you and I just want to focus on what do you see is the role of private sector in closing the gap in human capital for Nepal. Given the experience so far and how do you see its going forward?

Dr. Pushkar:

Thank you for the question. Within a short time that I have been given I will try to answer this question as well as some of the other parts of the issues in human capital development use and of course the future. First of all, in the bullets our efforts to human capital development is truncated, inconsistent and inadequate. Saying that in terms of the enrollment perceived or general balance kind of thing there has been very encouraging development no doubt about that. For example: in

higher education there are more girl child than the boy child in Nepal, already more than 51% but anyway but the critical issues are:

- the ability to match the opportunities of today and tomorrow
- ability to deliver the services as per the requirements of market.
- And third of course the attitudinal issues whether we have been able to inculcate the kind of attitude require to transfer whatever knowledge or skills they have or not.

And this problem applies to both in the training front, in the education front. And in education front from the early childhood education to higher education of course. This gap; what really the market requires, what really our economic agendas, our development agendas, social agendas require. We have failed to match there. Secondly, the kind of skills that should have been inculcated, we are not doing that or in the market particularly in the skill part where Nepal government has been engaged from very early time through department of labor and department of industry then the CTEVT are there plus many other programs are there. And we, the government alone within various framework train around 83,000 people. But gap is to seed out social economic agendas and requirements. So, this inability to deliver as per the requirement is the biggest challenge but the challenge is more pronounce in terms of developing human resources we can really innovate and manage, one. Secondly, those who really can lead this kind of changes and third if there are deficiencies, if the systems are not there how to formulate it, how to place it and how to make them work. That is the kind of human resources probably we will be requiring more and this is where again the gap has to be met. The second issue is of course in view of the polity of opportunities or more importantly the contradicting goals of the student and of course the existing educational system or the training system of the country we see a large number of people going away for pursuing higher studies. This is another alarming point. Alarming is not the people going away, the alarm is 2. Number 1, growth in the number of people going away and second most of them are not going to come back if some of the studies including myself are true. Let me recall some of the numbers during the last six years first 15,000 people went there then, 16,000 then 30,000 then 32,000 then 51,000 and in the first 8 months of this year 112,000 of people have obtained no objections letter, enormous that means, for higher education and the total higher education in Nepal is 371000 currently. Meaning almost one in every four is going out and this is

going to cause a huge balance of payment pressure as well. Even at 50,000 students going abroad we spent almost 40-50 billion Nepalese rupees now with more than 100,000 would mean more than 100 billion. Shall we be able to sustain that? And what will be the impact on the macro economic stability than odd that we have been raising economic update have also raised; that's the second critical issue and again the real challenge is that most of them are not going to come back. The main reason for going out is not only the quality of education but rather the jobs itself; the quality of job, the expected pay in the job and because of that what I have been arguing is that we have been investing for providing human resources for all the developed countries except Nepal. So, this is where we will have to reverse it and the first thing that we have to do is of course quality of jobs itself that will have to be created and that is going to be the most important thing. Of course, we heard about the very optimistic kind of thing but personally I find that job creation is going to be tough in Nepal as well as over the whole world. Two examples: first; by 2047 it is estimated that not a single human being will be working in the factory systems. Last year I saw two factories of Hyundai and Samsung where not a single person is working. It is 100% robotized, meaning that how to create jobs is going to be a challenge globally as well. In Nepal too despite all the efforts, despite growth kind of thing, growth is not followed by jobs creation. Until we really and simply creating the jobs are not alone the quality of jobs, the mis-match between the knowledge and the jobs all these things will have to be mitigated if we really want to do it so that is the second condition. The third issue is now the real question what private sector is doing it. In this respect again let me divide it into two parts: private sector is also the deliver of the services but presently the government is bringing out, confusing policies, contradicting policies indeed trying to discourage, time and again messages are coming that private sector may not be that much of well confirmed as a provider of educational services so if that happens that will create a huge gap further. The challenge is how to reduce the gap between the community sector, the public sector and the private sector in this and how odd this three can be placed on the board to deliver the goals. Rather than that the government is bringing the confusing kinds of signals in dis-respect. But thereby changing the act or by other policy decisions. Now, what private sector itself is doing. There too the real expectation, the real scenario now again based upon my own studies and as well as many other researches is that private sector in Nepal generally have shorter term perspectives, they do have answers for that of course and their answer is because of the policies instability or inability, political instability we can not pursue for longer term perspective and since we go for

