REPORT LAUNCH AND FORUM

THE PHILIPPINES HUMAN CAPITAL REVIEW

Investing in the Early Years to Boost Human Potential

June 24, 2024, Monday, 10 AM – 12 PM
Understanding Human Capital

- Human capital is **70 percent** of the Philippines’ wealth
- But tomorrow’s workers will be only **52 percent** as productive as they could be.
• The Philippines will likely reach upper-middle-income country (UMIC) status by 2026.

• Its key human capital indicators fall short of a typical UMIC.
Only one generation (20–25 years) away before the demographic window closes.

- **A young country in an aging region**
- Urgent need for **human capital development** amidst demographic shifts
- **Strategic human capital investments** are crucial to support the growing working-age population
Key Findings of the Human Capital Review
Human capital in the Philippines was assessed at different stages of a Filipino’s life.

- **Childhood (6-10)** — safe and educated
- **Adulthood (26-64)** — healthy, skilled, empowered, productive, and resilient
- **In-Utero and Early Childhood (0-5)** — early and lifelong advantage
- **Adolescence and Youth (11-25)** — continued education and the transition to the workforce
- **Aging and Elderly (65+)** — aging with dignity
Challenges affect all life stages, but are more notable in the early years.

- **Early Childhood (0-5 years):** 27% of children are stunted.
- **Childhood and Schooling (6-10 years):** Disparities in enrollment and learning. 90% of primary-school-age children not learning.
- **Adolescence and Youth (11-25 years):** NEET: Nearly 18% of youth (15-24 years).
- **Adulthood (26-64 years):** Likelihood of dying between 30-70 years from NCDs rising compared to comparator countries. Gender disparities in the labor force.
- **Aging and Elderly:** Filipinos face difficulties accessing healthcare and social protection.
Challenges affect all life stages, but are more notable in the early years.

Learning poverty rates (%), 2019

- High income: 8.0
- Upper middle income: 29.4
- East Asia & Pacific: 32.4
- Lower middle income: 60.4
- Philippines: 90.9

Stunting prevalence (% of children <5), 2020-2023

- Thailand: 12.4
- Viet Nam: 19.5
- Malaysia: 21.2
- Indonesia: 21.5
- Philippines: 26.7
Disadvantaged LGUs risk losing nearly 26 percentage points of human capital potential.

HCI estimates among provinces and HUCs range between: 0.48 and 0.74
Comparison of low and high performing LGUs

**Adult survival rate (%), 2019**
- **High performer**: 83.51%
- **Low performer**: 77.00%

**Expected years of school, 2020**
- **High performer**: 12.50 years
- **Low performer**: 10.06 years

**Stunting rate (%), 2018-2021**
- **High performer**: 23.10%
- **Low performer**: 29.50%

**Harmonized test score (%), 2018-2019**
- **High performer**: 42.85%
- **Low performer**: 31.07%

**High performer**
- Efficient mobilization and use of resources
- Strong investments in human resources
- Inequitable access to services
- Strong social accountability
- Innovation in human development programs
- Cross-cutting challenges - conflict or climate vulnerability
Recommendations
The primary policy recommendation of the HCR urges **immediate and holistic investment in the early years** to foster essential human capital and reap the demographic dividend.
Invest Early

1.1 Strengthen governance, monitoring, and awareness

1.2 Scale-up interventions to reduce stunting and ensure optimal child development

1.3 Develop enabling platforms for ECD and focus on foundational skills

1.4 Prioritize social protection for vulnerable groups

1.5 Ensure adequate and efficient financing and incentives
Strengthen the capacity of LGUs to invest in human capital by channeling resources and support towards lagging areas that need them most.
Protect the existing reservoir of human capital

Improve access to affordable and high-quality health care across lifecycle stages.

Enhance the delivery of social protection services.

Improve the quality of jobs and skills.
Keep a Forward-Looking Perspective

While investing in the Early Years will yield the maximum benefit, **do not lose focus on the young populations soon to enter the labor market.**
Key and Complementary Recommendations

Harness the existing reservoir of human capital

Maximize impact with key implementation enhancements

Key Recommendation: Invest in the early years
- In-Utero and Early Childhood (0-5) — early and lifelong advantage
- Childhood (6-10) — safe and educated
- Adolescence and Youth (11-25) — continued education and the transition to the workforce
- Adulthood (26-64) — healthy, skilled, empowered, productive, and resilient
- Aging and Elderly (65+) — aging with dignity

IMPROVE ACCESS TO AFFORDABLE AND HIGH-QUALITY HEALTH CARE ACROSS ALL LIFECYCLE STAGES

ENHANCE THE DELIVERY OF SOCIAL PROTECTION SERVICES

IMPROVE THE QUALITY OF JOBS AND SKILLS

- Foster a national enabling environment for human capital.
- Strengthen synergies and coordination among agencies supporting human capital development at both the national and LGU level.
- Improve spending efficiency and effectiveness in human capital sectors.
- Leverage digital transformation to improve service delivery.
- Protect human capital against climate change by investing in resilient systems.
- Continue advancing social inclusion for maximizing human capital accumulation, protection, and utilization.
Thank you!


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