

# MIDDLE EAST AND NORTH AFRICA HUMAN CAPITAL PLAN



HUMAN  
CAPITAL  
PROJECT

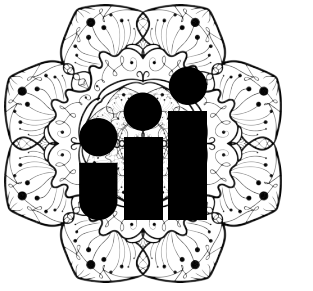


THE WORLD BANK  
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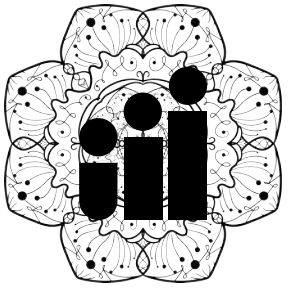


# OUTLINE



- Background and objectives.
- The state of human capital in **MENA**: a snapshot.
- A human capital agenda for **MENA**.
- World Bank Group support.
- Tracking progress: a monitoring and results framework.
- The state of human capital in **MENA**: a deep dive.

# KEY MESSAGES



## KEY ELEMENTS OF THIS PLAN:

- With the lowest percentage of human capital as a share of total wealth per capita of any region in the world (35%), **MENA faces a severe human capital gap.**
- **GDP per worker in MENA could be 2x higher** if children today achieved complete health and education.
- **If the gender gap in labor force participation was reduced, growth in MENA could double in a decade** and cumulative GDP could be increased by a trillion dollars.
- **Governments in the region understand the urgency of this challenge**, and the World Bank has identified a set of priority interventions that can help **build, protect, and utilize human capital** by supporting and empowering youth, women, and elderly populations.
- **Building human capital by investing in early childhood development and focusing on improving learning outcomes** to lay the essential foundations for human capital and future economic prosperity.
- **Protecting human capital of vulnerable groups**, the elderly, refugees/IDPs, and populations living in FCV and building their resilience to environmental and climate change, mental health risks and Non-Communicable Diseases (NCDs), natural hazards, and economic/fiscal shocks.
- **Utilizing human capital by promoting access to jobs** for youth by building quality 21st century skills, expanding productive inclusion opportunities for the poor and leveraging digital solutions, and improving preparedness to entrepreneurship activities.
- Promoting **spending efficiency** that achieves greater value for money, more targeted social spending, and a reduction in universal subsidies.
- Pursuing a robust **measurement agenda**, with more timely and accurate data that will allow evidence-based approaches, supported by robust analytical work.
- Mobilizing a **Whole-of-Government approach** that stresses continuity and coordination across government, as well as actions informed by evidence.





# BACKGROUND AND OBJECTIVES

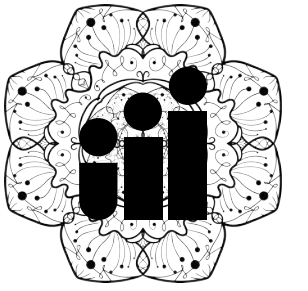
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# THE WORLD BANK HUMAN CAPITAL INDEX



## SURVIVAL

Children who don't survive don't grow up to become future workers.



## SCHOOL

Contribution of quality-adjusted years of school to productivity of future workers.



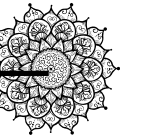
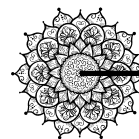
## HEALTH

Contribution of health (average of adult survival rate and stunting) to productivity of future workers.



## HUMAN CAPITAL INDEX

**Productivity of a future worker** (relative to benchmark of complete education and full health).



## ADVANCING THE SUSTAINABLE DEVELOPMENT GOALS

The three measures forming the Human Capital Index are aligned with key Sustainable Development Goals:

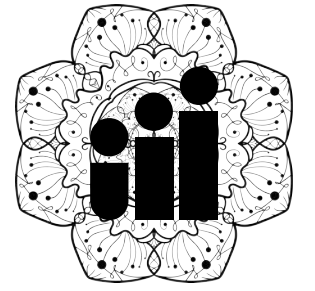
**Survival to age 5** aligns with SDG 3.2 to reduce neonatal mortality to 12 per 1,000 live births or lower, and under 5 mortality to 25 per 1,000 live births or lower.

**Learning-Adjusted Years of School** aligns with SDG 4.1 to ensure, among other, the completion of equitable and good-quality primary and secondary education.

**Health (Stunting and Adult Survival)** aligns with SDGs 3.3, 3.4 and 3.6 on reducing mortality and SDG 2.2 on reducing malnutrition.



# THE **MENA** HUMAN CAPITAL PLAN



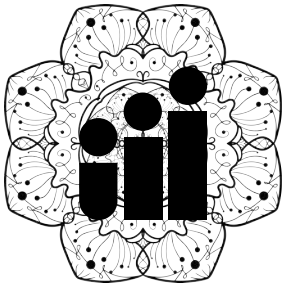
- **A plan of action to improve human capital outcomes in the region** by:
  - i) identifying a set of priority knowledge, financing, experience, and evidence,
  - ii) building on MENA countries' own ambitious human capital objectives.
- Identifies the '**game changers**' that can accelerate progress.
- Outlines **foundational investments** in place by the 2021 Annual Meetings in Marrakech, Morocco.
- Aligned with the **Human Capital Project** and its focus on country-led efforts and informed by a rigorous measurement agenda.
- An integral component of the World Bank Group's broader **MENA regional strategy**, which identifies human capital development, digital development, and private sector dynamism as drivers of economic transformation.

Our ambition is to help MENA become...

A region that realizes its vast potential by harnessing its greatest untapped assets: the human capital of its population, including youth, women, and the elderly.

A region where children acquire strong foundational skills and young people have access to strong world-class education that equips them with the skills desired by the global job market and/or to start their own innovative businesses in open and competitive markets.



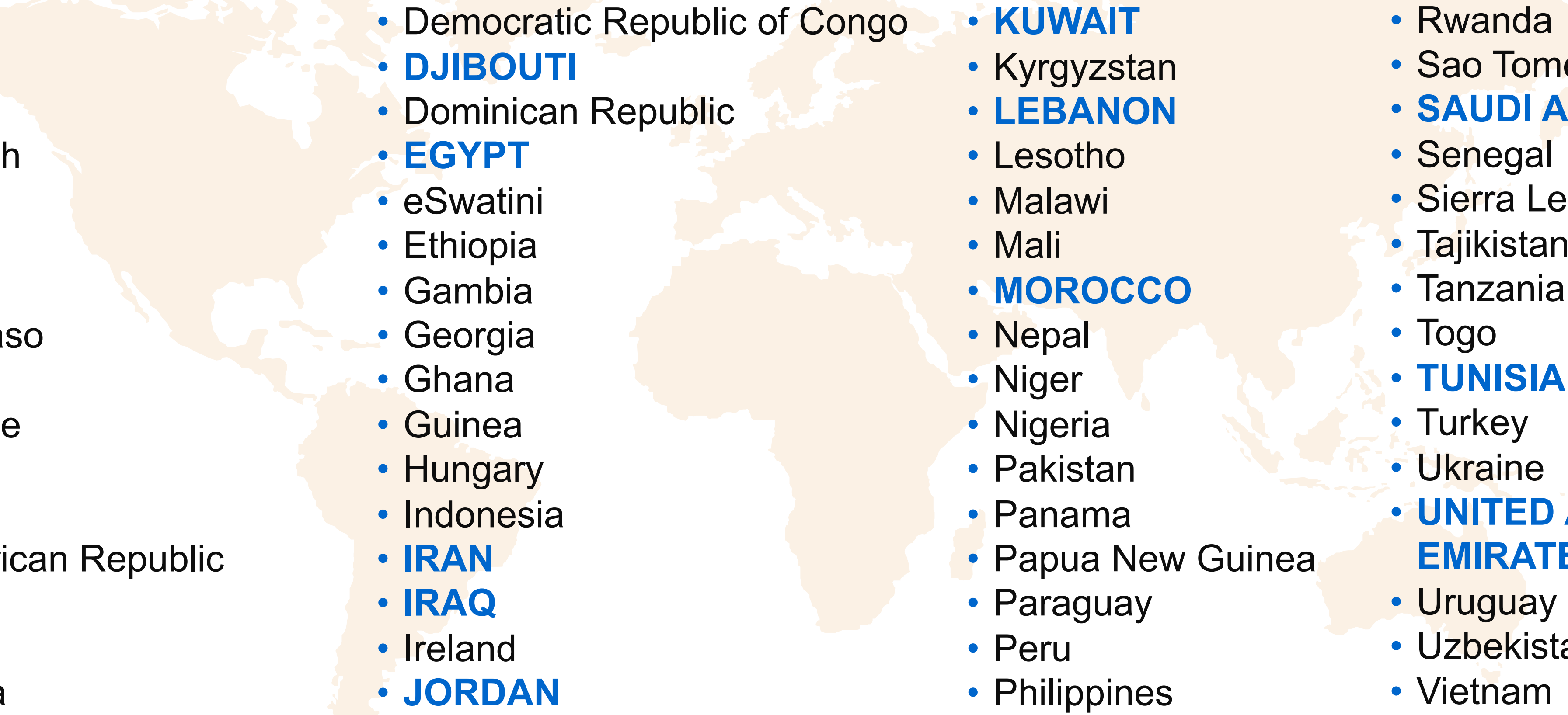


# 68 COUNTRIES HAVE SIGNED UP TO THE HUMAN CAPITAL PROJECT

CONFIRMED AS OF OCTOBER 2019.

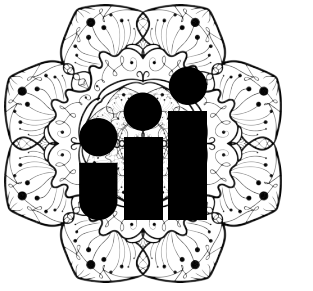
MENA countries.

OF WHICH 13 ARE FROM MENA

- 
- **ALGERIA**
  - Angola
  - Armenia
  - Bangladesh
  - Belarus
  - Benin
  - Bhutan
  - Burkina Faso
  - Burundi
  - Cabo Verde
  - Cameroon
  - Cambodia
  - Central African Republic
  - Chad
  - Colombia
  - Costa Rica
  - Cote d'Ivoire
  - Democratic Republic of Congo
  - **DJIBOUTI**
  - Dominican Republic
  - **EGYPT**
  - eSwatini
  - Ethiopia
  - Gambia
  - Georgia
  - Ghana
  - Guinea
  - Hungary
  - Indonesia
  - **IRAN**
  - **IRAQ**
  - Ireland
  - **JORDAN**
  - Kenya
  - **KUWAIT**
  - Kyrgyzstan
  - **LEBANON**
  - Lesotho
  - Malawi
  - Mali
  - **MOROCCO**
  - Nepal
  - Niger
  - Nigeria
  - Pakistan
  - Panama
  - Papua New Guinea
  - Paraguay
  - Peru
  - Philippines
  - Poland
  - Republic of Congo
  - Rwanda
  - Sao Tome & Principe
  - **SAUDI ARABIA**
  - Senegal
  - Sierra Leone
  - Tajikistan
  - Tanzania
  - Togo
  - **TUNISIA**
  - Turkey
  - Ukraine
  - **UNITED ARAB EMIRATES**
  - Uruguay
  - Uzbekistan
  - Vietnam
  - **YEMEN**



# BUILDING ON COUNTRY PRIORITIES



- Increase access to pre-school education and improve learning conditions; promote access to jobs and improve the delivery of social protection, complemented with improved efficiency of public spending.



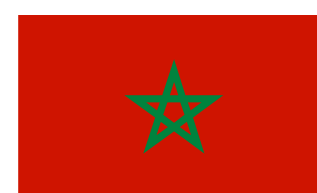
- Reach innovative financing sources and improve financial efficiency (especially in the education sector).



- Align education outcomes with the labor market and reducing NCDs and their risk factors.



- Invest in early years, ensuring children are prepared for primary and pre-primary schooling, and ensuring fiscal sustainability of human capital.



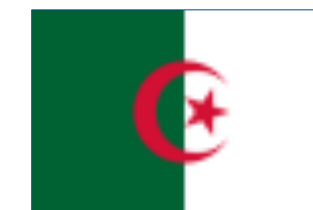
- Invest in early years by universalizing pre-school education for children ages 4–5 by 2027, improve teaching practices and reduce school drop-outs, improve youth employability, expand social safety net and better targeting, improve efficiency of public spending on human capital.



- Invest in early childhood development and inclusive education; enhance education by developing school leaders and teacher professionalization.



- Introduce a health insurance system, build new hospitals, and raise the capacity of existing hospitals; in education, increasing accredited schools and raising teacher capacity.



- Improve evidence-base policy making; reform energy subsidies and set up up cash compensation programs.



- Improve early childhood development through parenting practices, improving access and quality to Kindergartens, and improving the availability of relevant Early Childhood Development (ECD) data; fostering partnerships between tertiary education institutions and employers.



# THE STATE OF HUMAN CAPITAL IN MENA: A SNAPSHOT

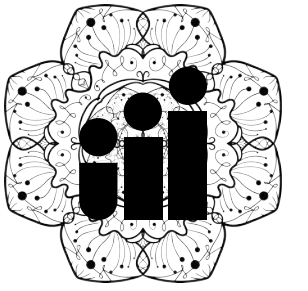
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# MULTIDIMENSIONAL CHALLENGES



**Lowest human capital** as a share of total wealth per capita in the world (35 percent) compared to world average of 64 percent; low and unequal access to early childhood education; gender gaps in boys' learning compared to girls.



**High Learning Poverty**: nearly two-thirds of children in **MENA** cannot read with proficiency and only 31% of **MENA** children attend pre-primary.



**High and rising unemployment**: 40 percent female unemployment, 27 percent youth; 79 percent of females do not participate in labor force; low private labor market returns to education.



**Inadequate social protection**: 45 percent of population in lowest quintile not covered by social protection programs; efficiency of social expenditures can be greatly improved.



**Growing health challenges** from non-communicable diseases and diseases caused by environmental factors, which will put pressure on health systems and pose long-term challenges due to lost productivity.



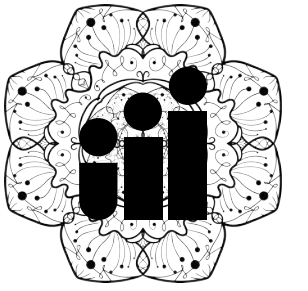
**Conflicts are eroding human capital**, as displaced people lose access to employment, schooling, health care, and nutrition.



**Spatial inequality** in human capital within countries, with some regions lagging others in education and health outcomes and employment opportunities, exacerbating rural-urban divides and contributing to out-migration.



# DECLINING SHARE OF HUMAN CAPITAL



**MENA has the lowest percentage of human capital**  
as a share of total wealth per capita  
of any region in the world.

