# THE HUMAN CAPITAL PROJECT

## The Need for South Africa to Invest in Human Capital

OCTOBER 2019

#INVESTinPeople

HUMAN CAPITAL PROJECT

# ACCELERATING MORE AND BETTER INVESTMENTS IN PEOPLE GLOBALLY

1. **Human Capital Index (HCI):** Makes the case for investment in the human capital of the next generation; first released October 2018.
2. **Measurement & Research:** A new program of measurement, research, and analysis will support investments in human capital formation.
3. **Country engagement:** Support HCP countries as they develop and implement accelerated priorities for human capital development.

# HUMAN CAPITAL INDEX

# HUMAN CAPITAL INDEX: THE STORY

*"How much human capital can a child born today expect to acquire by age 18, given the risks of poor health and poor education that prevail in the country where she lives?"*

Three ingredients reflect building blocks of the next generation's human capital:

SURVIVAL
Will children born today survive to school age?

SCHOOL
How much school will they complete and how much will they learn?

HEALTH
Will they leave school in good health, ready for further learning and/or work?

# HUMAN CAPITAL INDEX:
# SHOWS DISTANCE TO FRONTIER

**SURVIVAL**

Children who don't survive to fulfil their potential

X

**SCHOOL**

Contribution of learning-adjusted years of school to productivity of future workers

X

**HEALTH**

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

=

**HCI**

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

# HUMAN CAPITAL INDEX & SUSTAINABLE DEVELOPMENT GOALS

## SURVIVAL

Under-5 mortality links to SDG target 3.2

## SCHOOL

Quality adjusted school years links to SDG target 4.1

## HEALTH

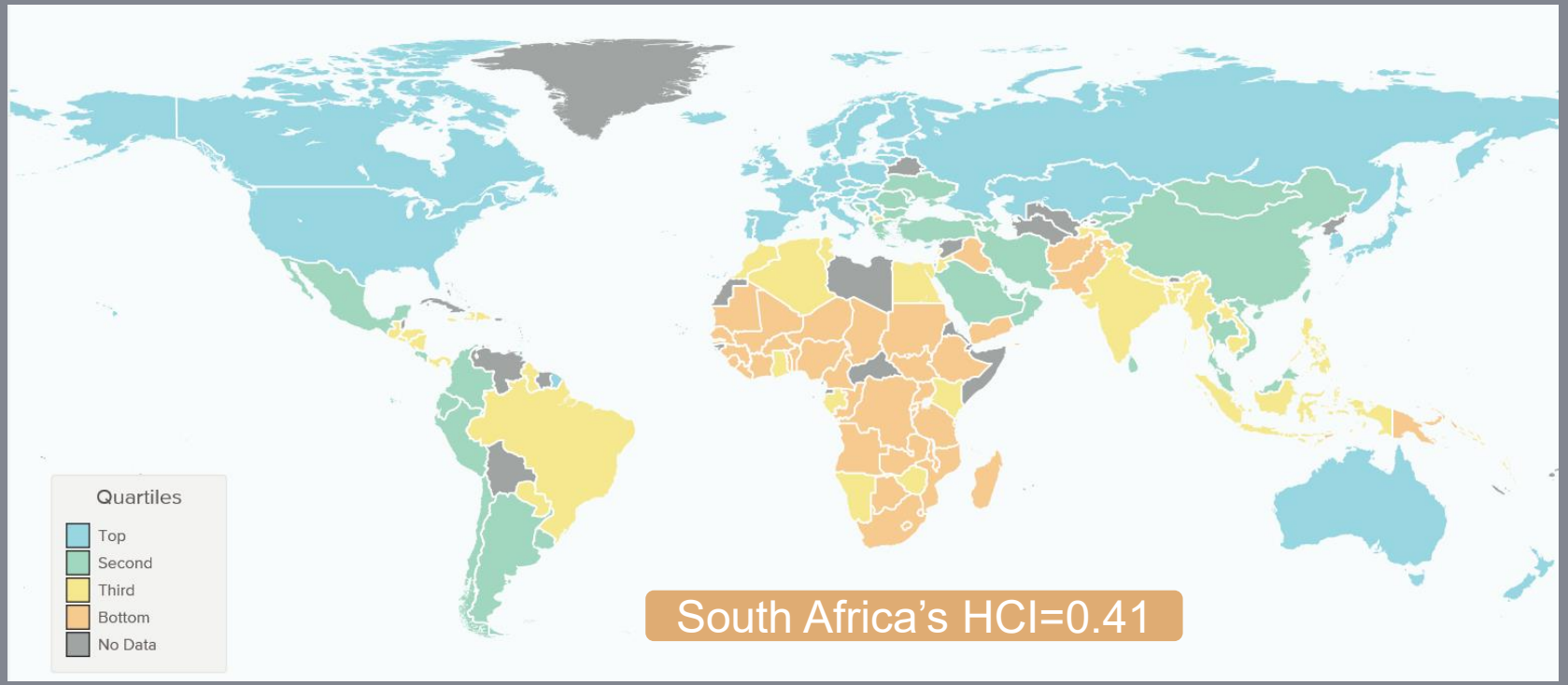
Improving adult survival rate by reducing causes of premature mortality links to SDG target 3.4

