

Investing in Human Capital to Accelerate the Green Transition Event Summary

On April 14, 2023, 40 countries joined the Spring Meetings Human Capital Ministerial Conclave to discuss policy priorities and solutions to **prepare people for the effects of climate change** and **empower them to drive the transition to a more sustainable, resilient, and inclusive economy.**

KEY TAKEAWAYS

Human capital investments are central to helping people adapt to climate shocks and build resilience.

- **Governments** can promote people's resiliency and adaptive capacity to respond to our changing climate by maintaining fiscal space to protect essential human capital investments, developing climate-smart social protection and disaster risk management programs, and creating more resilient health and education systems.
- **The World Bank Group** can support programs and deepen the evidence base that links human capital and climate adaptation such as adaptive social safety nets and stronger basic service delivery systems.

Ensuring a successful and just transition to a low-carbon economy requires equipping people to be part of climate solutions and benefit from emerging opportunities.

- **Governments** can achieve their climate and development goals by investing in human capital for climate mitigation, including education to catalyze green

innovations and reskilling and upskilling for jobs in not only renewable energy but also sustainable agriculture, forestry, tourism and other sectors.

- **The World Bank Group** can assist country-driven and evidence-based policy making on equitable green transitions and contribute to national development strategies.

The magnitude of climate and human capital financing requires reforms, new platforms, and partnerships to crowd in resources.

- **Governments** can prioritize human capital expenditures, including through reallocation of regressive energy subsidies, and can foster an enabling environment for private financial flows to tackle human capital and climate challenges.

- **The World Bank Group** can help countries make strategic investments, continue to expand its climate finance targets and advocacy, and attract private capital into human capital investments through new climate financing instruments.



Senegal's Minister of Economy, Planning and Cooperation, and current Chair of the Human Capital Network, H.E. Oulimata Sarr, opened the event and Ministers of Finance, Budget, and Planning from Costa Rica, Egypt, Nigeria, the Central African Republic, Timor-Leste, the Maldives, Moldova, and Tanzania shared their country experiences during the discussions. World Bank Group Senior Managing Director for Development Policy and Partnerships Axel van Trotsenburg led the opening policy discussion. The President of the World Bank Group, David Malpass, joined for a closing discussion with Minister Sarr. World Bank Vice President of Human Development, Mamta Murthi, chaired the event.

WELCOME REMARKS

Vice President Mamta Murthi opened the event by welcoming the newest member of the Human Capital Network, West Bank and Gaza,

and celebrating the Network's milestone of 87 member economies. Ms. Murthi also highlighted two central ideas: adapting to climate change requires developing countries to prioritize human capital investments, and these investments are also essential for the skills and behaviors needed for a green economic transition.

Minister Sarr called on fellow Network members to identify how they learn from each other and collaborate for action human capital and climate. Bringing in lessons from the last Conclave, she pointed out that transformations require working with partners to create policies that enhance people's livelihoods; investing in people's educations, training, and health so they have skills and capacity to contribute to change; increasing finance for development and climate; improving access to technology; and ensuring the availability and resilience of basic infrastructure.

OPENING DISCUSSION

Senior Managing Director Axel van Trotsenburg introduced the need to consider human capital for climate adaptation, mitigation and a just transition. Before turning to questions to countries about their own challenges and responses, Mr. van Trotsenburg emphasized that human capital investments can serve as an important vehicle for countries to spur climate action, and we must ensure that people stay center stage in all initiatives.

Minister Acosta from **Costa Rica** noted that the Costa Ricans have the constitutional right to education and a healthy environment and access to universal healthcare, reflecting the link between environmental protection and human development. Costa Rica has nearly universal access to renewable electricity and clean drinking water. It also has increased forest coverage while considering agriculture and natural resource management for food security and employment. He concluded that maintaining inclusive economic development and environmental commitments depends on multilateral partnerships and fiscal resiliency.

Minister Al-Mashat spoke about **Egypt's** work on human capital across adaptation, mitigation

and a just transition. As COP27 demonstrated that all stakeholders must help move from pledges to commitment, [Egypt's Country Platform for the Nexus of Water, Food and Energy \(NWFE\)](#) is a scalable and replicable example of a country platform that provides bankable mitigation and adaptation projects. With support from its [World Bank Country Partnership Framework](#) and [Country Climate and Development Report \(CCDR\)](#), Egypt shows how countries can achieve national goals in line with global commitments, build partnerships for more equitable climate finance, and enhance climate governance structures.

Minister Ahmed shared that **Nigeria** recently faced floods and cholera outbreaks that led to loss of lives, forced displacement of 2 million people, and 1.5 million children out of school. Nigeria responded to the climate events through government authorities including its National Emergency Management Agency and initiated a hygiene and sanitation program. Underpinning its longer-term resiliency and sustainable development, Nigeria launched a [Human Capital Development Program](#) in 2018 to work with the private sector across communities and levels of government.