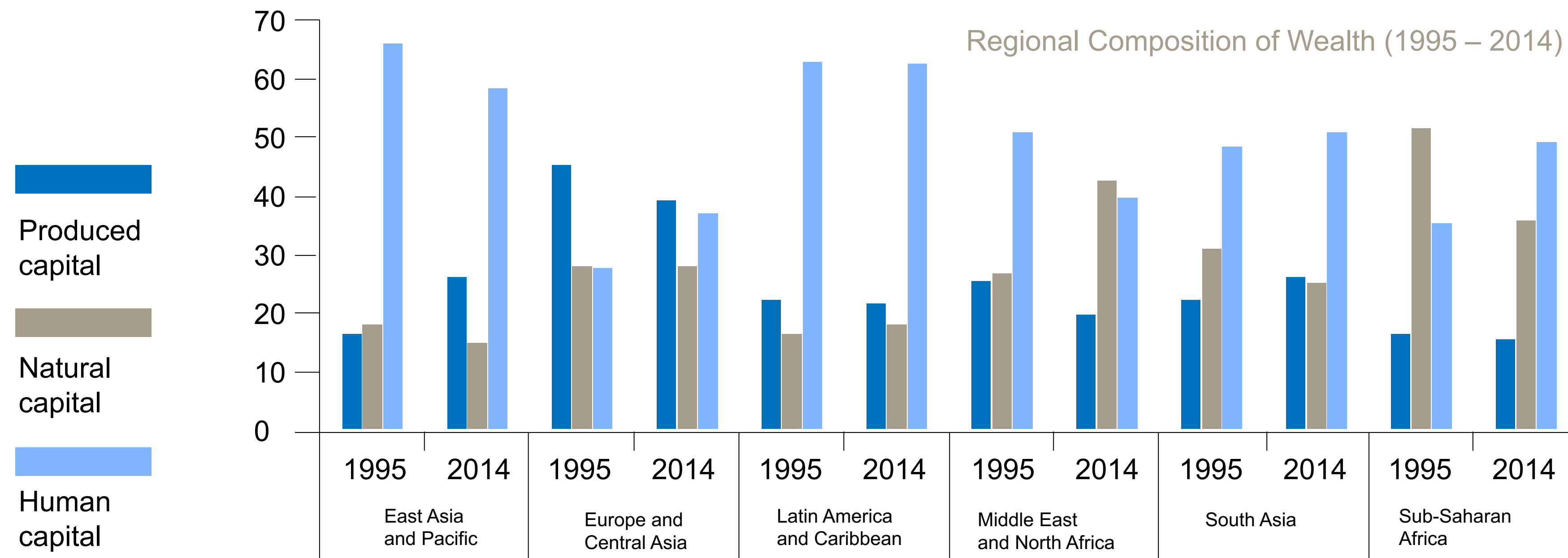
**35%**

**Compared to  
world average of**

**64%**

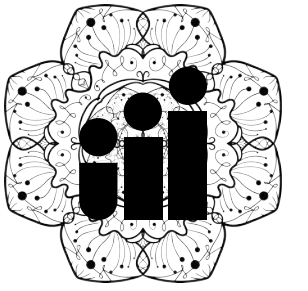
**This includes:**

**50% in SSA, and  
60% in EAP and LAC**



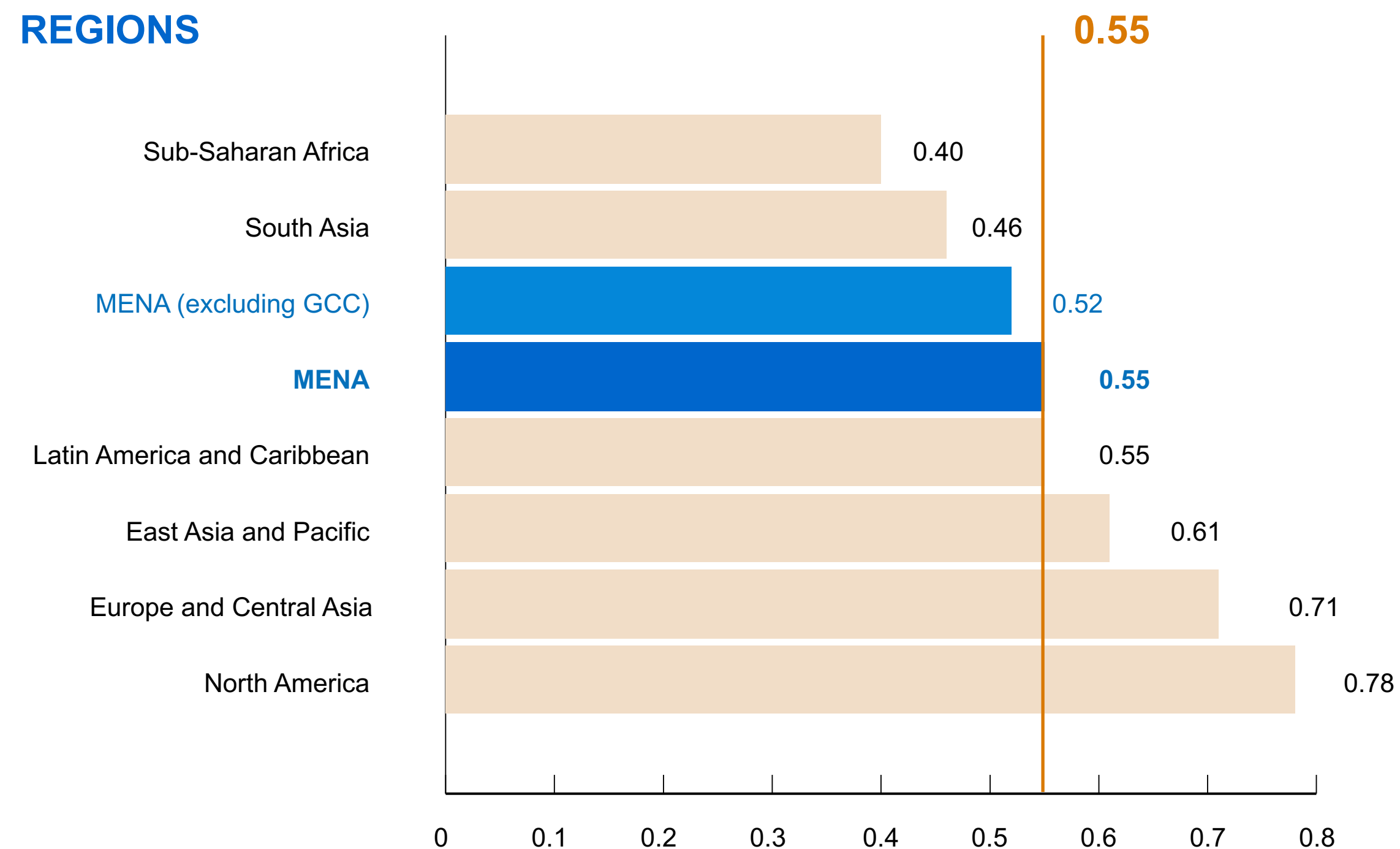


# A CHILD BORN IN MENA TODAY



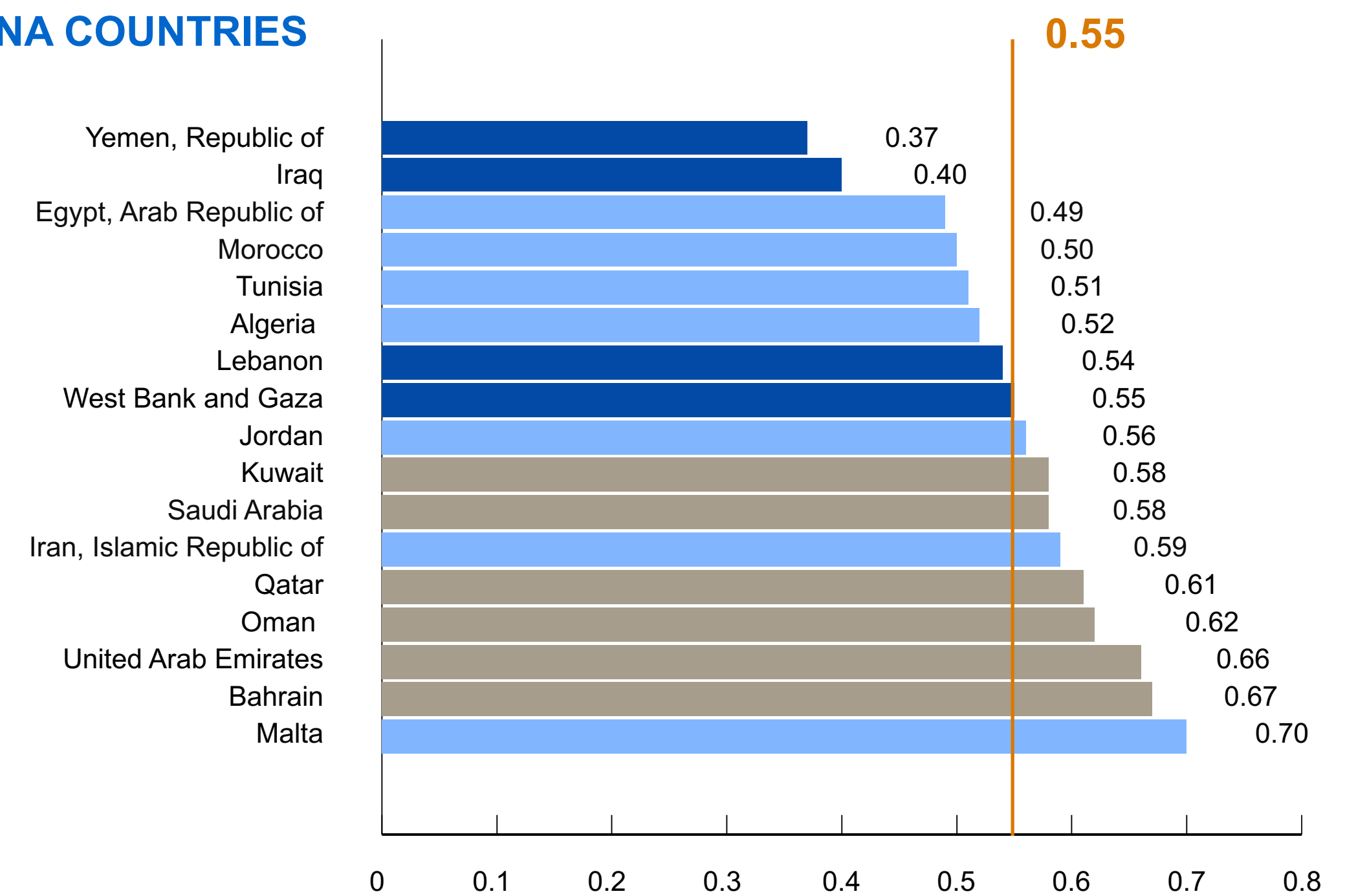
**WILL ONLY BE 55% AS PRODUCTIVE AS SHE CAN BE WHEN SHE REACHES THE AGE OF 18**

## REGIONS



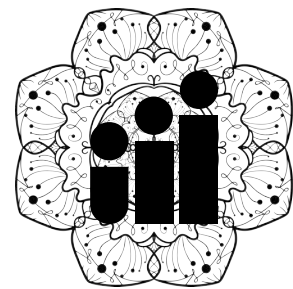
## WIDE VARIATION IN HCI AMONG MENA COUNTRIES

## MENA COUNTRIES





# MENA IS BELOW WORLD AVERAGE



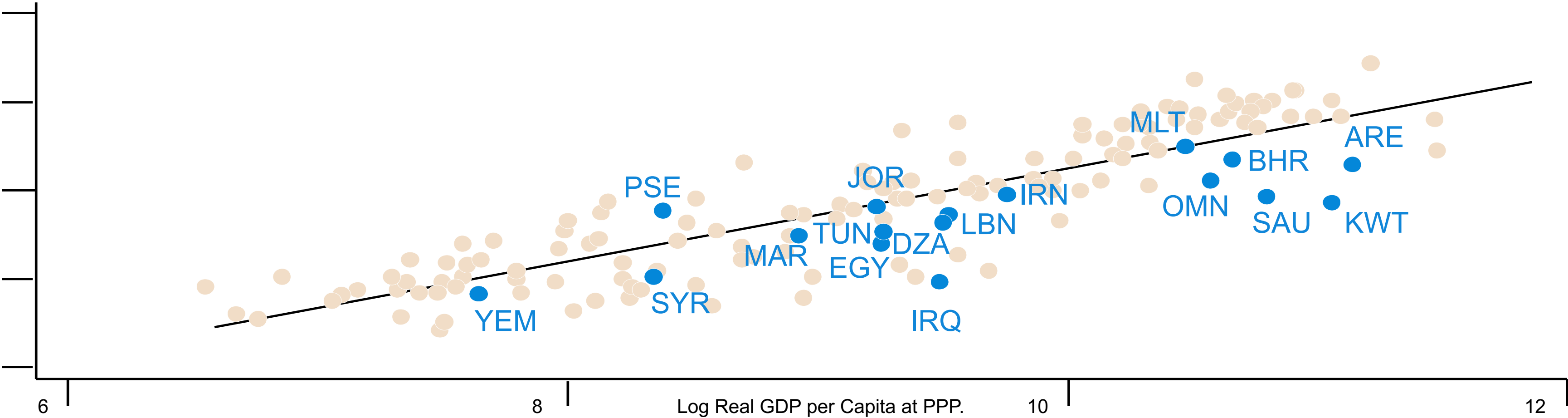
AND ALMOST ALL MENA COUNTRIES PERFORM LOWER THAN THEIR INCOME LEVEL

at 0.55  
MENA's Human Capital Index

is under world average  
and below potential.

Indicator	East Asia & Pacific	Europe & Central Asia	Latin America & Caribbean	Middle East & North Africa	North America	South Asia	Sub-Saharan Africa
HCI Component 1: Survival							
Probability of Survival to Age 5	0.98	0.99	0.98	0.98	0.99	0.96	0.93
HCI Component 2: School							
Expected Years of School	11.9	13	11.9	11.4	13.5	10.5	8.1
Harmonized Test Scores	451	495	404	403	530	364	374
Learning-Adjusted Years of School	8.7	10.4	7.7	7.6	11.4	6.2	4.9
HCI Component 3: Health							
Survival Rate from Age 15-60	0.87	0.9	0.86	0.9	0.92	0.84	0.73
Fraction of Children Under 5 Not Stunted	0.78	0.88	0.86	0.85	0.98	0.64	0.68
Human Capital Index (HCI)	0.61	0.70	0.55	0.55	0.78	0.46	0.40

HUMAN CAPITAL INDEX.





# A HUMAN CAPITAL AGENDA FOR MENA

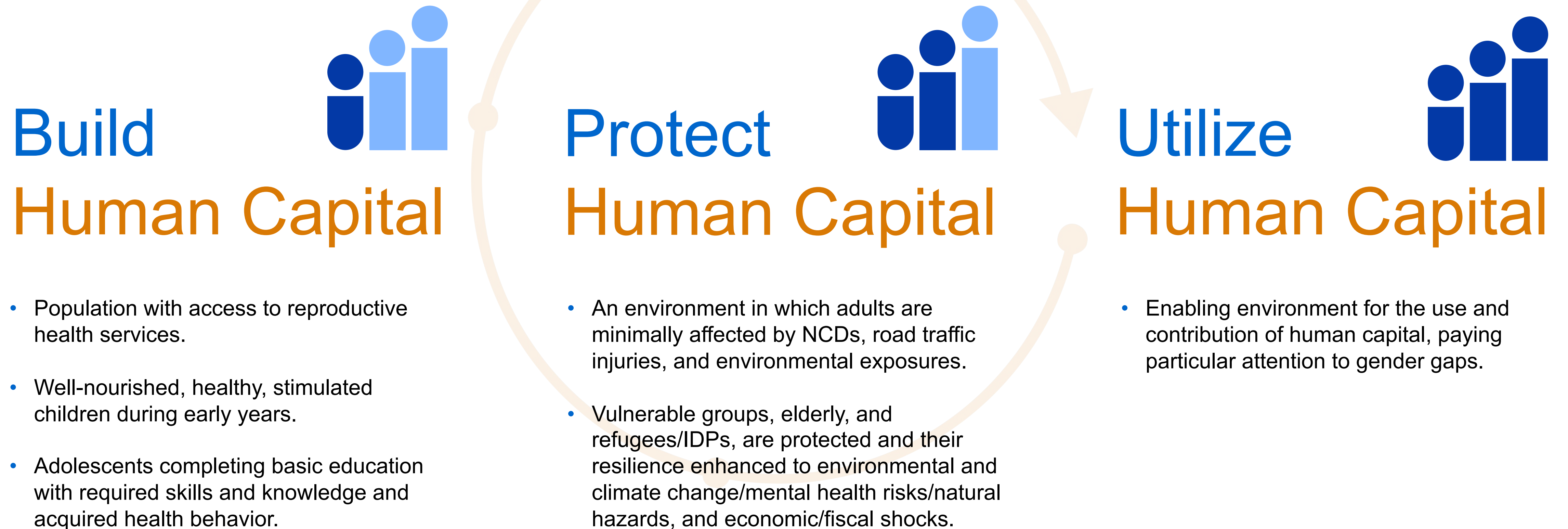
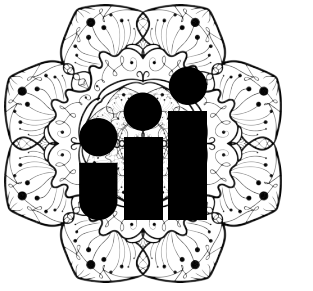
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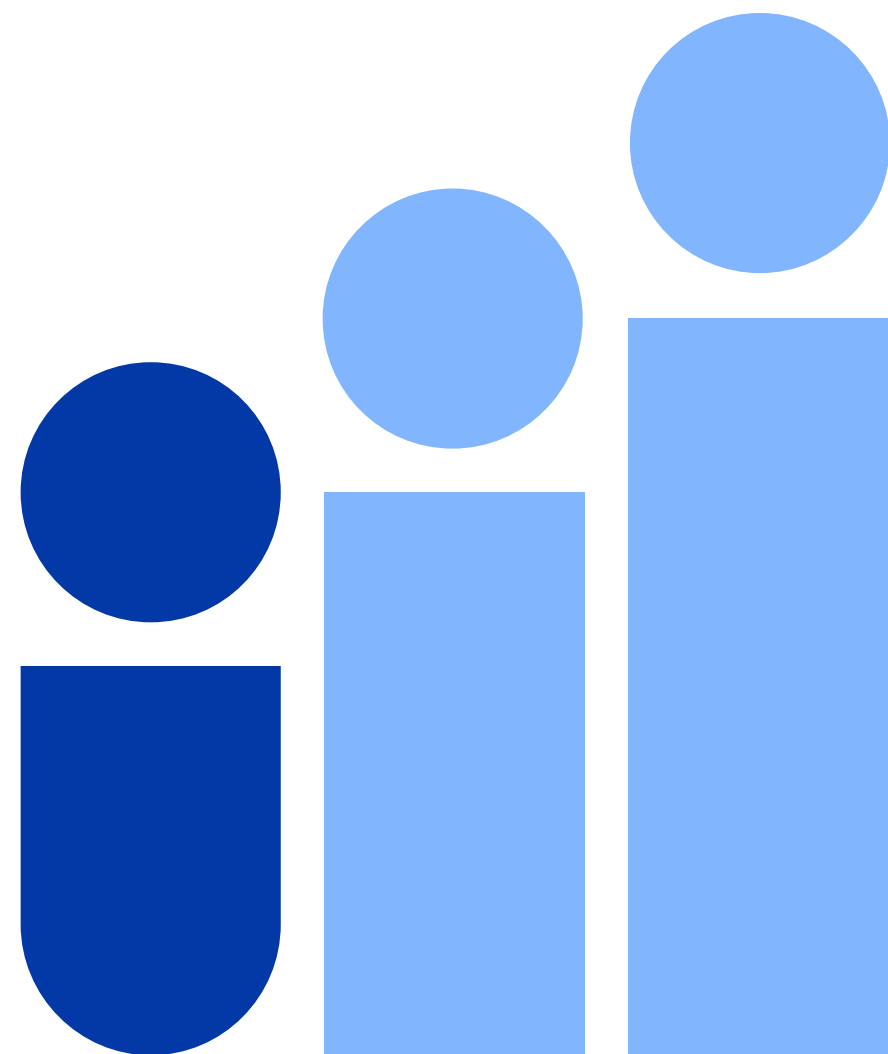
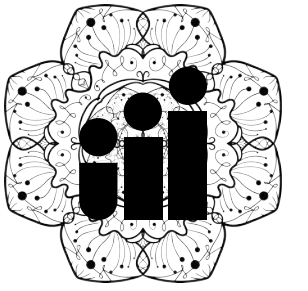


# A LIFECYCLE APPROACH





# BUILD HUMAN CAPITAL



## Investing in Early Years (care and learning).

- Reproductive health services that help reducing demographic pressures.
- Well-targeted prenatal care, nutrition, early childhood stimulation.
- Expand access to high quality early childhood education services for all children.

## Reducing Learning Poverty.

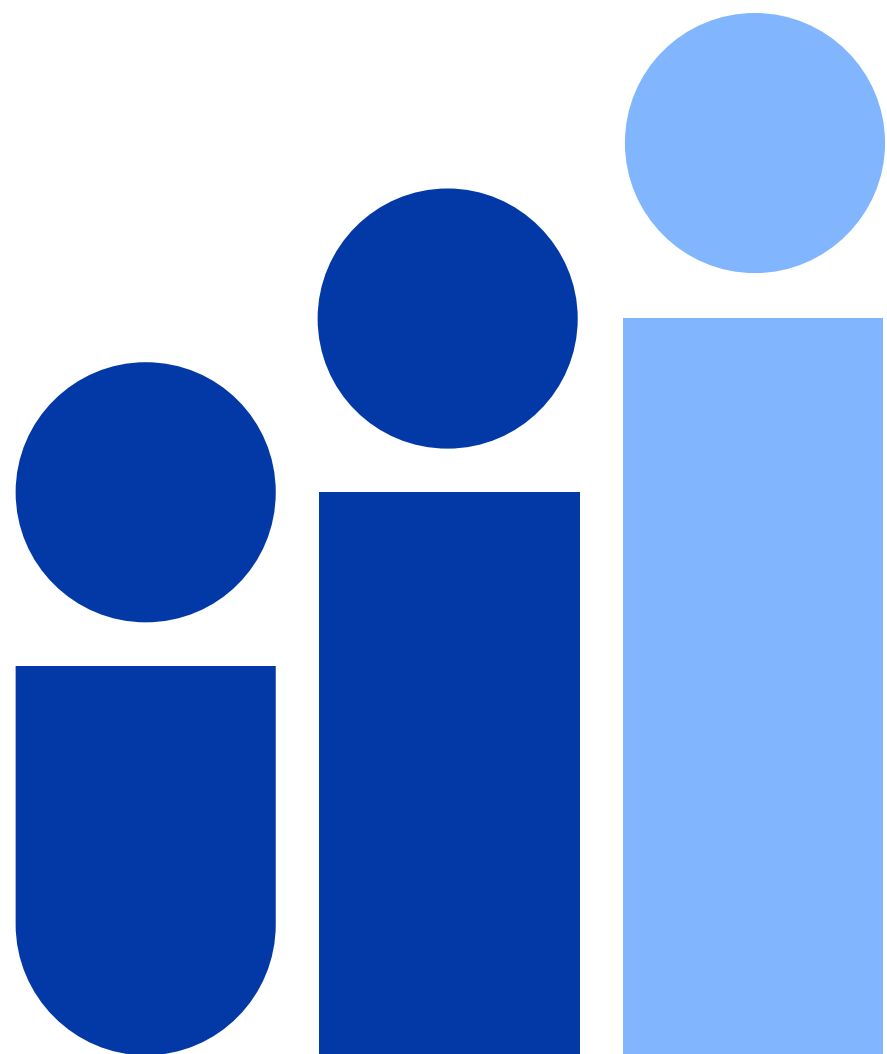
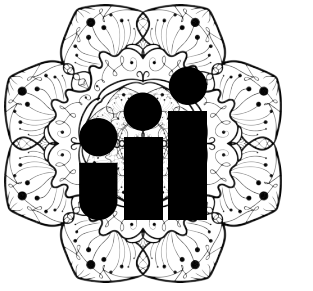
- Promote teacher evaluation and assessment to improve teacher accountability for performance in addition to quality pre- and in-service training. Support great teachers, school leaders, and tailor institutional practices to student needs. Apply effective learning assessments.

## Closing the gender gap in boys' learning by identifying and supporting actions that enhance boys' learning outcomes in primary and secondary school.

- Support improved in-classroom environment through the provision of trained teachers with skills to provide inclusive education.
- Focus on improving boys' test results.
- Increase our understanding of the drivers (in-school and outside of school) behind boys' low performance. Test and evaluate innovative interventions that provide boys with different tools to learn, and that facilitate the general learning environment.



# PROTECT HUMAN CAPITAL



## Reducing Non-Communicable Diseases.

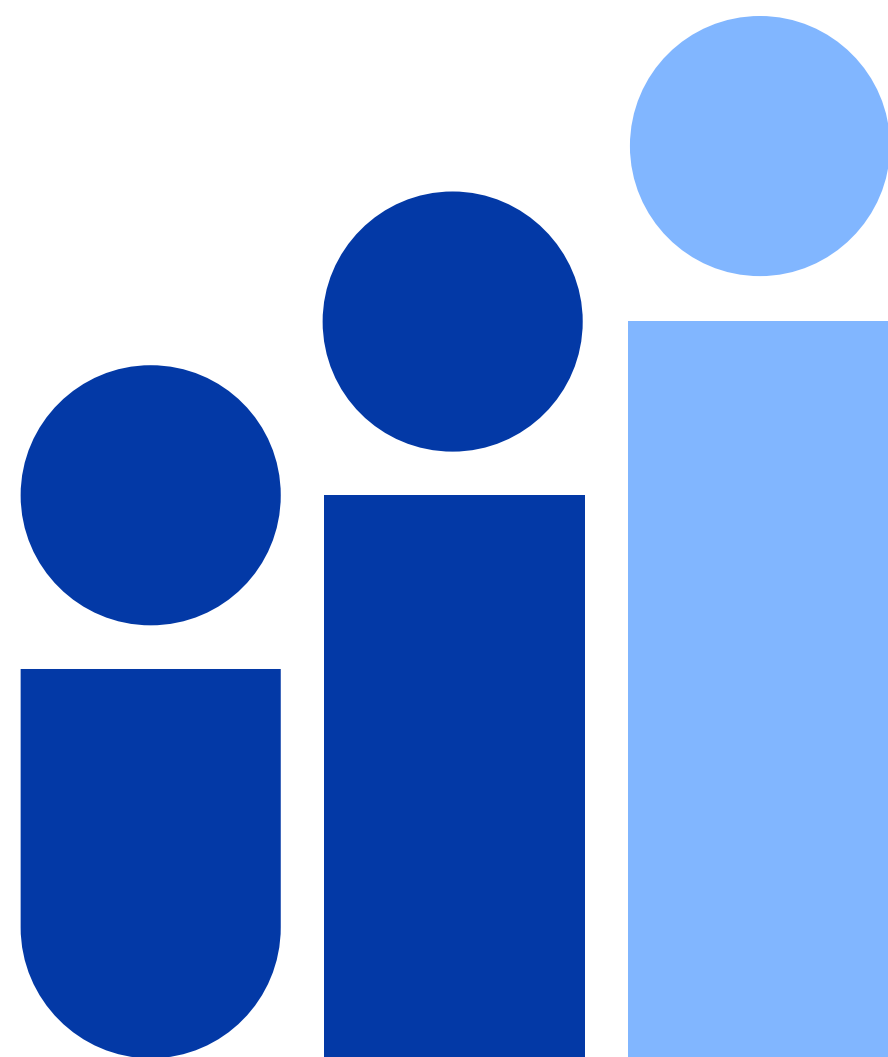
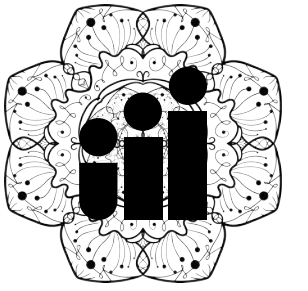
- Shift from curative care to prevention, early diagnostics.
- Utilize multisectoral approaches to tackle environmental health risks (such as water and air pollution) and road traffic mortality and injuries.
- Promote behavioral changes and address underlying risk and contributor factors, and address risky behaviors among youth, such as smoking, unhealthy eating.

## Improving impact of social protection and subsidy reforms.

- Expand coverage and improve targeting of social safety nets.
- Protecting the elderly (old age pensions).



# PROTECT HUMAN CAPITAL IN CONFLICT AND FRAGILE SETTINGS



## Preserving human capital of IDPs, refugees and populations living in FCV.

- Scaling-up interventions that directly target displaced groups with particular focus on getting all refugee and IDP children into school.
- Providing quality psycho-social support to groups affected by conflict and in holistic manner (protection, health, and legal).
- Addressing gender-based violence in a safe and ethical way through contextual analysis, advocacy and changing gender norms.

## Strengthening service delivery to foster social inclusion.

- Supporting local, community-based service delivery.
- Improving the targeting of social safety nets.
- Prioritizing social inclusion.
- Conducting political-economy analyses to identify root causes and applying context-specific strategies.
- Improve refugee documentation to enhance mobility and access to services in the short run, and access to assets and services in case of return.

## Leveraging technology and partnerships to operate in conflict.

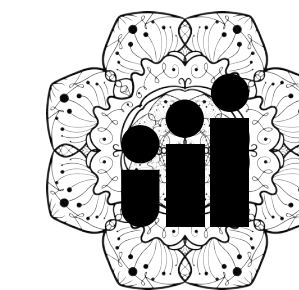
- Using technology to improve service delivery and remotely monitor projects.
- Working with UN agencies and other partners with abilities to directly operate in conflict settings.

## Creating economic opportunities.

- Creating short- and long-term employment opportunities for displaced populations.
- Preserving/rebuilding economic institutions to contribute to functioning markets and private sector activity.



# UTILIZE HUMAN CAPITAL



## Promoting access to jobs.

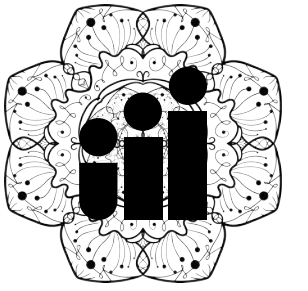
- Create formal jobs in the care economy, with the dual objectives of job creation with various skills sets for men and women, and alleviating care responsibilities of women.
- Expand productive inclusion opportunities for the poor and leverage digital solutions and platforms to increase earnings and productivity.
- Support mechanisms to build quality 21st century skills (technical and digital) for the workforce linked, to private sector locally and globally.
- Enhance school to work transition for youth through better matching, apprenticeship / internships to support job entry.
- Improve learning, skills, and capabilities to improve preparedness to entrepreneurship activities.

**Closing the gap in female employment** by improving conditions that facilitate women's insertion into the labor market to realize their potential as productive workers.

