COLLAPSE & RECOVERY

HOW THE COVID-19 PANDEMIC ERODED HUMAN CAPITAL AND WHAT TO DO ABOUT IT

The pandemic: an unprecedented shock

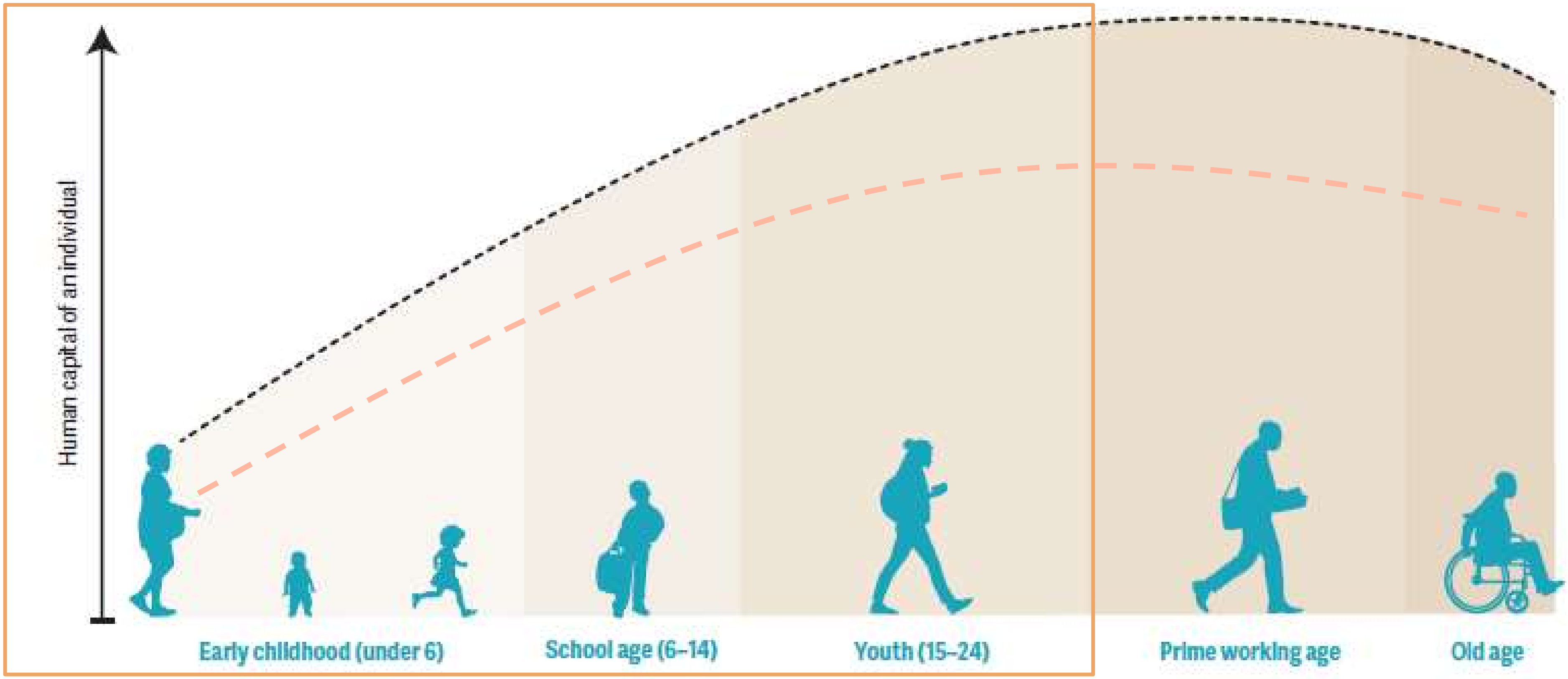
14.9 million — Excess deaths

3.5% — Contraction of global economy

70 M — People pushed into extreme poverty

01 IMPACTS

The pandemic knocked individuals off course at critical moments in the life cycle



Source: Original figure for this publication.

Early childhood: Sharp reductions in essential services

Globally

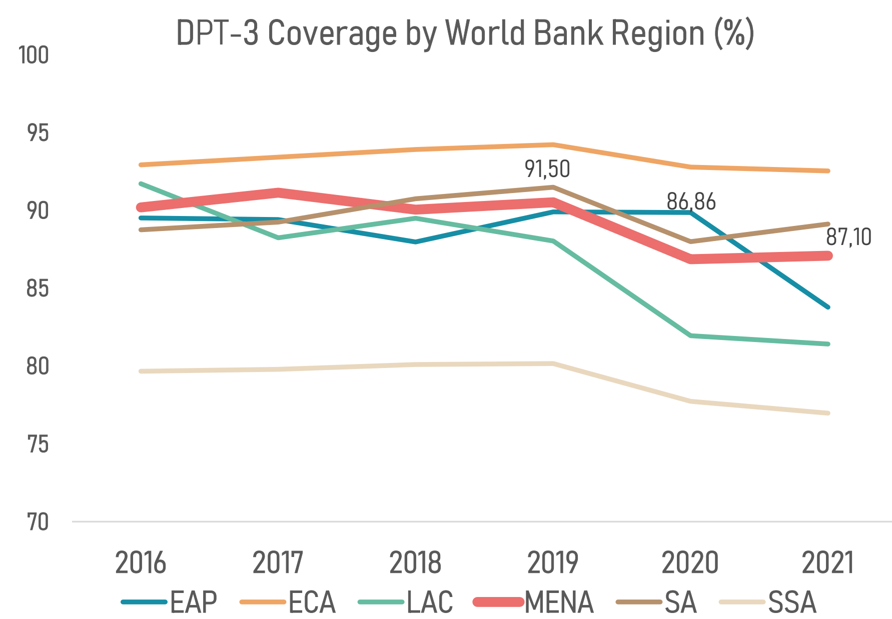
10 years

of progress on vaccination coverage to combat preventable diseases reversed in 2020