Stunting links to SDG target 2.2

The components of the Human Capital Index have close links with the SDGs

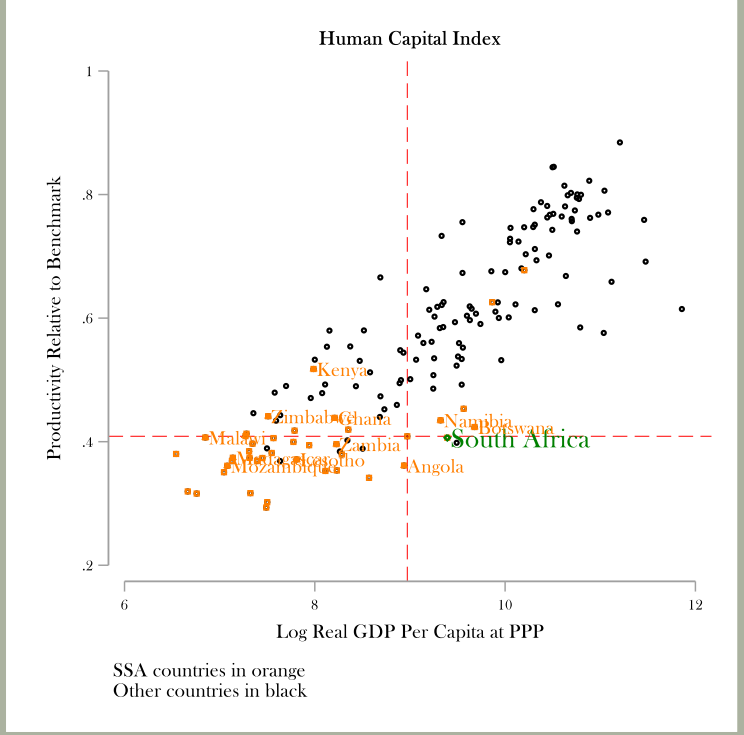
# HUMAN CAPITAL INDEX: 2018 RESULTS

Globally, 56% of children live in countries with an HCI value below 0.5



# HUMAN CAPITAL IN SOUTH AFRICA

A child born today in South Africa would be 41% as productive as s/he could be under complete health and education.