- **Address binding constraints, such as** affordable quality child care, safe and accessible transport, and financial inclusion limiting women's economic activity. And **leverage technologies** to create new opportunities for women (and contribute to closing the gender digital divide).
- **Lifting legal constraints** for women's full participation in society in country-level policy dialogue.
- Increase our understanding of how **restrictive social norms** may influence women's access to jobs by building and using new knowledge to inform operations, as well as strengthening the **use of behavioral insights** to address these challenges.
- Increase **girls' access and progression to secondary school**, especially in rural and lagging regions. In tertiary education and training, **get girls into non-traditional areas** and build **their skills for the future** to respond to the skills mismatch in the region.



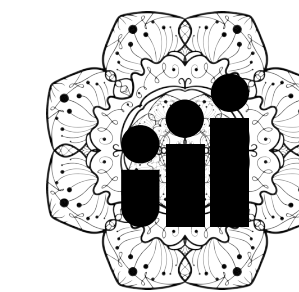
# UTILIZE MIGRANTS' HUMAN CAPITAL



- Approach **global and regional integration** in a holistic way to include human capital mobility (not mere advocacy, but practical actionable things such as below).
- Select corridors where the economics and demography create a real prospect of win-win human capital mobility and help **support functional bilateral labor agreements** (for example, twinning job seekers with employers through mediation and support services).
- Reduce brain waste: foster partnerships between vocational training institutions and regional employers to **create portable and certifiable skills**.
- Mitigate brain drain: expand training infrastructure, explore innovative financing models to **mitigate adverse fiscal and social impacts** of mobility.
- Pilot initiatives with a **gender focus: global health and age-care workforce**.
- Understand linkages between mobility and **place-based social assistance** policies.



# CROSS-SECTORAL REFORM



## Governance and fiscal reforms.

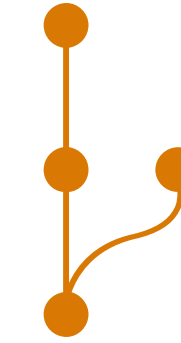
- Undertake public expenditure reviews of human development sectors to improve efficiencies of public spending.
- Public sector reforms to align incentives of public sector employees with citizen needs.
- Accountability and citizen engagement to improve quality of service delivery.
- From universal subsidies to targeted social assistance.

## Prioritizing measurement and research.

- Launch of Learning Assessment Platform (LeAP).
- Financing for the implementation of learning assessments through World Bank projects.
- Technical support through advisory services and policy dialogue for design/implementation of learning assessments.
- Knowledge products, capacity building tools, and data platforms.
- Increase use of sex-disaggregated data to better identify and monitor gender differentiated impact of WBG projects.
- More analytical work on human capital to assess what works in improving human capital.



# LEVERAGING TECHNOLOGY TO BOOST HUMAN CAPITAL



## LEARNING

- Connect all schools to broadband Internet.
- Support the scale-up of digital learning platforms and EdTech startups.
- Promote regional collaboration for the adoption of technology in schools and support knowledge-exchange for cross-country learning.

## TARGETING

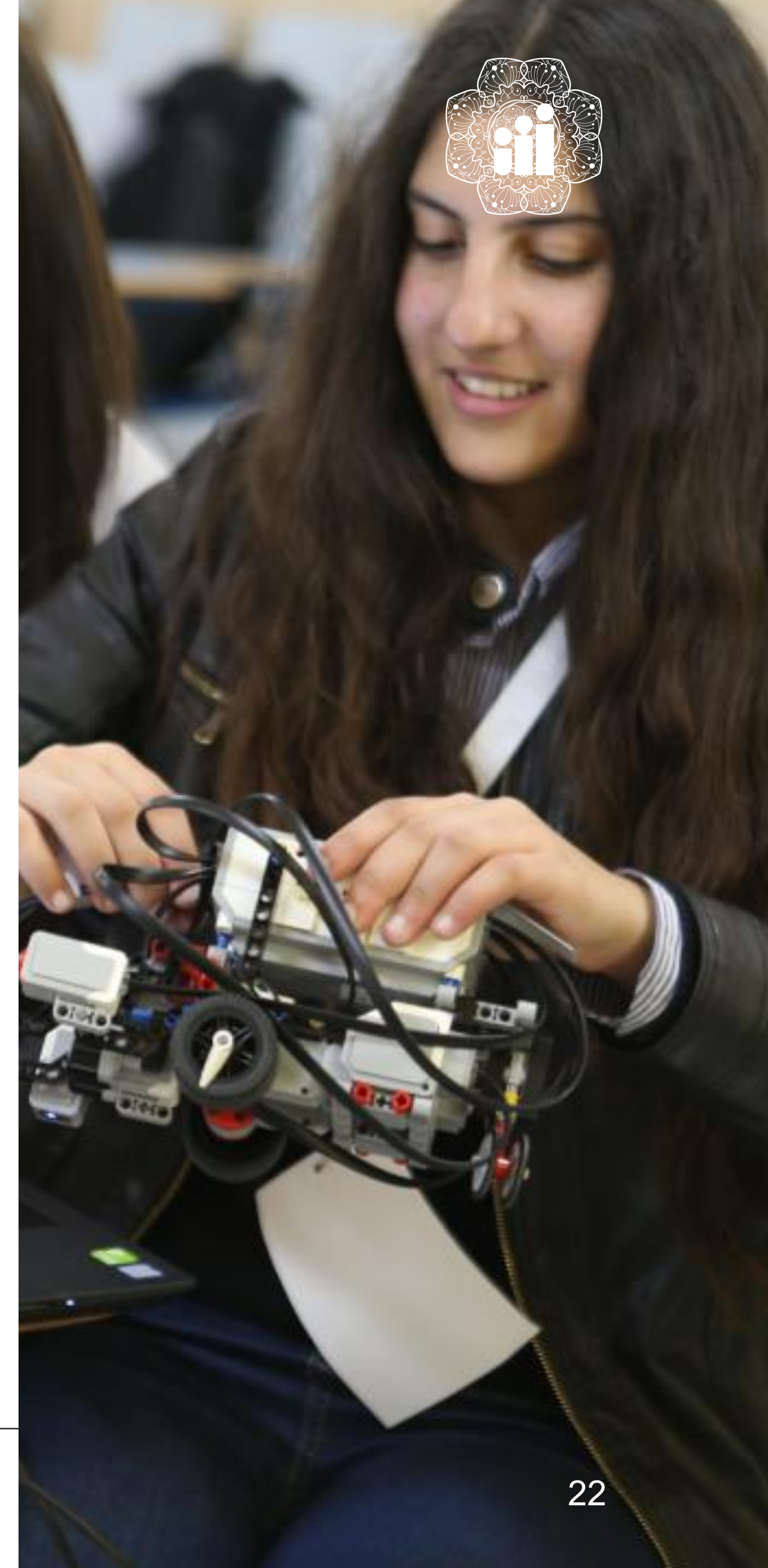
- Utilize technology to improve identification and registration of beneficiaries.

## GOVERNANCE

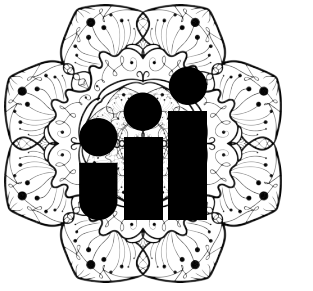
- Utilize tech-enabled tools to train teachers and civil servants.
- Support Egov procurement systems and GovTech platforms.
- Promote open data for greater citizen engagement.

## HEALTH

- Connect health facilities to broadband Internet to increase the efficiency and effectiveness of diagnoses and treatment.
- Promote E-health technologies to improve the overall efficiency of health systems and improve outcomes.







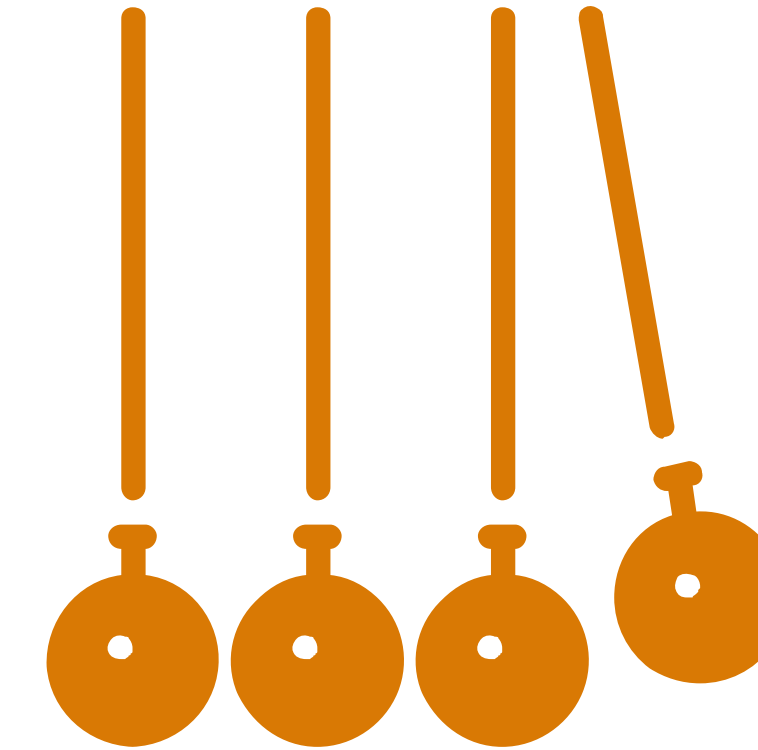
# 'GAME CHANGERS' TO HELP ACCELERATE MOMENTUM

## PUBLIC SECTOR

- Pursue a Whole-of-Government approach.
- Increase efficiency of public spending.
- Enhance domestic resource mobilization.
- Public administration reforms (recruitment, retention of teachers, health workers).

## PRIVATE SECTOR

- Promote private sector service delivery in ECD, Technical and Vocational Education & Training (TVET), higher education, skills.
- Skill up the workforce with digital skills.
- Intensive use of technology in education, health, social protection.
- Strengthen regulatory and governance environments.



## MEASUREMENT AGENDA

- Data collection and availability.
- International and National Assessments.
- Evidence-based policy making.
- Monitoring and evaluation.

## NORMS AND BEHAVIORS

- Use of nudging to change incentives.
- Reshaping gender norms and stereotypes.
- Transforming curricula towards critical thinking.
- Promote research on human capital.



# WORLD BANK GROUP SUPPORT

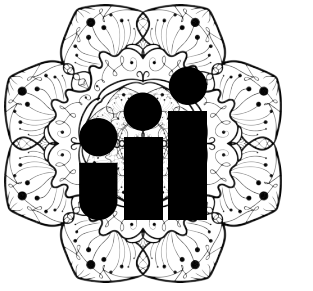
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# WORLD BANK GROUP **MENA** STRATEGY



**End  
Extreme Poverty**

**Boost  
Shared Prosperity**



**Creating inclusive growth and quality jobs**

**Human Capital Development**

Improve quality of education, modernize health and social protection systems.

**Digital Transformation**

Improve contestability in markets, including via disruptive technologies and digital payments.

**Maximize Finance for Development through Cascade approach**

Create markets and opportunities via IFC 3.0; mobilize private investment for development challenges.

**Supporting peace and stability through the four pillars of the 2015 strategy**

Renewing the Social Contract

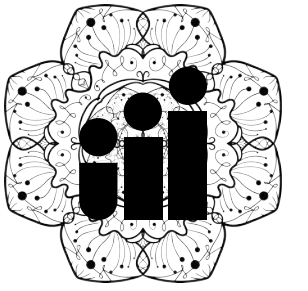
Resilience to Refugee/IDP, Climate Shock

Regional Cooperation

Recovery and Reconstruction



# SCALING-UP OUR EFFORTS AND REFINING OUR APPROACH



## SCALING UP WORLD BANK FINANCING

- Increasing WB financing for human capital operations in **MENA** from US\$1.119 Billion (2019) to US\$2.5 Billion (2024).
- Scale up human capital-focused RAS.
- Be ready to support conflicted-affected countries – Libya, Syria, Yemen.



## EMPLOY INSTRUMENTS / APPROACHES TO ACCELERATE POLICY REFORMS

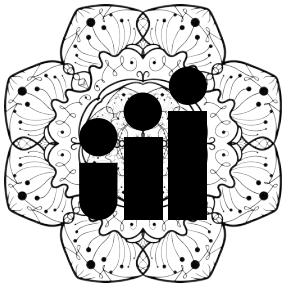
- Increase use of Human Capital DPLs/P4Rs.
- Support the whole of the government approach
- multi-sectoral support.
- More outcome-focused, results-based approaches.
- Incorporate behavioral science in project design.



## TARGETED AND DIFFERENTIATED APPROACH

- Focus on lagging regions and spatial variations, as well as vulnerable population groups, and align different interventions at the beneficiary level.





# ADOPTING A WHOLE-OF-WORLD-BANK-GROUP APPROACH

## MACROECONOMIC ENVIRONMENT

Supporting macroeconomic stability and creating business environments conducive for private investment and competition.

## URBAN AND SOCIAL DEVELOPMENT

Supporting smart urbanization that improves service delivery, strengthens resilience, and creates positive spillovers through skills diffusion and employment generation.

## GOVERNANCE, INSTITUTIONS

Enhancing the adequacy, efficiency, and effectiveness of public spending on human capital, including through domestic resource mobilization; improving policy coordination at the national and sectoral levels.

## AGRICULTURE

Supporting economic growth and social resilience, raising productivity of smallholders, and addressing food insecurity and malnutrition, which support health, education, and human capital formation.



# HUMAN CAPITAL



## ENERGY

Reforming electricity subsidies creating fiscal space for increased targeted investments in human capital.

## TRANSPORT

Ensuring safe transport/access to health care, schools, and jobs to foster inclusive and sustainable development. Addressing gender gaps in mobility. Enhancing road safety and reducing pollution.

## DIGITAL DEVELOPMENT

Leveraging technology to improve access to, and quality of health, social protection, and education services more efficiently to all.

## WATER AND SANITATION

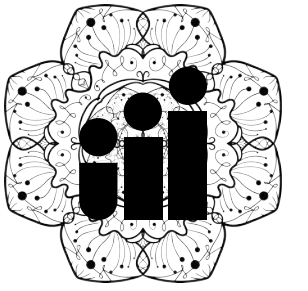
Reducing levels of under-five stunting and increasing school attendance and performance by expanding access to facilities.

## IFC

Supporting employability and the quality of health services through investments in, and advisory services to, private companies.



# STRENGTHENING COLLABORATION AND INCREASING ADVOCACY



## ADVOCACY EFFORTS

- High-level engagement with Governments, especially with central Ministries and working with the Human Capital Plan Focal Points in each country.
- Outreach to civil society and media.
- Identifying **MENA** Human Capital Champions in **MENA**.

## THE VALUE OF PARTNERSHIPS ON THE HUMAN CAPITAL PROJECT

- To increase coverage and impact, especially in FCV contexts.
- To enable comprehensive solutions.
- To reinforce client dialogue.
- To bring innovative solutions.
- To share knowledge of what works.

## CURRENT AND PROSPECTIVE PARTNERS

- UN agencies: WHO, UNICEF, UNDP, UNRWA, UNHCR, ILO, WFP, UNESCWA.
- International Monetary Fund.
- Arab League.
- African Union (DE4A).
- IFIs: EIB, ISDB, AfDB.
- G7 and EU.
- Private Sector:  
(philanthropists, business sector, civil society).





# TRACKING PROGRESS: A MONITORING AND RESULTS FRAMEWORK

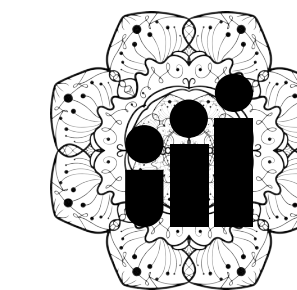
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MIDDLE EAST AND NORTH AFRICA  
HUMAN CAPITAL PLAN





# A RESULTS FRAMEWORK TO TRACK PROGRESS AND WORLD BANK PERFORMANCE BY 2024

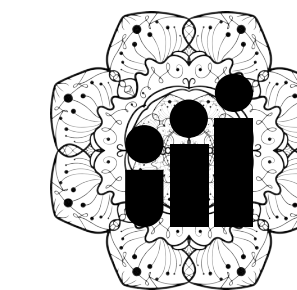


OUTCOME INDICATORS (REGIONAL AVERAGES)		BASELINE 2019	TARGET 2024
Probability of Survival to Age 5.		98.3%	98.3%
Fraction of Children Not Stunted.		84.7%	88.1%
Adult Survival Rate (Age 15-60).		90.3%	92.7%
Expected Years of Schooling.		11.4	12.4
Learning-adjusted Years of School.		7.4	8.9
Improved Human Capital Index score.		0.55	0.63
Learning Poverty (% of children who cannot read and understand an age-appropriate story by age 10).		58.7%	41.5%
Reductions of Premature Mortality Rates from Four Main NCDs.		18.0	13.5
Increased social protection coverage of the poorest quintile.		57.7	65.0
Increase in Female Labor Force Participation Rates.		21.8	27

- Probability of Survival to Age 5 target is same as baseline since level already very low hence expectation is to maintain the level.
- Fraction of Children Not Stunted target calculated at country levels using UNICEF/WHO/WB Joint Child Malnutrition Estimates and then aggregated across.
- Adult Survival Rate calculated based on assumption that mortality from NCDs expected to be reduced by 25%.
- Education targets set to match improvement of best performer in the region in past 5 years.
- Learning poverty target derived from global learning poverty targets that mortality from NCDs expected to be reduced by 25%.
- Premature Mortality Reductions target based on assumption that mortality from NCDs expected to be reduced by 25%.
- All indicators to be sex-disaggregated.



# INTERMEDIATE RESULTS



INDICATORS FOR THE WORLD BANK MENA REGION		BASELINE FY 2018	TARGET FY 2021	TARGET FY 2024
Volume (US\$) of IBRD/IDA/SF commitments for HD sectors.		US\$1.19 Billion	US\$1.69 Billion	US\$2.5 Billion
Share (%) of non-core HD operations with substantive human capital elements.		15%	20%	25%
Share (%) of GPs and themes with established human capital targets.		0	70%	100%
Share (%) of DPF operations with substantive human capital focus.		42%	50%	55%
Share of Human Capital projects making use of technology to improve outcomes.		55%	60%	66%
Share of country programs that include ASA with a human capital focus.		100%	100%	100%
HCP adopting countries with prioritized human capital plans.		0	14	17
Share (%) of HD projects with substantive gender-sensitive components.		89	92	95
Partnerships or coalitions supported by WBG around the HCP agenda in MNA.		2	6	10
Countries (number) undertaking timely international learning assessments.		9	14	18
Number of countries undertaking Public Expenditure Reviews of HD Sectors.		5	10	15
Share (%) of core HD operations targeting learning-adjusted school years.		33%	35%	40%
Share (%) of core HD operations supporting social safety nets.		22%	25%	30%



# THE STATE OF HUMAN CAPITAL IN MENA: A DEEP DIVE

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MIDDLE EAST AND NORTH AFRICA  
HUMAN CAPITAL PLAN





THE STATE OF HUMAN CAPITAL IN MENA:

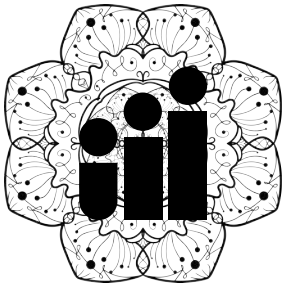
# LEARNING

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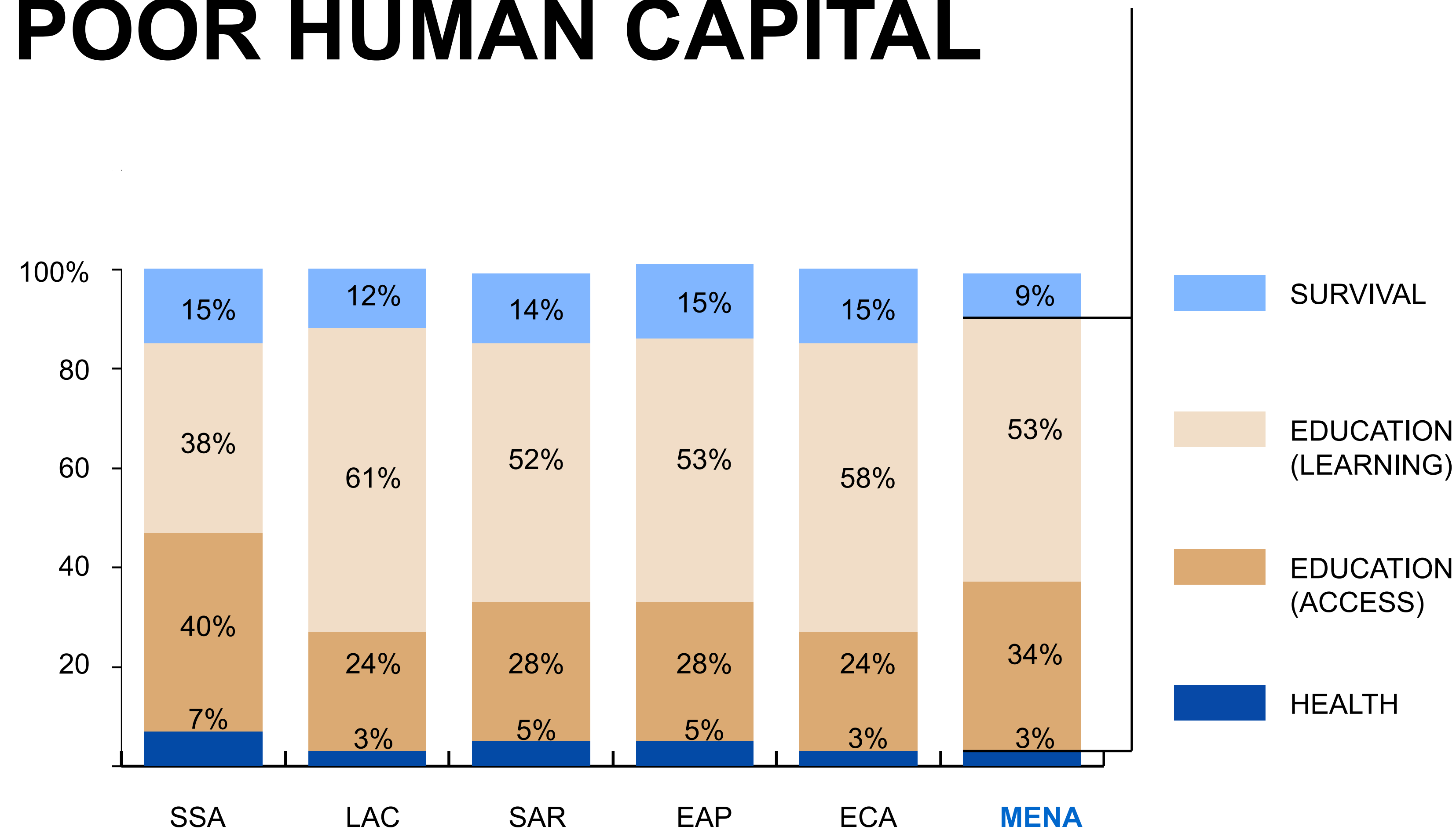
MIDDLE EAST AND NORTH AFRICA  
HUMAN CAPITAL PLAN





