

COMING TOGETHER: The Human Capital Project Ministers' Conclave



On April 11, 2019, the World Bank hosted the first Human Capital Project (HCP) Ministers Conclave in Washington, DC. Held during the World Bank/IMF Spring Meetings, the event was attended by Ministers and other high-ranking government officials from over 60 countries. Other key development partners and champions for human capital were also represented.

Following the launch of the Human Capital Index (HCI) in Bali, Indonesia in 2018, the Conclave provided an opportunity for the first wave of 28 Human Capital Project countries to take stock of their efforts to accelerate human capital outcomes and to welcome new members, as the number of HCP countries has more than doubled. The event encouraged sharing of experiences, ideas, good practices, and challenges.

World Bank Vice President for Human Development, Annette Dixon, welcomed participants and set the stage for the Conclave in her opening remarks by noting that, "Nearly 60 percent of the children born today on the planet will be half as productive as they could be if they had complete education and full health." She highlighted several key priority areas for HCP countries and their development partners to undertake: jobs for women and youth; sustainable financing and improving health and educational outcomes; demographic transition in high fertility and in aging societies; the challenges of building human capital in contexts of fragility and conflict; and customizable approaches for middle-income countries. Dixon stressed the need to translate commitment into action and announced the **World Bank's Africa Human Capital Plan, which sets ambitious targets supported by \$15 billion of new WB financing for human capital projects in Africa from 2021–2023.**



ANNETTE DIXON
Vice President, WORLD BANK

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The two-hour discussion touched upon a variety of topics. Ministers of Finance often began by underscoring the importance of human capital to their nations. As Ukraine’s Minister of Finance, Oksana Makarova noted, “Developing human capital is not an expenditure in our budget. It’s an investment. Investment in education, investment in health care and investment in social spheres.” Throughout the conversation, participants shared progress made on the human capital agenda since Bali. Countries noted that they used the HCP/HCI as a call to action to improve human capital outcomes and to identify and remove barriers to effective investments. Many countries emphasized **innovative education programs** and reforms, including raising teachers’ salaries by 150% (Uzbekistan); constitutionally allocating a percentage of the national budget to education (Costa Rica); or developing digital skills by installing computers in every school in the country (Cabo Verde). Countries often adopted strategies that comprise a **whole of government approach** that (i) sustains efforts across political cycles; (ii) coordinates across sectoral silos; and (iii) relies on available evidence.

Investing in early childhood was also identified as a foundation to improve human capital outcomes. The first 1,000 days of life are particularly meaningful, with enhanced support during this time a key enabler to maximize the growth and development potential of children and increase the returns to human capital investments through better learning outcomes and improved productivity. The necessity of monitoring the quality of education was also mentioned as essential to support the progress of education reforms and ensure that they translate into tangible results.

As Georgia’s Minister of Finance, Ivane Matchavariani cautioned, educational reform is a long-term process that must withstand changes in ministers and governments.

Another key challenge was raised by Morocco’s Minister of Public Affairs and Governance, Lahcen Daoudi, who noted that developing countries often invest in education only to see their well-educated youth leave for better jobs in other countries. Highlighting the impact of **brain drain**, he challenged the group to devise solutions to allow these graduates to stay and work in their home countries and regions.

There was a substantive discussion around the topic of **creating fiscal**



OKSANA MAKAROVA
Minister of Finance, UKRAINE

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MOEKETSI MAJORO
Minister of Finance, LESOTHO

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space and ensuring spending efficiency. Indonesia’s Chairman of the Fiscal Policy Agency, Suahasil Nazara noted that securing adequate financing is critical for Ministries of Finance. Akin to other participants, he emphasized the importance of domestic resource mobilization and maintaining an effective tax base. He also raised the issues of quality versus quantity of spending and whether budget allocations for health and education were achieving measurable impact on human capital outcomes.

Moeketsi Majoro, Lesotho’s Minister of Finance underscored this point by describing how his country spends twice as much on education and four times as much on health as the average sub-Saharan African country, however Lesotho’s outcomes remain poorer than its regional peers. “For us the money is already on the table,” he explained, “[the question is] why aren’t we getting better results?” This theme was picked up by several ministers, who expressed a keen interest to learn from their colleagues about ways to improve service delivery and the efficiency of spending.