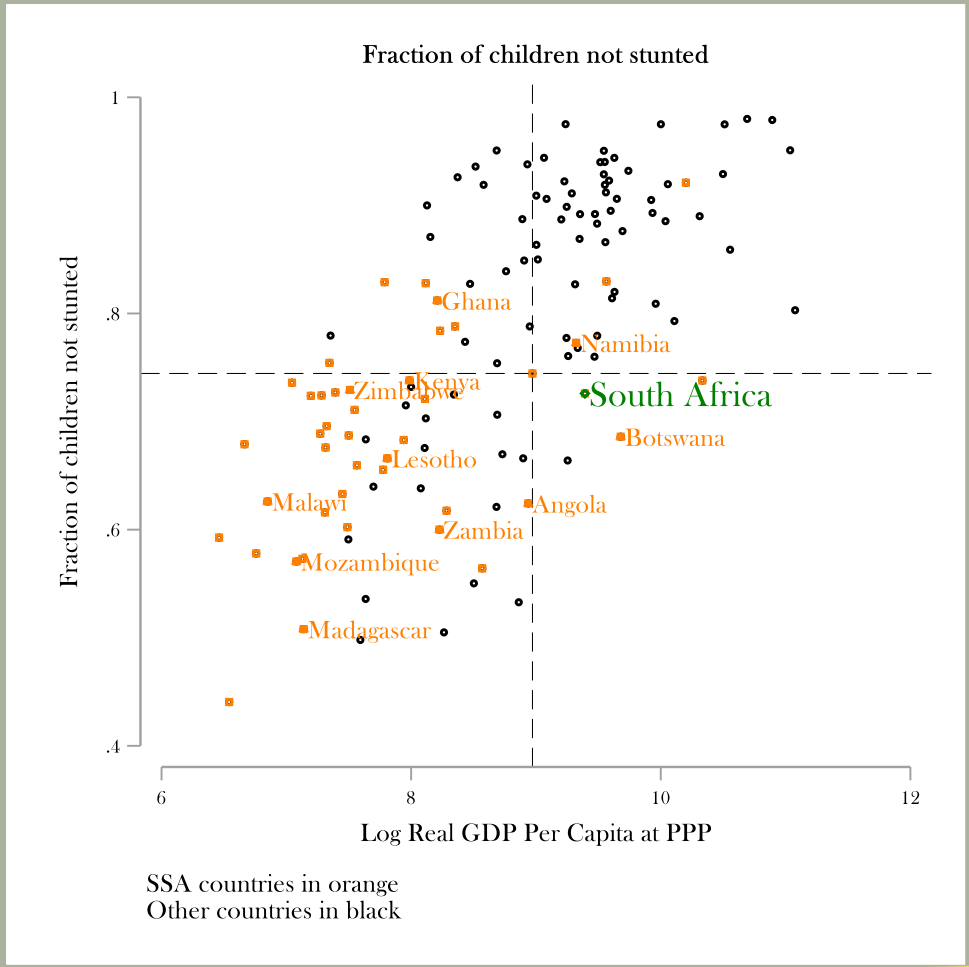



Despite its status as a upper-middle income country, the HCI is lower compared to poorer countries

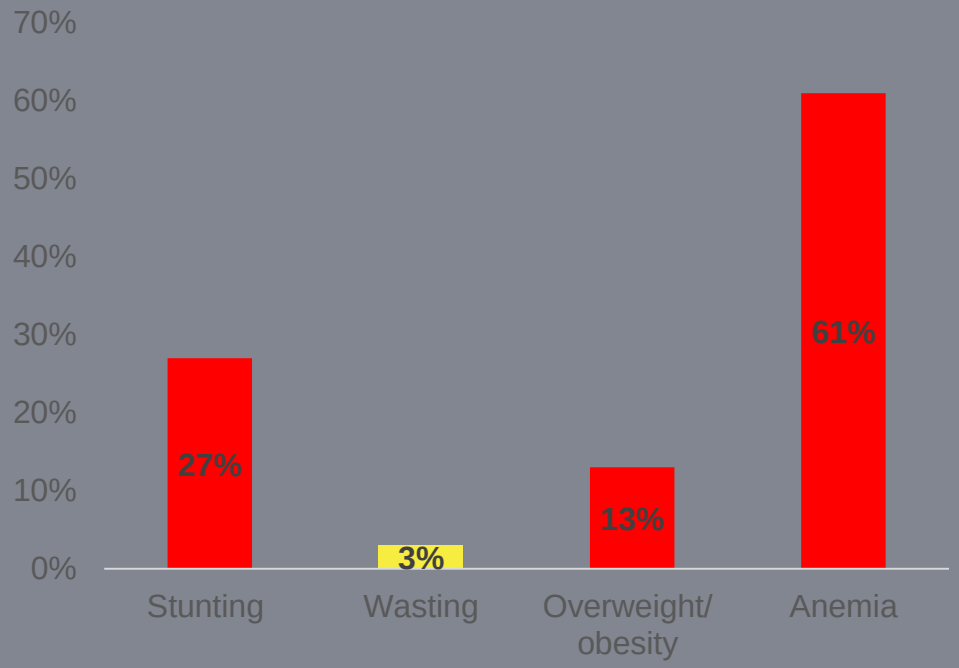
# Why is South Africa's HCI in the bottom quarter of the world?