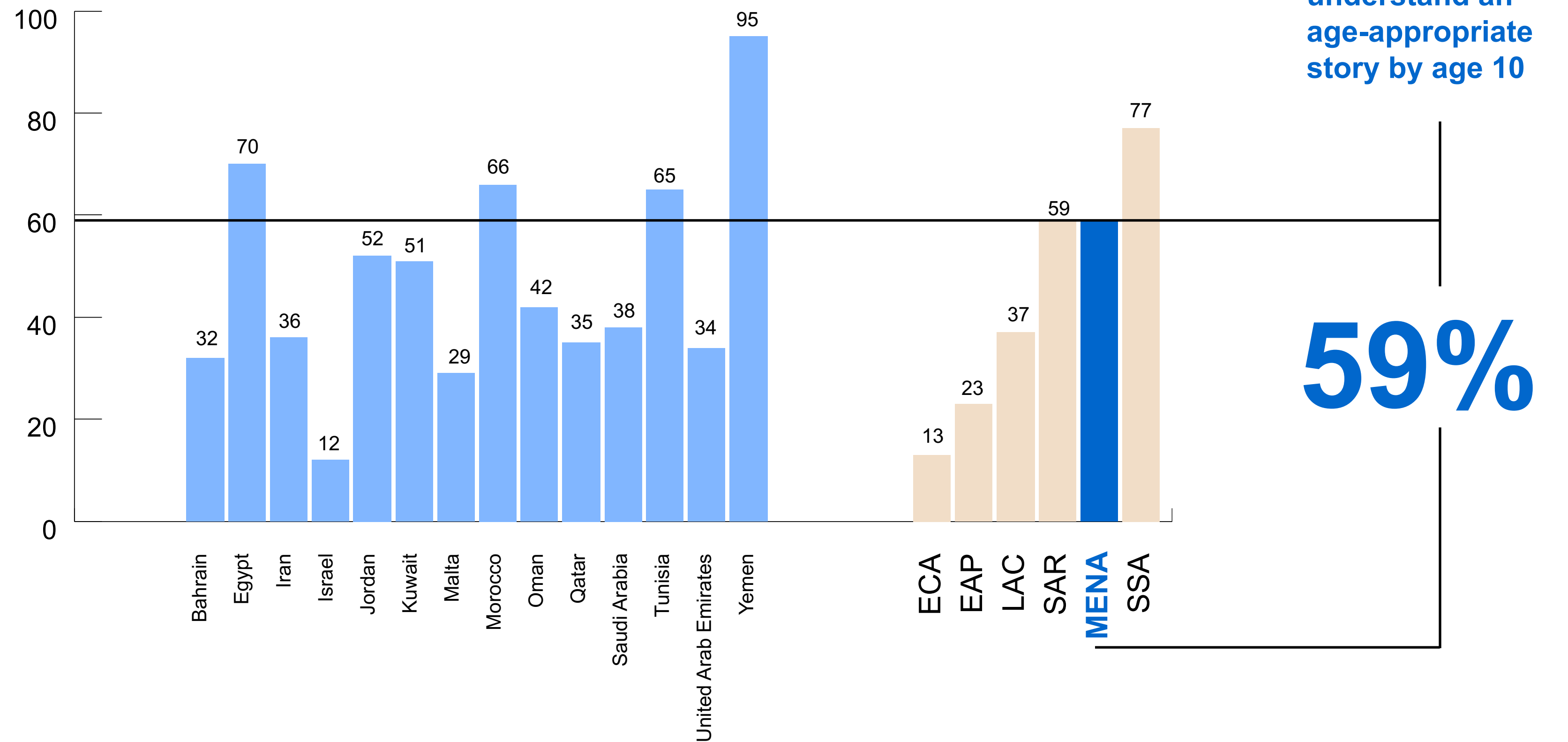


# POOR LEARNING OUTCOMES ARE THE MAIN DRIVERS OF POOR HUMAN CAPITAL



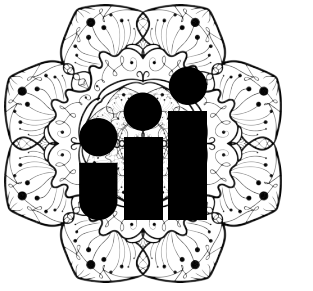


# NEARLY TWO-THIRDS OF CHILDREN IN MENA CANNOT READ WITH PROFICIENCY

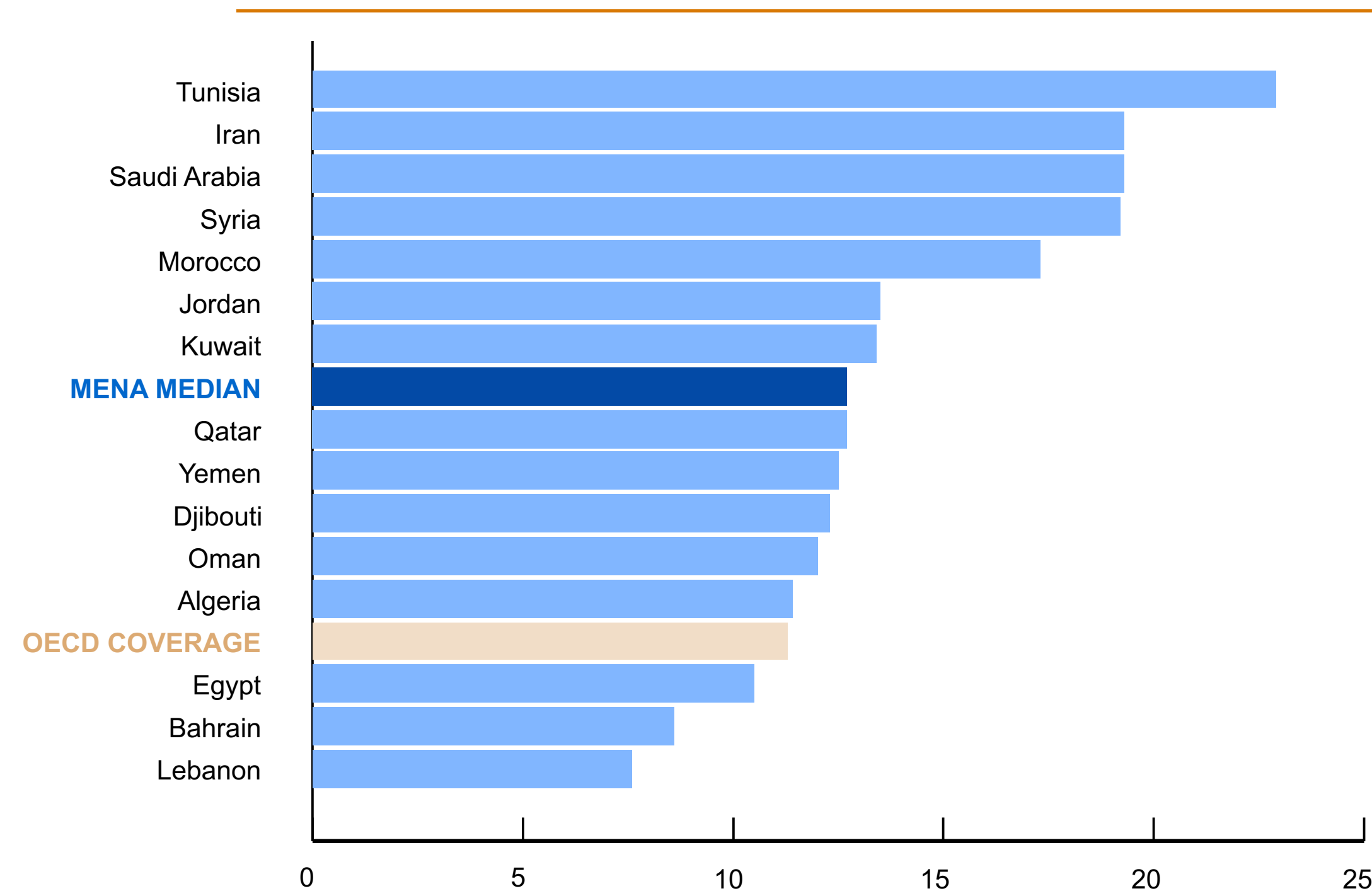




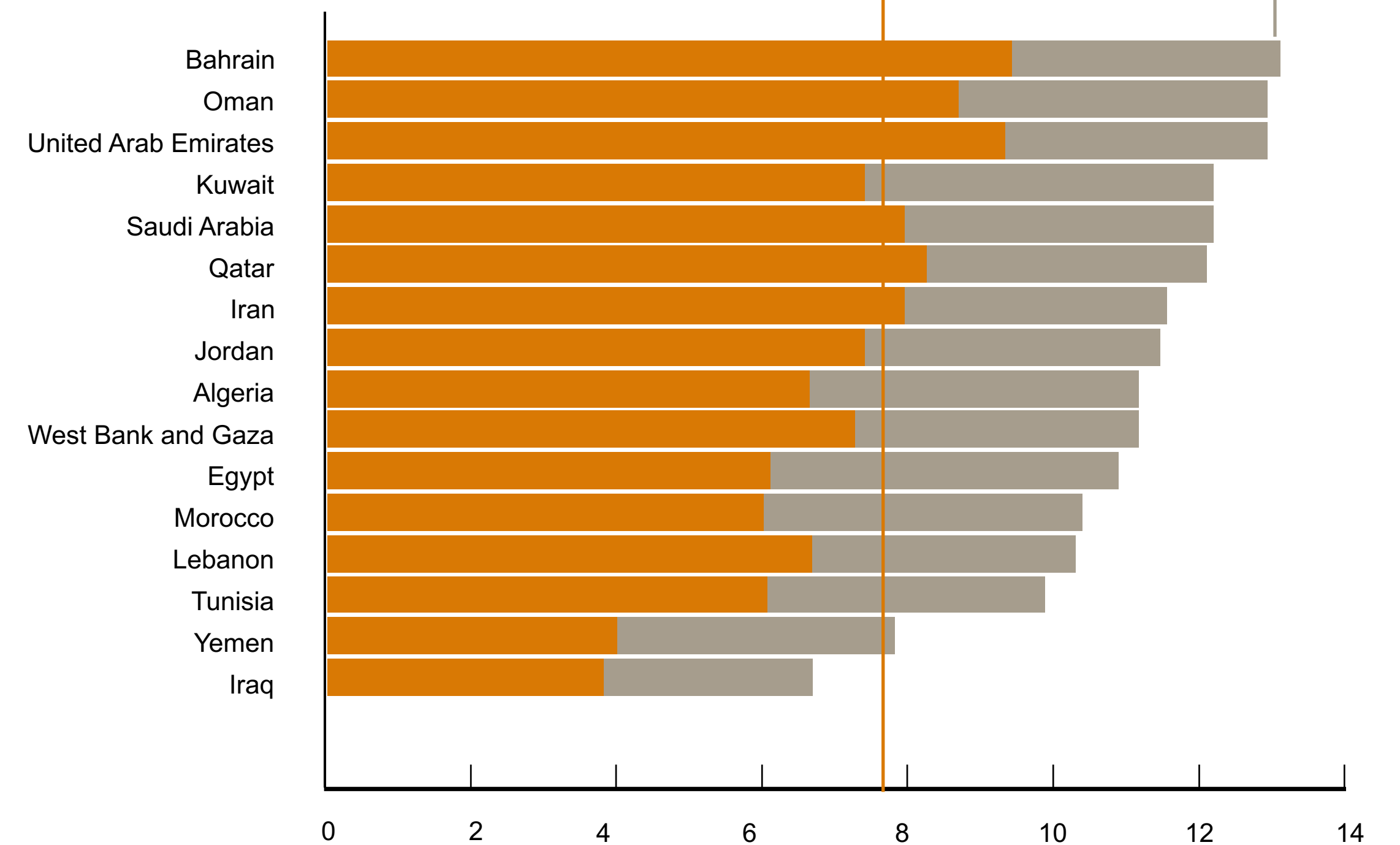
# THESE POOR LEARNING OUTCOMES ARE DESPITE LARGE INVESTMENTS IN EDUCATION



**MENA'S AVERAGE LEARNING-ADJUSTED YEARS OF SCHOOL IS 7.4 AND LEARNING GAP IS 4 YEARS**

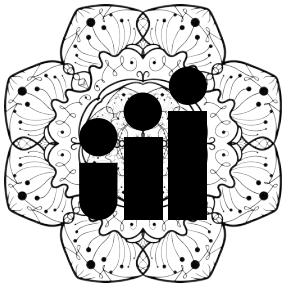


Education spending as % of total government spending (all levels).



Expected versus Learning-adjusted Years of School.

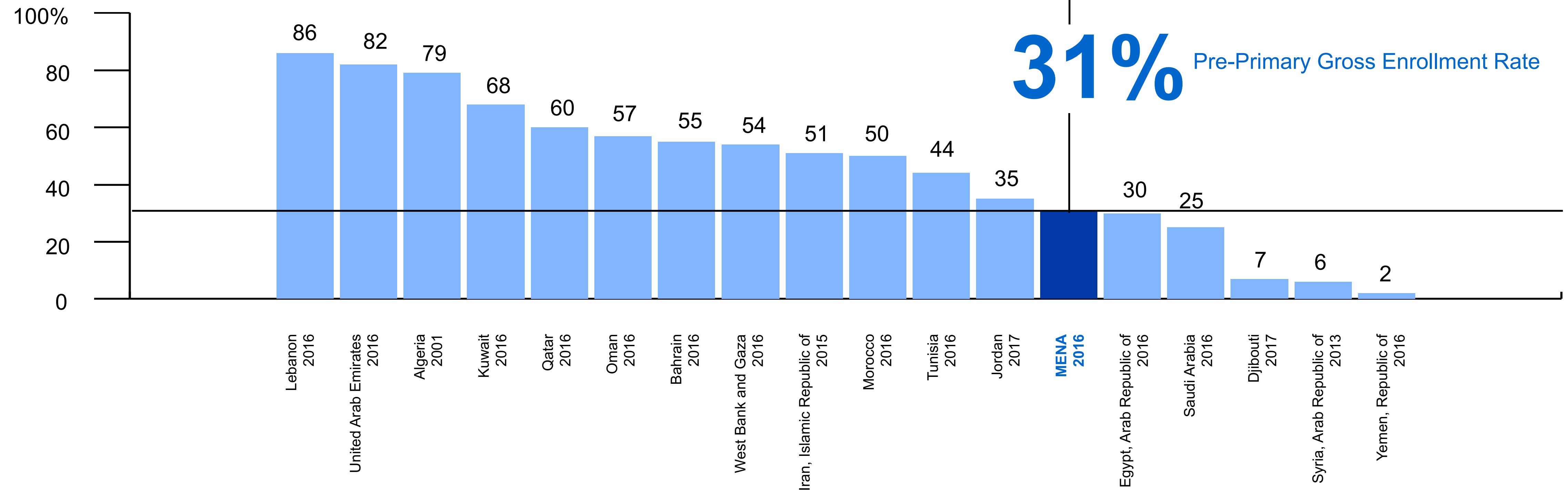




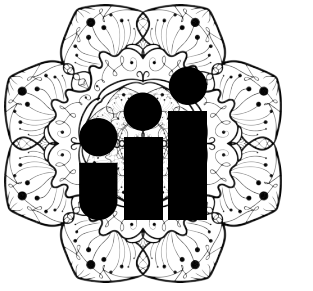
# ONLY 31% OF MENA CHILDREN ATTEND PRE-PRIMARY EDUCATION

## AND MENA GOVERNMENTS UNDERINVEST IN THE PROVISION OF EARLY CHILDHOOD EDUCATION

No MENA country spends more than 0.4% of GDP on Early Childhood Education from the public budget. Most spend far less (well below 0.2%). In comparison, the average OECD country invests about 0.7 to 0.8% of GDP on Early Childhood Education.







# GOVERNMENT SPENDING ON HUMAN CAPITAL IS INEFFICIENT AND OFTEN INEQUITABLE

- **MENA** countries spend on education at levels near OECD levels, **without the commensurate benefits**.
- Public education spending focuses disproportionately on tertiary education, with **negative implications for foundational learning** and equity of spending.
- Wage bill **crowds out other important spending** and is inefficient, since teacher working hours are relatively low and absenteeism relatively high.
- High **out-of-pocket spending** on health.
- **Very high spending** on universal subsidies.





THE STATE OF HUMAN CAPITAL IN MENA:

# UNEMPLOYMENT AND UNDEREMPLOYMENT

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MIDDLE EAST AND NORTH AFRICA  
HUMAN CAPITAL PLAN





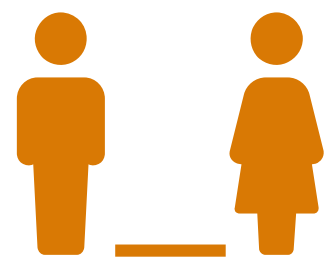
# KEY EMPLOYMENT CHALLENGES



Significant untapped human resources due to **high joblessness**, especially amongst women and youth.



Distortionary **policies** that steer workforce into public sector employment.



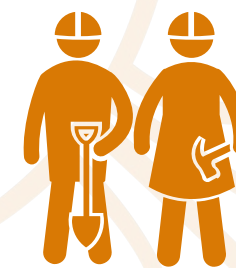
Substantial **gender gap** beyond the HCI.



Limited **entrepreneurial** activity and innovation.



**Regional disparities** in labor market outcomes.



Significant **skills mismatch**.



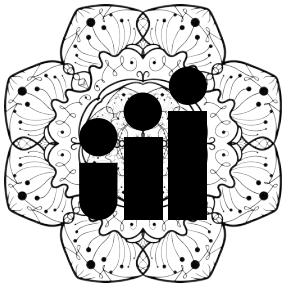
High **informality** and **low productive** jobs.



Exacerbated by **refugees**, **IDP** crisis and FCV context.



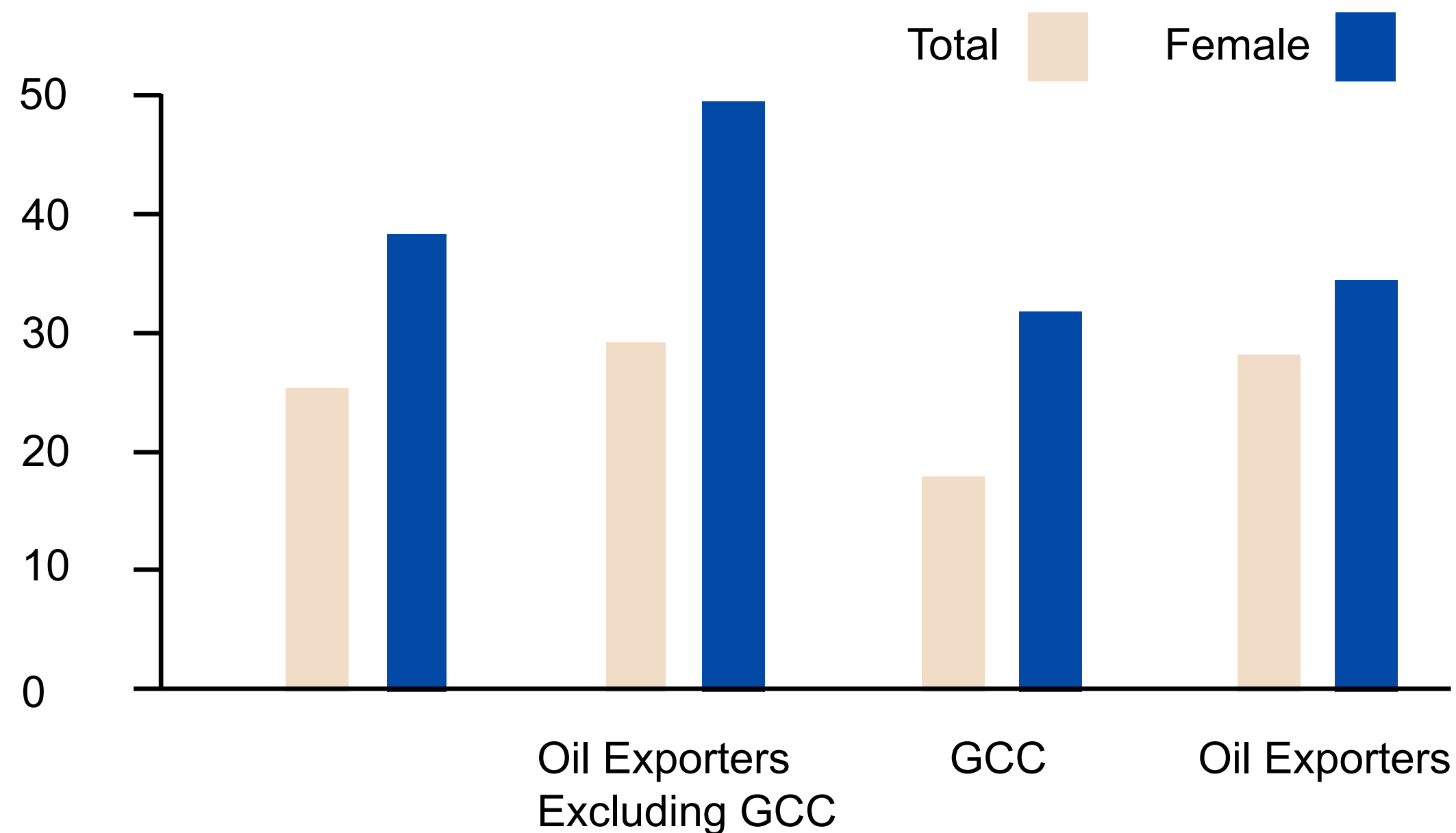




# HIGH YOUTH AND FEMALE UNEMPLOYMENT

MEANS THAT A SIGNIFICANT AMOUNT OF MENA'S HUMAN CAPITAL IS UNDERUTILIZED

Youth unemployment rate (% of total ages 15–24, 2017).



