EDUCATION & COMPETITIVENESS
Human capital is a key determinant of global levels & changes of wealth. Have we invested enough in people?
As countries make economic progress, they rely ↓ on natural capital & ↑ in human capital.
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The Human Capital Project calls attention to the need of investing in people
**HUMAN CAPITAL INDEX:** “How much human capital can a child born today expect to acquire by age 18, given the risks to poor health and poor education that prevail in the country where she lives?”

<table>
<thead>
<tr>
<th>Survival</th>
<th>School</th>
<th>Health</th>
<th>HCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children who don’t survive don’t grow up to become future workers</td>
<td>Contribution of quality-adjusted years of school to productivity of future workers</td>
<td>Contribution of health (adult survival rate and stunting) to productivity of future workers</td>
<td>Productivity of a future worker (relative to benchmark of complete education and full health)</td>
</tr>
</tbody>
</table>

Global: 0.56
Globally, the productivity of the average child born today is expected to be only 56% of what it would be if countries invested enough in adequate health & education.
In Brazil, the productivity of the average child born today is expected to be only 56% of what it would be if Brazil invested enough in adequate health & education.
But Brazil performs slightly worse than it should for its income level
Inside Brazil, several countries coexist.

- Santa Salete (São Paulo) - 0.76
- São Caetano do Sul (São Paulo) - 0.74
- Salvador (Bahia) - 0.66
- Simões Filho (Bahia) - 0.56
- Miguel Leão (Piauí) - 0.54
- Malawi (0.48)
- France (0.41)

Average high-income countries: 0.56

Global: 0.41
... with deep regional inequalities
Most of HCI’s gaps (distance to frontier) relate to education outcomes

**Sub Saharan Africa**
- Health: 7%
- Education (Access): 38%
- Education (Learning): 52%
- Survival: 38%

**South Asia**
- Health: 5%
- Education (Access): 28%
- Education (Learning): 52%
- Survival: 28%

**East Asia Pacific**
- Health: 5%
- Education (Access): 28%
- Education (Learning): 53%
- Survival: 28%

**Europe and Central Asia**
- Health: 3%
- Education (Access): 24%
- Education (Learning): 58%
- Survival: 24%

**Middle East and North Africa**
- Health: 3%
- Education (Access): 34%
- Education (Learning): 53%
- Survival: 24%

**Latin America and Caribbean**
- Health: 3%
- Education (Access): 24%
- Education (Learning): 61%
- Survival: 27%

**Brazil**
- Health: 10%
- Education (Access): 61%
- Education (Learning): 34%
- Survival: 3%

**Regions**
- Sub Saharan Africa
- South Asia
- East Asia Pacific
- Europe and Central Asia
- Middle East and North Africa
- Latin America and Caribbean
- Brazil
Investing in education has large returns

... and quality matters

Impact of Educational Attainment on Future Earnings

- Primary education and illiterate: 6
- Primary education and literate: 38
- Secondary education: 116
- Tertiary education: 344
Education with quality is key to improve labor productivity

Years of Schooling of Adult Population vs. Average Labor Productivity (GDP per worker (Thousand US$ (PPP) 1990))

Fonte: Apresentação Banco Mundial, R. Paes de Barros PPT (INSPER, 2017).
And although improving learning is key to improving competitiveness, we are facing a learning crisis.
THE SHARE OF CHILDREN WHO CANNOT READ & UNDERSTAND A SIMPLE TEXT BY AGE 10
In low and middle-income countries 53% of 10 year olds cannot read and understand a simple text.

...and in Brazil 48% of 10 year olds cannot read and understand a simple text.
This is MORALLY AND ECONOMICALLY UNACCEPTABLE

Aspiring to eliminate LEARNING POVERTY is akin to the goal of ending hunger and extreme poverty.

This high rate of learning poverty is an EARLY WARNING THAT ALL EDUCATION GOALS INCLUDED ARE IN JEOPARDY.
Why focus on reading at age 10?

• Is the foundation upon which other skills are built
• Is highly correlated with other skills
• Later in life is it hard to catch-up & children risk lagging behind
• Reading has strong linkages to quality jobs
Learning Poverty: Brazil mapped across the World

São Paulo

Maranhão

2

13

48

53

70

Ireland

Malaysia

Honduras

World
The poorest states face higher learning poverty.
Good news

Learning poverty in Brazil:

Declining sustained and significantly over 10 years.

Source: SAEB/INEP/MEC
But so far, the improvements are stronger in primary
What is behind this improvement?

**Financing**: FUNDEB/FUNDEF increased spending per student in the poorest areas

**Measurement** of learning results to guide education policy

**Conditional cash transfers** increased schooling attainment
A GLOBAL learning target to galvanize actions for learning
An ambitious but achievable **LEARNING TARGET:**

**BY 2030, REDUCE BY AT LEAST HALF THE SHARE OF CHILDREN WHO CANNOT READ BY AGE 10**

It is an intermediate goal. From there, our ambition is to work with countries and development partners to bring the number to zero.
GLOBALLY REDUCING BY HALF requires that all countries make progress at the same rate of the top 20% performers in their regions.

Learning poverty (%) graph showing two lines. The red line represents "Business as usual" and the yellow line represents "Each country growing at rate of top 20% of their region." The graph shows a reduction in learning poverty from 53% in 2015 to 43% in 2023. The goal is to reduce learning poverty by half globally, with each country growing at the same rate as the top 20% performers in their regions.
There is space for more & better spending
What can be done in Brazil?
Key Policy Options to increase education quality and labor productivity

**Learners** are prepared and motivated to learn
- Expand quality early childhood education with a smart involvement of the private sector

**Teachers** at all levels are effective & valued
- Reform pre-service training
- Reform to professionalize the teachers career
- Practical training

**Classrooms** are equipped for learning
- Effective, clear and simple curriculum
- Books and teacher guides that promote learning

**Systems** are well managed
- More equitable financing and support to municipalities
- Improve management at the school level. Principal’s career
THANK YOU

For more information:

The Human Capital Project Report
Ending Learning Poverty. What will it take?
Brazil Learning Poverty Brief
Brazil Human Capital Project Brief