Since the 2020 Annual Meetings, the Human Capital Project network has welcomed three new members—Japan, Madagascar, and North Macedonia—joining in early 2021. The Ministerial Conclave facilitates knowledge sharing among the ministers of finance and planning as well as the senior government officials who serve as human capital focal points across the HCP country network.

In his opening remarks, David Malpass, President, World Bank Group, highlighted three important priorities:

- **Investing in people**: Countries must act immediately to protect people who were disproportionately affected by the pandemic and formulate measures to address longer-term human capital setbacks and deficits.
- **Efficient expenditures and good governance**: High-level leadership and effective coordination will be required to increase spending efficiency and effectiveness. Good governance can help improve service delivery by harnessing advancements in technology.
- **Freeing up fiscal space**: Prioritizing human capital investments may require hard choices. For example, some countries may consider reducing energy subsidies to fund cash transfers to the poor while others could improve revenue systems to support growth and investments. Concurrently, international financial assistance will be needed to help fund priorities including human capital investments.

The approach paper, Investing in Human Capital for a Resilient Recovery: The Role of Public Finance, framed the Conclave and stimulated rich discussions around four important themes:

### Restoring Human Capital

- **Inclusive investments**: in health, early childhood development, learning, and women’s economic empowerment can contribute to an inclusive, resilient, and sustainable recovery. To reach vulnerable segments of the population, the Philippines accelerated its national ID program to support financial inclusion, vaccine distribution and the expansion of cash transfers. Egypt broadened the scope of its social safety net program, Takaful and Karama, to reach more women and support unemployment benefits for informal sector workers. Kenya provided cash transfers to people with disabilities and the elderly.
- **Cross-sectoral interventions** are critical to improve human capital outcomes across life cycles. With a strong commitment to the early years, Bhutan approved the Accelerating Mother and Child Health Program, which provides cash transfers to ensure optimal health and nutrition for mothers and their children. The program also introduced a day-feeding program in rural Bhutan. Madagascar multiplied its budget for schools more than ten-fold, focusing on school meal programs, subsidies for school funds, and teacher support. And in support of an early transition to green jobs, Bahrain embedded environmental sustainability and awareness in school curriculums and training.

### Building Resilient Service Delivery Systems

- **Innovation**, including accelerating the use of technology, paves the way to build back better. Kenya further invested in ICT and digital infrastructure in schools to help students regain learning losses and promote youth employment opportunities. With the vaccine rollout, Saudi Arabia leveraged digital registries to include high-risk segments of the population. Digitalization and modernization of education and social protection systems are also critical, as examples provided by Uzbekistan (Social Protection) and North Macedonia (Social Service Improvement Project) demonstrate.

### Promoting Economic Opportunities While Ensuring Environmental and Fiscal Sustainability

- **Good governance** is required to translate fiscal policies into human capital outcomes. Uzbekistan transitioned toward performance-based budgeting with greater budget transparency and social sector budgeting. Indonesia offered insights on improving allocative efficiency, such as internet connectivity and comprehensive subsidy reform, toward human capital outcomes. Both India and Indonesia emphasized fiscal consolidation on revenue reform and reprioritization of expenditures on human capital and climate change for a more sustainable and green recovery. Egypt partnered with NGOs to reach vulnerable populations and improve service delivery.
- **Securing resources for human capital priorities** especially during fiscal adjustments. To ensure a resilient recovery, human capital is the theme of Bhutan’s 2021-2022 budget. Guyane has prioritized human capital investments as part of its Low-Carbon Development Strategy. In Egypt, launching progressive energy subsidy reforms has allowed the government to use the fiscal space to roll out cash transfer programs and reallocate resources to health and education. By incentivizing sub-national and local governments, India has linked government expenditures to specific human capital outcomes to expand fiscal space in federal systems. Indonesia enhanced its domestic resource mobilization, with human capital investments representing the largest proportion of its total budget.

### Crisis as an Opportunity

- Throughout the Conclave, countries highlighted their determination to utilize the crisis as an opportunity to accelerate reforms.
  - The Education 2.0 reform in Egypt helped to lay out the necessary infrastructure for online education as schools faced closure. The social registry reform in North Macedonia helped with effective targeting. And fiscal reform and prudent bank supervision policies in Ukraine allowed the government to borrow and increase budget deficits to mobilize resources for the crisis response.
  - Countries such as Philippines, Saudi Arabia, India and Indonesia, utilized the crisis as an opportunity to accelerate financial inclusion, protect livelihoods, improve education and health infrastructure and incentivize the use of renewable energy.

As the session came to a close, Mari Pangestu, Managing Director of Development Policy and Partnerships, World Bank encouraged countries to make their voices heard for a strong IDA-20 replenishment, where human capital will be introduced as the fifth special theme.

### Related links:

- [The Approach Paper (Conference Draft)]
- AM2020 Conclave Summary
- AM2019 Conclave Summary
- SM2019 Conclave Summary

**PROTECT AND INVEST** in *people*
**THE WORLD BANK**
Mamta Murthi, Vice President of Human Development

“Investing in people is central to economic recovery.”

**THE WORLD BANK**
David Malpass, President

“This agenda is critical to alleviating extreme poverty and boosting shared prosperity, and it’s even more critical now to lay the foundation for a resilient recovery.”

**GUYANA**
Ashni Singh, Senior Minister with Responsibility for Finance

“We view capital development as both a critical prerequisite for and a critical objective of economic growth.”

**INDONESIA**
Sri Mulyani Indrawati, Minister of Finance

“Digital technologies will provide a lot of help in transforming the economy toward more consistent human capital investments and a green recovery.”

**BAHRAIN**
Salman bin Khalifa Al Khalifa, Minister of Finance and National Economy

“We must seek to protect our human capital gains and do so in a way that ensures environmental and fiscal sustainability.”

**KENYA**
Ukur Yatani, Cabinet Secretary, National Treasury & Planning

“As governments prioritize health and economic safety nets, it is imperative that we also focus on building a foundation for long-term recovery through quality education, the surest way to prepare our children to seize the opportunities of the 21st century and make meaningful contributions to development.”

**BURKINA FASO**
Lassané Kabore, Minister of Economy, Finance, and Development

“All these actions [in the education, health and social protection sectors] have been taken despite the difficult financial context, given that human capital is a strategic priority in the context of our economic and social development vision.”

**PAKISTAN**
Makhdom Khursro Bakhtyar, Minister for Economic Affairs

“Particularly, in the time of crisis, a little effort goes a long way. Accordingly, development partners, particularly IFIs, are required to leverage additional financial resources to create fiscal space and let developing countries save lives and livelihoods.”

**SINGAPORE**
Heng Swee Keat, Deputy Prime Minister, Coordinating Minister for Economic Policies, Minister of Finance

“We need to use this downtime to develop our skills and step up training for workers in hard-hit sectors… This will enable our people to be equipped with relevant skills in the post-COVID economy to avoid extended unemployment and permanent loss of skills.”

**UKRAINE**
Sergii Marchenko, Minister of Finance

“We need to implement learning recovery programs, protect educational budgets, and prepare for future shocks by “building back better.”

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