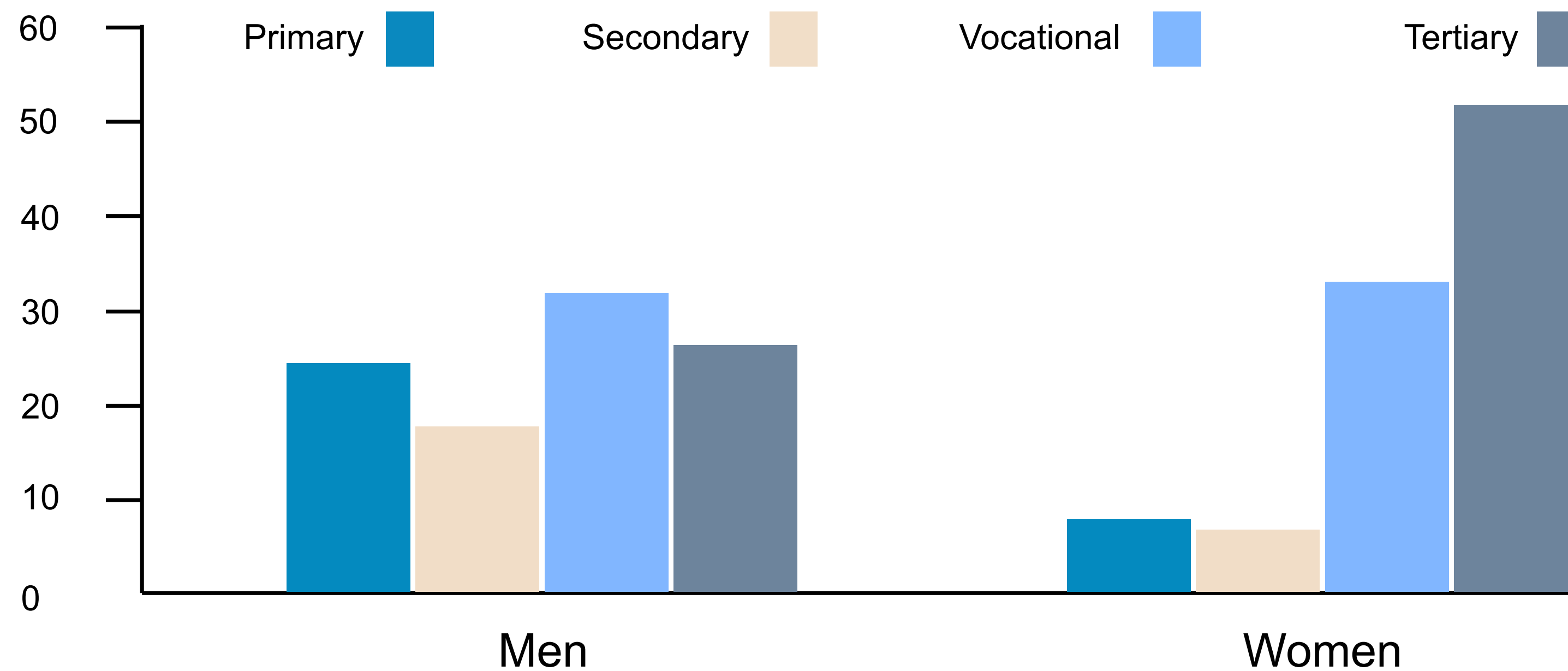
- **MENA's** 25 percent youth unemployment rate is the highest in the world, and female labor force participation is only 20 percent.
- Young women experience higher unemployment rates than men: 41 percent, compared to 23 percent for men.
- Women contribute only 18 percent to **MENA's** overall GDP, compared to a global average of 37 percent.
- Increasing women's participation in the workforce could add \$2.7 trillion to **MENA's** regional GDP by 2025 (McKinsey, 2015).



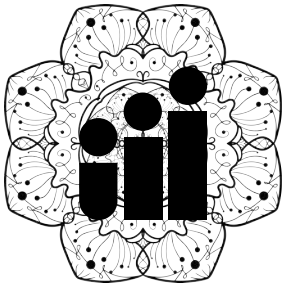
# UNEMPLOYMENT IS A MAJOR CHALLENGE FOR WELL-EDUCATED YOUTH



Level of education of unemployment youth (%).

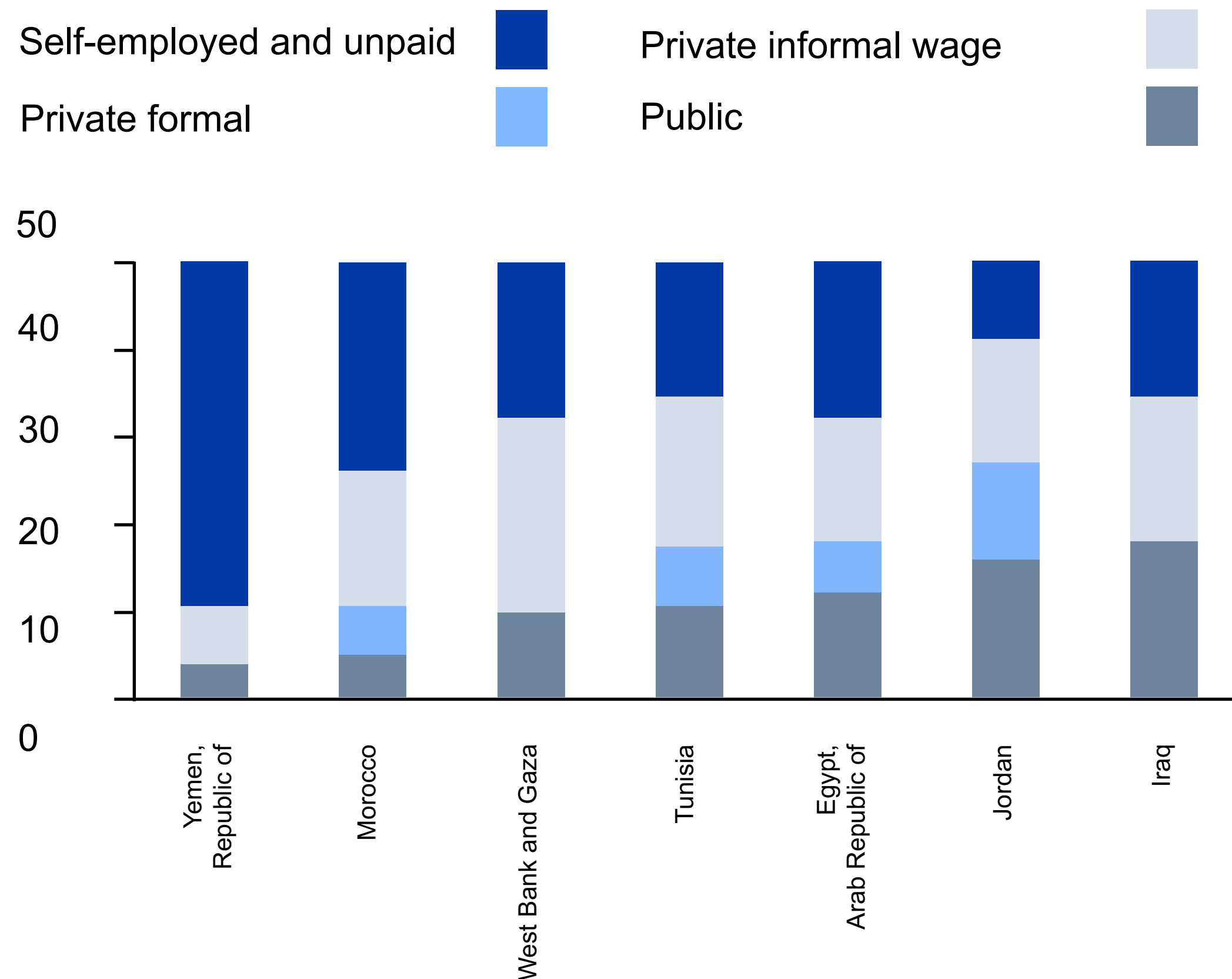






# LABOR-MARKETS ARE DOMINATED BY LOW-PRODUCTIVE, LOW-QUALITY JOBS

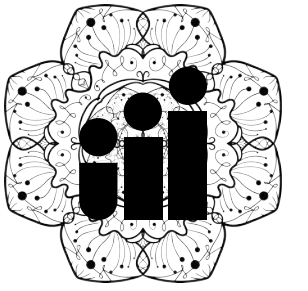
Work status of employed individuals in selected **MENA** economies 2005–2010.



- 52 percent of workers in **MENA** are in the informal sector.
- Majority of jobs created over the past decade in **MENA** were in low-productivity and low-value added sectors.
- These jobs lack access to social security, and do not always comply with appropriate norms for working conditions.
- As a consequence of this vulnerable type of employment, the majority of workers still live in poverty.

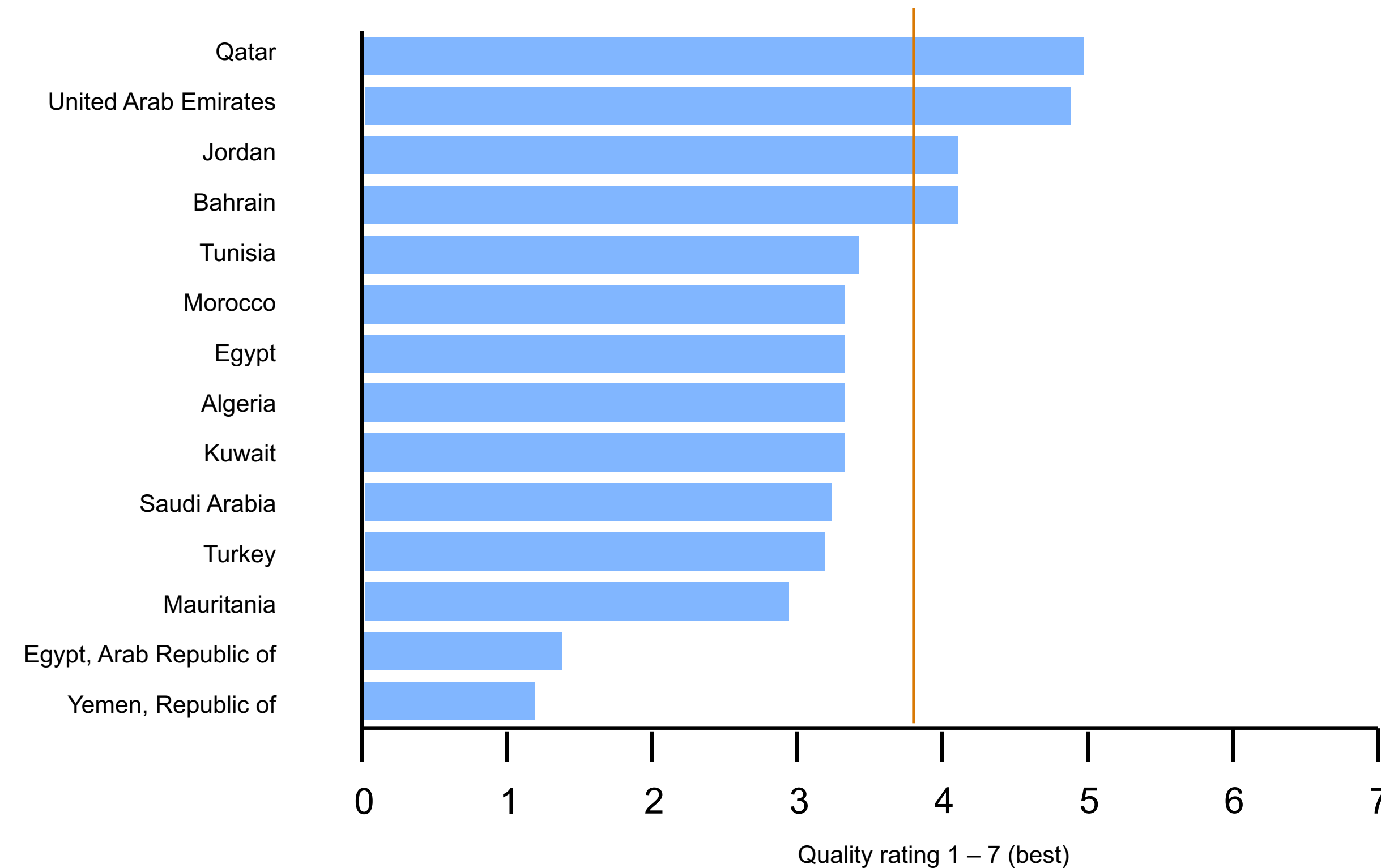


# MENA'S LABOR-MARKET IS CHARACTERIZED BY A SIGNIFICANT SKILLS MISMATCH



Ease of finding skilled employees in **MENA**.

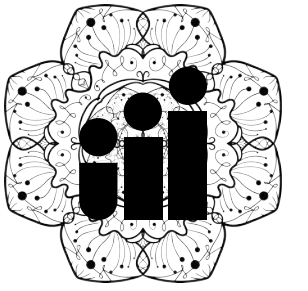
**WORLD AVERAGE 3.8**



- Nearly 40% of employers in the **MENA** region indicate that skills gaps are a major impediment to business growth.
- The skills gap exists across basic skills, such as creative and independent thinking, problem solving skills and soft skills, as well as in sector-specific and functional skills due to low levels of technical and vocational education and training (TVET).

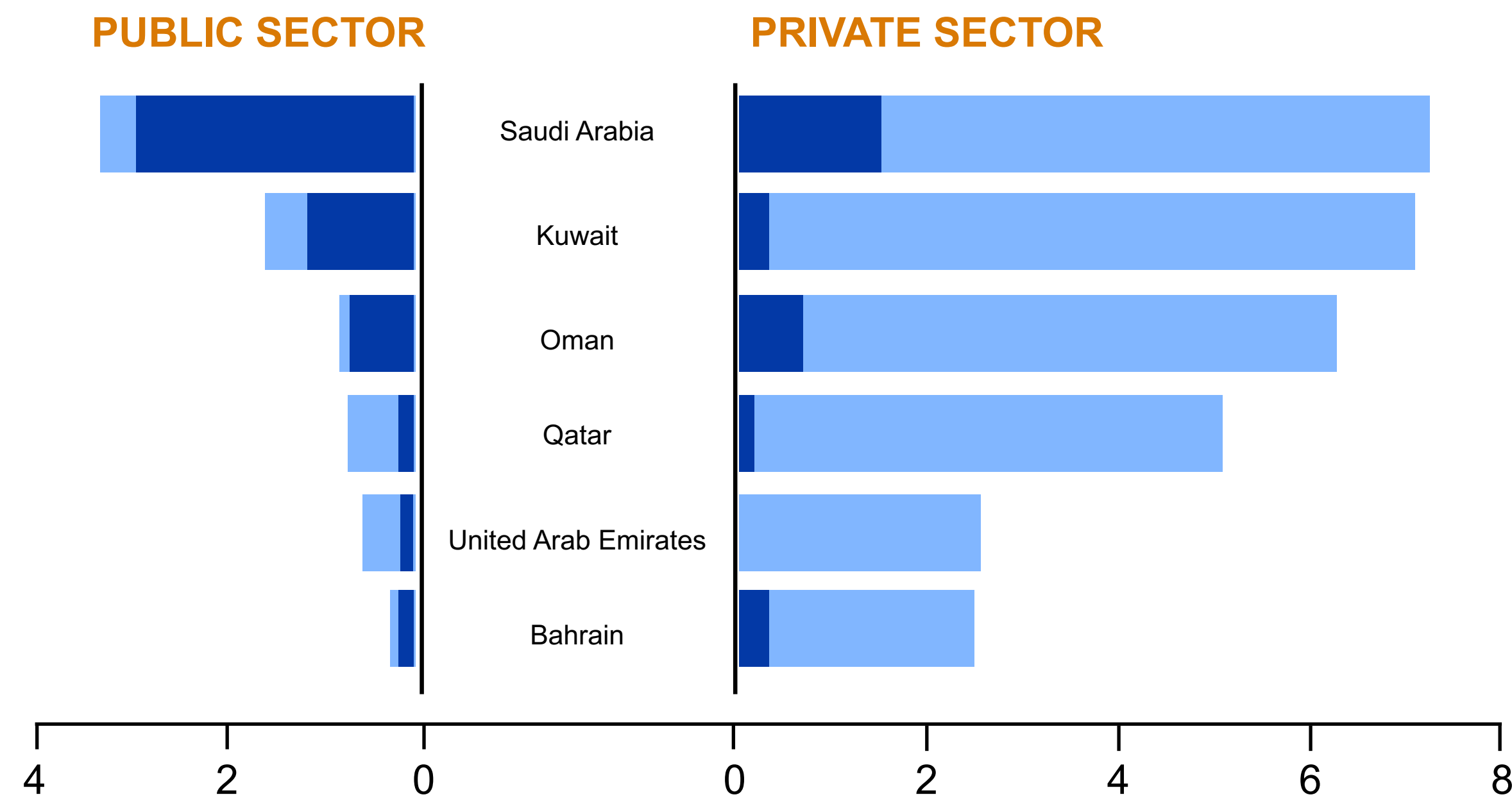


# DISTORTIONARY POLICIES STEER LABOR TO THE PUBLIC SECTOR



Employment of national and foreign workers.  
By sector, 2013 or latest available.

Nationals  
Foreigners



- About 35% of employment in Saudi Arabia is in the public sector; more than a quarter in Kuwait; and 20% in Qatar and the UAE. In comparison, public sector employment is about 18% in the OECD; 15% in U.S.A; 16% in the UK; 11% in Germany; and 12% in Turkey.
- Public sector wages are relatively generous, making private sector employment unattractive for nationals. On average, public sector wages are between 180% and 250% of private sector wages in the KSA, Qatar, Bahrain, and Kuwait.





THE STATE OF HUMAN CAPITAL IN MENA:

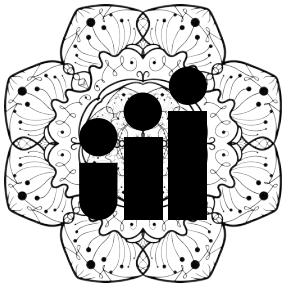
# INADEQUATE SOCIAL PROTECTION

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MIDDLE EAST AND NORTH AFRICA  
HUMAN CAPITAL PLAN

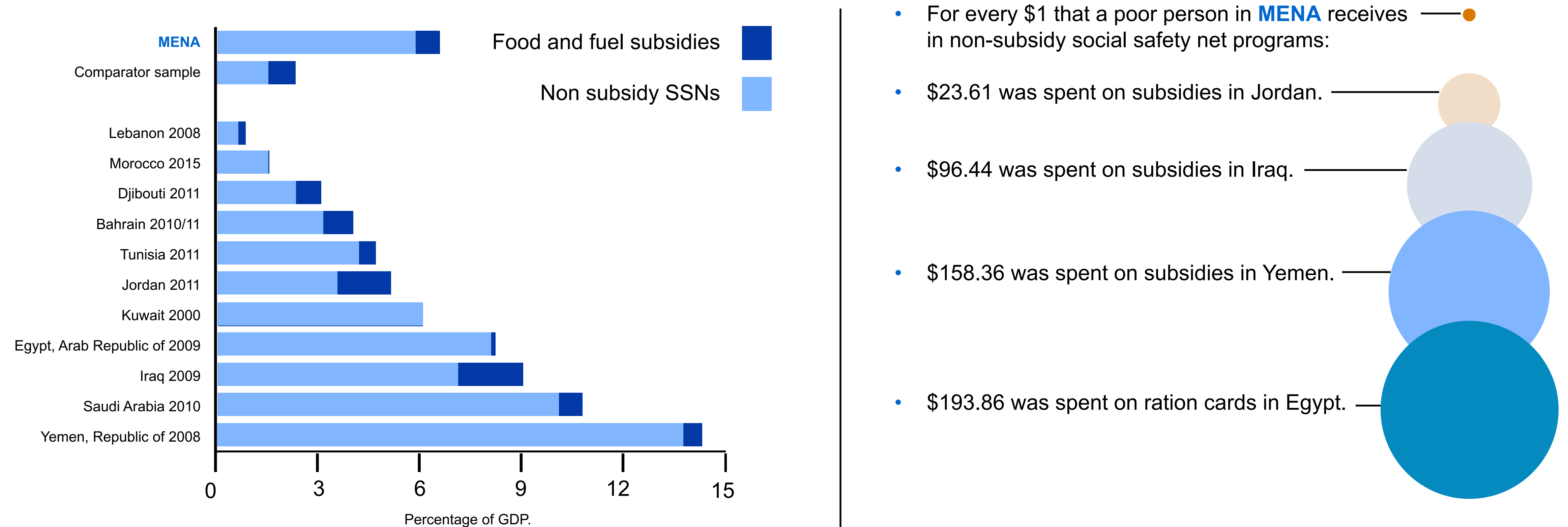






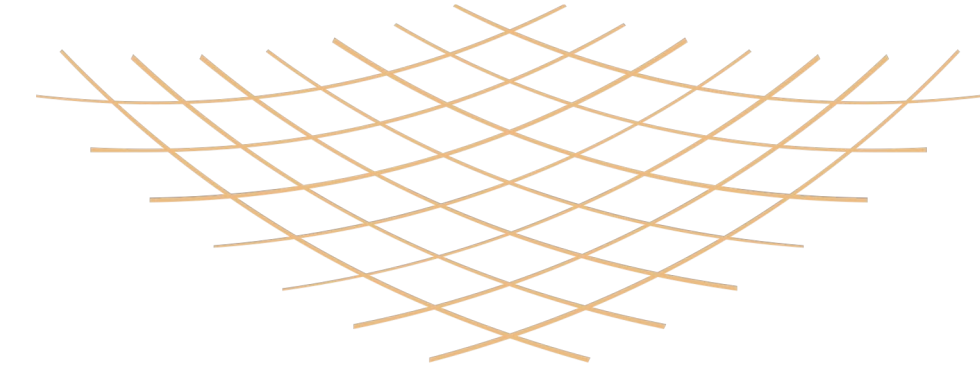
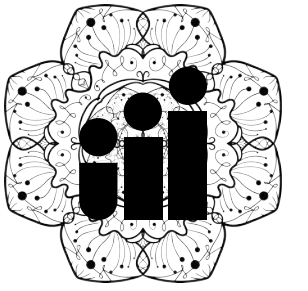
# EXCESSIVE SPENDING ON EXPENSIVE GENERAL SUBSIDIES

