

INVESTING IN THE EARLY YEARS

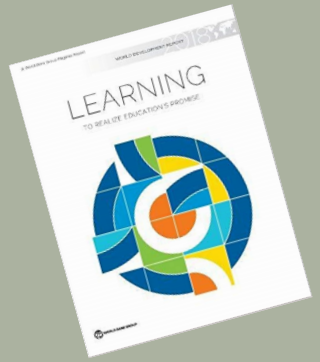
THE FOUNDATION FOR HUMAN CAPITAL

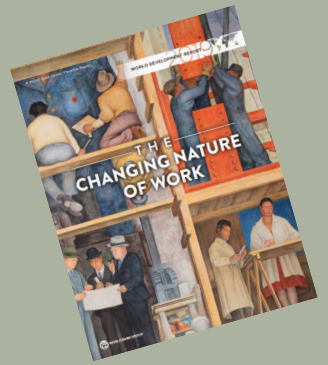
Annette Dixon
Human Development, Vice President,
The World Bank Group

Global Business Summit | November 2, 2018

HUMAN CAPITAL = 2/3 OF COUNTRIES' TOTAL WEALTH







Changing Wealth of Nations (2018)

2018 World Development Report: Learning to Realize Education's Promise

2019 World Development Report: The Changing Nature of Work

PRODUCT OF EFFECTIVE EARLY CHILDHOOD POLICIES



MASSIVE GAINS FROM HUMAN CAPITAL INVESTMENTS



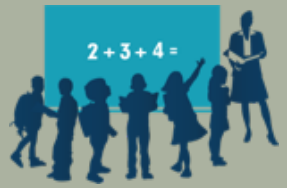
CHILD STUNTING AND MORTALITY DOWN



MATERNAL MORTALITY DOWN



RISING LIFE EXPECTANCY



MORE CHILDREN IN SCHOOL



MORE PEOPLE COVERED BY SAFETY NETS

YET MAJOR CHALLENGES REMAIN, PARTICULARLY IN THE EARLY YEARS

- 1 in 10 children won't make it to their 5th birthday in some countries in SSA
- 22% of all children under 5 – 151 million – stunted due to chronic undernutrition, illness, and exposure to stress
- Only ½ of kids age 3 to 6 have access to PPE
- By age 3, economically advantaged children know 2x as many words as disadvantaged children
- Number of child refugees has risen 77% in just 5 years; 1 in every 45 children in the world today has been uprooted

WHY DOES INVESTING EARLY MATTER?

- **Malnutrition** irreversibly impairs development, learning, and earnings
- **Cognitive/linguistic** delays accumulate early and last a lifetime
- **Socio-emotional skills** predict success and productivity
- **Human Capital is a** critical precondition for economic growth

WHY DOES INVESTING EARLY MATTER?



WHAT WILL IT TAKE FOR CHILDREN TO REACH THEIR FULL POTENTIAL?