EAP

No signs of recovery

EAP countries had a sharp reductions in essential vaccination with no signs of recovery as of 2021

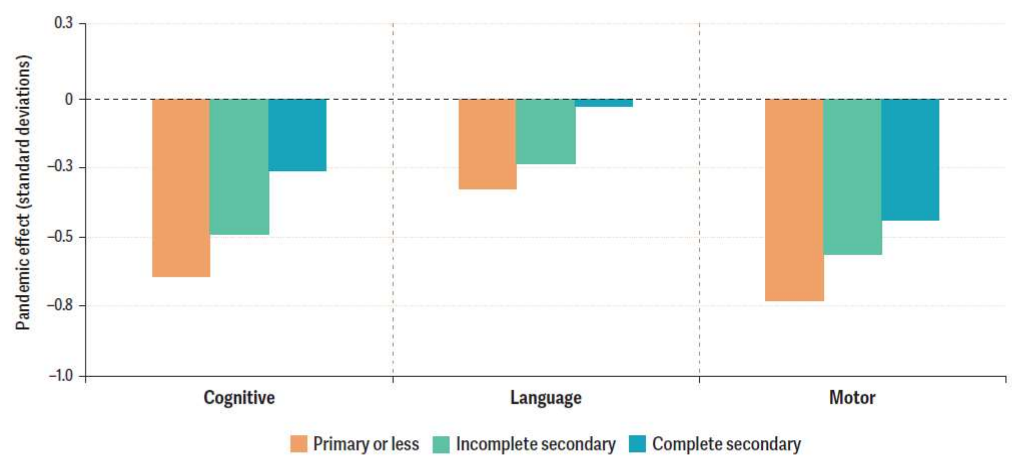


Early childhood: Declines in instructional time and cognitive development

50% of instructional time lost in the first year of the pandemic; preschool attendance yet to recover

↓25% declines in expected earnings at prime age due to declines in cognitive development among toddlers sustained during the pandemic

Effect of pandemic on skills of 20-month-old children, by mothers' education
Rural Bangladesh



Source: Hamadani et al (forthcoming)
Note: No differential effects by gender

School-aged children: The pandemic caused long-school closures globally

700 million children missed 1.5 years of school; **1 billion children** missed 1 year

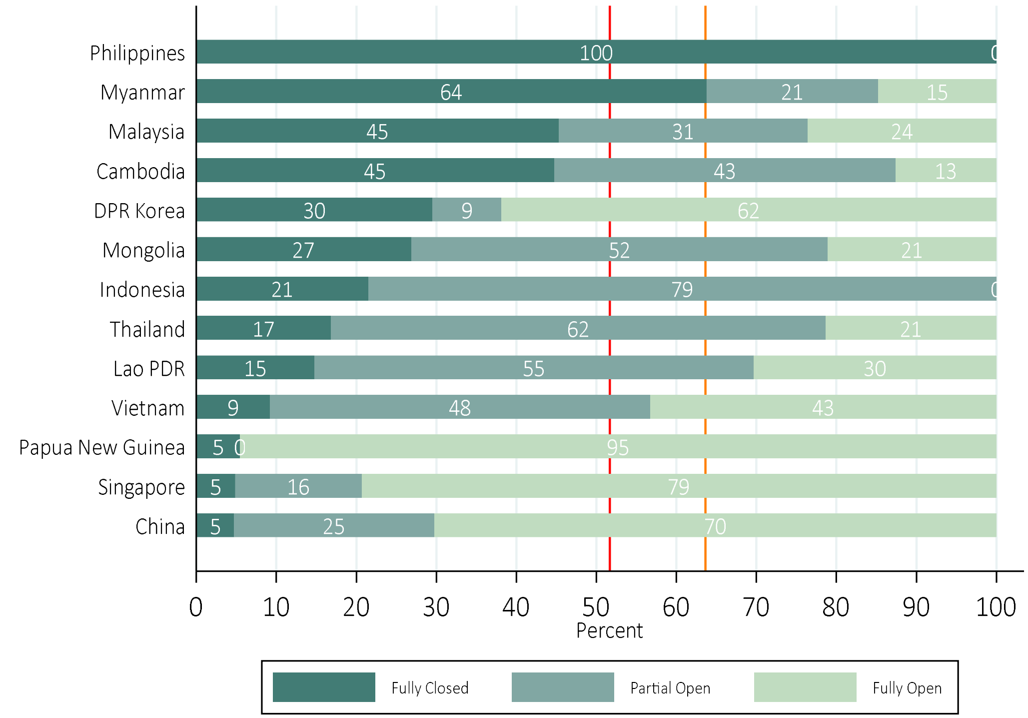
Note: Countries with school age population greater than 500,000 considered (Source: UNESCO UIS)
Red line = Global Mean of School Closures [Full/Partial]: 54 weeks

Sources: Schady et al. 2023; Azevedo, Akmal, et al. 2022. UNESO 2022.

