



HUMAN
CAPITAL
PROJECT

**YEAR 1
PROGRESS
REPORT**

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VISION

Human capital is central to the World Bank Group's efforts to end extreme poverty by 2030 and raise the incomes of the bottom 40 percent of people in each country.

The vision of the **Human Capital Project** is a world in which all children reach their full potential growing up well-nourished and ready to learn, attain real learning in the classroom, and enter the job market as healthy, skilled, and productive adults.

THE HCP GAINS MOMENTUM: ANNETTE DIXON



According to the Human Capital Index (HCI), nearly 60 percent of children born today will, at best, be only half as productive as they could be if they had complete education and full health. This has profound implications not only for their future income and wellbeing, but also for national economic growth and competitiveness and overall poverty reduction. The Human Capital Project (HCP) is a global response to this.

Our plan for the future is driven by the political will in several countries to accelerate more and better investments in people for greater equity and economic growth. Well over 60 countries have now joined the HCP.

This report captures some of what these countries are doing, as well as our efforts, together with other partners, to support them. Crucially, we have been able to elevate the global and national dialogue on human capital and are facilitating the sharing of experience, ideas, and good practices between countries. Many have adopted a more holistic approach to developing human capital, identifying key bottlenecks, and working on high-level strategies to overcome them.

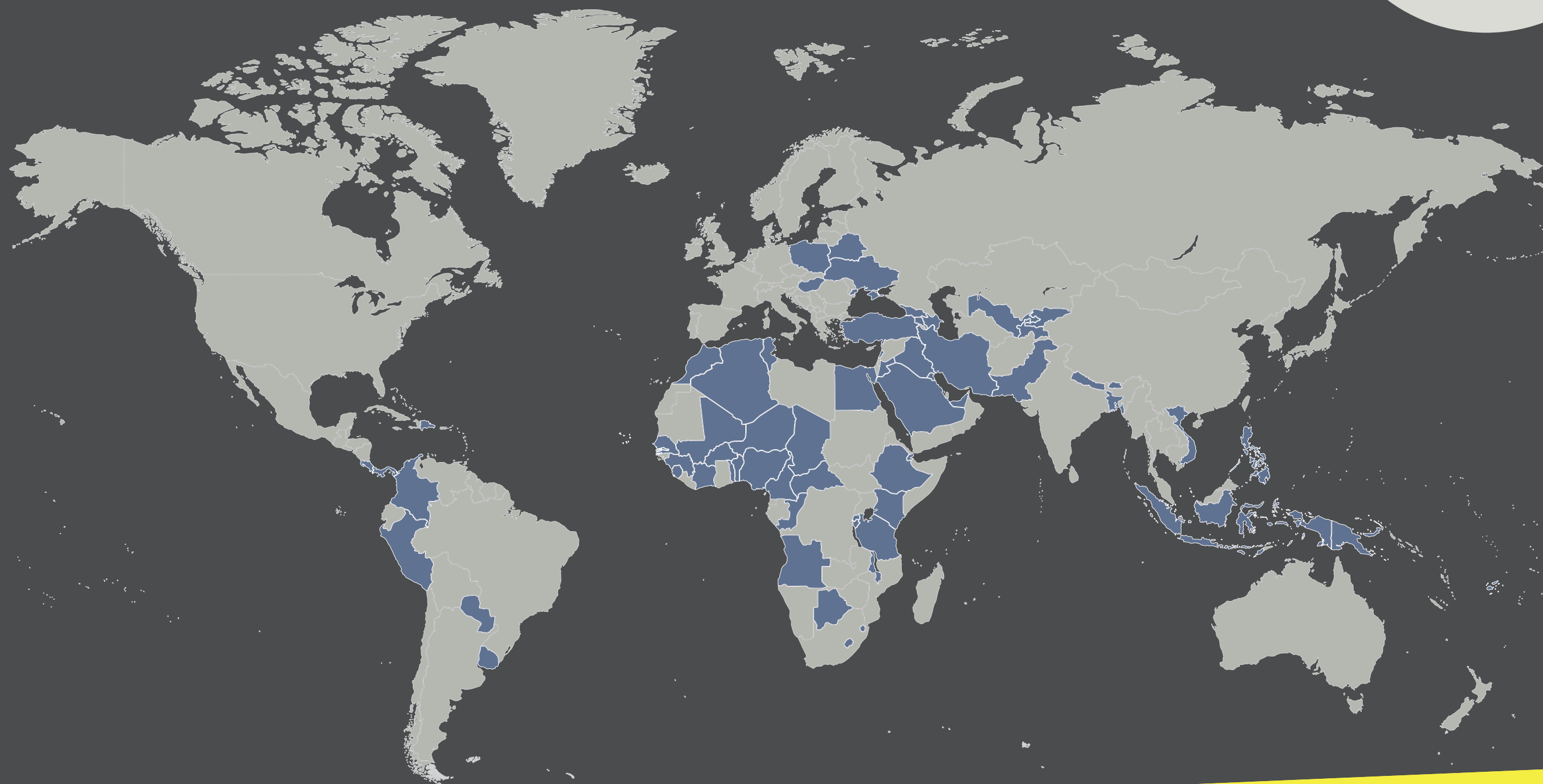
In the year ahead, the HCP will help countries make policy changes, strengthen institutions and governance, and improve implementation of programs. It will also redouble efforts in regions worst affected by human capital gaps. A robust research agenda also lies ahead, including an updated HCI in 2020.