ROUNDTABLE DISCUSSION

As moderator, **Mamta Murthi** drew out critical themes across the country experiences shared at the roundtable. On adaptation and climate shocks, she highlighted consistent messages on disaster risk management and adaptive social safety nets for immediate response, as well as fiscal space, green skills, and resilient delivery systems. As part of mitigation, Ms. Murthi noted that the speakers emphasized investing in people's skills to prepare for new green jobs, greening social infrastructure, and partnering with communities moving away from fossil fuels. She also underscored the important of new sources of human capital finance, including bringing in the private sector and repurposing existing expenditures.

Minister Ndoba explained that climate change is contributing to poor human capital outcomes in the **Central African Republic**, reflected in its low rankings in the Human Capital Index and the Notre Dame Global Adaptation Initiative Index. Measures to build resilience with support from the World Bank and others should include expanding the national safety net program, transforming agriculture so that people can shift to less climate-exposed livelihoods, investing in sustainable forestry to preserve biodiversity in

the [Congo Basin Forest](#), and increasing carbon finance in Africa.

Minister Gomes stated that after **Timor-Leste's** confronted the COVID-19 pandemic and cyclone in 2021, [cash transfers, food programs, and stimulus measures spurred economic recovery and protected the most vulnerable](#). Its experiences illustrate that disaster mitigation and contingency funding must be built into planning and budgeting cycles. Timor-Leste will continue making progress on climate budget markers. Stronger household-level data and monitoring would allow for more targeted support and measures of success.

Deputy Minister Muneer from the **Maldives** spoke about climate change as a priority for its development agenda as set out in its [Climate Change Policy Framework](#), [gender-responsive integrated Climate Financing Strategy](#) and a [Green Fund](#) to finance adaptation and mitigation. Partnerships with the World Bank under the [Sustainable and Integrated Labor Services Project](#), [Maldives Clean Environment Project](#) and [Maldives Enhancing Employability and Resilience of Youth Project](#) support the local labor force in the face of shocks and create a waste to wealth approach to teach youth how to



realize a circular, sustainable economy. On the health side of human capital, the Maldives is collaborating with World Bank on preparing for future shocks and climate impacts by [improving e-health](#) and overall healthcare delivery under its [COVID-19 Emergency Response and Health Systems Preparedness Project](#).

Echoing other country experiences with climate-friendly reforms in response to crises, **Minister Sirețeanu** from **Moldova** pointed out that the recent spike in energy prices acted as an incentive to change consumption for more energy efficiency and a greater focus more on renewables. Moldova used an Energy Vulnerability Reduction Fund as a key social protection measure to assist households affected by the shocks. Looking to the future, Moldova will build fiscal buffers and design a strategy on alternative energy sources.

Minister Salum highlighted **Tanzania's** leadership in hosting the [Africa Heads of State Human Capital Summit in July](#), saying that the country recognizes that climate change is undoing human development gains and keeping people from realizing their full potential. Tanzania is committed to poverty reduction through human

capital development and has constructed new health and education facilities. Tanzania hopes to continue work with World Bank and other partners on social protection.

CONVERSATION BETWEEN PRESIDENT MALPASS AND MINISTER SARR

At the end of the event, **President David Malpass** engaged in a dialogue with **Minister Sarr** on how the World Bank Group is supporting countries to move faster and smarter on investments in human capital for a green transition.

Minister Sarr first asked how the World Bank can contribute to evidence-based policymaking with tools to identify and prioritize climate actions on human capital investments. President Malpass shared that a key instrument to help countries find their most impactful pathways on mitigation and adaptation is the [Country Climate and Development Reports \(CCDRs\)](#), with 25 completed and plans for another 41 countries. He also mentioned findings from the [Bangladesh CCDR](#) that areas most exposed to natural hazards had slower declines in

poverty, explaining that these types of evidence from CCDRs and other Bank partnerships and analytics touching on climate and human capital can guide resilience efforts and make investments more strategic.

The second question focused on how climate finance innovations globally by the World Bank Group and others can crowd in resources to promote good human capital outcomes at the country level. President Malpass underscored the World Bank's commitment to rapidly scaling up financing by [exceeding its climate finance target of 35 percent of all funding set out in its Climate Change Action Plan, including record high adaptation financing to make up approximately half of its climate finance](#). He noted that while the best investments will differ by country and may require tradeoffs, the World Bank recognizes the importance of advocating and building new platforms to leverage both more concessional financing and funds from the private sector. Responding to private sector needs for verifiable emissions reductions, the World Bank is embedding its experiences from pilots such as its [Emission Reduction-Linked Bond in Vietnam](#) in its [SCALE multi-donor fund](#) for results-based climate finance.

LOOKING AHEAD

Vice President Mamta Murthi concluded the event by thanking the speakers for their contributions and President Malpass for his advocacy on investments in human capital as a global public good. Ms. Murthi also invited participants to attend the public event, held on April 14, 2023, with speakers that included Nobel Laureate Professor Esther Duflo and Andrew Steer, President and CEO of the Bezos Earth Fund.

LEARN MORE: Review the [recording of the public, live-streamed panel discussion](#).