## CROWDS OUT INVESTMENTS IN NON-SUBSIDY SOCIAL SAFETY NETS

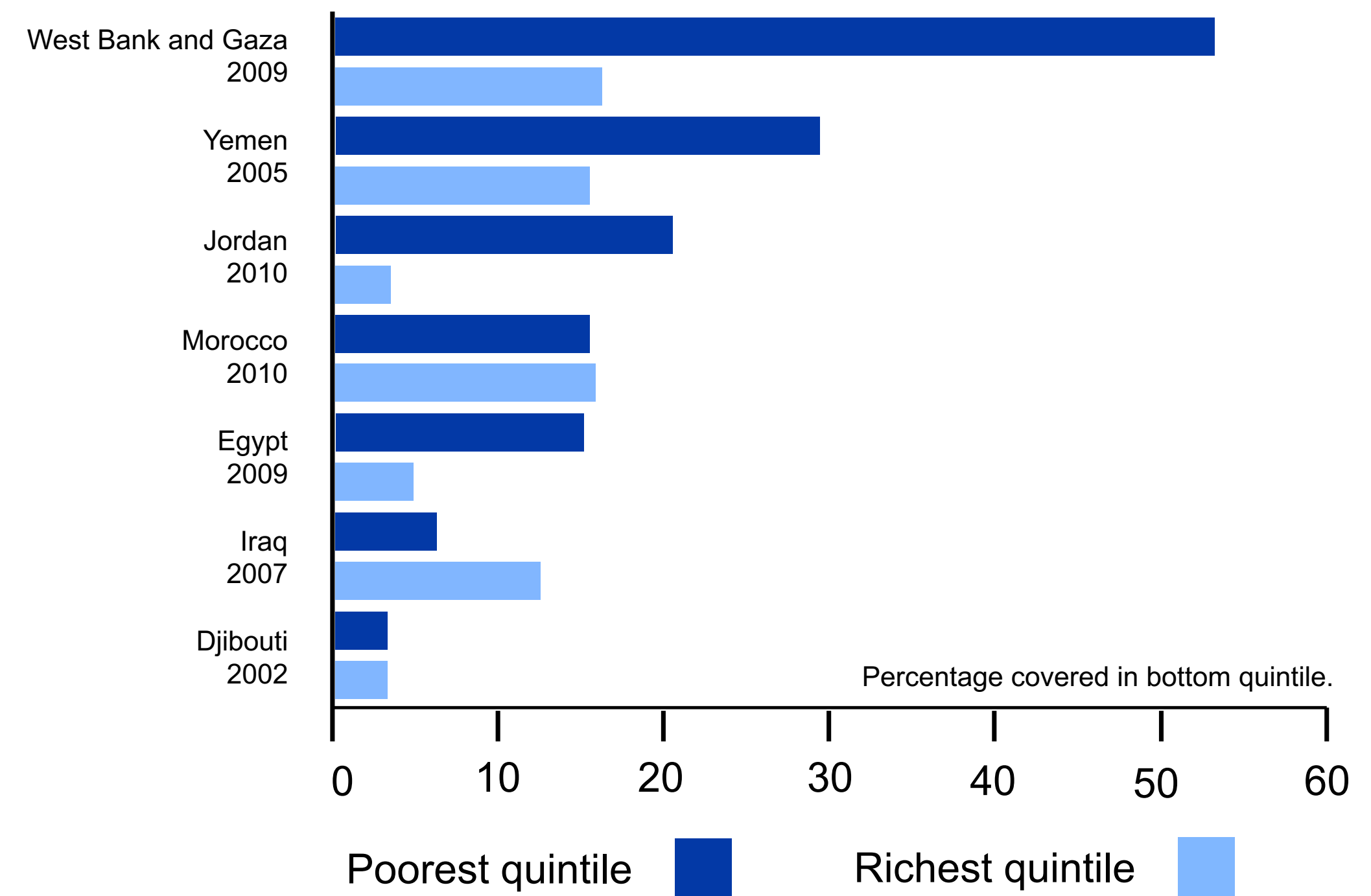
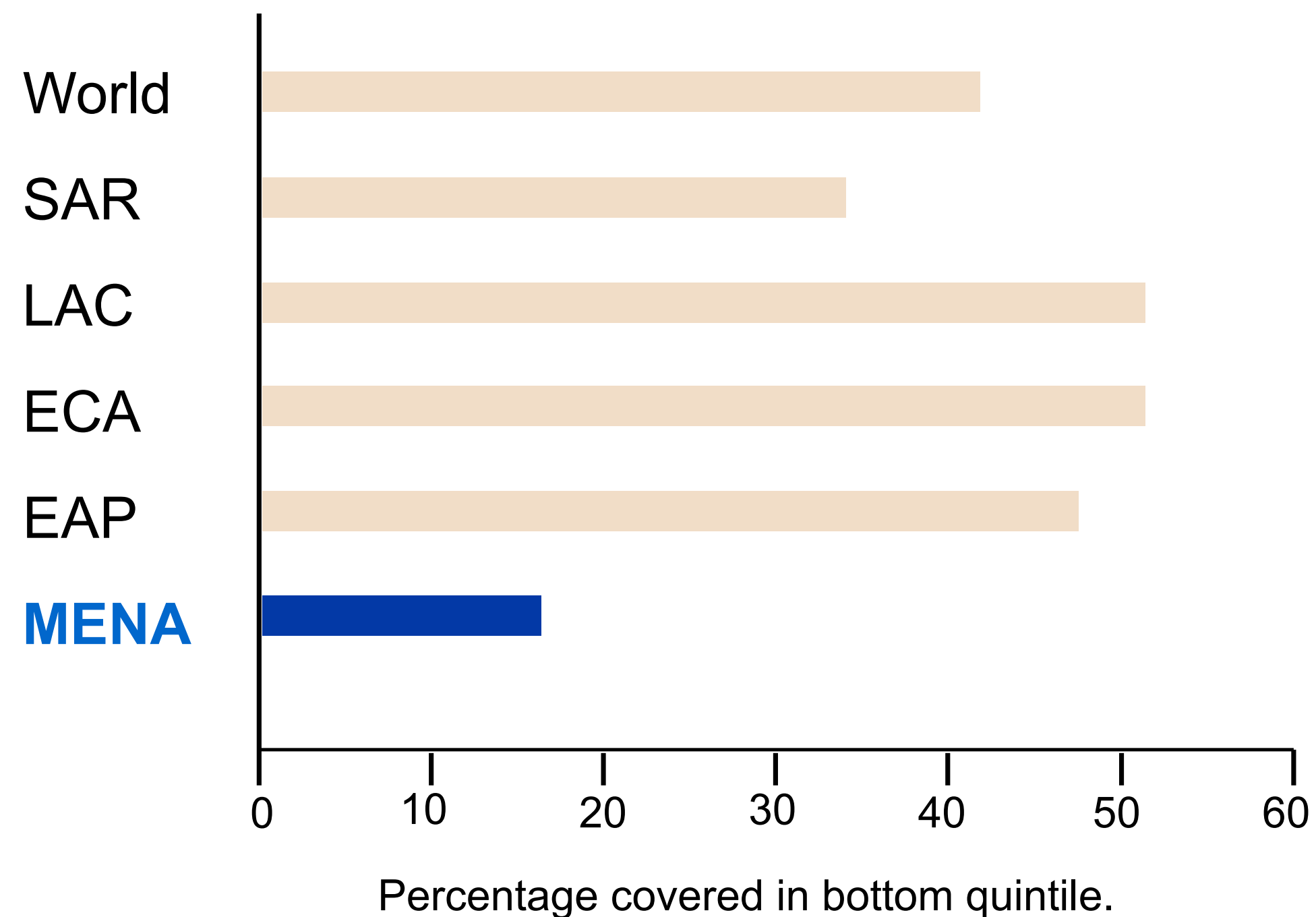




# WHAT SPENDING DOES GO TO NON-SUBSIDY SOCIAL SAFETY NETS IS NOT EFFICIENT

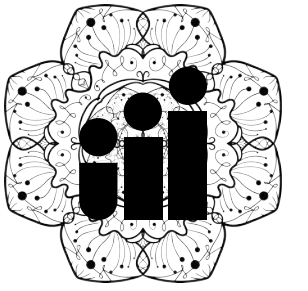


## COVERAGE OF NON-SUBSIDY SOCIAL SAFETY NETS

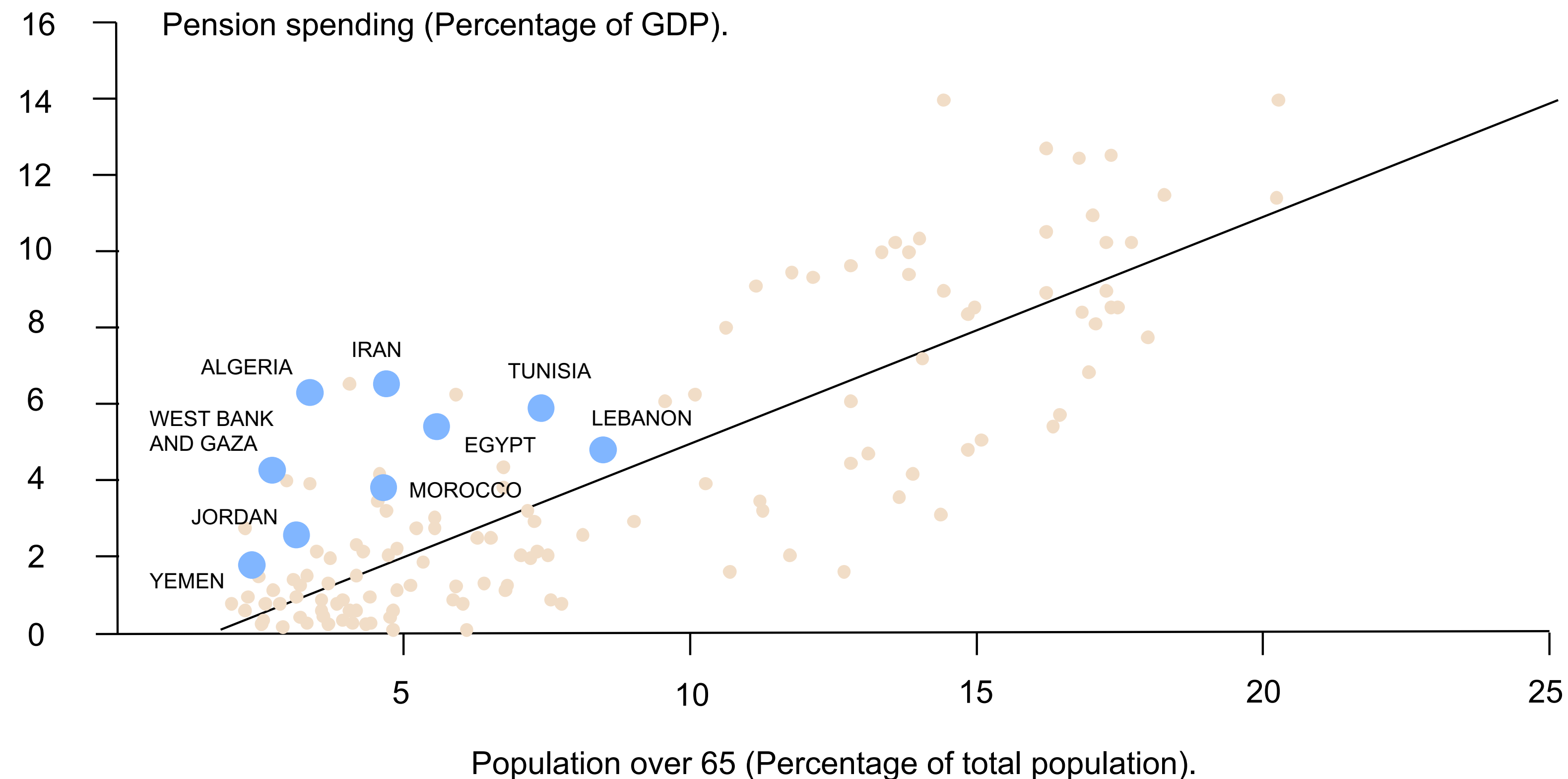




# HIGH LEVELS OF PENSION SPENDING



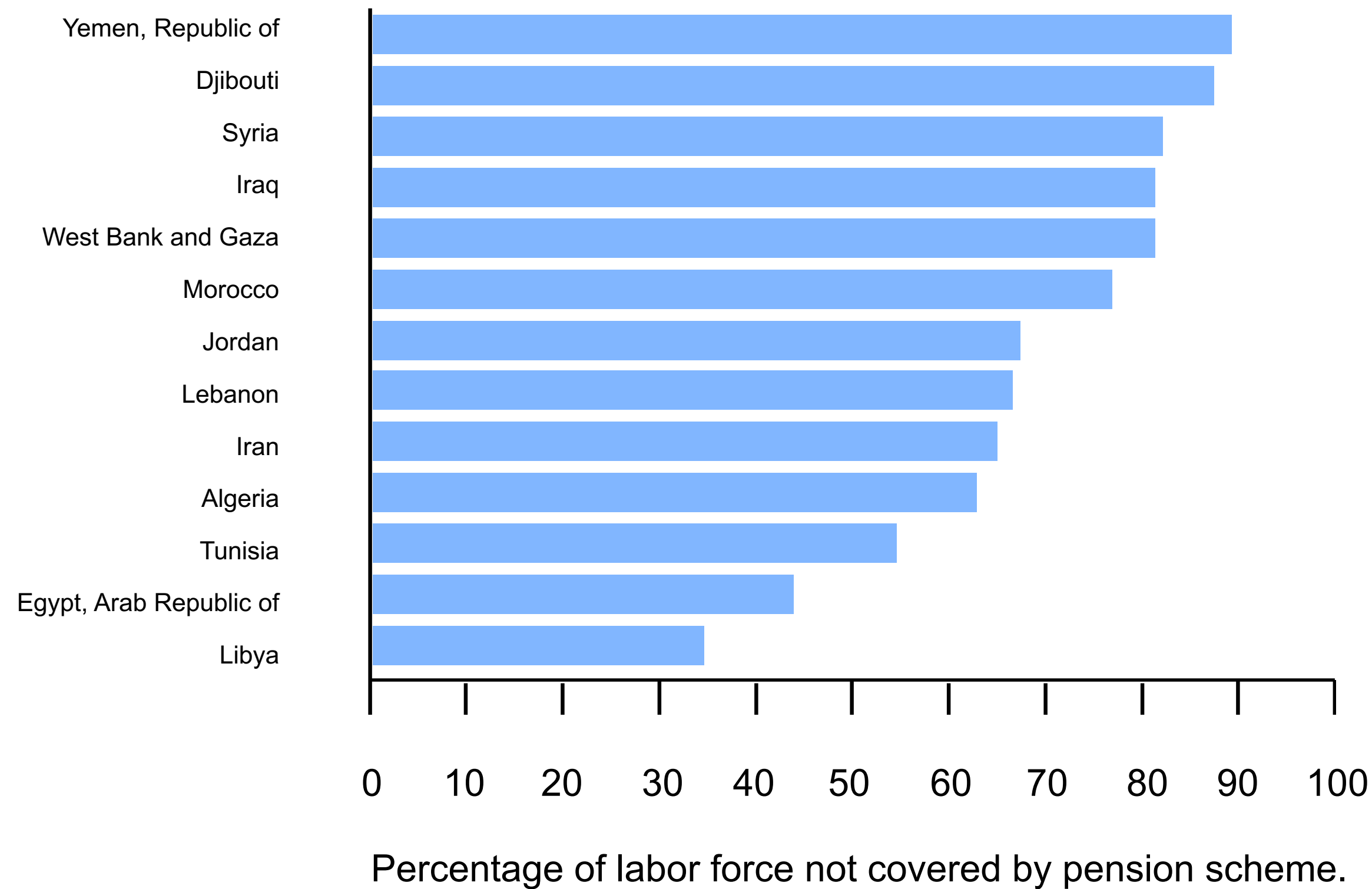
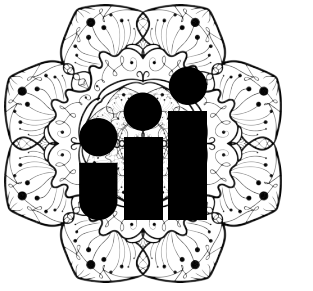
PENSION SPENDING IN THE **MENA** REGION IS VERY HIGH BY INTERNATIONAL COMPARISON, DESPITE THE RELATIVELY LOW COVERAGE



- There is a high correlation worldwide between pension spending and percentage of population older than 65.
- **MENA** countries are mostly well above the correlation line, having higher spending than other countries with similar percentages of elderly adults.
- This is due to various factors, including the generosity of some schemes (particularly for civil servants and other special schemes), the high numbers of survivors and early retirement programs.

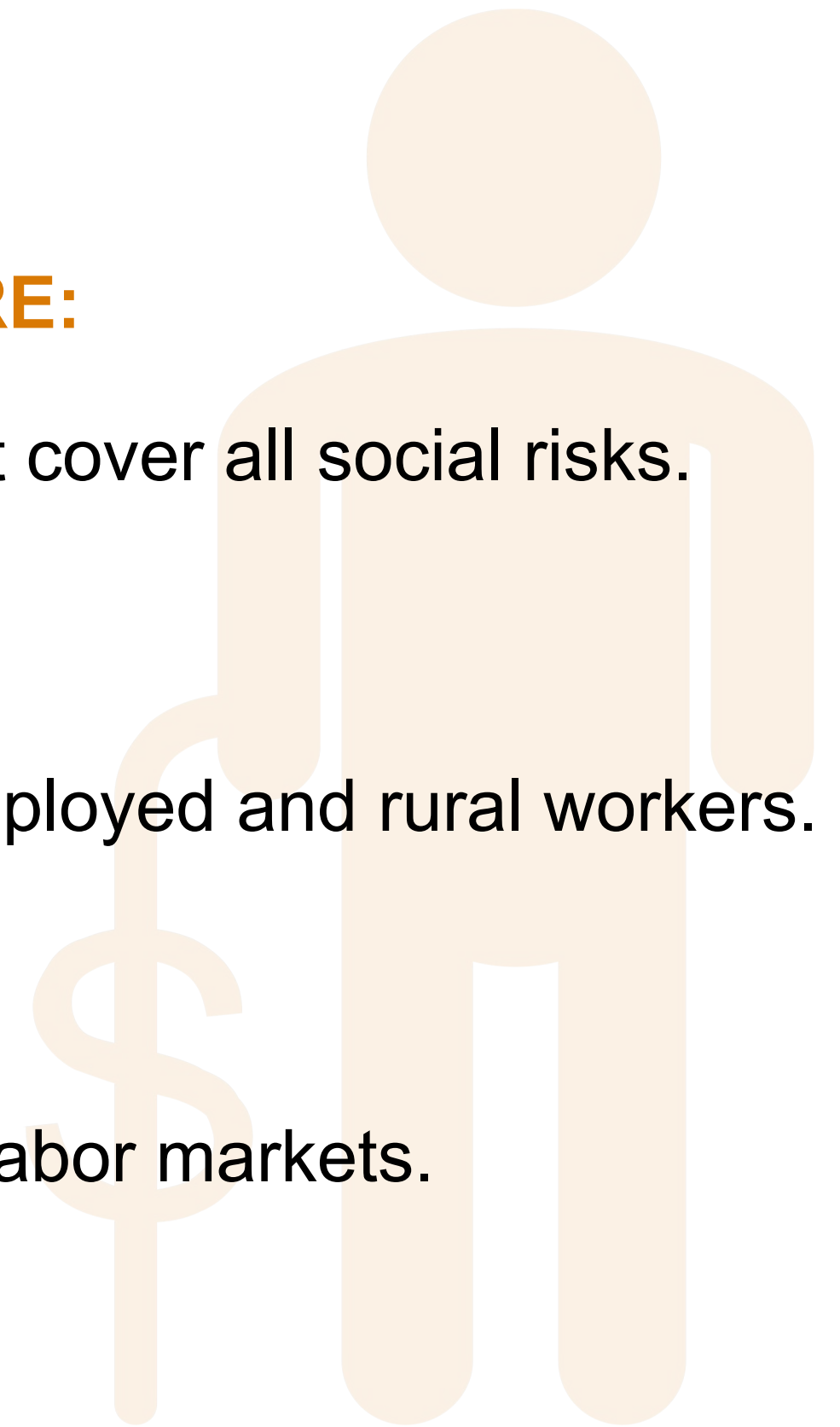


# ...YET LOW COVERAGE



## PENSION SYSTEMS ARE:

- Fragmented and do not cover all social risks.
- Not portable.
- Not inclusive of self-employed and rural workers.
- Fiscally unsustainable.
- Creating distortions in labor markets.







THE STATE OF HUMAN CAPITAL IN MENA:

