



NEPAL

Region: South Asia

Income Category: Lower Middle Income



This 2-page brief provides the 2020 Human Capital Index (HCI) released in September 2020, and a set of indicators that are complementary to the HCI. The HCI measures the amount of human capital that a child born today can expect to attain by age 18. It conveys the productivity of the next generation of workers compared to a benchmark of complete education and full health. Although the effects of COVID-19 on the HCI are yet to be measured due to the lack of data, we expect the post-pandemic HCI to be relatively lower due to the deep learning and health losses globally. **Data collection efforts to allow updates to the HCI remain critical for all countries to inform policies and programs to address the setbacks to human capital.**

THE HUMAN CAPITAL INDEX

A child born in Nepal just before the pandemic will be **50 percent** as productive when she grows up as she could be if she enjoyed complete education and full health. This is higher than the average for the South Asia region (48 percent) and Lower Middle Income countries (48 percent).

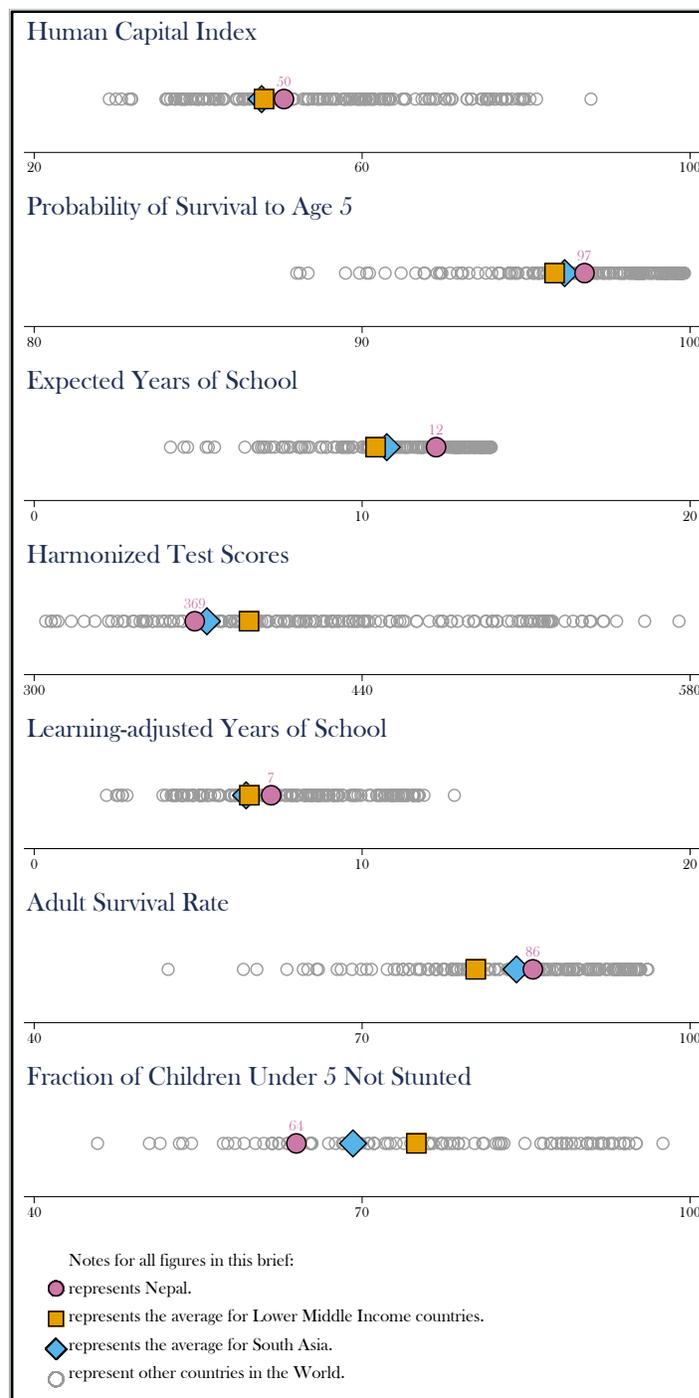
THE HUMAN CAPITAL INDEX COMPONENTS

- **Probability of Survival to Age 5.** 97 out of 100 children born in Nepal survive to age 5.
- **Expected Years of School.** In Nepal, a child who starts school at age 4 can expect to complete **12.3 years** of school by her 18th birthday.
- **Harmonized Test Scores.** Students in Nepal score **369** on a scale where 625 represents advanced attainment and 300 represents minimum attainment.
- **Learning-adjusted Years of School.** Factoring in what children actually learn, expected years of school is only **7.2 years**.
- **Adult Survival Rate.** Across Nepal, **86 percent** of 15-year olds will survive until age 60. This statistic is a proxy for the range of health risks that a child born today would experience as an adult under current conditions.
- **Fraction of Children Under 5 Not Stunted.** 64 out of 100 children are **not** stunted. 36 out of 100 children are at risk of cognitive and physical limitations that can last a lifetime.

DIFFERENCES IN HCI ACROSS GENDER AND SOCIO-ECONOMIC GROUPS

In Nepal, lack of data prevents comparison of HCI by gender. The table below shows gender disaggregation for each of the HCI components, where available. There are insufficient data to disaggregate the HCI by socio-economic groups.

HCI and its components	Boys	Girls	Overall
HCI	-	-	0.50
Survival to Age 5	0.97	0.97	0.97
Expected Years of School	12.3	12.2	12.3
Harmonized Test Scores	-	-	369
Learning-adjusted Years of School	-	-	7.2
Adult Survival Rate	0.84	0.87	0.86
Not Stunted Rate	0.64	0.64	0.64