Annette Dixon
Vice President for Human Development
World Bank Group
July 2019

○ MAKING A MARK: HCP IMPACT AT A GLANCE

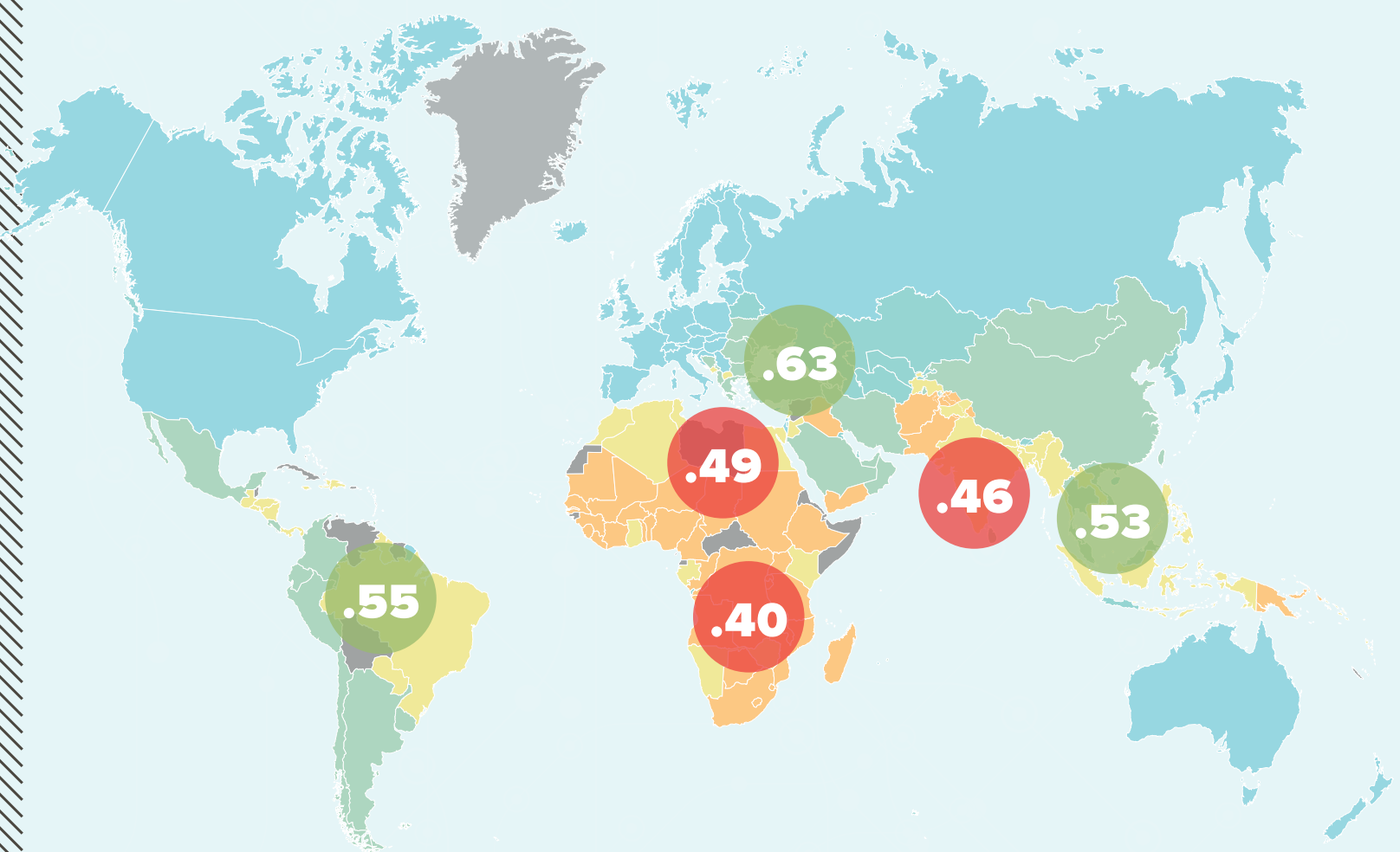
Country Engagement

At the end of June 2019,
63 countries had joined
the HCP—nearly a third of
the World Bank Group's
member countries



The Human Capital Index 2018

While all regions have a significant distance to the frontier, HCI values in IDA and IBRD-eligible countries are weakest in Sub-Saharan Africa, the Middle East and North Africa (MENA), and South Asia.



QUARTILES



NURTURING HUMAN CAPITAL: COUNTRY ACTION

The launch of the HCI in 2018 drew global attention to the links between human capital and productivity. The HCI measures losses of income that the 157 countries covered will suffer because of gaps in health and education achievements. At a global level, the HCI finds that nearly 60 percent of children born today will, at best, be half as productive as they could be if they had complete education and full health. This has serious implications for productivity, inclusive economic growth, and poverty reduction.

Many HCP countries have made progress in various areas: high-level policy making, awareness raising and coordination across government, innovating, and improving data and analysis.

A Whole of Government Approach

Working across government, many HCP countries are striving to holistically tackle the many barriers that stand in the way of human capital development. Core features include:

- (i) sustaining efforts across political cycles;
- (ii) coordinating across government; and
- (iii) designing policies and programs that use and expand the evidence base.

The approach has led to lasting social and economic benefits for several countries, including Singapore, the Republic of Korea, Japan, Ireland, and Finland. It is explained in more detail on the HCP website: www.worldbank.org/humancapital.

○ *Prioritizing and Planning Across Government*