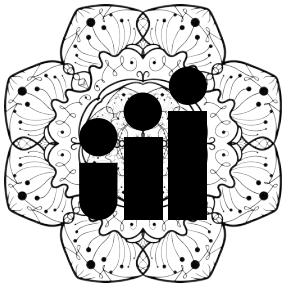
# GROWING HEALTH CHALLENGES

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HUMAN CAPITAL PLAN





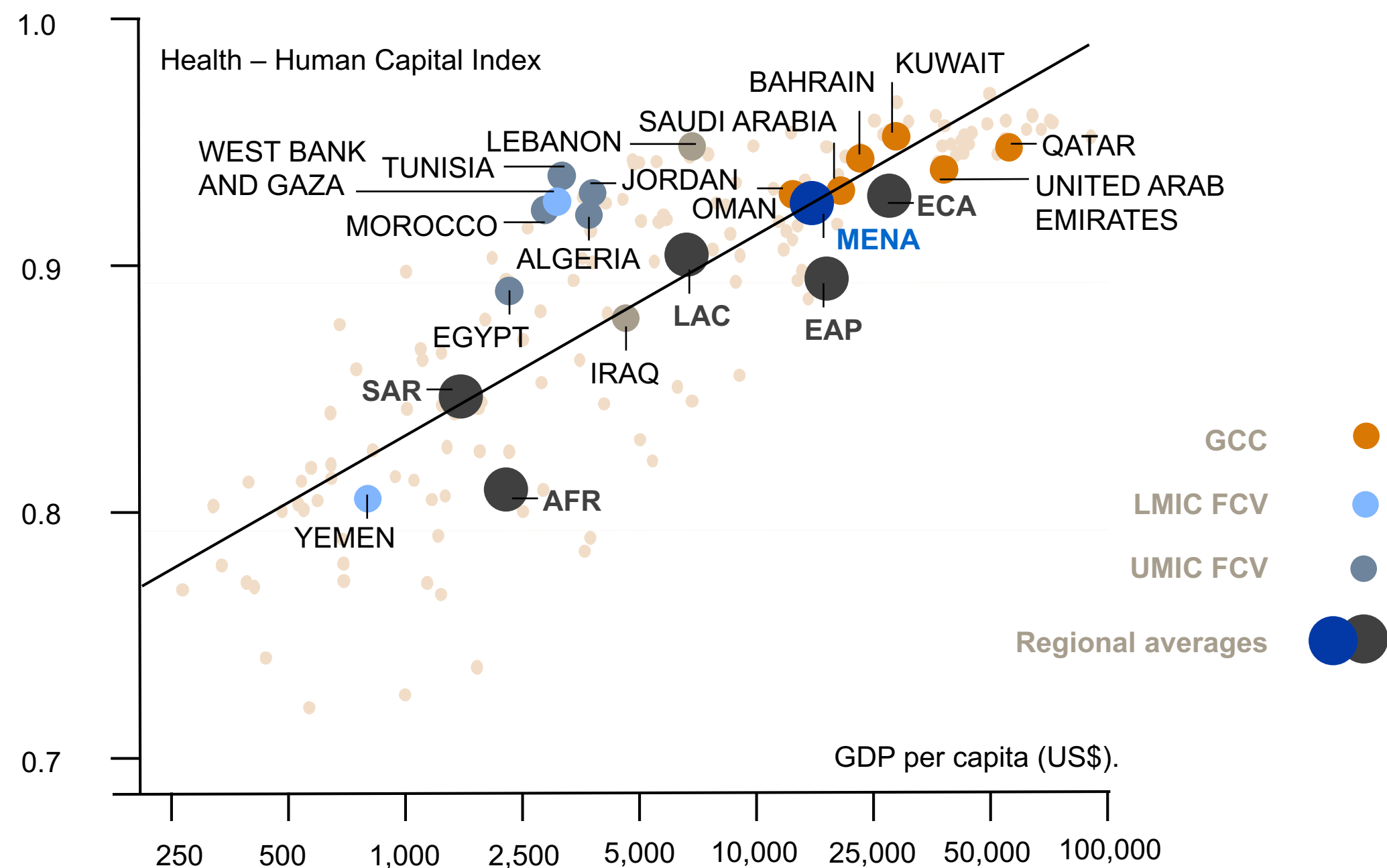


# DESPITE RELATIVELY HIGH HEALTH OUTCOMES

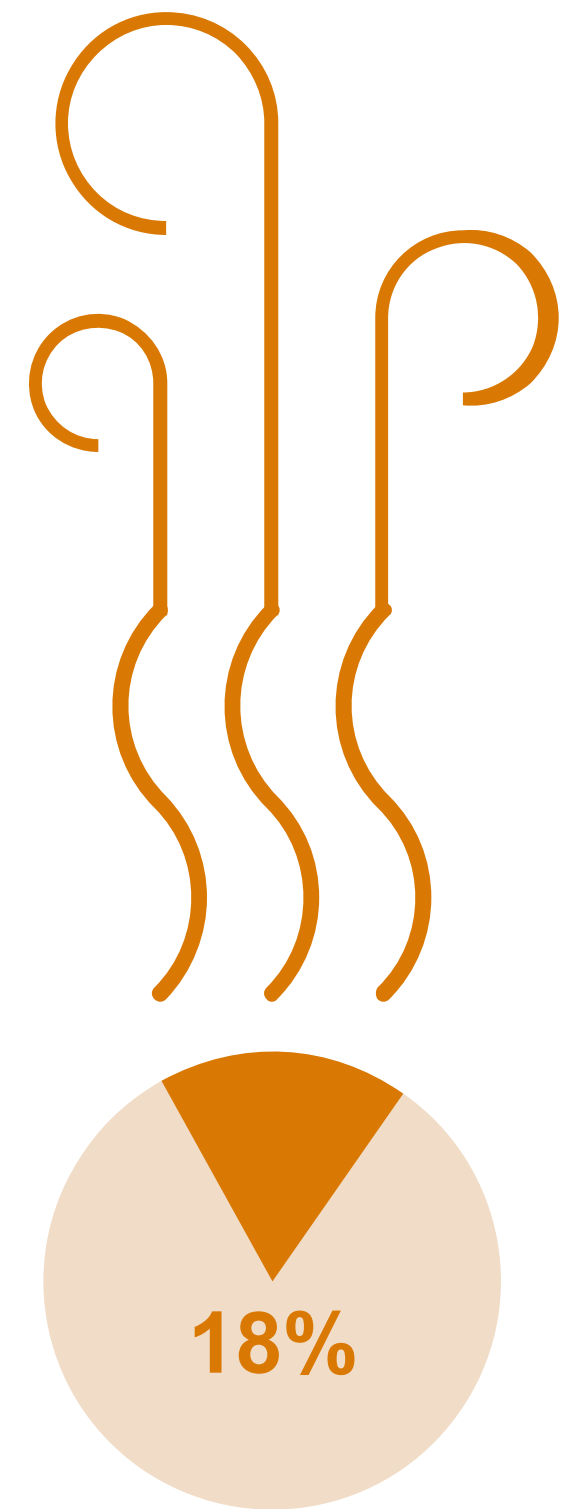
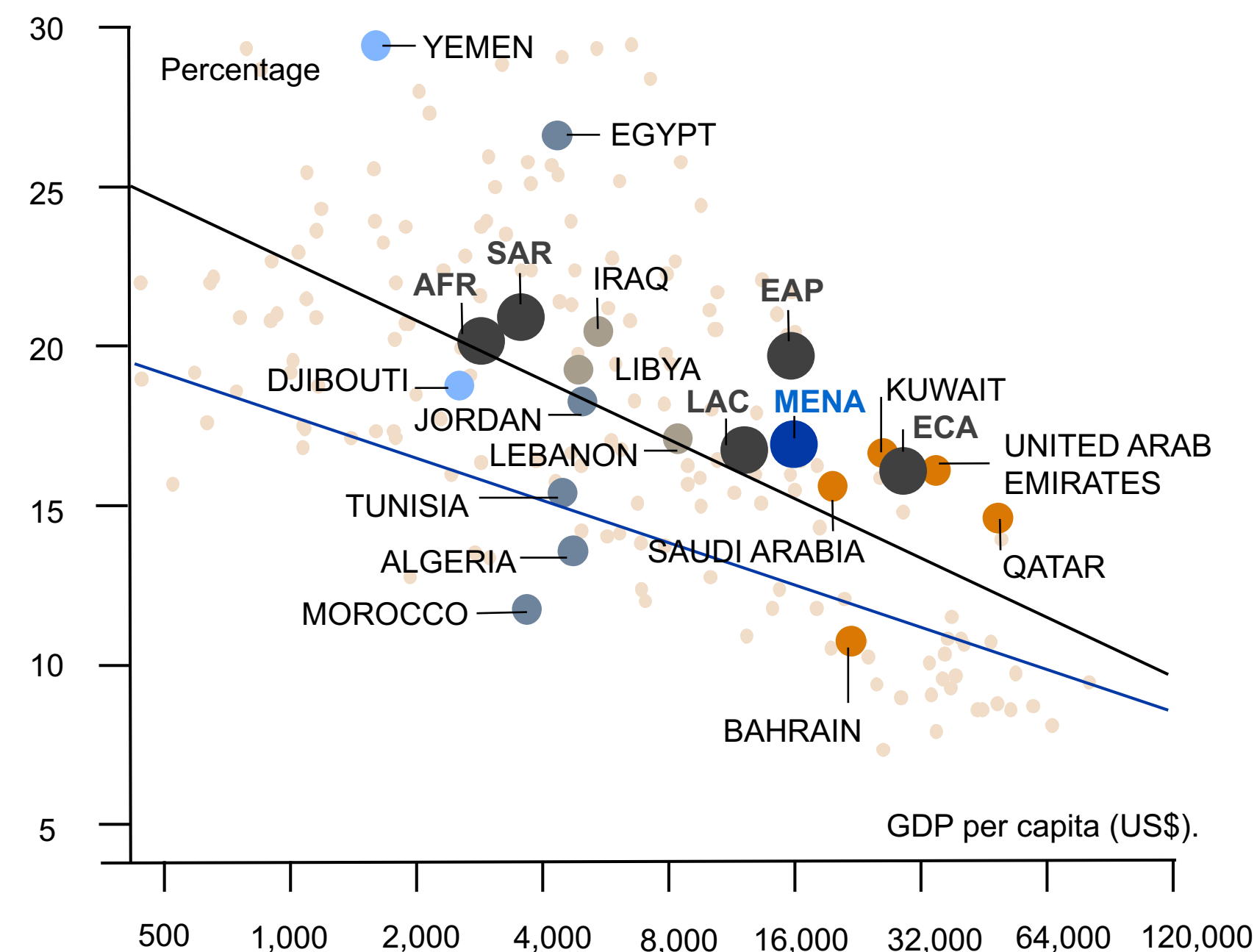
## ENVIRONMENTAL RISKS AND NON-COMMUNICABLE DISEASES ARE A GROWING HEALTH CHALLENGE

Environmental risk factors  
(mainly air and water pollution)  
responsible for 18% of total  
burden of disease in **MENA**.

Health component of Human Capital Index.

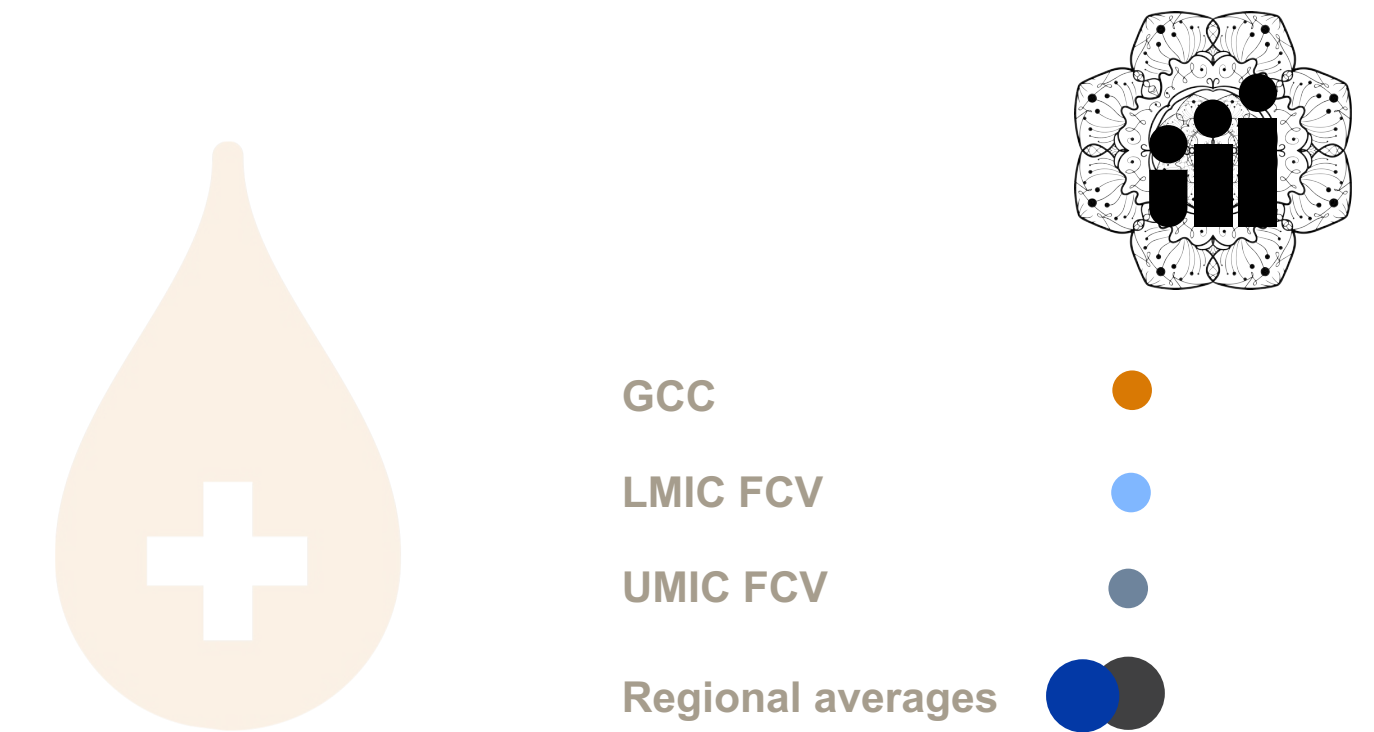


Probability of dying between the ages of 30 and 70 from one of the four main NCDs, 2016.





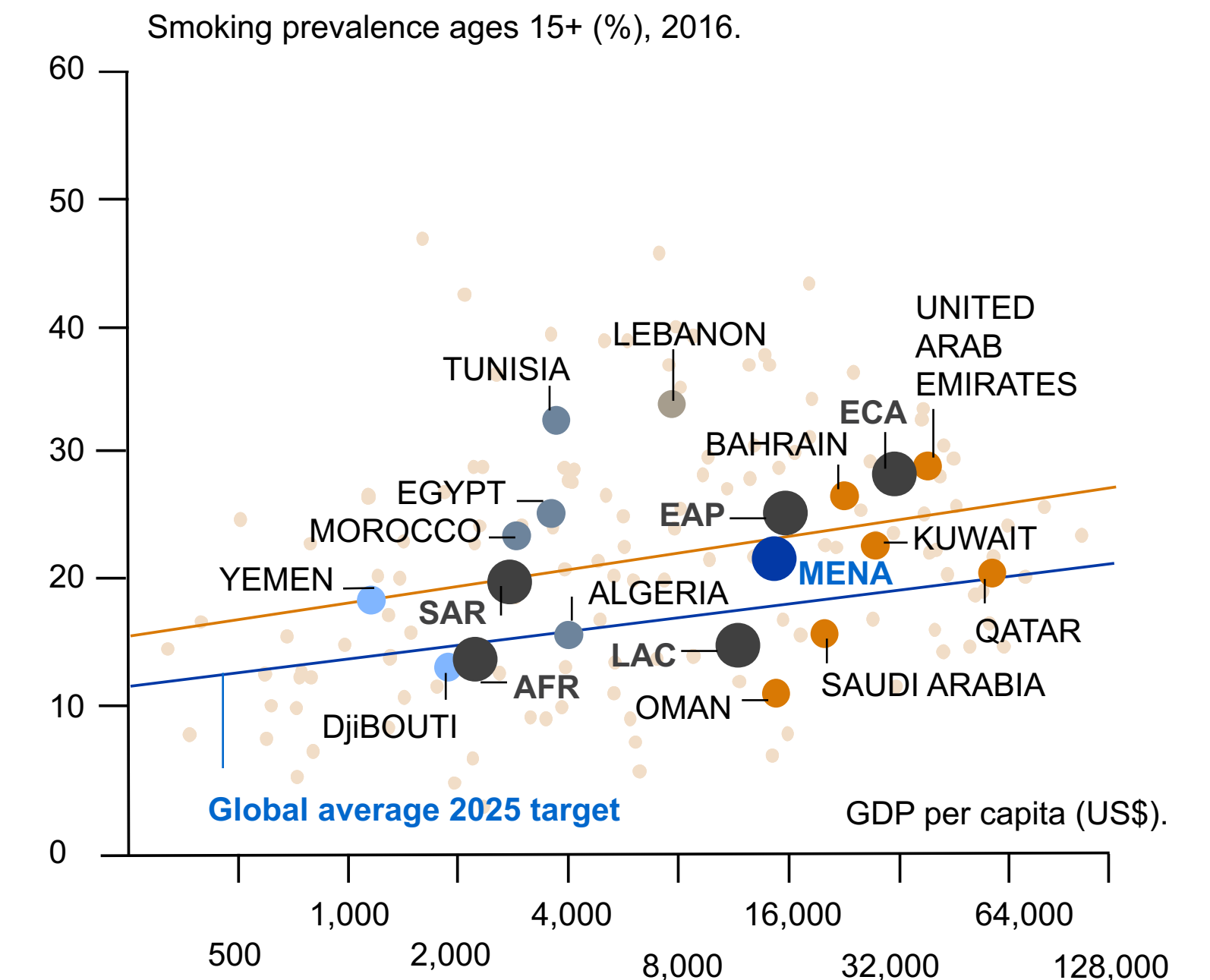
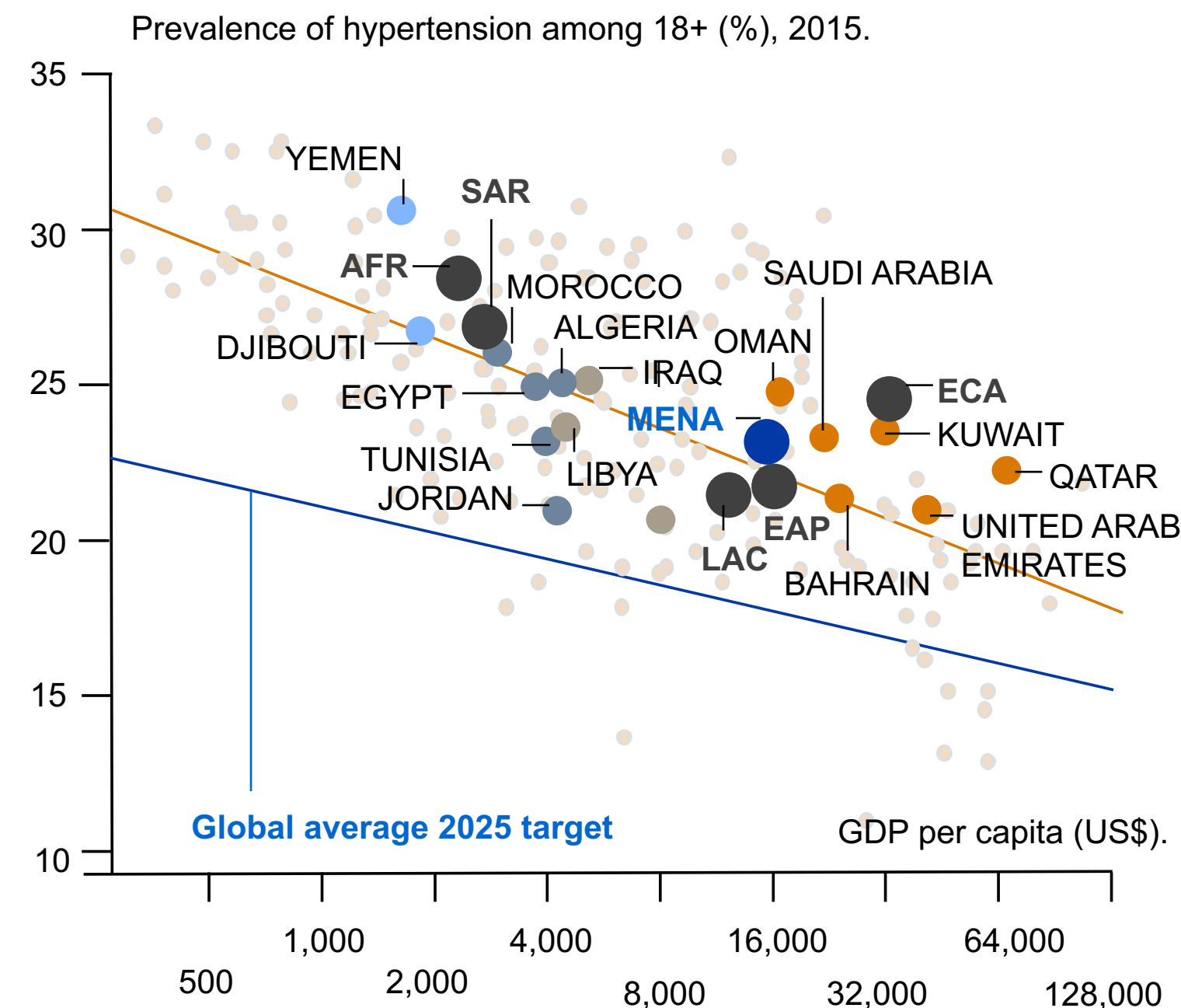
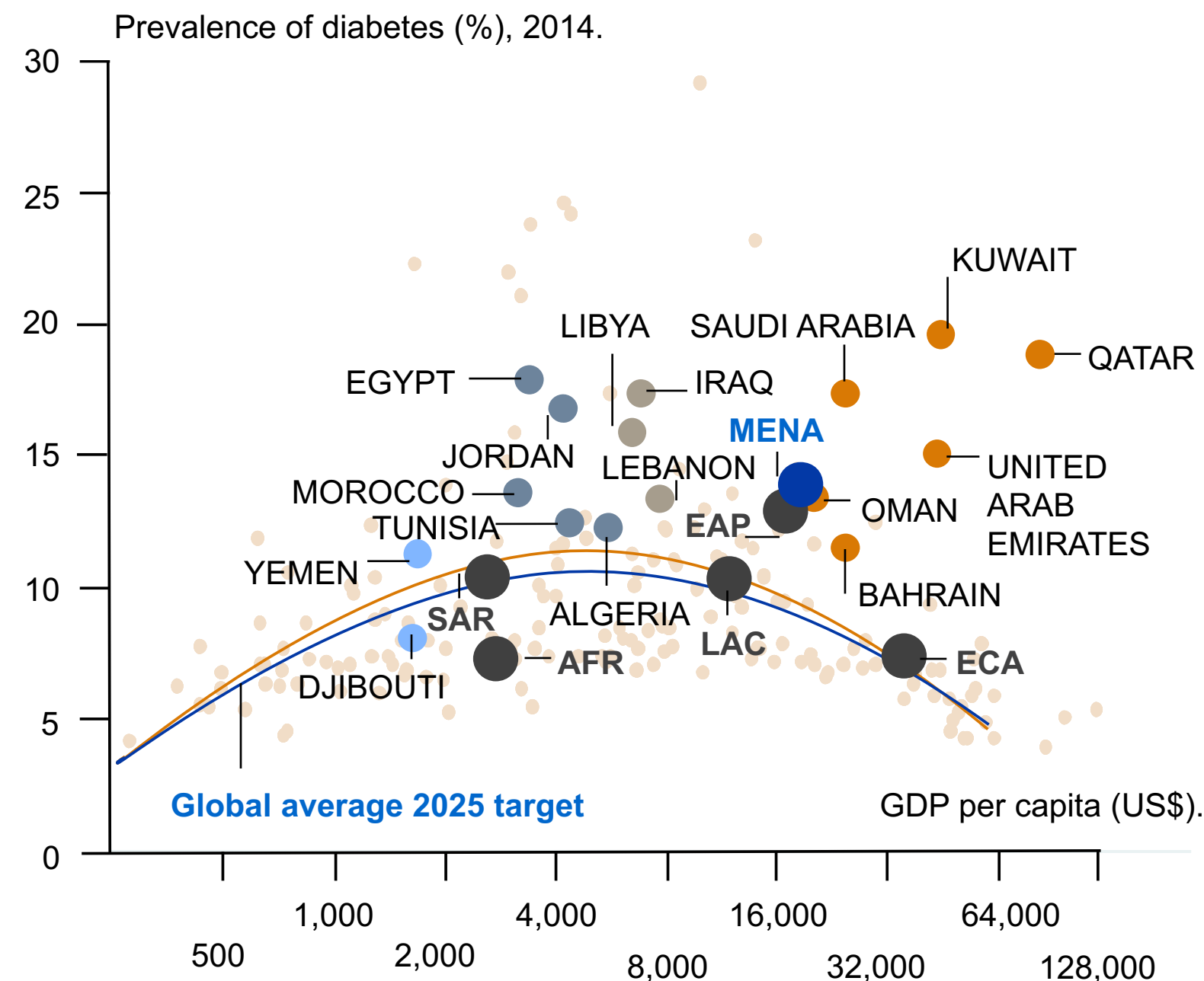
# SELECTED NON-COMMUNICABLE DISEASES AND RISK FACTORS



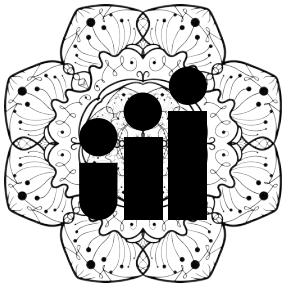
Prevalence of diabetes – one of the four priority NCDs – is significantly higher than in other regions.

Prevalence of hypertension is also high, particularly in GCC countries.