1



1,000 Days
Good Health & Nutrition

2



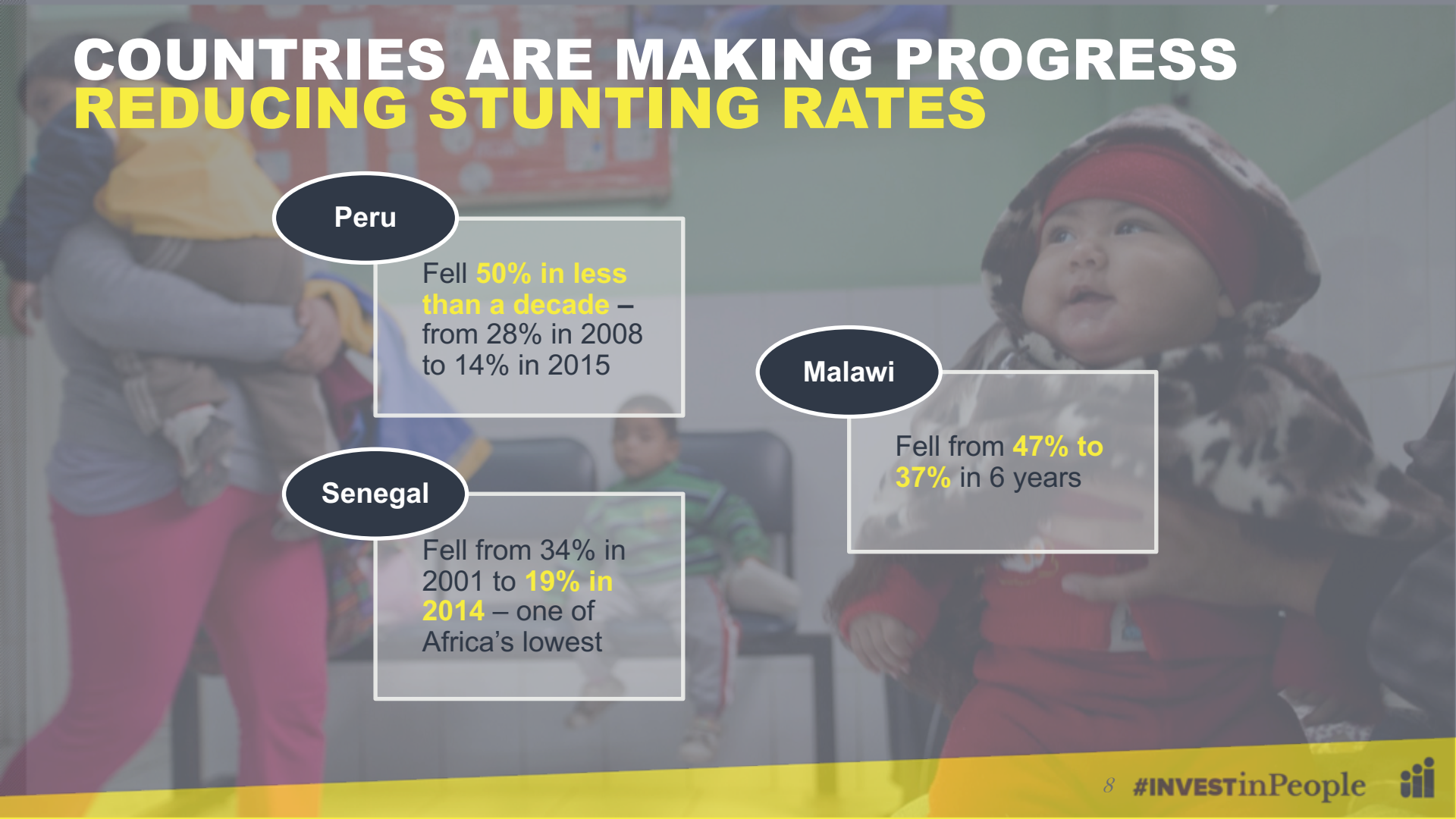
Early **Stimulation & Learning** Opportunities

3



Nurtured & Protected

COUNTRIES ARE MAKING PROGRESS REDUCING STUNTING RATES



Peru

Fell **50% in less than a decade** – from 28% in 2008 to 14% in 2015

Malawi

Fell from **47% to 37%** in 6 years

Senegal

Fell from 34% in 2001 to **19% in 2014** – one of Africa's lowest



THE HUMAN CAPITAL **PROJECT**



HUMAN CAPITAL PROJECT

WILL ACCELERATE MORE & BETTER INVESTMENTS IN PEOPLE GLOBALLY

1. **Human Capital Index:** Make the case for investment in the human capital of the next generation.
2. **Measurement & Research:** Improve measurement and research and provide analysis to support investments in human capital formation.
3. **Country engagement:** Support Early Adopters, and ultimately all countries, to prepare national strategies that accelerate progress on human capital.

