



HUMAN CAPITAL PROJECT

MINISTERIAL CONCLAVE

Investing in Human Capital for a Green, Resilient and Inclusive Recovery

On April 5, 2021, ministers of finance and planning, together with high-level government officials and development partners from the 81 HCP member countries, participated in the Human Capital Project Ministerial Conclave to discuss the importance of investing in human capital for a green, resilient and inclusive recovery from the COVID-19 crisis.

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 country 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 all the schools 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* ([Single Registry for 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. *Guyana* 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.
 - o 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.
 - o 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](#)

WORLD BANK GROUP

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.”



THE WORLD BANK

Mamta Murthi
Vice President of Human Development

“Investing in people is central to economic recovery.”



MADAGASCAR

Richard J. Randriamandrato
Minister of Finance

“We need to reinvent tomorrow’s world because we cannot overlook the negative impact of the coronavirus pandemic.”



EGYPT

Rania Al-Mashat
Minister of International Cooperation

“We are very proud that through partnerships with the World Bank, we can push forward more of these projects to help protect vulnerable groups.”



BHUTAN

Lyonpo Namgay Tshering
Minister of Finance

“Bhutan will soon be instituting a conditional cash transfer mechanism to ensure a better outcome of healthy citizens in generations to come.”



THE PHILIPPINES

Karl Chua
Secretary for Socioeconomic Planning and Director-General of the National Economic and Development Authority

“The Philippines has a long history, actually, of using crisis as opportunity to do longstanding reforms.”



SAUDI ARABIA

Mohammed bin Abdullah Al-Jadaan
Minister of Finance and Minister of Economy and Planning

“The power of leveraging digital tools alongside other complementary measures is the lesson that will go beyond the crisis.”



INDIA

N.K. Singh
Chairman of 15th Finance Commission

“Now the one important instrument, which we have found, is conditional transfers. ... At the state level, we have made a large part of resources for the municipalities conditional on improving health infrastructure, drinking water, sanitation, water harvesting, and reducing pollution.”



UZBEKISTAN

Timur Ishmetov
Minister of Finance

“We must provide adequate fiscal resources for public service modernization.”



GUYANA

Ashni Singh
Senior Minister with Responsibility for Finance

“We view human 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.”



THE WORLD BANK

Mari Pangestu, Managing Director of Development Policy and Partnerships

“A key immediate challenge is financing and making sure that the social sectors are protected throughout the recovery phase, with smart policies and efficient public expenditures. Crisis can be utilized to continue the reforms and make the changes permanent for the better.”



Statements

BURKINA FASO

“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.”

Lassané Kabore
Minister of Economy, Finance, and Development

PAKISTAN

“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.”

Makhдум Khusro Bakhtyar
Minister for Economic Affairs

SINGAPORE

“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.”

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

UKRAINE

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

Sergii Marchenko
Minister of Finance