A core objective of the HCP is to elevate the human capital agenda and achieve greater prioritization and coordination at the national level. A few examples of what HCP countries are doing:

- At the request of late President Essebsi, **Tunisia** was the first country to join the HCP. The country has developed a vision to accelerate progress on human capital outcomes. Toward this end, the government adopted a national early childhood development strategy and the “Amen” law to improve coverage of the social assistance system.
- The **Sierra Leone** National Development Plan, *Human Capital for Development*, was launched in February 2019. The government intends to fully align its annual budgets with this plan. Objectives include promoting human capital and protecting vulnerable persons, including women, children, and persons with disabilities.
- **Nigeria** is building ownership for human capital from the federal level to state and provincial levels with its new human capital plan endorsed by state governors and key ministries. Partners have agreed to align their programs to the government’s new vision.
- In **Peru**, the government’s National Competitiveness Plan includes human capital as one of its objectives and adopts a whole of government approach in this effort. The government is prioritizing investment in education quality and early childhood development.
- In **Indonesia**, human capital is a key priority area of President Widodo’s vision for his second term and has become a core pillar of the new Medium-term Development Plan 2020-2024, as well as a main cross-cutting topic of the 2020 Fiscal Framework. Indonesia’s ambitious national stunting reduction program is led by the President and Vice President and commits 23 ministries to work together to deliver better results.

○ *Launching Reforms and Leveraging Innovation*

Improved human capital outcomes will not come about through business as usual. HCP countries are creating bold new programs and using technology to better serve their people.