HUMAN CAPITAL INDEX: DISTANCE TO FRONTIER

How much human capital can a child born today expect to acquire by age 18, given the risks to poor health and poor education that prevail in the country where she lives?



SURVIVAL

Children who don't survive don't grow up to become future workers

X



SCHOOL

Contribution of quality-adjusted years of school to productivity of future workers

X



HEALTH

Contribution of health (adult survival rate and stunting) to productivity of future workers

=



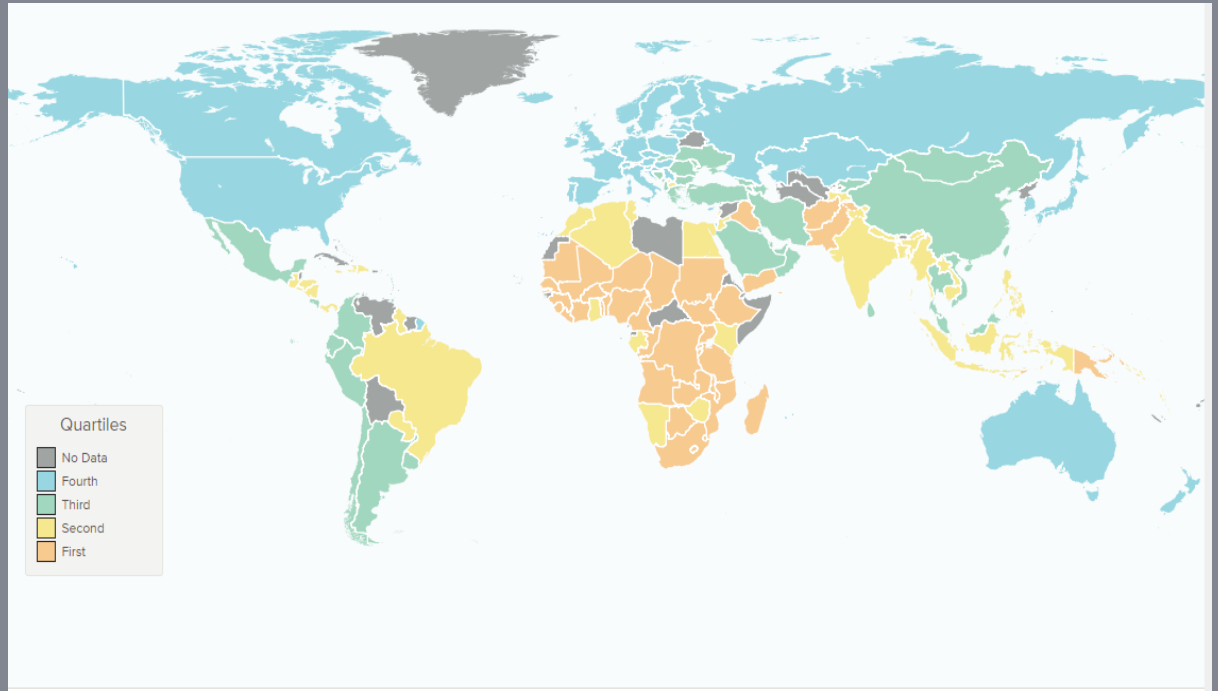
HCI

Productivity of a future worker (relative to benchmark of complete education and full health)

HUMAN CAPITAL INDEX: COVERAGE & RESULTS

157 COUNTRIES

GLOBAL AVERAGE OF 0.56



Human Capital Index, for Girls and Boys, Worldwide

HUMAN CAPITAL INDEX: US RANKING

United States

Human Capital Index Rank 24 out of 157

THE HUMAN CAPITAL INDEX (HCI) AND ITS COMPONENTS

The HCI measures the amount of human capital that a child born today can expect to attain by age 18. It conveys the productivity of the next generation of workers compared to a benchmark of complete education and full health. It is constructed for 157 countries.

