

## ABOUT THIS SERIES

This four-part series explores the strategies governments have deployed to overcome the myriad barriers to effectively invest in human capital. It focuses on a whole of government approach that (i) sustains efforts across political cycles; (ii) coordinates across government; and (iii) designs policies and programs that use and expand the evidence base.

While adopting any one of these strategies can help build human capital, countries that have implemented all three in tandem are often among those that have made major strides in improving human capital outcomes. In this series, we examine the various dimensions of this approach using country examples and conclude with a look at how success across all three strategies has led to meaningful gains and lasting benefits.



# How countries nurture Human Capital

## Implement a whole of government approach

Many countries that have pursued continuity, coordination, and evidence in tandem have managed to achieve complete transformations.

### Whole of Government Approach

In their efforts to build human capital, countries that have successfully managed to sustain efforts across political cycles, coordinate across government, and design policies and programs that use and expand the evidence base have been most effective in accumulating human capital, thereby reaping many lasting social and economic benefits. These include countries like Singapore, the Republic of Korea, Japan, Ireland and Finland, to name a few. Many have managed to achieve significant transformations in just a few decades.

### Singapore: creating a world-class education system

In 1950, an adult in Singapore averaged 2.1 years of formal schooling. This rose five-fold by 2010 to 10.6 years, higher than the East Asia average of 7.9 years. Government-driven investment in the learning economy helped Singapore develop a world-class networked learning and innovation system, capable of delivering quality education in response to market signals. Because the government placed a premium on education, it determined that no student should be denied an education for lack of funds. Its education policy sought to incorporate all

private and public schools into a unified national system of education through direct state funding or generous grants-in-aid. The government also subsidized higher education by providing low-interest loans from a revolving fund.

By the 1970s, Singapore achieved universal primary education; it had 44 percent secondary enrollment by 1990. Simultaneously, it built up its vocational training sector, making a determined effort to match the skills offered by vocational schools with those needed by the market.

**As the country attracted increasing foreign investment, the government worked in tandem with these foreign companies on training technicians for their factories.** Companies were persuaded to train twice the number of technicians needed and given the opportunity to choose first from among the graduates; the pool of remaining qualified technicians served to attract new investors. Ultimately, the training centers were consolidated to form the Institute of Technical Education (ITE), an arm of the Singapore Ministry of Education. An employment rate of 90 percent speaks to the quality of ITE graduates. At the university level, responsiveness to market needs has meant engaging employers in curriculum and course design. **Key government agencies work together and serve as intermediaries between the education and business sectors to ensure that feedback is constant and acted upon.**

**Singapore has also made extensive use of international benchmarking as a tool for improvement,** participating in Trends in International Mathematics and Science Study (TIMSS) for many years and in Programme for International Student Assessment (PISA) since

2009. Singapore today boasts some of the highest learning outcomes in the world as measured by international assessments. It outperforms all other participating countries in science, reading and math in PISA, at a level that is more than two years ahead of OECD counterparts.<sup>1</sup>

## Peru: a long-term vision to reduce stunting

Between 2005 and 2016, the rate of chronic malnutrition in children in **Peru** declined from 28 percent to 13 percent. **Effective public policy on reducing stunting in children was maintained across successive governments with each administration setting new and ambitious targets to reduce stunting.** In 2007, the national strategy for Early Childhood Development, Crecer, rallied national, regional and municipal governments to reduce poverty and boost development in **cooperation with the private sector, international development agencies and grassroots organizations.** A communications strategy jointly led by these diverse partners created widespread awareness about the devastating impact of chronic malnutrition and its potential prevention with early interventions. As more mothers met more regularly with doctors, nurses and nutritionists in clinics and health centers, their habits started to change and with it the health of millions of Peruvian children. Between 2007 and 2016 the number of children who were stunted fell by 49 percent in urban areas and by 50 percent in rural areas.

Crecer had a three-pronged strategy. First, it stressed that nutrition was a much wider issue than just food distribution. **Water, sanitation, access to health services, education and the empowerment of women in poor, remote and rural communities were critical to reducing stunting.** It was impossible to effectively combat chronic malnutrition without regular child growth monitoring and promotion as well as fighting infectious diseases, improving sanitation and access to water. Second, the government **stressed the importance of coordination, horizontally across ministries and public bodies and vertically, between national, regional and municipal authorities.** Third, and most crucial to effective implementation of the strategy, was the decision



Beneficiaries of Peru's Crecer program.  
Photo: Bibiana Melzi

to give the power (and resources) for tackling the problem to regional and municipal governments while holding them accountable.

The Ministry of Economy and Finance took a leadership role. Using a **results-based approach** to spending resources on nutrition, sectors converged and worked toward a common goal. Peru was **careful to spend money only on tried-and-tested methods and evidence-based interventions** that had already been shown to improve nutrition and children's health elsewhere. **The importance of real time data and well-functioning systems was recognized early, and action was taken.** Cash incentives, through a Conditional Cash Transfer program known as Juntos, were a crucial part of the solution. Juntos provided cash to mothers while requiring them to take their young children regularly to health, growth monitoring and promotion check-ups at health centers and ensure that their older children attended school. This payment increased demand for health and social services in poor and rural communities.<sup>2</sup>

## Ireland: linking jobs and skills

A chiefly agrarian economy in the 1970s with an average GDP of US\$88 billion, **Ireland transformed itself in the late 20th century, capitalizing on the economic opportunities presented by the new frontiers of electronics, information technology, and globalization.** In 2017, Ireland's GDP reached an all-time high of nearly US\$334 billion.