Another critical topic was how to pursue human capital goals against a backdrop of long-term **budget shocks** related to climate

change and demographic shifts, as well as sudden shocks like conflict and displaced persons. Niger, for example, devoted 33 percent of its 2018 budget to education and health. However, as Minister of Planning Kane Boulama explained, “In addition to the security and climate challenges, we have a demographic challenge that weighs down our efforts to implement the reforms and financial efforts to improve our human capital indicators.”

Ato Shide, Ethiopia’s Minister of Finance and Economic Planning added that, “Issues of efficiency and budget spending and execution are extremely important for service delivery. We need to understand them better and learn from other countries’ experiences.”

In terms of effective strategies, some countries such as Egypt have



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been able to increase allocations for health and education through energy subsidy reforms. Others like the Philippines have implemented fiscal policies for health, including taxes on alcohol, tobacco, sugar, certain beverages, fuel and cars to create fiscal space for investments in human capital.

Several countries proposed **public-private sector partnerships** as a possible solution. This included Jordan, whose Minister of Planning and International Cooperation, Mary Kavar, spoke about the challenges of improving social protection, education and health in a country coping with an influx of refugees and large external debt. “We are thinking of innovative approaches in the areas of health and education and skills development to offset our financing strategies,” she explained, including public-private partnerships.

Social protection was identified as an integral enabler to build human capital as it allows households to afford access to health and bring kids to schools. It also targets the poor. In Benin the government is implementing a project that provides universal coverage and training to both the informal and formal sectors. “We now want to give people who work in the informal sector retirement benefits because not everybody can work in public service,” explained Magloire Aguessy, Director General in the Ministry of Planning and Development.

Several countries have made human capital the centerpiece of their development strategies and are using a **whole of government approach** to achieve their goals. After holding a broad inter-ministerial dialogue to identify national priorities, Uzbekistan’s



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Invest in early childhood; provide children access to technology; mitigate brain drain; measure progress using international assessments; broaden the tax base; ensure quality spending; prepare for budget shocks; involve the private sector; employ social protection schemes; use a whole of government approach.





MAGLOIRE AGUESSY
Director General, Ministry of Planning
and Development, BENIN

“We now want to give people who work in the informal sector retirement benefits because not everybody can work in public service.”

national development strategy was prepared using human capital investment as a core approach. And the HCP aligns with Jordan’s national priorities focused on expanding early childhood education, growing health insurance coverage, reforming vocational and training education, and exploring job creation programs.

Epitomizing the whole of government approach, Grant Robertson, Minister of Finance, New Zealand spoke about his country’s new ‘Wellbeing Budget’, which focuses on the country’s financial, social, natural, and human capitals. Launched by the government in May, the budget features indicators across all four capitals that are measured

each budget cycle, with ministers responsible for working together to jointly achieve these targets. “By prioritizing across the [four] capitals we create fiscal space for things that may not have traditionally been seen as being important in a budget,” he explained. The Wellbeing budgetary framework is viewed as an innovative, useful mechanism to fully embed human capital development across the entire government.

From the inaugural HCP Conclave, it is clear that many countries are making significant efforts to accelerate human capital outcomes. They have focused on creating additional fiscal space for health, education and social protection, including through growing the tax base, increasing



GRANT ROBERTSON
Minister of Finance, NEW ZEALAND

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HENRIETTA FORE
Executive Director, UNICEF

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the efficiency of their spending and improving the quality and coverage of the services delivered. They have often adopted a whole of government approach. There is also an urgent need for more and better data and evidence to inform policies and programs. Important themes that featured in the Conclave discussion included the need to invest in the earliest years of children’s lives, to utilize technological solutions, and to solve the special challenges and constraints to human capital development faced in fragile and conflict-affected settings. After declaring that the Conclave was “an absolutely remarkable gathering in its depth and breadth and the numbers of people since Bali,” Henrietta Fore, Executive Director, UNICEF, underscored the crucial point that, “behind the Human Capital Index are people and a life cycle. It is a life cycle of investment within a country. And we need to think of it that way.”

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 healthy, 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.



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