School-aged children: In EAP, school closures were longer than in the rest of the world

700 million children missed 1.5 years of school; **1 billion children** missed 1 year

64% of the time schools were closed in EAP (vs 52% globally), with **big variation across countries**



Note: Countries with school age population greater than 500,000 considered
Red line = Global Mean of School Closures [Full/Partial]: 54 weeks
Orange line = Regional Mean of School Closures [Full/Partial]: 66 weeks

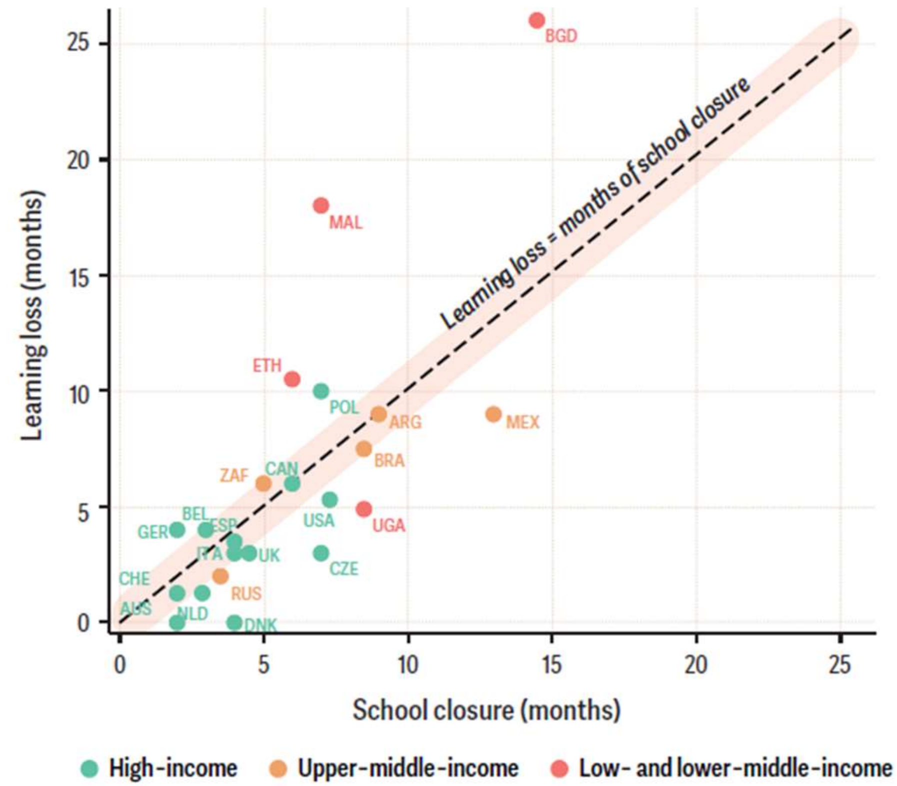
Sources: Schady et al. 2023; Azevedo, Akmal, et al. 2022. UNESO 2022.

School-aged children: Long school closures resulted in large learning losses

1:1

1 month of lost learning for every 1 month of school closures. Children didn't learn when out of school, despite remote instruction;

No learning on average



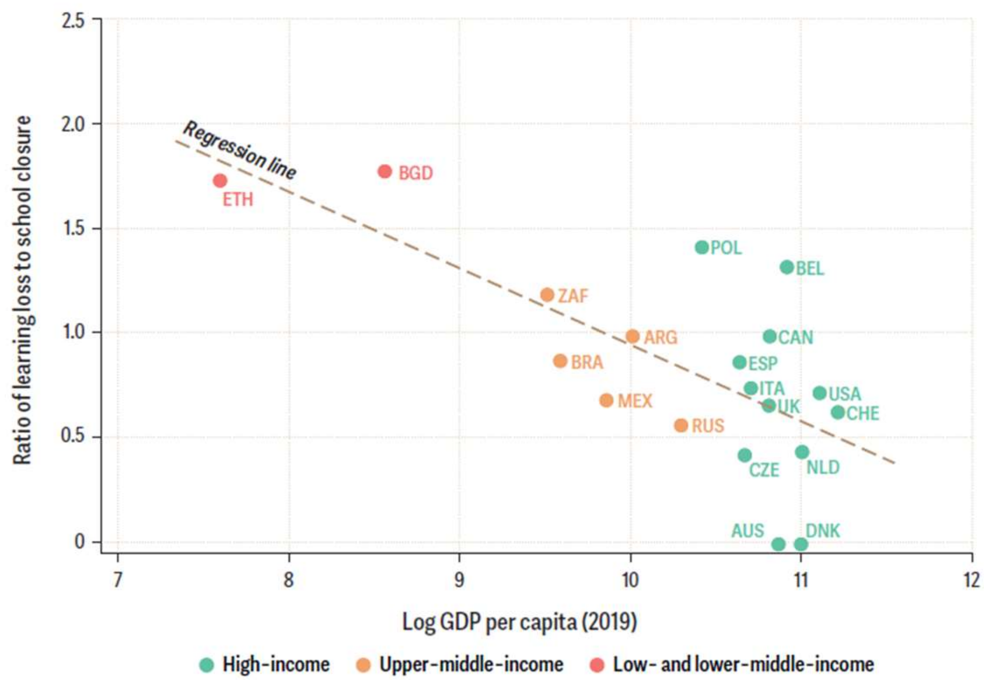
School-aged children: Larger learning losses in low and middle-income countries