the shorter term perspective our attention of human resource development will also be in shorter term that is they are not providing longer term perspective kind of initiative there developing real human capital who can change, who can innovate and who can develop the competitive advantage by fulfilling the gaps in Nepal that is not taking place. So, and particularly in the larger industries the problem is more acute, there is no mechanism of educating or training the people to suit the particular larger sector industries in Nepal. So, what they do is they hire the raw people and they compromise in the quality of training, time of training and intensity of training. Previously there used to be apprentice and all these kinds of things that is gradually lost and therefore within a very short period they want to have the human resources who can operate the machines and who can stand everything. Meaning that the productivity has declined, the competitiveness has declined. So, for the longer term purpose also they are not investing; for the shorter term purpose there is no other way they have to do it and therefore what my suggestion would be is that two things: one, at least in the viable areas private sector must also spend because it is the human resources who bring in competitive advantage even when these industries, these mechanism, these services sector may not be able to do it. Second of course in the training part before commissioning them into the actual work the government and the private sector can actually partner in this respect so that at least basic minimum orientations, trainings or educating can happen so that the productivities can improve. For the productivity to improve let me give you one example: we export garment, the time required for producing a male shirt in Bangladesh is 11 minutes while it is 23 minutes in Nepal and cost of labor after 100 % increase just recently is 8000 taka ours is 16,000 rupees. So, Bangladeshi labor is two times more productive than Nepal; the cost of labor is only 60%. So, to be really competitive in the world unless and until we address this gap this is not going to be possible. Therefore, in conclusion what I am trying to say is that this human capital gap the economic update has really brought a very pertinent and significant issue and for the higher growth kind of economy we have to keep it in right perspective. The update has identified a large number of issues plus health provided a large number of suggestions but until and unless we do it in partnership with all the existing agencies without aggravating one and of course the governments ability to monitor, to supervise and to guide of course has to be strengthen and by strengthening that if you can equally motivate private sector as well as other community sectors on board then only we will be able to mitigate this gap and that has to be the part of anyway by developing the human resources then only we can expect Nepal or any other country to develop.

Moderator:

Thank you very much. I have one last question I would like each of you to wrap to it very quickly. This is very much very pertinent given there where Nepal stands right now. This transition to federalism really provides a lot of opportunity to improve services by bringing decision making to the local level. So, that the local level resources location represents local preferences and improving accountability of service providers to the local level but this is really the promise of federalism when it comes to service delivery in the medium and long term. In the short term it has risk and it is not specific to Nepal, it is everywhere and the risk mainly managed from the capacity at the local level to deliver services and this has happened in number of countries and number of countries have managed it differently so I just want to hear from each one of you what Nepal needs to do really to manage its risk of service disruption in the short term and it might not happen just to in terms of really mitigating this risks. I would start with Dr. Wagle:

Dr. Wagle:

I think on the opportunities as you said rightly, Nepal is as country of immense diversity, special diversity, cultural diversity so targeted interventions definitely would be very effective as I said earlier. Politicians respond to vote banks; small jurisdiction leads to accuracy and funds trickle down better in many respects actually the wards are quite an ideal unit of government for local service delivery but the risks are many. I think many issues that we are talking about today do not lend themselves to local solution. They require a systematic response, be it learning crisis, be it the issue of nutrition, pandemics; these are national scope, right? So fragmenting leads to inefficiency adding too many layers and reports would be very difficult for co-ordination specially in a country which has had a very difficult time coordinating even at the horizontal level here at the center when the state was very centralized. Fragmentation of mandate also dilutes accountability so that's a big risk. Perhaps the biggest of all is of course capacity, so this uneven capacity will likely lead to multi speed federalism. So, the dynamic NagarPalika's, Upa Maha NagarPalika's and the GauPalika's with a very dynamic executive council with a mayor and president, chairman. They are going to move very fast. And we have 753 of these where you might actually have para, the whole point of bringing federalism was narrowing disparity but given the

uneven capacities and the lack of concerted effort at a sort of raising this in unison you may have this multi speed which will actually end of accessarating the disparity so we need to be very mindful of this particular risk.