About 27% of children under 5 are stunted

This is similar to other countries in the region and reflects the levels of food insecurity



# Child Malnutrition in South Africa




Child stunting, overweight/obesity is a public health problem is South Africa

Child stunting and anemia are high in

- Poorest households (36% in poor HH vs 13% in rich HH);
- Rural areas
- Mothers with low education
- Mother with poor nutrition status

Child overweight/obesity is high in

- Poorly education mothers (primary incomplete)
- Poorer wealth quintiles (15.6% vs. 9.3%)

Source: Demographic and Health Survey, 2018

# Factor influencing child malnutrition in South Africa

- Poor infant and young child feeding practices
  - 25% children not breastfed at all
  - Exclusive breastfeeding is low (44% from 0-1m to 4.9% by 6- 8 month)
  - High bottle feeding ~ 50% infants <6m
  - High intake of breastmilk substitutes and other milks (47% at 0-1m to 55% at 6-8m)
  - Only 23% of children age 6-23 months are fed a minimum acceptable diet.

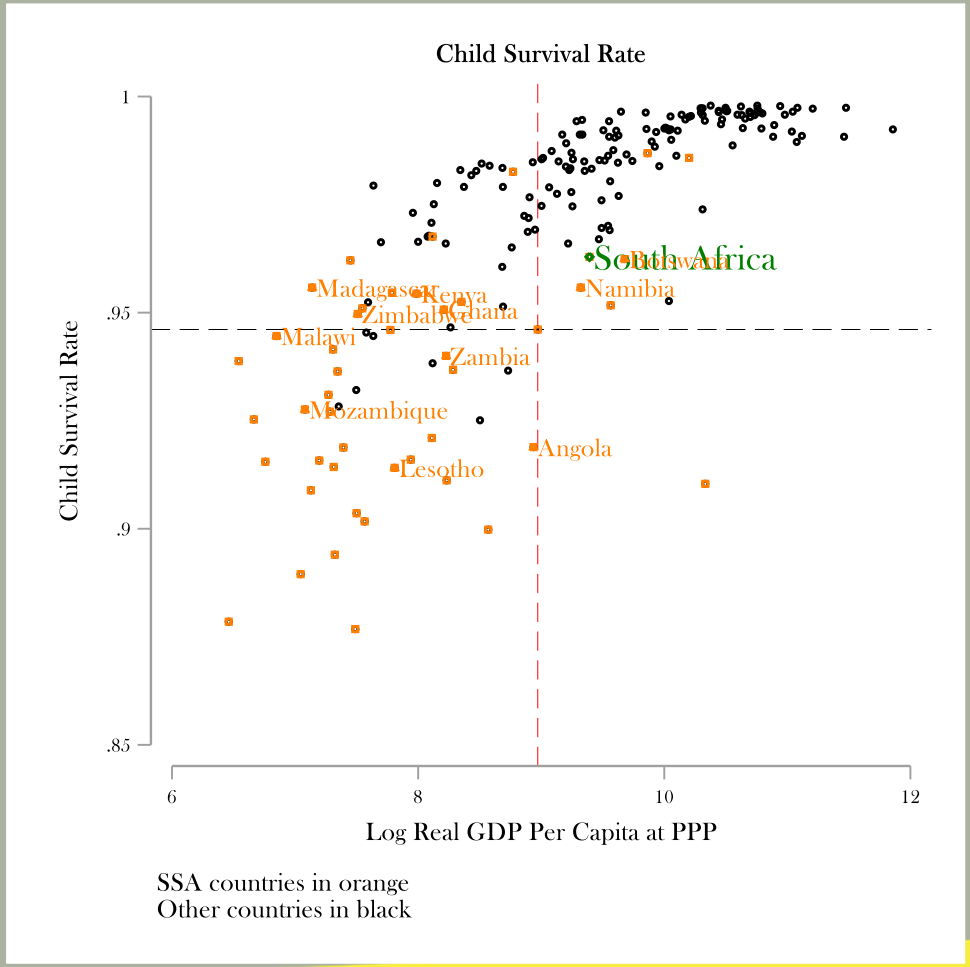
- High consumption of processed foods among children 6 – 23m
  - 35% consume sugary foods and 18% sugary drinks
  - 44% consume salted snacks
  - Non breastfeeding children were much more likely than breastfeeding children to consume unhealthy foods and drinks