1:1

1 month of lost learning for every 1 month of school closures. Children didn't learn when out of school, despite remote instruction;

Higher

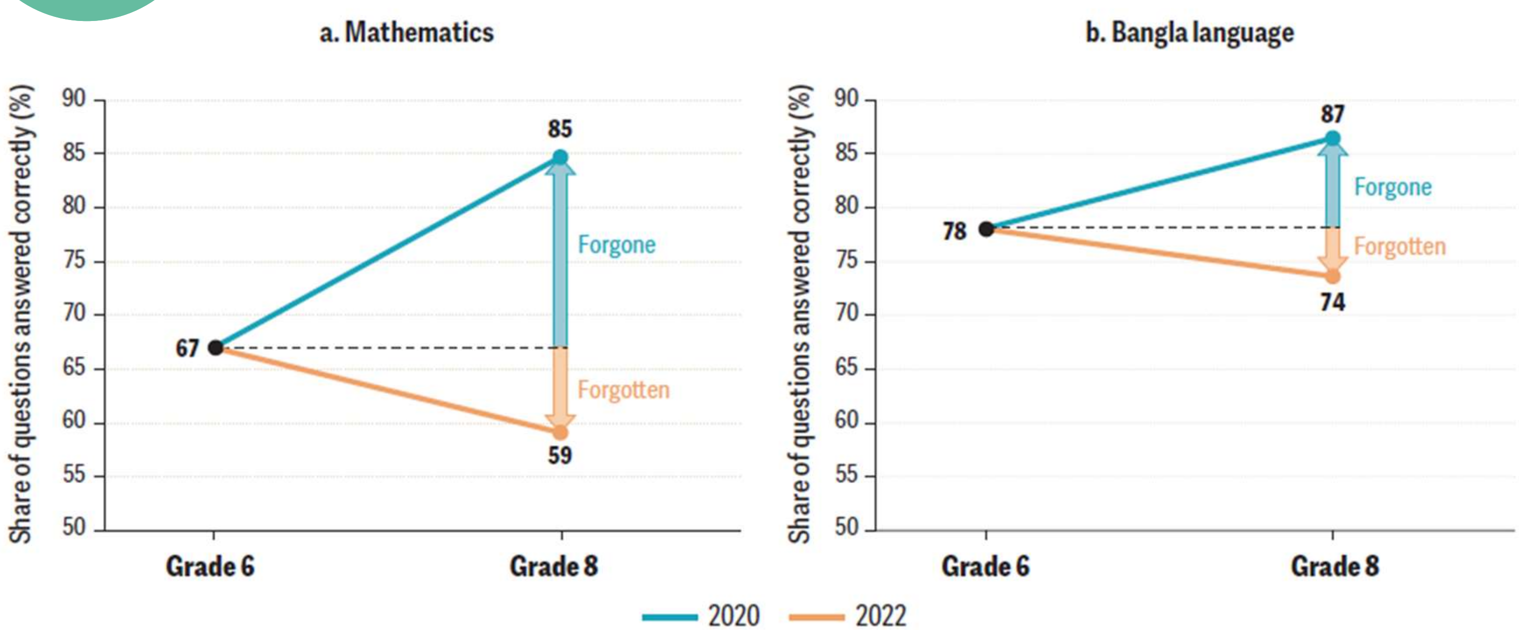
ratio of losses to closures in countries with **lower GDP/capita**