It is made up of five indicators: the probability of survival to age five, a child's expected years of schooling, harmonized test scores as a measure of quality of learning, adult survival rate (fraction of 15-year olds that will survive to age 60), and the proportion of children who are not stunted.

Globally, 56 percent of all children born today will grow up to be, at best, half as productive as they could be; and 92 percent will grow up to be, at best, 75 percent as productive as they could be.

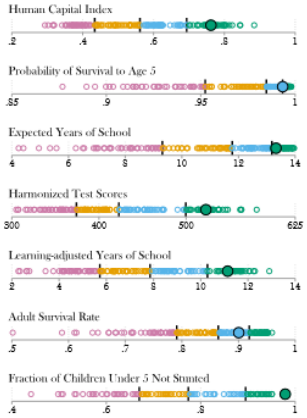
WHAT IS THE STATE OF HUMAN CAPITAL IN THE UNITED STATES?

- **Human Capital Index.** A child born in the United States today will be **76 percent** as productive when she grows up as she could be if she enjoyed complete education and full health.
- **Probability of Survival to Age 5.** **99** out of 100 children born in the United States survive to age 5.
- **Expected Years of School.** In the United States, a child who starts school at age 4 can expect to complete **13.3 years** of school by her 18th birthday.
- **Harmonized Test Scores.** Students in the United States score **523** on a scale where 625 represents advanced attainment and 300 represents minimum attainment.
- **Learning-adjusted Years of School.** Factoring in what children actually learn, expected years of school is only **11.1 years**.
- **Adult Survival Rate.** Across the United States, **90 percent** of 15-year olds will survive until age 60. This statistic is a proxy for the range of fatal and non-fatal health outcomes that a child born today would experience as an adult under current conditions.
- **Healthy Growth (Not Stunted Rate).** **98** out of 100 children are **not** stunted. **2** out of 100 children are stunted, and so at risk of cognitive and physical limitations that can last a lifetime.

ARE THERE GENDER DIFFERENCES IN HCI?

In the United States, the HCI for girls is higher than for boys. Table 1 shows gender disaggregation for each of the HCI components.

Figure 1. HCI and Components



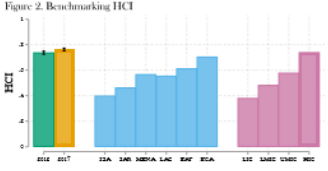
Note:
- Large circle represents United States
- Small circles represent other countries
- Thick, vertical lines and color of circles reflect quartiles of the distribution

Table 1. HCI by Gender

Component	Boys	Girls	Overall
HCI	0.73	0.76	0.76
Survival to Age 5	0.99	0.99	0.99
Expected Years of School	13.3	13.4	13.3
Harmonized Test Scores	522	523	523
Learning-adjusted Years of School	11.1	11.2	11.1
Adult Survival Rate	0.88	0.93	0.9
Not Stunted Rate	-	-	0.98

Note:
- When shown, hyphen denotes data are unavailable
- All values are rounded
- The gender-disaggregated HCI is calculated using only adult survival rates if gender-disaggregated stunting data is not available

Figure 2. Benchmarking HCI



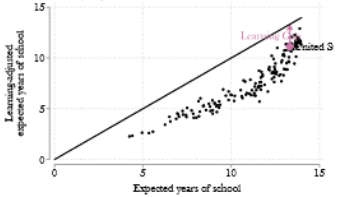
Notes:
- Unless specified all data are for 2017
- The uncertainty intervals (black vertical lines) reflect uncertainty in the measurement of components of the Index

HOW DOES THE UNITED STATES COMPARE?

Between 2012 and 2017, the HCI value for the United States increased from 0.74 to 0.76 (Figure 2).

In 2017, the United States' HCI is lower than the average for its region but higher than the average for its income group.