- In 2018, King Mohammed VI of **Morocco** launched the third phase of the National Initiative for Human Development with an investment of US\$ 1.8 billion over five years. While the first two phases supported basic infrastructure, the third phase marks a shift toward investing in early childhood and adopting a life cycle approach.
- In April 2019, Prime Minister Khan of **Pakistan** launched a flagship program, *Ehsaas*, focused on investing in people, reducing inequality, and lifting lagging districts. It uses modern data and technology to focus on the central role of human capital formation for poverty eradication, economic growth, and sustainable development.
- **Mali** has announced major health reforms effective 2022 that will make health services free for under-5s and pregnant women and increase the budget allocation to health. Partners, including the World Bank Group, are aligning to support this initiative.
- **The Gambia** is prioritizing a new national cash transfer program, *Nafa*, to enable the poorest households to cover their basic needs while investing in the human capital acquisition of their children.
- **Cabo Verde** aims to become a hub for Information Technology (IT) services and recently launched innovative pilots to equip all students with digital skills, including “weblabs” powered by solar energy to teach children about robotics and coding in secondary schools across the archipelago.
- The **United Arab Emirates** is working on a case study for policymakers interested in volunteer-sourced translation of high-quality digital learning materials.

○ Building National Awareness

The HCP countries have been working to raise awareness of the broad, long-lasting benefits of human capital development.

- Finance Ministers from across the Pacific region gathered in Fiji for the first **Pacific Human Capital Summit** in May 2019 to galvanize support for increased investments in human capital. Ministers committed to accelerating progress on human capital and the World Bank Group pledged to increase support.
- At the **Pakistan Human Capital Summit** in Islamabad in March 2019 held in conjunction with the launch of the Pakistan@100 Report, human capital messages were broadcast nationwide by the media and country leaders.
- The **Investing in People for a Better Future in the Middle East and North Africa** event in Tunis focused on how countries in the region can meet that challenge by preparing their workforces for the future and unlocking the potential of the large youth population as a driver of growth.
- A **Human Capital Forum was held in Azerbaijan** in December 2018 and brought together senior officials, development experts, and civil society partners to discuss ways to accelerate investment in human capital and present their ideas to Parliament.



Finance Ministers from across the region participated in the Pacific Human Capital Summit, held May 2019 in Fiji.

Photo: Patrick Rose / World Bank.

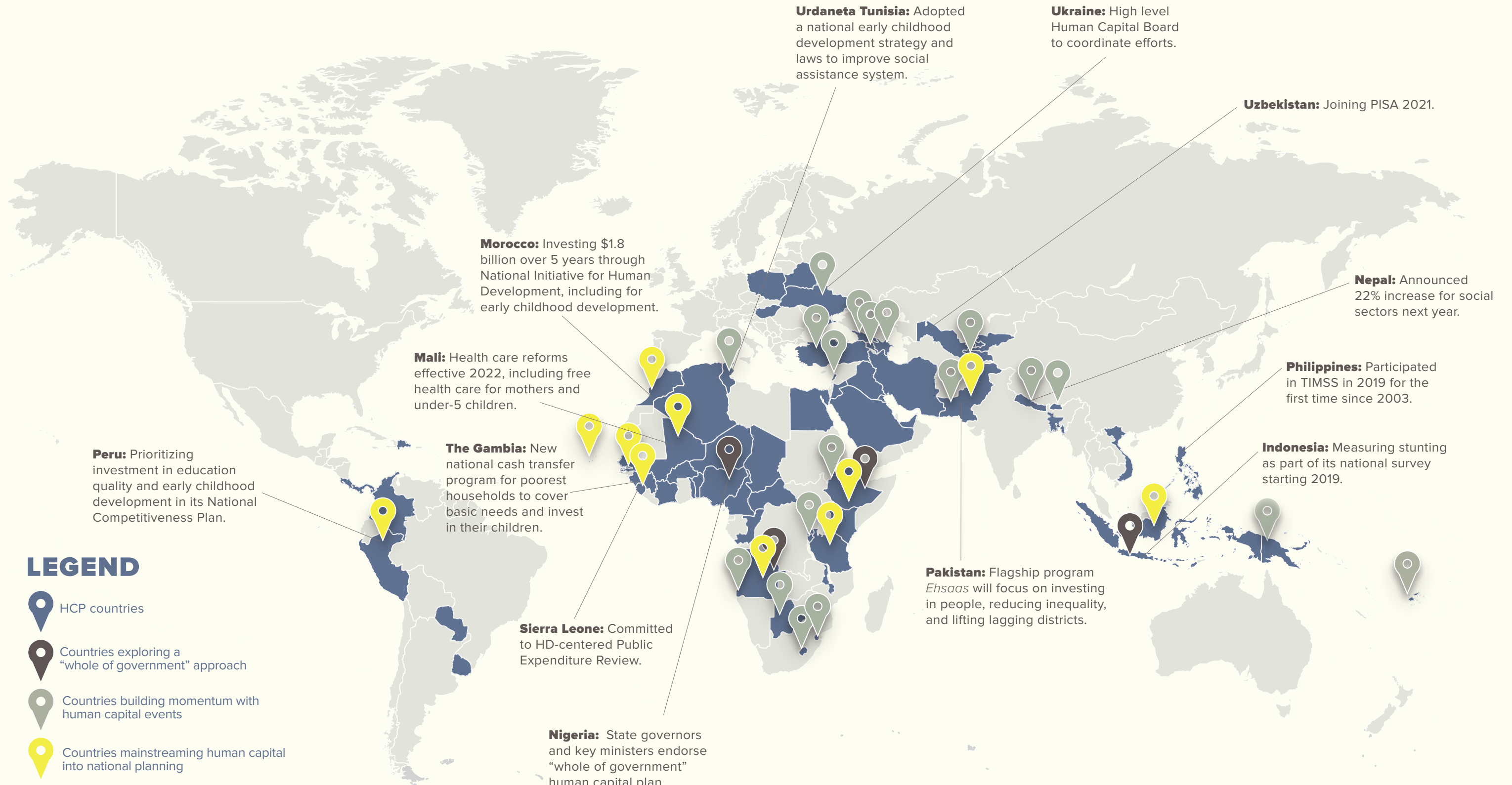
- A joint **Bhutan-Nepal** Forum was held in Kathmandu in June 2019 to elevate the human capital agenda with political leaders and government officials across different ministries, media and civil society. The Forum sought to craft a vision for human capital development of the two countries.
- A **Preparing for the Future: Youth, Education, Jobs and Technology in Mashreq** event was organized in Beirut in November 2018.
- In addition, human capital was the key theme at several **cabinet retreats or high-level government events** in Angola, Armenia, Botswana, eSwatini, Georgia, Kenya, Lesotho, Papua New Guinea, Tajikistan, Tanzania, and Turkey between November 2018 and June 2019.

