

Nepal

Human Capital Index 2020

This brief provides an update to the Human Capital Index (HCI). First launched in 2018, 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. Worldwide a child born in 2020 can expect, on average, to be 56 percent as productive as she could be when she grows up. All data represent the status of countries pre-COVID-19.

THE HUMAN CAPITAL INDEX

Human Capital Index. A child born in Nepal today 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 South Asia region and Lower middle income countries.

- **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.
- **Healthy Growth (Not Stunted Rate).** 64 out of 100 children are **not** stunted. 36 out of 100 children are stunted, and so 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. Table 1 shows gender disaggregation for each of the HCI components, where available.

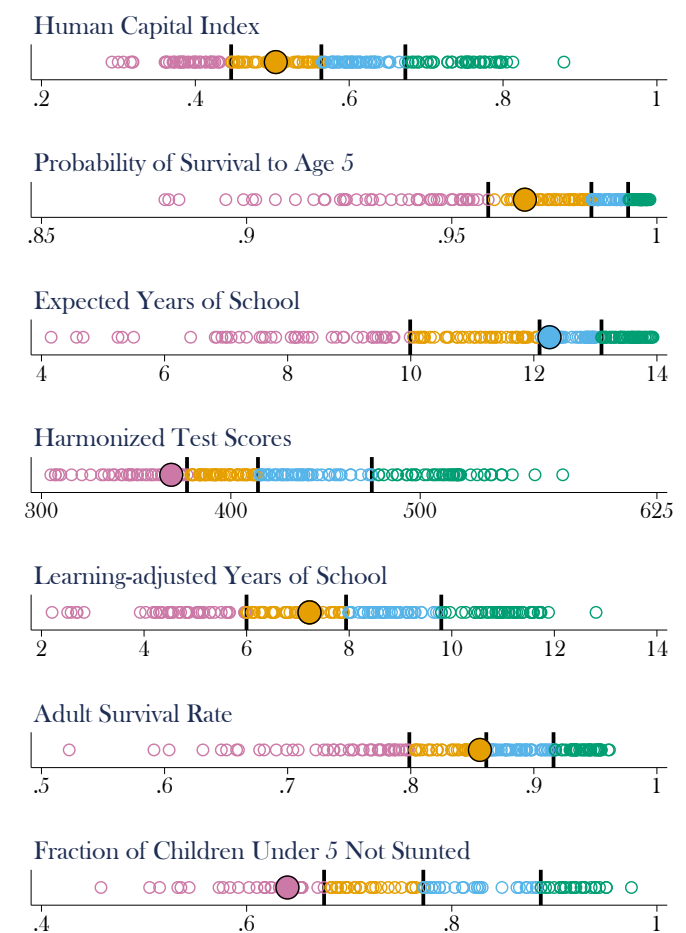
In Nepal, there are not sufficient data to disaggregate HCI by socio-economic groups.

Table 1. HCI by Gender and Socio-economic Group

Component	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
HCI Ratio (richest / poorest 20 percent)	-	-	-

For more on socioeconomic disaggregated HCI, please visit <https://www.worldbank.org/en/publication/human-capital/brief/insights-from-disaggregating-the-human-capital-index>

Figure 1. HCI and Components



Note:

- Large circle represents Nepal
- Small circles represent other countries
- Lines and color of circles indicate quartiles of the distribution

Despite major progress across many human capital dimensions, South Asia faces large and persistent human capital deficits which limit current and future economic development. Based on the analysis of key challenges facing the Region, Human Capital Acceleration in South Asia requires a 4-pronged framework for action (4iHCA): **invest** smarter and with quality; **include those being left behind** and empower them, especially adolescent girls and women; **insure** and prepare for potential shocks and risks; and **innovate** through data, technology, and multi-sector action.