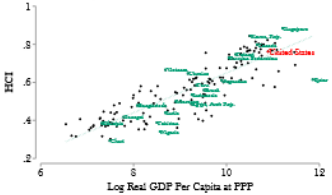
Figure 3. Learning Gap



HOW MUCH ARE CHILDREN ACTUALLY LEARNING IN SCHOOL?

Children in the United States can expect to complete **13.3 years** of pre-primary, primary and secondary school by age 18. However, when years of schooling are adjusted for quality of learning, this is only equivalent to **11.1 years**: a learning gap of **2.2 years** (Figure 3).

Figure 4. Human Capital Index vs GDP Per Capita



IS THE UNITED STATES' HCI IN LINE WITH WHAT IS PREDICTED FOR ITS INCOME LEVEL?

In 2017, the HCI for the United States is higher than what would be predicted for its income level (Figure 4).

THE HUMAN CAPITAL PROJECT

The Human Capital Project seeks to raise awareness and increase demand for interventions to build human capital. It aims to accelerate better and more investments in people. The Project has three elements (i) the Human Capital Index, (ii) a program to strengthen research and measurement on human capital; and (iii) support to countries to accelerate progress in raising human capital outcomes.

For more information on the Human Capital Project please visit **www.worldbank.org/humancapitalproject**