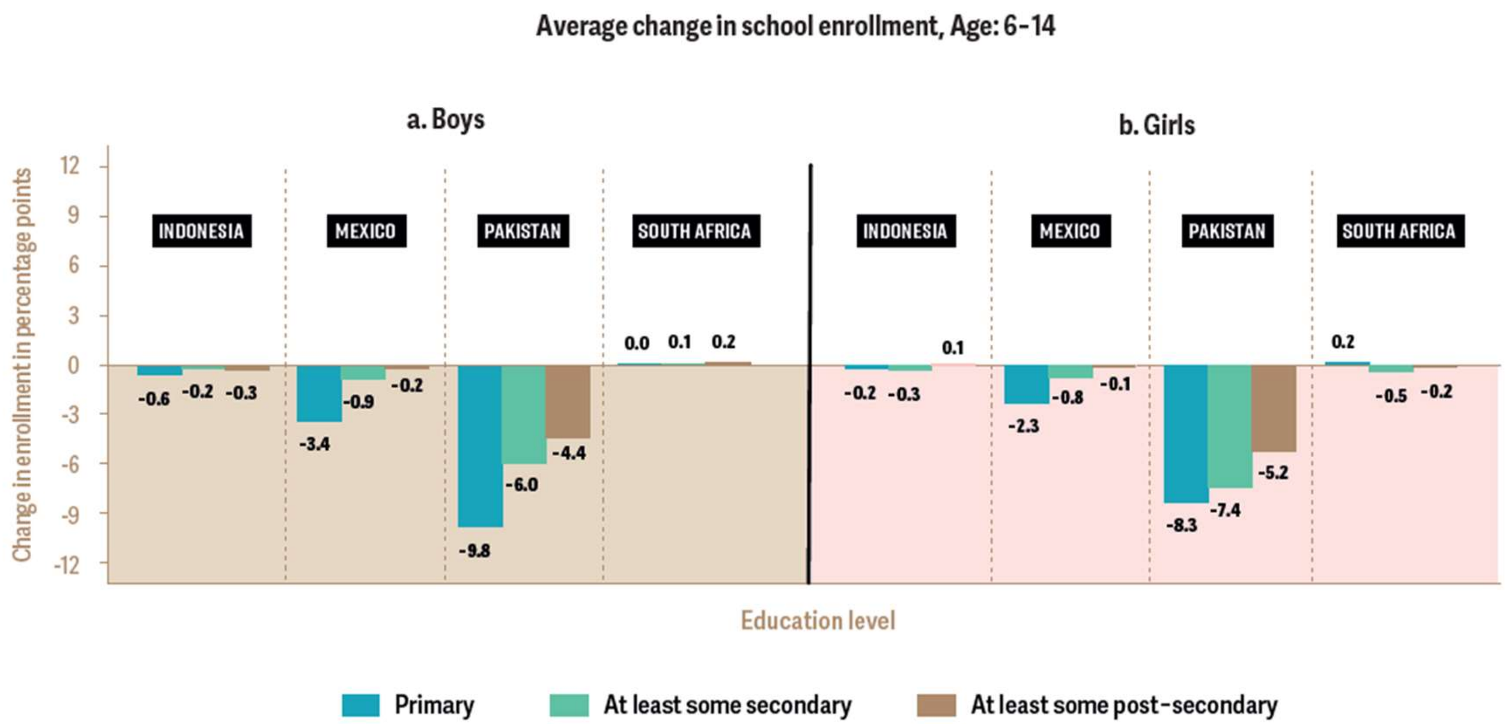
School-aged children: In some contexts, a good percentage of learning losses were forgotten learning

Bangladesh

approximately 30 percent of learning losses were forgotten learning



School-aged children: Dropouts concerns in lower income contexts (across and within countries)



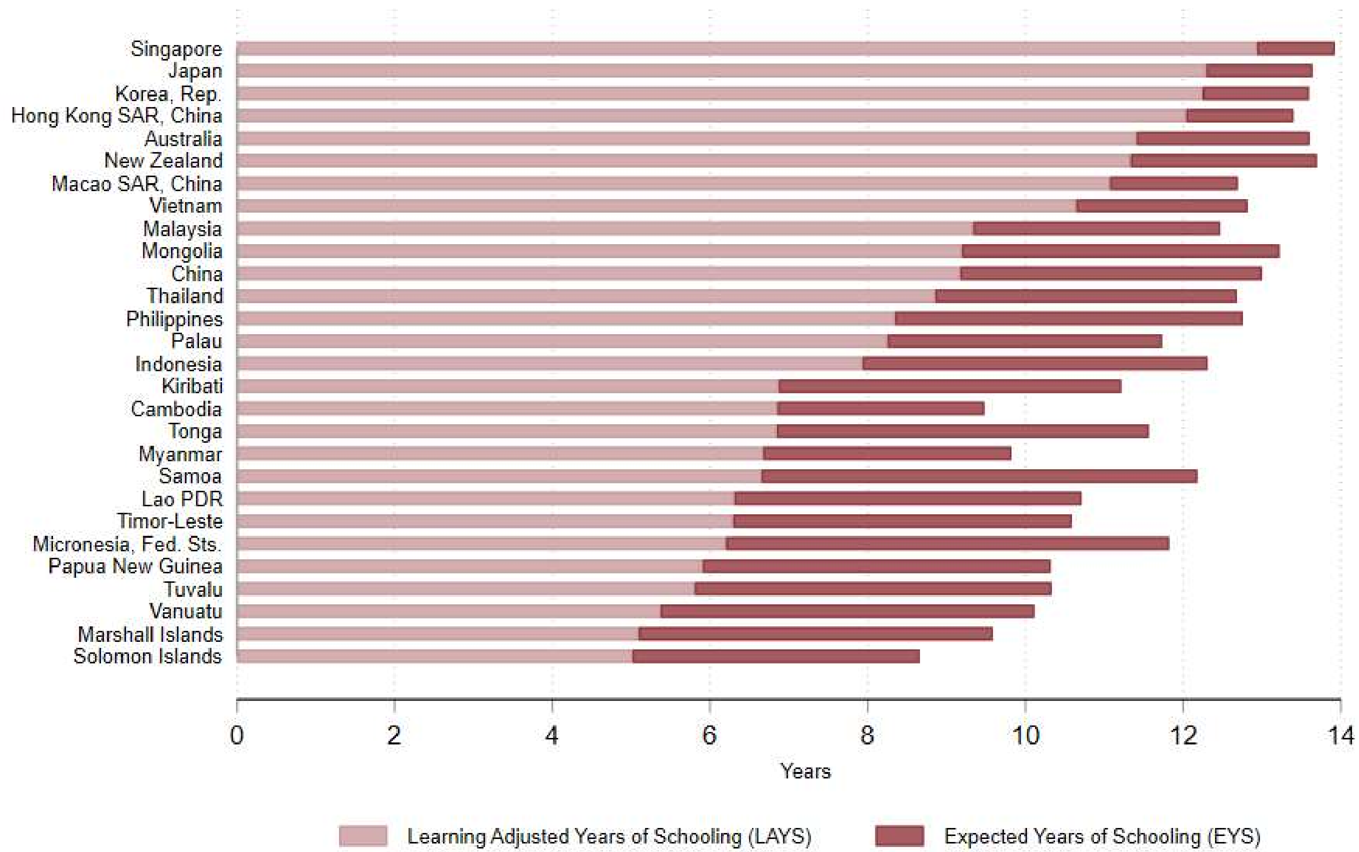
Note: No differential effects by gender.