**Investment in human capital development was an important contributor to the country's economic growth and included significant reforms of education and training.** The country achieved close to universal primary education by 1970 with 63 percent net enrollment in secondary education. By 1990, net enrollment in secondary education had risen to 80 percent. Having solidified these tiers of education, Ireland, focused on a sustainable economy anchored to a learning economy.

In 1997, Ireland **established a broad-based Expert Group on Future Skill Needs responsible for assessment of various industries and sectors,** supported by an institutional implementation framework, and the establishment in 1999

**Implementing all three strategies together can help achieve dramatic transformations.**

## REPUBLIC OF KOREA:

-  sustained investments in health and education
-  complemented by sound economic policies
-  took advantage of demographic dividend
-  6.7% average annual growth over 40-year period

of government-funded, industry-led, training networks. The aim was to ensure a supply of higher education graduates with technical skills and training to meet the demand of the labor market. By ensuring that its graduates **met international standards**, Ireland was able to attract multinational corporations to its shores. In fact, a world-class tertiary education sector was singled out as the long-term driver in a world where business people, economists, and scientists identified innovative technologies as the principal means of growth. Accreditation and competency standards were facilitated through **increased devolution of responsibility from the Department of Education to agencies with a wider representation of educational interests.**

**Ireland also benchmarked its primary education system against international standards.** Based on the 2015 PISA scores, Irish secondary school students rank third among students in 35 OECD countries for reading, while they performed significantly above average in math and science (13th place).

Good governance played a part in Ireland earning its reputation as a “Celtic Tiger” economy over two decades. **Working closely with Irish providers of infrastructure and skills, the Industrial Development Agency aimed to attract foreign investment by ensuring that Ireland’s urban infrastructure services were world class and its human capital equipped with technical and soft skills.** The efforts of this agency were complemented by the Science Foundation of Ireland, created in 2000 to manage the €646 million Technology Foresight Fund. The fund’s purpose was to multiply the ties between the research and business communities in conjunction with the Programme for Research in Third-Level Institutions.<sup>3</sup>

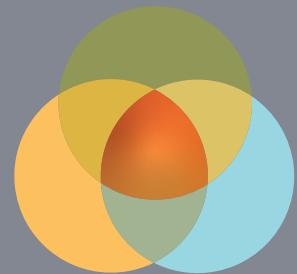
## Republic of Korea: complementary investments over many decades

Starting in the early 1960s, the **Republic of Korea** underwent a massive demographic and economic transition resulting in average annual growth of 6.7 percent over a 40-year period. **Successive governments made investments in health and education and determined economic policies that took advantage of the ensuing demographic dividend.** Aggressive investment in family planning policies, health centers and field workers, as well as mothers’ clubs for more rural areas to provide information, education and contraceptives helped to achieve a target of 45 percent of married couples using family planning. As a result, Korea’s fertility declined rapidly. Between 1950 and 1975, fertility declined from 5.4 children per woman to 2.9, and this number decreased to 1.2 by 2005.

With a large working-age population, Korea accelerated economic growth through policy measures across several sectors. **The government shifted its education and skills development strategy to result in a higher skilled labor force.** A ‘production-oriented education’ strategy provided citizens with knowledge and skills needed for economic development. The country also introduced comprehensive economic plans that focused on investments in labor-intensive sectors, directed investments to infrastructure and rural construction programs, and created a favorable business environment that brought in foreign direct investments. **Korea’s deliberate decision to simultaneously enact health, education, and economic growth policies enabled these efforts to reinforce one another, enhancing effectiveness and helping to deliver sustained economic growth over many decades.<sup>4</sup>**

## ENDNOTES

- 1 Yusuf, S. and Nabeshima, Kaoru. 2012. Some Small Countries Do It Better: Rapid Growth and Its Causes in Singapore, Finland, and Ireland. The World Bank.
- 2 Marini, A., Rokx, C. and Gallagher, P. 2017. Standing Tall: Peru’s Success in Overcoming its Stunting Crisis. The World Bank.
- 3 Yusuf, S. and Nabeshima, Kaoru. 2012. Some Small Countries Do It Better: Rapid Growth and Its Causes in Singapore, Finland, and Ireland. The World Bank.
- 4 Population Reference Bureau. 2012. <https://www.prb.org/south-korea-population/>



The Human Capital Project is a global effort to accelerate more and better investments in people for greater equity and economic growth. The Project is helping create the political space for national leaders to prioritize transformational investments in health, education, and social protection. The objective is rapid progress toward a world in which all children are well-nourished and ready to learn, can attain real learning in the classroom, and can enter the job market as healthy, skilled, and productive adults.