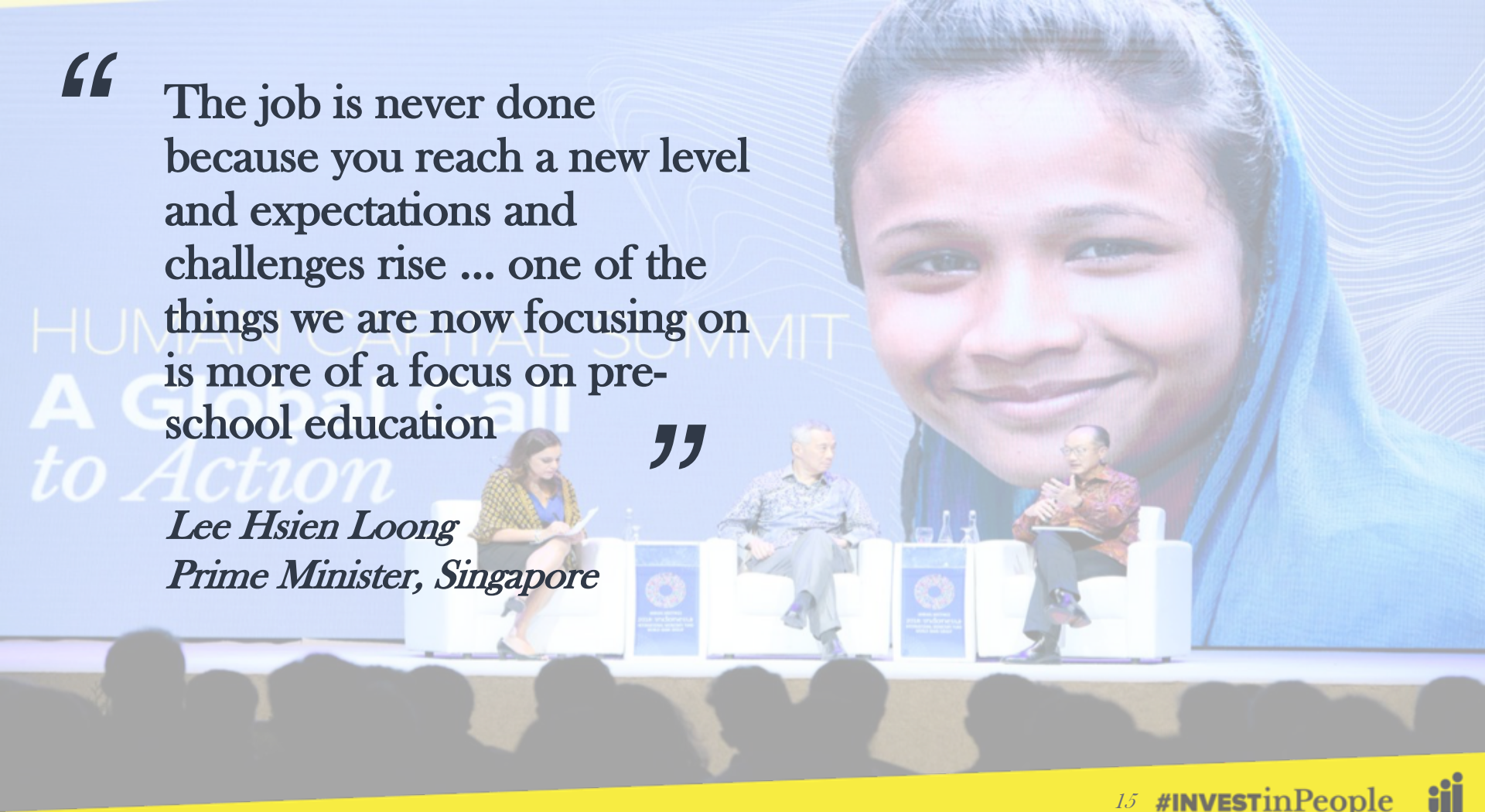
#investinPeople

HCI SCORES FOR CLIENTS BY REGION

LOW SCORES REQUIRE FOCUSED ATTENTION

(SUB-SAHARAN AFRICA, SOUTH ASIA, MIDDLE EAST AND NORTH AFRICA)

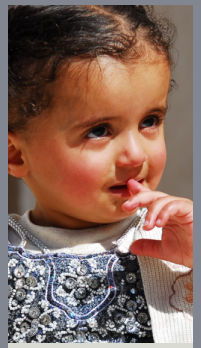
Indicator	East Asia & Pacific	Europe & Central Asia	Latin America & Caribbean	Middle East & North Africa	South Asia	Sub-Saharan Africa
	Male + Female	Male + Female	Male + Female	Male + Female	Male + Female	Male + Female
HCI Component 1: Survival						
Probability of Survival to Age 5	0.971	0.987	0.980	0.975	0.963	0.933
HCI Component 2: School						
Expected Years of School	11.2	12.4	11.9	9.5	10.4	8.1
Harmonized Test Scores	410	464	405	382	364	374
Learning-Adjusted Years of School	7.4	9.3	7.7	6.0	6.2	4.9
HCI Component 3: Health						
Survival Rate from Age 15-60	0.835	0.865	0.857	0.869	0.847	0.733
Fraction of Children Under 5 Not Stunted	0.762	0.881	0.865	0.800	0.684	0.685
Human Capital Index (HCI)	**0.53**	**0.63**	**0.55**	**0.49**	**0.46**	**0.40**



"The job is never done because you reach a new level and expectations and challenges rise ... one of the things we are now focusing on is more of a focus on pre-school education"

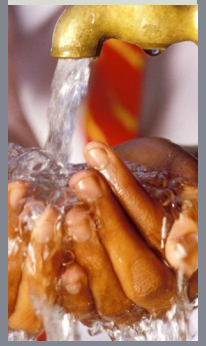
Lee Hsien Loong
Prime Minister, Singapore

