The current overlapping global crises have reversed decades of progress in human capital outcomes. There is an urgent need for strong investments to restore and bolster these outcomes so individuals and communities can achieve their full potential.

MAMTA MURTHI
World Bank Vice President for Human Development

HUMAN CAPITAL INDEX quantifies the contribution of health and education to the productivity of the next generation of workers. Ranging between 0 and 1, the index takes the value 1 only if a child born today can expect to achieve full health (defined as no stunting and survival up to at least age 60) and achieve their formal education potential (defined as 14 years of high-quality school by age 18).

A country’s score is its distance to optimal education and full health. If it scores 0.70 in the Human Capital Index, this indicates that the future earnings potential of children born today will be 70% of what they could have been with complete education and full health.

In developing countries, the average Human Capital Index is 0.56, meaning that individuals born today are only a little more than half as productive as they could be if they had received full health and education. When adjusted for utilization, the HCI is only 0.32, indicating that only one-third of potential human capital is utilized in the labor market. The remaining two-thirds are either unemployed, underemployed, or not participating in productive work.

When adjusted for utilization, the HCI measures the extent to which an individual can fully utilize their human capital to increase productivity in the labor market. Countries can use the HCI to assess how much income they forego because of human capital gaps and how quickly they can turn these losses into gains if they act now.

With support from the Sustainable Development Goals Fund, our ‘Building Human Capital: Lessons from Country Experiences’ case study series allows countries to learn from one another’s experiences to generate ideas and share good practices.

Twice per year, in the spring and in the fall, the Human Capital Project hosts a Conclave, where Ministers of finance, private sector leaders, and heads of foundations and agencies gather to discuss policy priorities and solutions to overcome threats to human capital. Recent Conclaves focused on addressing food security and on accelerating climate action.

Join our HCP network to continue advancing human capital efforts in your country.

Reach out to us at humancapital@worldbank.org to find out more about our community.

www.worldbank.org/humancapital

The Human Capital Project
is a global effort to accelerate more and better investments in people to build, protect, and utilize human capital. The Human Capital Project Network brings together World Bank clients and partners to close the global human capital gap, which is especially critical as countries face multiple crises.

As part of our activities, we develop case studies and key reports, organize peer-to-peer knowledge exchanges, and host bi-annual Conclaves where Ministers of Finance and key stakeholders come together to discuss the most pressing issues affecting human capital.

The Human Capital Project announced the Human Capital Project in 2017, with the launch of the Human Capital Index in October 2018, at the Annual Meetings held in Bali, Indonesia.

As of April 2024, 94 economies have joined the Human Capital Project, which Gabriel Demombynes manages.

Financed by the Bill & Melinda Gates Foundation and the Canadian government, the Human Capital Umbrella Program allows donors and partners to support human capital outcomes across the life cycle through a ‘whole-of-government’ approach. The program has informed 19 World Bank operations totaling $4.6 billion.

The Human Capital Project has three pillars: Measurement and Indicators, Analytics and Operations, and Convening and Global Thought Leadership.

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AT A GLANCE

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