

HUMAN CAPITAL PROJECT MINISTERIAL CONCLAVE

INVESTING IN HUMAN CAPITAL IN THE TIME OF COVID-19

On October 8, 2020, ministers and development partners from over 60 countries participated in the third Human Capital Project Ministerial Conclave to share experiences, policy approaches and strategies to combat the impacts of the COVID-19 pandemic on human capital.



DAVID MALPASS
President, World Bank Group

“The impacts of crises like COVID-19 are felt not only by those directly affected in the present, but can have lasting effects across populations for generations to come. The Human Capital Project brings together governments, development partners, civil society, and the private sector to protect and invest in people for a better, more inclusive future.”

A WORLD IN CRISIS

The Human Capital Project, launched in 2018, aims to accelerate more and better investments in people for greater equity and economic growth. However, 2020 brought a pandemic that threatens to erase a decade of progress: The International Labour Organization puts job losses at 400 million, an estimated 1.5 billion children had no schooling for over six months, and there was a stark reduction in nutritional status and access to health services. The COVID-19 pandemic calls on country governments step up efforts to protect and nurture human capital.

In her opening remarks, Mamta Murthi, Vice President for Human Development, World Bank, set the agenda for the discussions: **“In this crisis, traditional approaches to policymaking and budgeting and resource allocation will not be sufficient. There is a need to build consensus around new policy priorities and, in addition, emergency relief measures to**



MATMA MURTHI
World Bank Vice President
for Human Development

protect people and prevent an economic collapse. There is also a need to think about recovery including reforms that can build economic resilience, restore human capital, and ensure a sustainable and inclusive economic growth path in the medium term.”

As speakers addressed the Conclave, they dove in to the three main themes of the event: mobilizing finance, prioritizing expenditure, and deploying innovative solutions to protect their populations against the fallout of the pandemic.



SRI MULYANI INDRAWATI
Minister of Finance,
Indonesia



AÏCHATOU KANÉ
Minister of Planning,
Niger



KEVIN WATKINS
Chief Executive, Save the Children,
UK



AHMED SHIDE
Minister of Finance,
Ethiopia



BENIGNO LÓPEZ
Minister of Finance,
Paraguay



MAKHNUM KHUSRO BAKHTYAR
Minister for Economic Affairs,
Pakistan



RANIA AL-MASHAT
Minister of International Cooperation,
Egypt

MOBILIZING FINANCE TO PROTECT AND INVEST IN HUMAN CAPITAL IN RESPONSE TO COVID-19

Generating adequate and sustainable financing to protect and invest in human capital was a central theme of the Conclave. Several ministers and development partners referenced the importance of extraordinary spending, domestic resource mobilization, debt service suspension, and international support.

Sri Mulyani Indrawati, Minister of Finance, Indonesia, said the Indonesian government had taken the unprecedented step of widening the fiscal deficit beyond traditional levels to rapidly increase its budgetary response to the pandemic. This enabled swift delivery of quality health care which is the country's highest budget priority. Aïchatou Kané, Minister of Planning, Niger, expressed

appreciation for the willingness and flexibility of creditors to allow for debt service suspension and reprioritization of existing portfolios.

This has helped Niger efficiently channel financial resources to vulnerable people. Minister Kané added, **“Niger is implementing various strategies for resilience to improve our potential to mobilize revenue to ensure financing of human capital.”**

Dr. Kevin Watkins, Chief Executive, Save the Children UK, underscored the need for a supplementary International Development Assistance budget to finance urgent human capital investments. Looking further down the road, Karina Gould, Minister of International Development, Canada, said, **“Canada recently announced its participation in the COVAX Advance Market Commitment to ensure rapid, fair, equitable access to COVID-19 vaccines**

for all participating countries regardless of purchasing power.”

The World Bank too has pledged \$12 billion toward purchasing and deploying COVID-19 vaccines in low- to middle-income countries.

PRIORITIZING EXPENDITURES AND GENERATING EFFICIENCIES WITHIN A LIMITED FISCAL SPACE

Ministers spoke about the dual challenge of falling revenues and rising demands for support in the face of the COVID-19 crisis. Despite this, several countries voiced their continuing commitment to prioritize education, health, and nutrition goals.

While experiencing a decline in GDP, the Government of Ethiopia has maintained steady funding to health and education and even committed additional funding to the reopening of schools. Ahmed Shide, Minister of Finance, Ethiopia, said, **“We believe**

in investing in the full potential of our young population...”

In Pakistan, the National Nutrition Coordination Council and the new National Education Policy Framework have ensured widespread access to nutrition and a common countrywide education curriculum.

Dr. Kitaoka Shinichi, President, Japan International Cooperation Agency (JICA) described how JICA has been working with countries in prevention, precaution and treatment of COVID-19. He said to the group, **“No country is safe until all countries become safe.”**

To protect the most vulnerable populations, Benigno López, Minister of Finance, Paraguay, said, **“...we are designing new national comprehensive early childhood development strategies for 2021.”**

To ensure and boost access to online education, Indonesia provided free internet access for poor and vulnerable families and gave them discounts on their electricity bills. And to safeguard progress made with stunting, the government has put an emphasis on nutrition.