DOMESTIC RESOURCE UTILIZATION AND MOBILIZATION

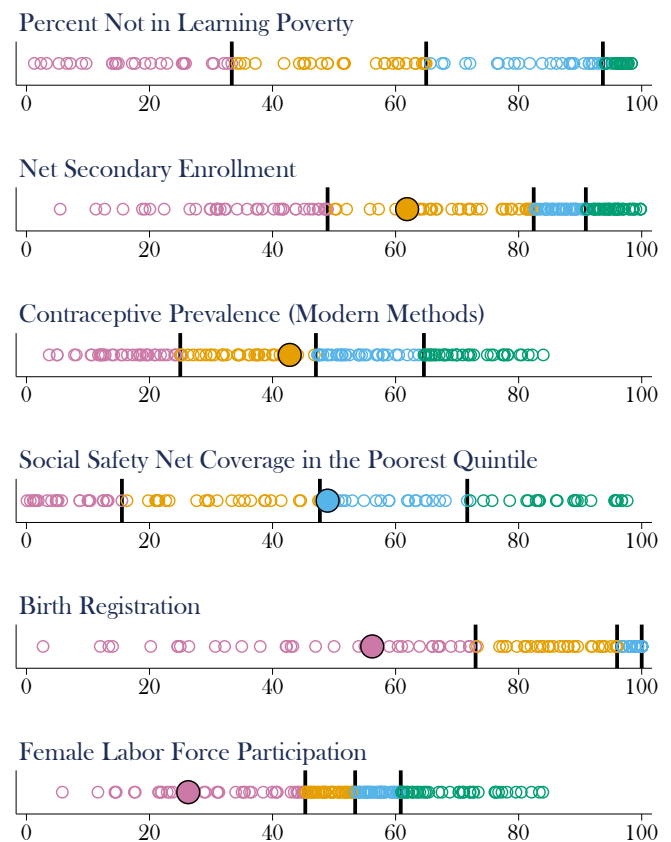
- **Health Spending.** Nepal spends **1.4 percent** (2017) of its GDP in public spending on health. This is lower than both the regional average (2.0%) and the average for its income group (2.8%). **11 percent** (2014) of the population incurs catastrophic health expenditure measured as out-of-pocket spending exceeding 10% of household consumption or income.
- **Education Spending.** Nepal spends **4.2 percent** (2018) of its GDP in government education spending. This is higher than the average for its region (3.8%) but lower than the average for its income group (4.5%).
- **Social Assistance Spending.** Nepal spends **1.6 percent** (2019) of its GDP on social assistance. This is higher than both the regional average (1.1%) and the average for its income group (1.4%).
- **Government Revenue.** General government revenue in Nepal is **25.3 percent** (2018) of GDP. This is higher than the average for its region (21%) but lower than the average for its income group (27.3%).

COMPLEMENTARY INDICATORS

- **Learning Poverty.** In Nepal, data on learning poverty are not available. In its region, 59 percent of 10-year-olds cannot read and understand a simple text by the end of primary school. The corresponding value for its income group is 59 percent.
- **Net Secondary Enrollment.** In Nepal, **62 percent** (2019) of secondary-school age children are enrolled in secondary school. This is lower than the average for its region (63%) but higher than the average for its income group (57%).
- **NCD Deaths.** In Nepal, the probability of dying between ages 30 and 70 from cardiovascular disease, cancer, diabetes, or chronic respiratory diseases is **22 percent** (2016). This is similar to the average for its region (22%) but higher than the average for its income group (21%).
- **Contraceptive Prevalence.** In Nepal, **43 percent** (2016) of women ages 15-49 use modern contraceptive methods. This is higher than both the average for its region (40%) and the average for its income group (42%).
- **Social Safety Net Coverage.** In Nepal, **49 percent** (2010) of the poorest quintile is covered by social safety nets. This is higher than both the average for its region (44%) and the average for its income group (39%).
- **Birth Registration.** In Nepal, **56 percent** (2016) of children under age 5 had their births registered. This is lower than both the average for its region (62%) and the average for its income group (75%).
- **Human Capital Utilization.** In Nepal, **37 percent** (2017) of the working-age population is employed. This is lower than both the average for its region (51%) and the average for its income group (54%).
- **Female Labor Force Participation.** In Nepal, the female labor force participation rate is **26 percent** (2017). This is lower than both the average for its region (33%) and the average for its income group (50%).
- **Drinking Water.** In Nepal, **89 percent** (2017) of the population has at least a basic source of drinking water. This is lower than the average for its region (90%) but higher than the average for its income group (81%).
- **Road Traffic Deaths.** In Nepal, for every 100,000 people, **16 people** (2016) die due to road traffic injury. This is higher than the average for its region (15) but lower than the average for its income group (20).

- **Internet Connectivity.** In Nepal, **21 percent** (2017) of the population uses the internet. This is lower than both the average for its region (28%) and the average for its income group (34%).
- **Air Pollution.** In Nepal, **100 percent** (2017) of the population is exposed to ambient concentration of PM2.5 exceeding the WHO guideline value. This is higher than both the average for its region (81%) and the average for its income group (99%).

Figure 2. Complementary Indicators



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This brief is based on the most recent data available from the Human Capital Project, World Development Indicators, Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE), UNESCO Institute for Statistics, WHO Global Health Observatory and Global Health Expenditure Database, IMF World Economic Outlook, selected national sources and World Bank staff estimates.

For more information on the definition of indicators and data sources, please visit: www.worldbank.org/humancapital