School-aged children: Before COVID-19, EAP students were already losing nearly 3.5 years of schooling due to poor quality

11.9 years of expected schooling PRIOR to the pandemic in EAP

8.4 years Learning Adjusted Years of Schooling (LAYS) in EAP

3.5 years of lost LAYS due to poor quality of schooling prior to the pandemic



Source: World Bank Group, Learning Adjusted Years of Schooling 2018

School-aged children: Large learning losses on top of low pre-pandemic quality of schooling

+0.5 years

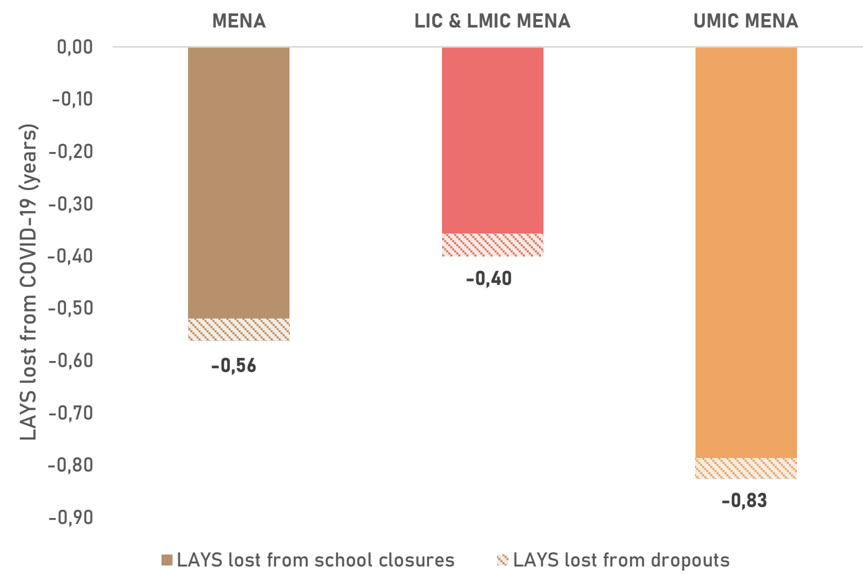
of additional lost LAYS expected in EAP due to the pandemic

School-aged children: Large learning losses on top of low pre-pandemic quality of schooling

+0.5 years **of additional lost LAYS** expected in EAP due to the pandemic

~95% **of expected lost LAYS** can be attributed to learning losses due to **school closures** in EAP; while ~5% to dropouts

2X **larger lost LAYS in higher income** EAP countries driven by longer school closures



Note: Averages are weighted by population
Lost LAYS simulations only include low income, lower middle income and upper middle income countries.

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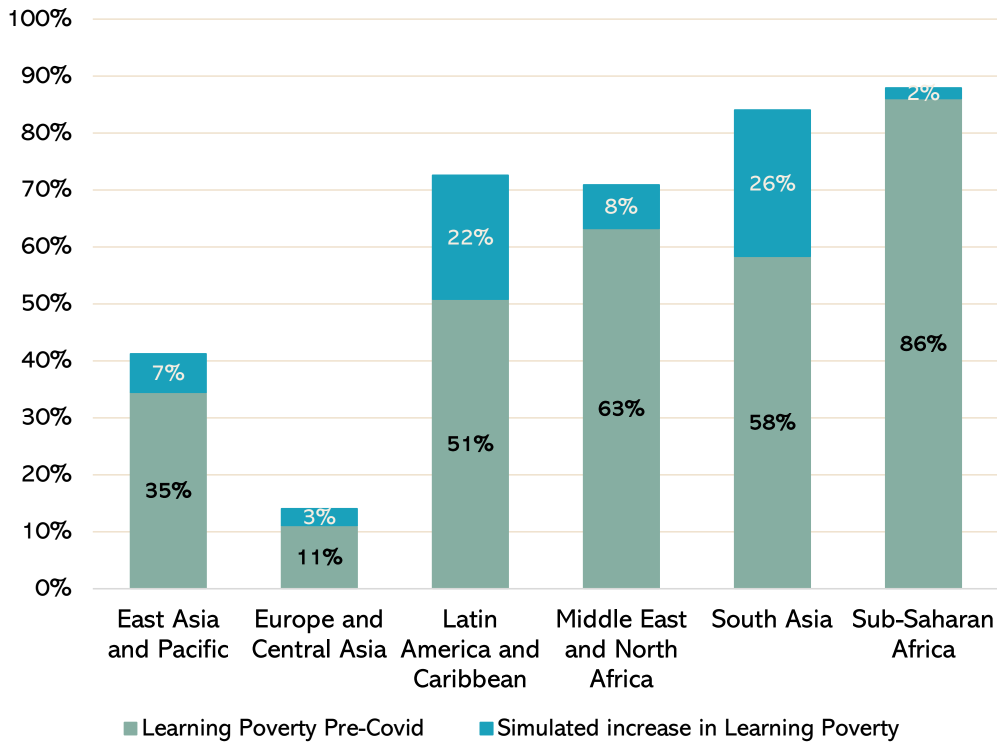
School-aged children: Dire financial consequences in the near future