○ Strengthening Data

Measuring human capital requires good data. HCP countries are working to improve national and subnational measurements.

- **Uzbekistan** announced it would join the Programme for International Student Assessment (PISA), enabling it to generate data on student learning and be included in the HCI.
- Several countries (e.g. **Central African Republic, Cote d'Ivoire, Guinea, Niger, Nigeria**) are implementing early grade assessments of reading and mathematics.
- Efforts are underway to support the first ever PISA for **Mongolia**.
- **Morocco** aims to use the HCI to measure progress under its National Initiative for Human Development and will work to improve measurability by gathering data on the quality of early childhood development services and their impact on socio-emotional development of children.
- **Indonesia** is introducing annual measurement of stunting in its national survey starting in 2019 to measure progress in tackling child nutrition.
- **Vietnam** is strengthening data to understand subnational divergences in outcomes, developing a methodology to estimate the quality adjusted expected years of schooling by ethnicity. The World Bank Group is supporting this agenda, working on a paper titled “*Persistent Malnutrition in Ethnic Minority Communities of Vietnam: Issues and Options for Policy and Interventions.*”
- The Government of **Peru** launched a new module as part of the annual Demographic and Health Survey (DHS) that will measure early childhood development outcomes nationwide, complementing other regular measures such as stunting rates.
- In 2019, the **Philippines** participated in the Trends in International Mathematics and Science Study (TIMSS) for the first time since 2003.

WHAT HCP COUNTRIES ARE DOING



LINKING EXPERIENCE AND KNOWLEDGE: THE HCP COUNTRY NETWORK

The HCP Country Network provides a platform through which HCP countries can share experiences and discuss reforms toward their common vision to improve human capital outcomes.

Focal Points Meet and Engage

- Each HCP country nominated a focal point to spearhead action under this initiative. At the 2019 Spring Meetings, **focal persons representing 41 countries**, alongside an additional 25 partners from diverse organizations, gathered for a 1.5-day Focal Point Forum.
- The Forum relied on **country cases** studies to drive discussions, including from Argentina, Chile, Ethiopia, Peru, Poland, Senegal, Singapore, and Vietnam. Themes included stunting, economic performance, early childhood development, learning outcomes, whole-of-government leadership, universal health coverage, community health workers, safety nets, and conditional cash transfers.