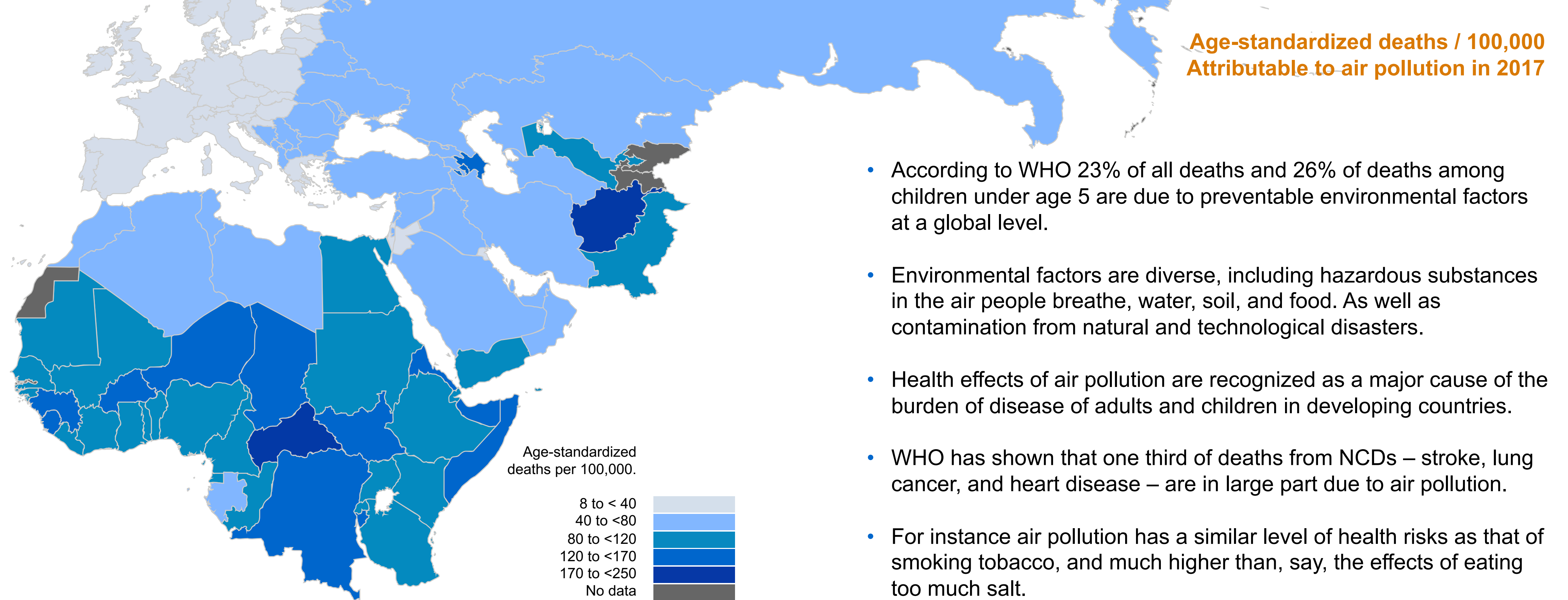
Prevalence of smoking – a key risk factor for NCDs – is slightly below average relative to GDP per capita.



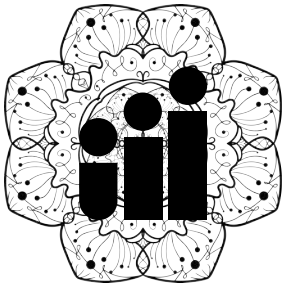




# ENVIRONMENTAL THREATS ARE ALSO LINKED TO MORTALITY AND NCD MORBIDITY



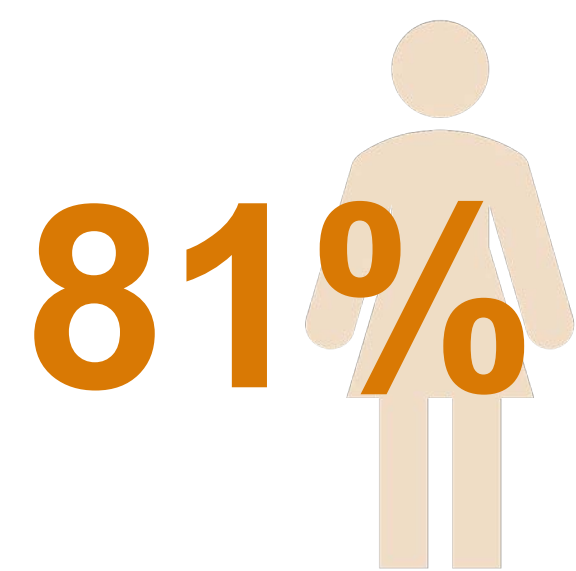
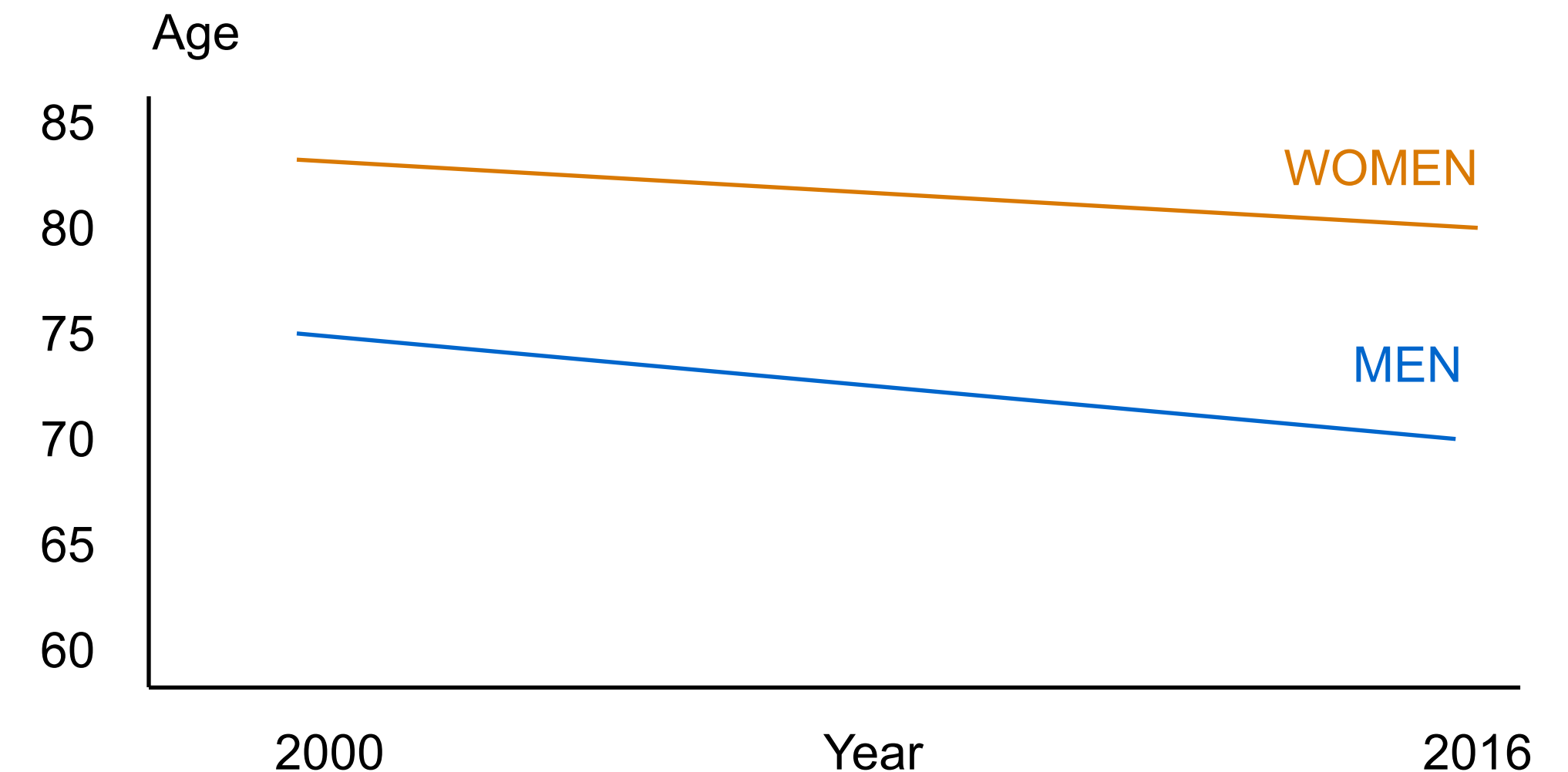




# WORRYING GENDER DISPARITIES IN HEALTH OUTCOMES

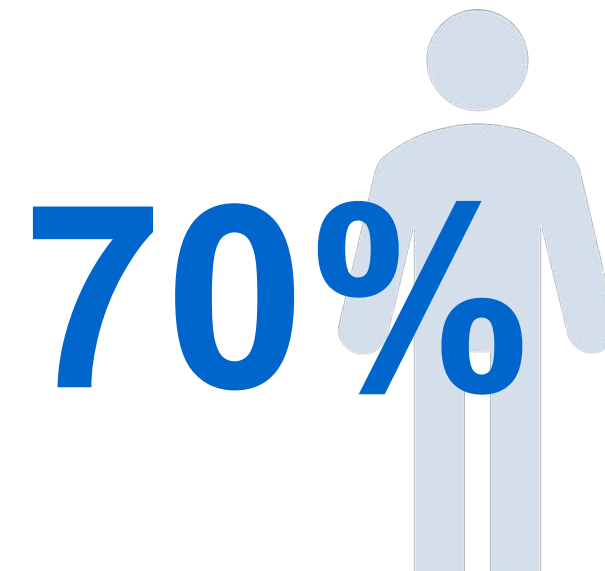
While women live longer than men, their sexual and reproductive health indicators put them at risk and have direct implications on their productivity as workers. Women are also more likely to die of NCDs than men.

**Risk factors differ: a larger share of men smoke and drink alcohol, while women are overweight to a larger extent than men.**



81%

More **women** aged 35–59 die from non-communicable diseases than **men** (81 vs 70 percent).



70%

Fertility rate in **MENA** is high at 2.7 - only below SSA.

Adolescent fertility rate (births per 1,000 women ages 15-19) is 37.6.



Eighty-six percent of births are attended by skilled health staff.

Maternal mortality ratio (per 100,000 live births) is 81.





THE STATE OF HUMAN CAPITAL IN MENA:

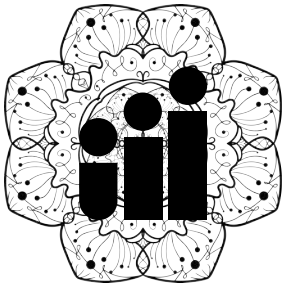
# CONFLICTS ERODING HUMAN CAPITAL

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MIDDLE EAST AND NORTH AFRICA  
HUMAN CAPITAL PLAN







# CONFLICTS EXACERBATE VULNERABILITIES AND ERODE HUMAN CAPITAL

In **MENA** there are more than 18 million refugees and IDPs, a situation that affects men and women, boys and girls in different ways.

Conflict exacerbates poverty and malnutrition, increases vulnerability to diseases, among other factors.

**Men and boys** face mortality and morbidity, with severe injuries and lasting psychosocial trauma that have lasting negative effects on health and productivity. Forced conscription leads to splitting of families to protect young men, and boys who are not taking an active part in the conflict are many times required to work.



## **Women are particularly at risk of violence:**

An estimated 40% of women in MENA have experienced physical and/or sexual violence by an intimate partner. The FCV context poses additional threats as women are at high risk for sexual violence and harassment, trafficking and rape both in conflict zones and in host community contexts. Early/forced marriage remains an issue, and refugee girls are particularly affected. Female genital mutilation is still a common practice in some countries (93% in DJ and 87% in EG).

**Fertility rates** are high among refugee women, with higher rates of **adolescent pregnancies** and **maternal mortality**. This is an indirect effect of war related to challenges with access to reproductive health care. For example, maternal mortality rates in Syria increased from 49 to 68 per 100,000 live births from 2010 to 2015.





THE STATE OF HUMAN CAPITAL IN MENA:

# SPATIAL AND SOCIOECONOMIC INEQUALITY

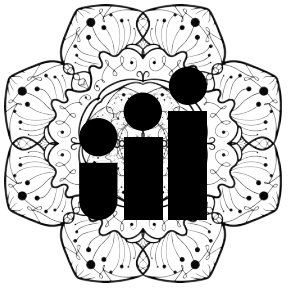
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MIDDLE EAST AND NORTH AFRICA  
HUMAN CAPITAL PLAN





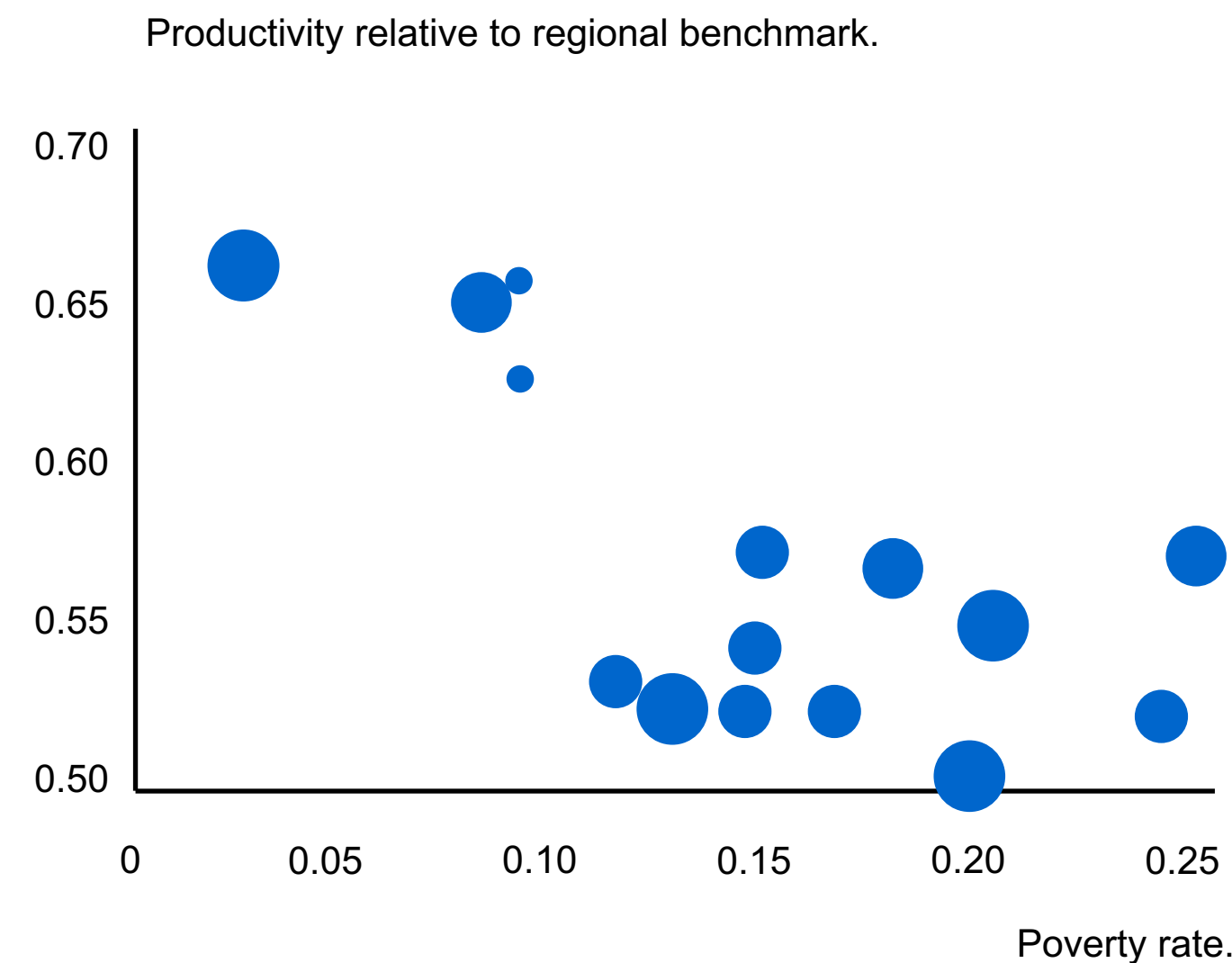
# NATIONAL LEVEL INDICES OFTEN MASK LARGE VARIATION IN OUTCOMES SUB-NATIONALLY



Gaps in human capital outcomes within countries across socioeconomic groups are large.

In Morocco, outcomes vary considerably from leading to lagging regions and neighborhoods home to marginalized indigenous communities. The HCI varied from 50 percent in the region of Marrakech - Tensift - Al haouz to 66 percent in Grand Casablanca.

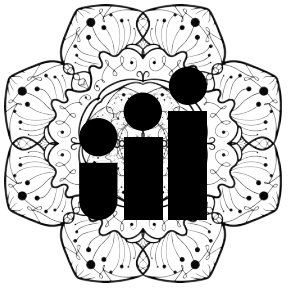
MOROCCO HUMAN CAPITAL INDEX.



- In Egypt, the productivity as a future worker of a child born today in the richest 20 percent of households is 63 percent while it is 50 percent for a child born in the poorest 20 percent.
- In Jordan, the productivity as a future worker of a child born today in the richest 20 percent of households is 74 percent while it is 60 percent for a child born in the poorest 20 percent.
- In the West Bank and Gaza, the productivity as a future worker of a child born today in the richest 20 percent of households is 72 percent while it is 61 percent for a child born in the poorest 20 percent.



# DEFINITIONS



- **“Core HD sectors”** are defined as activities lead by Health, Nutrition, Population; and/or Education; and/or Social Protection and Jobs. These sectors are those identified as those contributing most and most directly to the dimensions of the Human Capital Index.
- **Selection of baseline.** FY18 is identified as the baseline as it is the fiscal year immediately prior to the launch and adoption of the Human Capital Project and measurement of Human Capital outcomes in the Human Capital Index.
- **“Volume of US\$ of IBRD/IDA/Special Financing commitments for core HD sectors”.** Volume of commitments IDA, IBRD and SF for operations in core HD sectors is calculated the sum of commitments in HNP, and/or Education and/or SPJ projects/programs/operations initiated in the fiscal year specified. The indicator provides a measure of the quantum of direct WBG support to human capital creation, protection and/or utilization.
- **“Share of non-core HD operations with substantive human capital elements”.** Successful implementation of the Human Capital Action Plan requires the coordinated efforts of GPs and themes beyond one of more of the core HD sectors. This indicator is calculated by identifying projects/operations/programs lead by non-core HD sectors but which identify one or more core HD sectors as contributing to the activity.
- **“Share of GPs and themes with established human capital targets”.** As a central strategic objective of the enlarged MNA strategy, it is important that all GPs and Global Themes establish explicit targets that will contribute to the achievement of the Human Capital action plan. This indicator is measured annually by confirming which GPs and Global Themes have identified human capital targets to be presented in the MNA strategic update to the Board.
- **“Share of DPF operations with substantive human capital focus”.** Achieving the objectives of the MNA action plan requires both investments and complementary policy reforms. This indicator measures the extent to which a DPF operation addresses human capital priorities. The indicator is calculated by identifying whether core HD human capital promoting policies are explicitly reflected in DPF pillars or results.
- **“Share of core HD sector projects/programs/operations making use of technology to improve outcomes”.** The harnessing of technology to enhance development impact of WBG interventions in MNA is another central objective of the MNA enlarged strategy. This indicator aims to identify areas where technologies are being deployed in novel or creative ways to enhance the impact of human capital interventions. The indicator is calculated by an assessment of core HD sector project documentation. The assessment excludes areas where technology usage is expected (e.g. accounting systems).
- **“Share of country programs that include ASA with a human capital focus”.** Progress in achieving human capital outcomes is premised on relevant and timely analysis and evidence. This indicator is calculated by a review of current ASA program at a country level.
- **“HCP adopting countries with prioritized human capital plans”.** Since the global launch of the HCP, several MNA countries – led by early adopters – have committed to develop comprehensive human capital plans. MNA expects to provide sustained support to help client, develop, adopt and implement integrated country-level human capital plans. The indicator will be assessed on confirmation that a plan has been developed, formally adopted (at national or sectoral level) and under implementation.
- **Share of core HD projects with substantive gender-sensitive components.** There are stark disparities across the MNA region as regards human capital outcomes between men and boys, women and girls. This indicator assesses core HD projects that have also sustained a gender tag.
- **“Partnerships or coalitions supported by WBG around the human capital agenda in MNA”.** Partnership, collaboration and coordination will be central in achieving human capital objectives in the region. Establishing partnerships designed to advance human capital priorities whether at the regional, country or sectoral levels is illustrative of collective commitment to this broad and pressing agenda.
- **“MNA countries conducting international learning assessments on a timely basis”.** The importance of the measurement agenda is often underestimated. Fewer MNA countries participate routinely in international learning assessments than might be expected in a Middle-income region. This indicator identifies the countries that are participating or have started to participate in benchmark international assessments. Timeliness – defined as an assessment undertaken within the prescribed time period – is intended to establish the development of an evidence base as a routine undertaking.
- **Number of countries undertaking Public Expenditure Reviews of core HD sectors.** Several MNA countries have not achieved the human capital outcomes commensurate with significant and sustained levels of public funding. This indicator is intended to identify countries that undertake public expenditure reviews in core HD sectors as one means of improving allocative efficiency and impact.



# ACKNOWLEDGEMENTS



## CREDITS

The **Middle East and North Africa (MENA) Human Capital Plan** was prepared by a team led by Haneen Sayed (Task Team Leader) and Million Fikre (Co-Task Team Leader) under the guidance of Keiko Miwa (Regional Director, HD), Anna Bjerde (Director of Strategy and Operations, MNAVP), Hana Brixii (Manager Global HCP Team) and with inputs from a core team which includes:

Piers Merrick (MNADE), Fadila Caillaud (Program Leader), Sameh El-Saharty (Program Leader), Maria Laure Sanchez Puerta (Program Leader), Samira Hillis (Program Leader), Kamel Braham (Program Leader), Dina Abu-Ghaida (Education), Fernando Montenegro Torres (Health, Nutrition and Population), Angela Elzir (Social Protection and Jobs), Rene Leon Solano (Social Protection and Jobs), Jonna Lundvall (Gender), Manjula Luthria (Social Protection and Jobs), Tamer Rabie (Health, Nutrition and Population), Souraya El Assiouty (Social Protection and Jobs), Takahiro Hasumi (Health, Nutrition and Population), Mohamad Mansour (HCP Fellow), and Alexander Leipziger (Global HCP Team).

The extended team included Practice Managers and staff from Global Practices and IFC: Andreas Blom (Education PM), Rekha Menon (Health, Nutrition and Population PM), Kevin Carey (Macro, Trade and Innovation PM), Dina Nicholas (IFC), Somik Lall (Urban), Laurent Debroux (Agriculture and Food), Fatma Yassin Aglan (Agriculture and Food), Mira Morad (Transport), Iyad Rammal (Water) Nail Abu-Lohom (Water), Walid Dhouibi (Procurement), Rajat Narula (Financial Management), Mohammad Kandeel (Environment), Samia Melhem (Digital Development), Marolla Haddad (Digital Development) Tu Chi Nguyen (Energy), Ana Paula Fialho Lopez (Social), Noushig Kaloustian (Social), Khaled Alhmoud (MTI), Catherine Bond (MENA Communications).