Learning Poverty in EAP: from 35% before COVID to 42%



$5.9 trillions of estimated total drop in GDP from decrease in lifetime income in EAP

$28k reduction in lifetime per child earnings (vs $33k globally)

Source: Azevedo, Akmal, et al. 2022. COVID-19 Learning Loss Simulations: Global Update.

Youth: Sharp declines in employment and increases in NEETs

40 million

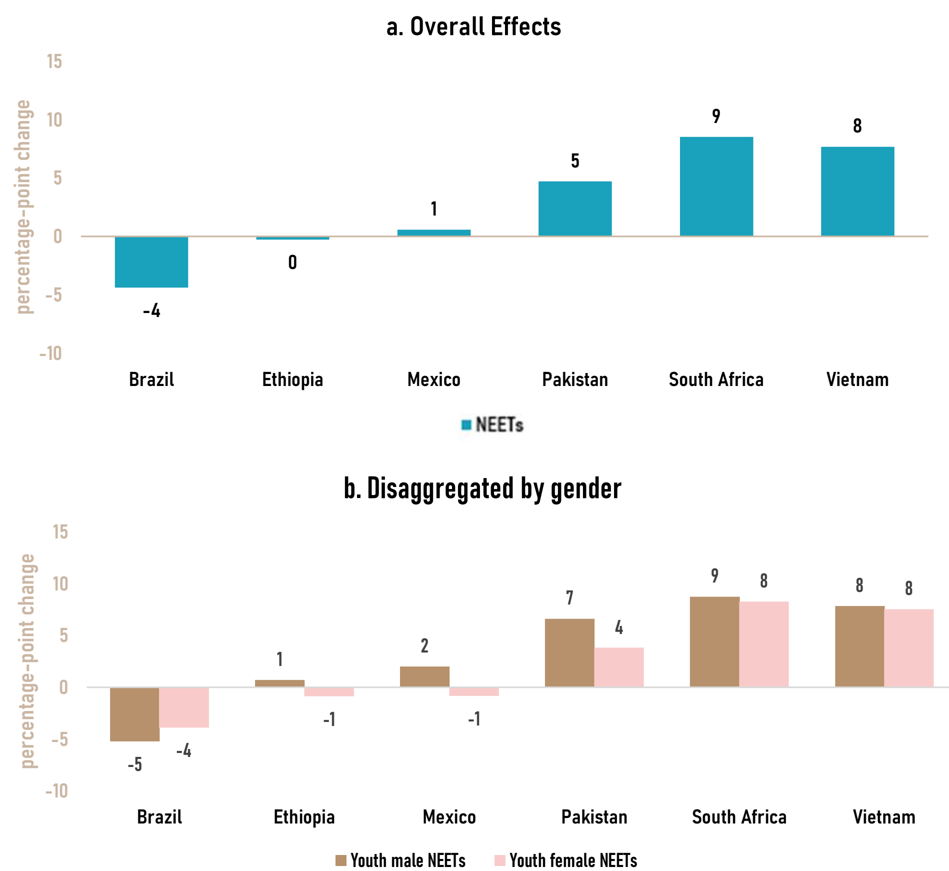
people who would have had a job in absence of pandemic did not have one at end of 2021, worsening youth unemployment trends

↓13%

expected drop in earnings for youth with lower education in the first decade after entering the labor market

1.6 million

more idle youth in Pakistan of all youth, where **34% of all youth were neither employed nor in education or training (NEET) in 2021**



02

POLICIES

Early childhood: Address setbacks so gaps don't amplify over time

1 **Improve stimulation and nutrition at home**

- Parenting programs
- Nutritional supplementation
- Cash transfers

2 **Improve coverage and content of pre-primary education**

- Scale current provision (existing facilities & non-specialized workforce)
- Insert social-emotional skills into curricula & prepare for transition to primary school

School-aged children: Address learning losses and minimize dropouts

1 Increase and protect instructional time and school participation

- Lengthen school day or school year and avoid further closures
- Monitor students at risk of dropping out
- Alleviate financial constraints & provide incentives for youth to attend school.