Dr. Pushpa:

Well in health sector all three tires of government has clearly defined the functions. The federal government is mainly to set policies, standards and regulations. And most of the health service delivery part has gone to local government and the provinces. So, this co-ordination is very important and we have in our governance in ministry of health the new organogram we kept the co-ordination division as one division because we felt that this is going to be a very important function of ministry of health at the federal level. At the same time, we have one dedicate division for quality, standards, regulations. So, based on the TOR we changed our organogram so as most service delivery part has gone down and we have finalized our basic health services package which is costed1:30 and the service protocol at lower level health facilities so now the role of federal government is going to be sort of mentoring, facilitating the local government to deliver all this services and we also see a huge opportunity to learn from this functions of local government. We expect that few of them will be working very fast, very efficiently few might lack behind so we can take some operational research. At the same time, I am very glad to see that recommendation has come up at Nepal development update to have this national assembly. In fact, we have already proposed and we have kept budget for that assembly because we felt that this three tires of government has to come to a consensus because what we learnt from world health assembly to have these agendas, to get a consense of all three government because we have to talk about investing in health to get maximum return we have to prioritize high impact interventions, which is really going to work very efficiently. So, we have to really work together. So, its sort of combined and collective leadership that will really show results in coming future. And we have to align, we are still, our reporting system like response to outbreaks, like in Dharan we have an outbreak of. What we find that usually they don't report but when we ask for the reports these

communication gaps are there. but I think we need to think positively, particularly in health and really invest in building capacity for all these new actors because when we talk about multi sectoral particularly health, education, nutrition. I strongly feel that a common person doesn't even understand what is health but what they understand what is being ill so they can see it, they can feel it, they understand that they should not be ill. So, health should be at the center point and all these sectors should walk towards health. In that way the multisectoral approach will be more efficient. So, we take this opportunity in health to have three types of government but a lot depends on the coordination, identifying priorities and working together. Thank you.

Dr. Bajracharya:

When I am talking about the deficiencies it is equally true for the local levels and the provincial levels and this is an anecdotal example where Dr. Wagle has already questioned us. To be, in many areas even the senior-most bureaucrats have refused to deliver. For example: in Karnali Pradesh I personally saw in a formal meeting too. Meaning that the gap is not the kind of gap we are talking about, I was talking about broadly from the knowledge plus skills plus intention kind of thing but making them work the attitudinal part maybe appropriate making them work even at the local level and provincial level which are very important agencies in the federal processes. Thank you.

Moderator:

Please join me for thanking the panelists. Thank you very much. Thank you for your time.

Sadichha Shrestha(emcee):

Thank you very much to our chair and to our panelists for the very informative, engaging discussion on human capital in Nepal. We have realized that we also have friends from media so what I would like to do is now open up the floor if any of the friends from media want to ask any questions regarding the recently launched Nepal development update. We also have a senior economist and the lead author of the Nepal Development Update Ms. Kene here. So, if there are any questions from media directed towards her and for the Nepal development update, we can take that question now. If not, because we are running out of time. I would like to invite on stage Mr. Bhim Gautam (the general secretary of the Society of Economic Journalist Nepal, SEJON) for the vote of thanks.

Mr. Bhim Gautam:

Good morning to all the participants and guests, Dr. Chaudhary, Dr. Bajracharya, Dr. Wagle, country manager of World Bank, Chief Economist of South Asia region world wide Mr. Hans Timmer. First of all I would like to thank you all for your presence and valuable speech and suggestions. SEJON is economic forum of journalists. Since two decades SEJON is working for economic journalists especially focusing on capacity building, strength knowledge, discussion about economic policies and give suggestions to government about economic sector. For economic growth and activity human capital gap is a major challenge. For fulfillment of this challenge government is focusing on favorable policy making and its implementation. So, report shows that why human capital is most important for economic growth. Without human capital development inclusive development is impossible. So, government must focus on human capital development. At last again I would like to thank all participants, all panelists, all guests and I would like to thank the World Bank for collaborating this programme with SEJON. Thank you.

Sadichha Shrestha: thank you very much for the vote of thanks Mr. Bhim Gautam (the general secretary of the Society of Economic Journalist Nepal, SEJON). I would now like to inform all of you that we are breaking for tea and coffee. I would like to see everybody back at the hall at 11. We will just have 10 minutes of tea-break. After that we will start with our joint sessions on opportunity

For human capital in federal Nepal. Thank you very much ladies and gentlemen. Hope you enjoy your tea break and hope to see you in the next 10 minutes.