DEPLOYING INNOVATIVE SOLUTIONS TO PROTECT HUMAN CAPITAL OUTCOMES AND CLOSE EQUITY GAPS

Countries are introducing innovative approaches to address the COVID-19 crisis, many of which will help put into place more equitable and resilient systems that outlast the pandemic.

Several ministers spoke about the how their countries have leveraged well-established social safety net programs and related databases to speedily and accurately prioritize cash transfers for poor and

vulnerable households. The VAT Compensation, a new unconditional cash transfer in Colombia, assisted 1 million low-income households in navigating the economic crisis precipitated by the pandemic. Another innovation, Ingreso Solidaria was a further support. As Luis Alberto Rodríguez, Director-General of National Planning, Colombia, explained **“Over 3 million households, not currently recipients of any state social programs, have benefitted from Ingreso Solidario, a monthly unconditional cash transfer. Recipients are notified of the deposit via their cell phones.”**

Makhdum Khusro Bakhtyar, Minister of Economic Affairs, Pakistan, said, **“During the first lockdown, we used national databases to disperse cash transfers to 16 million vulnerable households; 63 percent of recipients were women.”**



KARINA GOULD
Minister of International Development,
Canada



KITAOKA SHINICHI
President of Japan International
Cooperation Agency (JICA), Japan



LUIS ALBERTO RODRÍGUEZ
Director-General, National Planning
Department, Colombia



FÉLIX MOLOUA
Minister of Planning, Economy and
Cooperation, Central African Republic



ZUNAID PALAK
State Minister, Information and
Communication Technology, Bangladesh



IVANE MATCHAVARIANI
Minister of Finance,
Georgia

Egypt's Takaful and Karama (Solidarity and Dignity) Program enabled the government to speedily provide support to over 2.2 million households. Further, as H.E. Dr. Rania Al-Mashat, Minister of International Cooperation, Egypt, explained, **“[Egypt is] the first country in Africa and the Middle East to launch Closing the Gender Gap Accelerator, which puts into effect policies with the private sector on women’s engagement in the job market, leadership roles, and post-COVID job skills.”**

Leveraging the existing LONDO project, the Central Republic of Africa introduced a cash-for-work program

for local micro-entrepreneurs. Their job was to produce personal protective masks for the country’s population. Félix Moloua, Minister of Planning, Economy and Cooperation, Central African Republic, said, **“Over 10 million masks were sewn by local workers, resulting in \$114 million being invested in the local economy.”**

Digital technologies opened up immense possibilities for several countries, especially as education and health moved online, and governments found that digital technologies became an invaluable tool for bridging equity gaps. As Ivane Matchavariani, Minister of Finance,

Georgia, said, **“Today’s technological advancements allow equal access to innovative solutions in education and health care to all social groups.”**

Bangladesh, with over 600,000 digital workers, credited the country’s investment in digital technologies over the past six years for the country’s increase in GDP during 2020. Junaid Palak, Minister of State for Information and Communication Technology, Bangladesh, noted **“We have used digital technologies to sustain our economy from working from home to maintaining the agriculture supply chain... to continue education, as well as commerce and entertainment.”**



AXEL VAN TROTSENBURG
World Bank Managing Director for Operations

SUMMARY

As the session came to a close, Axel van Trotsenburg, Managing Director of Operations, World Bank reiterated a call for coming together in support of human capital: **“I think it was very encouraging to see that this is not a topic limited to discussions of ministers of health or education... many ministers of finance and planning and of course international cooperation joined in. And I think that is what we absolutely need because [human capital] is the responsibility of all.”**

The Third Human Capital Project Ministerial Conclave demonstrated the immense creativity, innovation, and resourcefulness of country governments to find sustainable ways of financing human capital, even during great challenges. As Sri Mulyani Indrawati, Minister of Finance, Indonesia stated: **“We are not wasting this crisis.”**

STATEMENTS

“The Kingdom of Morocco believes that human capital development plays an undeniably pivotal role in reducing poverty and boosting shared prosperity, and fully supports the human capital development initiative.”

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KINGDOM OF MOROCCO
Mohamed Benchaaboun
Minister of Economy, Finance,
and Administrative Reform

For Poland, the COVID-19 pandemic makes the area of human capital even more important, with known challenges. The Government reflects on the Human Capital Index and the importance of emphasizing life-long learning.

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REPUBLIC OF POLAND
Tadeusz Kościński
Minister of Finance

The United Republic of Tanzania notes the importance of investing in human capital, taking an integrated approach that includes coordination across sectors. The Government seeks to achieve broad socio-economic transformation for all Tanzanians.

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UNITED REPUBLIC OF TANZANIA
Doto M. James
Permanent Secretary
Ministry of Finance and Planning



The Human Capital Project is mobilizing countries and partners to improve outcomes for people, drive sustainable economic growth, and deliver opportunities for all. The project envisions a world where all children – both girls and boys – reach their full potential, growing up healthy, well nourished, engaged and protected during their early years, learn in the classroom, and enter the job market as skilled and productive adults.

For more information visit: www.worldbank.org/humancapital