2 Improve instruction

- Assess learning and match instruction to student's level
- Catch-up and remedial tutoring
- Focus on foundations and streamline the curriculum

Youth: Address employment losses and facilitate transition to jobs

If adult employment has recovered, but youth employment has not

1

Work experience opportunities & demand driven skills development for youth

- Paid apprenticeships & youth targeted hiring subsidies
- Training & Skill certification
- Facilitate job matching and youth entrepreneurship programs

If neither adult nor youth employment recovered

2

Promote job creation

- Counter-cyclical policies & support formal and informal firms

Systems: Development of integrated systems needed for the pandemic or other systemic shocks

1 Build HD systems that integrate policies and activities across social sectors

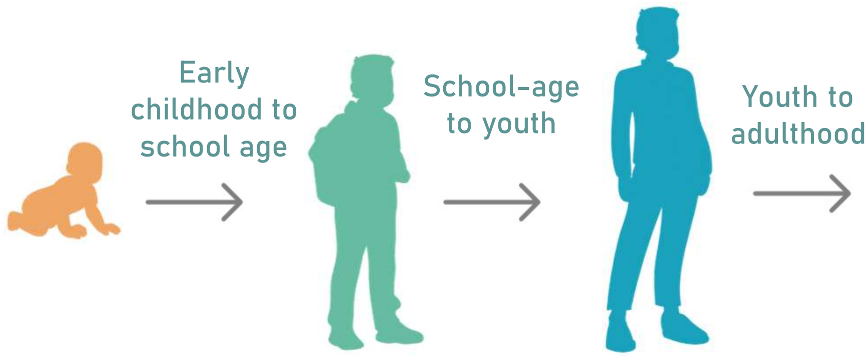
- Build cross-sectoral beneficiary registries, platforms and payment systems
- Build data collection and information systems
- Institute cross-sectoral coordination mechanisms
- Build cross-sectoral public finance management systems
- Enter contracts with private sector to meet demand surges

Prioritizing with competing shocks

Transitions

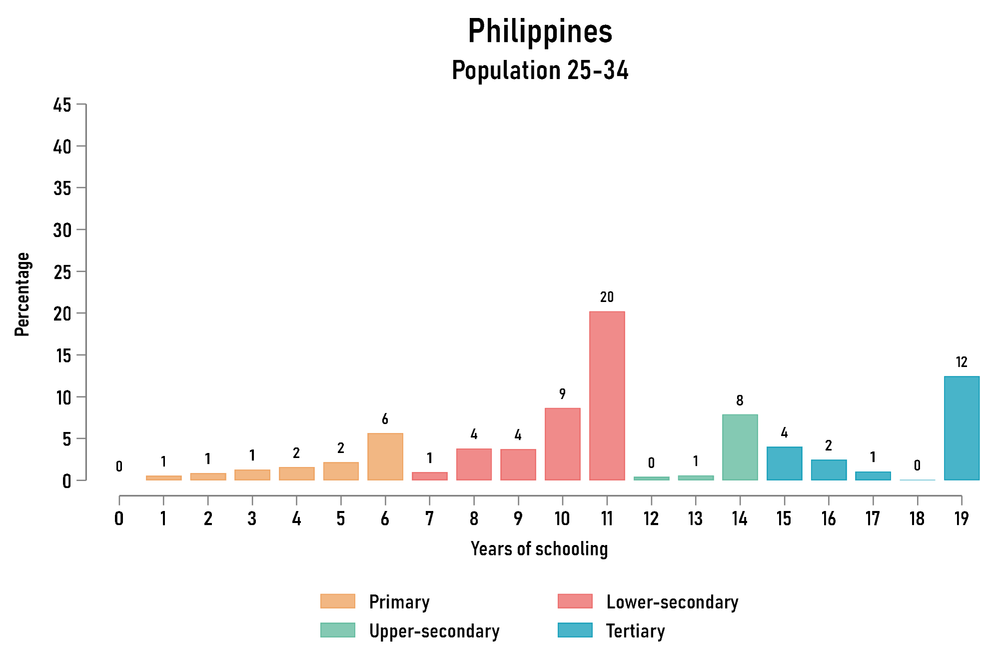
Total costs

Focus on transition periods in the life cycle



Prioritize those who are about to transition or just transitioned

Human capital most vulnerable during transitions



Preparing means considering total costs

	Fiscal costs	Implementation complexity	Political commitment
Early childhood			
Reopen pre-schools and subsidize private providers to reopen	●●○	●○○	●●○
School-aged children			
Focus on foundational learning and streamline the curriculum	●●○	●●●	●●●
Youth			
Offer youth paid apprenticeships and boot camps to build work experience	●●○	●●○	●○○
Systems			
Establish cross-sectoral beneficiary registries, platforms and payment systems	●○○	●●●	●●○

Recovery: an ongoing challenge

70 million more people were likely to be living in extreme poverty

1 billion school age children missed 1 year of schooling

40 million people who would have had a job in absence of pandemic did not have one at end of 2021, worsening youth unemployment trends

If **unaddressed, the costs** (earnings, growth, inequality) will be felt **for decades**

- People under 25 will make up 90% of prime-age workforce of 2050.
- Trillions of dollars of foregone GDP in low- and middle-income countries
- Higher inequality, intergenerational transmission of poverty

Taking action now will also prepare countries for future crisis

- New way of thinking about other systemic shocks—those currently under way & those likely to happen in the future.

A Human Capital Recovery: What Will it Take?

1) **Policies can recover losses from the pandemic.**

2) Acting on only **one dimension is insufficient**.

Pre-pandemic low baseline countries face **double burden**: recovering losses and addressing long-standing barriers.

The **time to act** is **short**

THANK YOU

The pandemic may have led to a collapse in human capital.

Transforming the collapse into a recovery should begin now.