An artist-rapporteur captured the main take-aways from the Forum.



Dr. Ta Ngoc Tri, Deputy Director General, Primary Education Department, Ministry of Education and Training, Vietnam.

Mahra Al-Ali, Lead Researcher, the Federal Competitiveness and Statistics Authority, United Arab Emirates.

Coming Together Online

During the Forum, an online Focal Point Platform was launched as an invitation-only space to allow government focal points to connect, review upcoming special events, and access a knowledge library.

The Platform is in an active Beta phase with plans to convene knowledge-sharing sessions, promote relevant learning events among partners, and gather feedback over time.

○ *Creating Case Studies*

Countries around the world have seen steady improvements in stunting, learning outcomes, and equity of outcomes, among others. Unpacking *how* countries have realized these results provides useful evidence for governments that are working to identify reforms to make similar progress in their own countries.

To respond to HCP Country Network demands, in the first half of 2019, researchers delved into the experiences of Singapore, Morocco, Ghana, and the Philippines to focus on whole of government approaches, schooling and adult survival, stunting, and human capital as an export, respectively.

Later in 2019, a case study on Ireland will focus on how the country's focus on human capital helped to transform its economy and weather the 2008 financial crisis.

○ *HCP Country Newsletter*

In January 2019, HCP focal points and their colleagues received the first HCP Country Network newsletter, *Human Capital Project Country Connections*.



HUMAN CAPITAL PROJECT **COUNTRY CONNECTIONS**

If you would like to sign up for the HCP Newsletter please visit:
<http://bit.ly/hcpglobalnews>

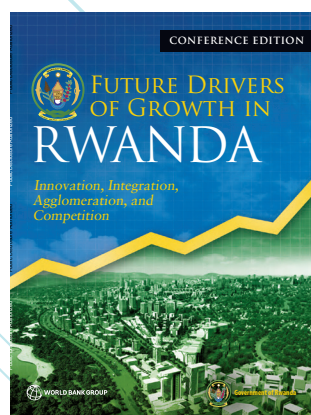
Analyzing Human Capital

Since the HCP launch, several country publications from the World Bank Group have focused on human capital or carried strong human capital messages.

- **Pakistan@100: Shaping the Future** (March 2019) argues that Pakistan's young and growing population of 208 million is its greatest asset. Capitalizing on a demographic dividend will be essential to double the country's productivity.



- **Future Drivers of Growth in Rwanda** (November 2018) argues that the hard work to realize economic growth will begin in Rwanda's classrooms. The country needs a massive effort to build human capital—its own education-focused 'Marshall Plan'—and realize its ambitious targets.



- Regional and country economic monitors and updates have stressed the critical nature of human capital for sustainable and long-term growth and identified policy priorities for improving outcomes.



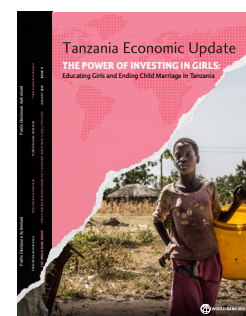
Malaysia
(December 2018)



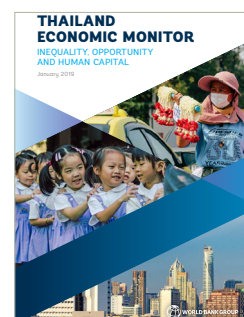
Myanmar
(December 2018)



Laos
(January 2019)



Tanzania
(January 2019)



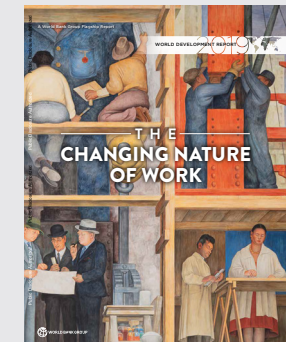
Thailand
(January 2019)



Gulf Cooperation Council
(April 2019)