Human capital, a crucial ingredient for economic growth, is multi-dimensional and cumulatively built over the lifecycle. Due to the slow moving nature of the HCI, an additional set of Human Capital Complementary Indicators (HCCIs) offer a snapshot of proximate dimensions of human capital in Nepal that can be monitored to measure simultaneous progress in intermediate outcomes. These selected HCCIs are based on the latest available data (*italicized* and shown in parenthesis) and benchmarked against regional and country income group averages. **They highlight where the need is for investment in people in each stage of life and for data collection and updates for evidence-based policy making.**

EARLY CHILDHOOD

- **Neonatal mortality (deaths per 1,000 live births).** The neonatal mortality rate is **17 per 1,000 live births** (2020), lower than both the regional average (21) and the income group average (18).
- **Children receiving minimum meal frequency (%)**. Adequate meal frequency among children 0-23 months is **69 percent** (2019), above the regional (56%) and income group (53%) averages.
- **Pre-primary school gross enrollment (%)**. The pre-primary school gross enrollment ratio is **104 percent** (2020), higher than both the regional and income group averages.

SCHOOLAGE

- **Primary school completion (%)**. Primary school completion rate is **120 percent** (2019), higher than both the regional (89%) and income group (89%) averages.
- **Gross secondary school enrollment (%)**. The secondary school gross enrollment rate is **86 percent** (2020), higher than both the regional (75%) and income group (70%) averages.
- **Lower secondary school completion (%)**. The lower secondary school completion rate is **100 percent** (2020), higher than both the regional (81%) and income group (70%) averages.

YOUTH

- **Youth NEET (%)**. **35 percent** (2017) of the youth is not in employment, education or training. This is higher than both the average for its region (28%) and the average for its income group (26%).
- **Adolescent fertility (births/1000 women)**. The adolescent fertility rate, i.e., the number of births for every 1000 women aged 15-19, is **63** (2020). This is higher than both the average for its region (41) and the average for its income group (57).
- **Gross tertiary education enrollment (%)**. Tertiary education gross enrollment ratio is **13 percent** (2020), lower than the regional (18%) and income group (24%) averages.

ADULTS & ELDERLY

- **Female labour force participation (%)**. The female labour force participation is **83 percent** (2022), higher than both the regional (40%) and income group (56%) averages.
- **Male labour force participation (%)**. The male labour force participation is **87 percent** (2022), higher than both the regional (83%) and income group (81%) averages.
- **Life expectancy at birth (years)**. Life expectancy at birth is **71 years** (2020), similar to the regional average (71 years) and higher than the income group average (69 years).