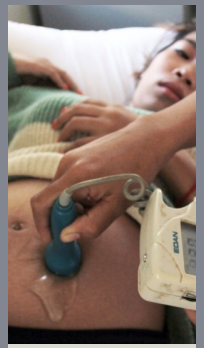
NEED WHOLE-OF-GOVERNMENT APPROACH TO ENSURE ACCELERATED EARLY YEARS RESULTS



ECD

Water & Sanitation





Quality Reproductive & Health Services

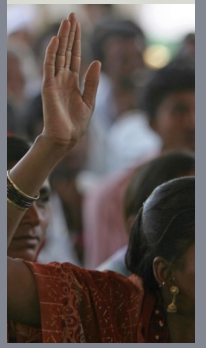
Safety Nets & Response to Shocks



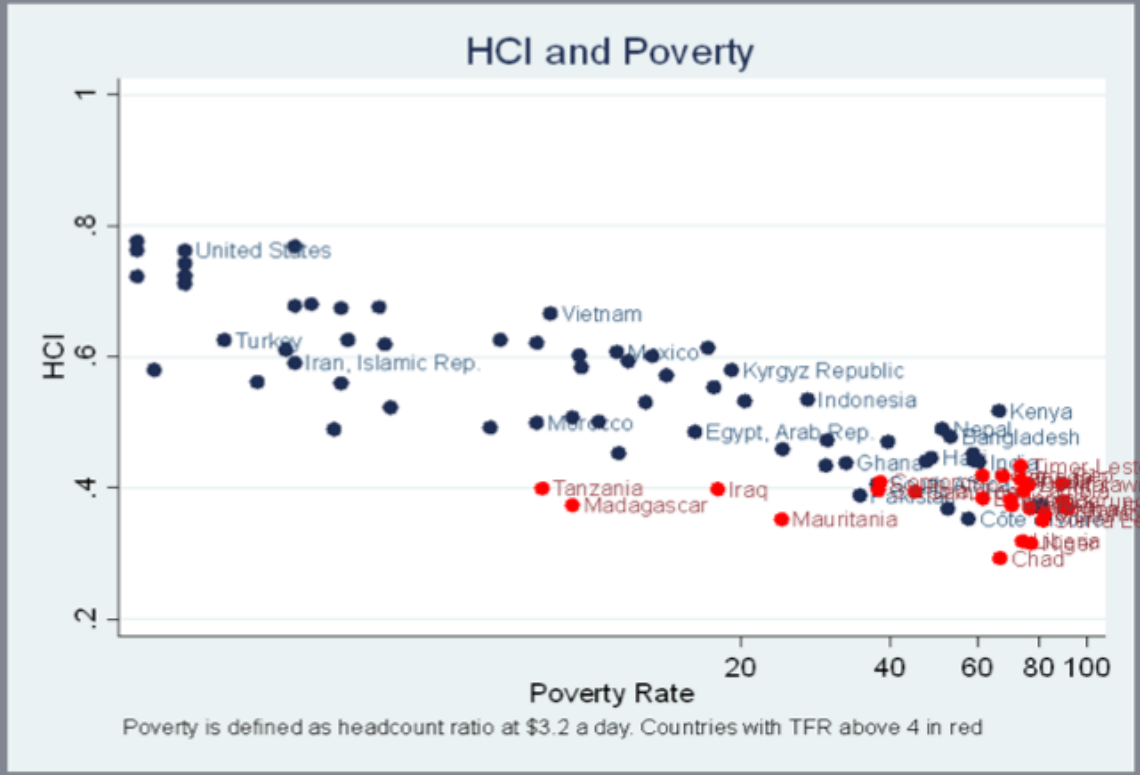


Quality, diverse & affordable food

Women's Education & Empower-ment



HIGH POVERTY AND HIGH TOTAL FERTILITY RATE (>4) → WEAK PERFORMANCE ON HCI



EARLY ADOPTERS:
28 COUNTRIES



Armenia	Morocco
Bhutan	Pakistan
Costa Rica	Papua New Guinea
Egypt	Peru
Ethiopia	Philippines
Georgia	Poland
Indonesia	Rwanda
Iraq	Saudi Arabia
Jordan	Senegal
Kenya	Sierra Leone
Kuwait	Tunisia
Lesotho	Ukraine
Lebanon	United Arab Emirates
Malawi	Uzbekistan

"I'm going back to education. In the next 30 years, human beings are facing huge challenges from disruptive technology. We have to teach our kids to do things the machines can never do."

Jack Ma
Co-founder & Executive Chairman, Alibaba Group



#InvestInPeople
#EarlyYears

www.worldbank.org/humacapitalproject