Dissemination

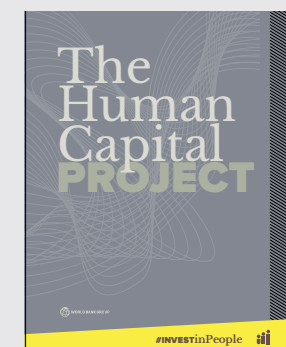
WORLD DEVELOPMENT REPORT 2019
OVER **1.3 MILLION** DOWNLOADS



GLOBAL AND COUNTRY-SPECIFIC
HCI DATASETS
OVER **31,000** DOWNLOADS



HCI COUNTRY BRIEFS
FOR 157 COUNTRIES
OVER **28,000** DOWNLOADS



HCP BOOKLET
OVER **41,000** DOWNLOADS

HCI EXPLAINER VIDEO
FEATURING ANNA
450,000 VIEWS IN 7 LANGUAGES



BUILDING MOMENTUM



AN CAPITAL SUMMIT
Global Call
to Action



Global Engagement

In the last 12 months, there has been a strong focus on disseminating headline messages from the HCI, bringing countries and stakeholders on board, and placing human capital at the center of the global development agenda.

Media

The HCI launch had unprecedented global media coverage that positioned the index as a valuable and innovative public good designed to elevate understanding and accelerate action.

- **Financial Times:** The *Financial Times* published a special supplement on human capital on the day of the HCI launch.

Stakeholder and Influencer Engagement

A wide range of global leaders showed support for the human capital agenda.

- **Human Capital Champions Coalition:** A diverse selection of global leaders across philanthropy, civil society, private sector, multilateral institutions, and government were invited to join an informal coalition of human capital champions to advise on the HCP, advocate for more and better investments in people, and engage on the issues. These champions used their influence across a range of platforms: champions signed an Open Letter to the World on why the world should care about human capital that featured

on the front page of the *Financial Times* supplement, contributed op-eds and blogs, spoke at media interviews, took part in a range of public advocacy events, provided video statements about more and better investment in human capital, and actively carried these messages across social media channels to reach an estimated 17.5 million people.



Global Events

During the 2018 Annual Meetings in Bali and the 2019 Spring Meetings in Washington, DC, several events and discussions with representatives across government, philanthropy, civil society, the private sector, and bilateral and multilateral institutions centered around impediments and solutions to better investments in people.

World Bank Group Annual Meetings 2018, Indonesia

The HCI launch had unprecedented global media coverage that positioned the index as a valuable and innovative public good designed to elevate understanding and accelerate action.

- The third annual Human Capital Summit opened with a high-level conversation between Prime Minister Lee Hsien Loong of Singapore and Jim Yong Kim, then President of the World Bank Group, on the changing nature of work and the resulting need to prioritize investments in people, the importance of shifting the focus away from supply toward outcomes and demand, and why every country in the index has work to do on human capital development.
- The HCP Ministerial Roundtable, opened by World Bank Group CEO Kristalina Georgieva engaged more than 20 finance or planning ministers on opportunities to strengthen their human capital.
- Disruptive technology featured prominently at an Innovation Fair to showcase the work of private-sector innovators contributing to human capital formation.

World Bank Group Spring Meetings 2019, Washington, D.C.

- World Bank Group President David Malpass met with global Human Capital Champions and Ministers of Finance from HCP countries to discuss progress and ideas for the way forward.
- The HCP Ministers' Conclave afforded time for updates on progress from Bali and, with the number of HCP

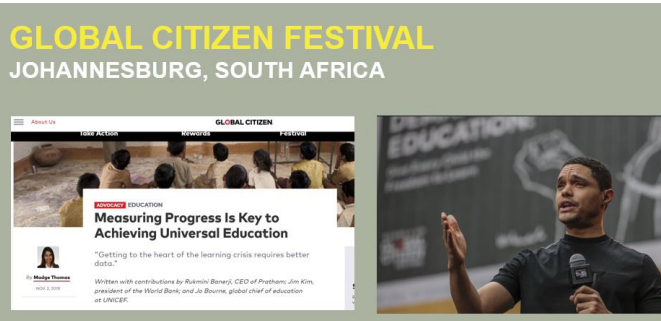
countries more than doubling since the HCP launch, space to welcome many new members.

- **Building Human Capital in Africa:** The Future of a Generation engaged inspirational youth leaders, H.M. King Letsie III of Lesotho, policy makers from Rwanda, Malawi, Niger, and Kenya, and civil society on challenges, aspirations, and actions to build the human capital of the next generation.



Global Citizen Mandela 100, Johannesburg

At the event in December 2018, Global Citizen CEO and Human Capital Champion Hugh Evans introduced then World Bank Group President Jim Yong Kim who called on citizens to demand better from their leaders, introduced the Presidents from Sierra Leone and Rwanda, highlighting their human capital commitments, and announced that the World Bank Group would finance \$1 billion more across health and education in Africa.





SCALING UP OUR SUPPORT: THE AFRICA HUMAN CAPITAL PLAN

The World Bank Group launched an Africa Human Capital Plan in April 2019 to underscore its commitment to respond to the tremendous human capital challenges and opportunities for human capital development in Sub-Saharan Africa.

The Plan sets ambitious targets in the region for 2023. These include a drastic reduction in child mortality to save 4 million lives, averting stunting among 11 million children, and increasing learning outcomes for girls and boys in school by 20 percent. These outcomes could raise Africa's HCI score and increase the productivity of future workers by an estimated 13 percent.

The Plan identifies game changers for World Bank support.

- Increasing World Bank financing for human capital in Africa, to reach US\$ 15 billion for human development in 2021-23.
- Supporting policy reforms to tackle systemic obstacles to human capital.
- Accelerating the demographic transition via a new series of projects empowering women across the region.
- Preventing and reversing damage to human capital in fragility, conflict, and violence affected settings.
- Leveraging technology and innovations in World Bank Group projects to further human capital.
- Advancing research and advocacy to strengthen the knowledge base and the demand side of human capital.
- Rallying World Bank Group country teams and partners around the human capital agenda to enable comprehensive cross-sectoral solutions at scale.

Photo: Vincent Tremean / World Bank

LOOKING FORWARD: THE HCP IN YEAR 2

Building on Momentum

In its second year, the HCP will continue efforts to accelerate human capital outcomes globally. HCP countries are focused on realizing national plans that have prioritized human capital, acting on agreements reached at national and international fora, and implementing programs newly introduced.

The HCP Country Network will step up efforts to link countries and provide a space in which to share knowledge. Specific activities will include the HCP website and platform, newsletter, and virtual learning. In-person events will help strengthen ties among these countries and the World Bank Group is ready to provide in-depth technical assistance to specific countries on topics of common interest across the network.

The World Bank Group will support the HCP countries through analytical and programmatic work. The Africa Human Capital Plan includes innovative human capital development policy operations to foster policy change, new women's empowerment and demographic change projects, and the mobilization of a network of Africa Human Capital Champions. Development of similar visions for MENA and South Asia regions is underway.

Human Capital Diagnostic reports are envisioned to help countries analyze the opportunities for and constraints to better human capital outcomes.

A Progress Tracking Tool aims to help countries with indicators to measure intermediate progress toward the long-term outcomes measures in the HCI.

AN EXCITING RESEARCH AGENDA

Updating the HCI

Work is now underway on an HCI update to be published in April 2020, which will include more countries. It will also include updated data, most significantly on student learning. However, this update is not expected to change the picture significantly for most countries, as progress is generally reflected over a longer period.

Further Data to Inform Policy Action

While the HCI has, as intended, been a powerful headline tool, future policy action needs to be informed by more than a single aggregate measure.

1. Disaggregation will allow insights into where human capital deficits are the greatest and where returns to policy interventions are likely to be highest. Subnational geographic disaggregation of the HCI has been done for several countries, including Angola, Chad, Indonesia, Mali, Niger, Pakistan, Peru, the Philippines,

Romania, Sierra Leone, Sri Lanka, and Turkey. Disaggregation by socioeconomic status is ongoing for a large group of countries.

2. A “history” of curated data on the index and its components over the past two decades will shed light on past trends to inform scenarios for the future.
3. Service Delivery Indicator surveys (across health and education) have been completed or are currently ongoing in 19 countries in Africa and in 3 countries outside of Africa (Bhutan, Guatemala, and Indonesia). Iraq is planning to launch the survey in 2020. These nationally representative surveys provide governments with valuable information about the quality of services being delivered, particularly on the knowledge and motivation of teachers and frontline health workers. The data can be useful in designing more locally appropriate service delivery models.

RESOURCES

Human Capital Project: worldbank.org/humancapital

Spring Meetings 2019 Events: worldbank.org/humancapitalevents

360 Photos/Virtual Reality Experience: worldbank.org/humancapital360

Human Capital News & Feature Stories: worldbank.org/humancapitalnews

Human Capital Blogs: worldbank.org/humancapitalblogs

Video Playlist on Youtube: [Building Human Capital](#)

HUMAN CAPITAL PROJECT



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