**Without adequate diversity and meal frequency, infants and young children are vulnerable to poor nutrition, especially stunting and micronutrient deficiencies, and to increased morbidity and mortality.**

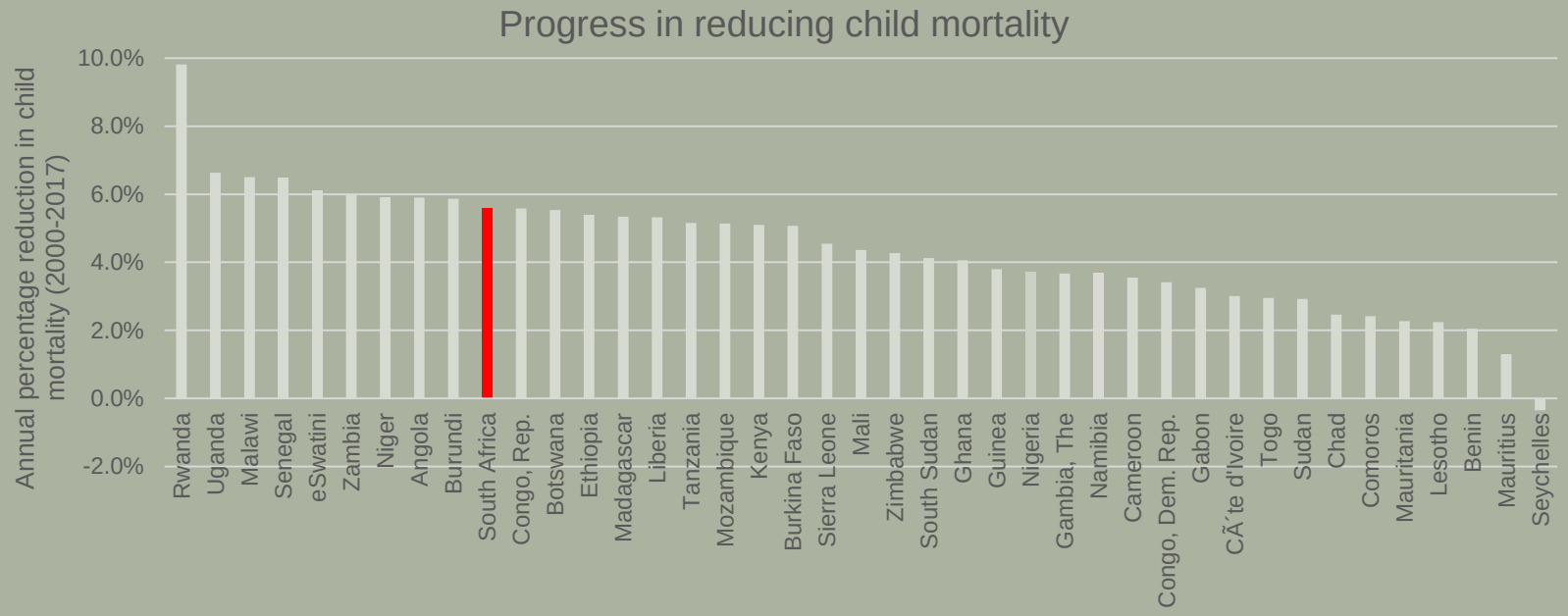
Source: Demographic and Health Survey, 2018

# 4% of children die before their 5th birthday

South Africa's child survival rate is one of the highest in SSA, although behind Seychelles and Mauritius



# South Africa is one of the leaders in SSA to reduce child mortality (2000-2017)



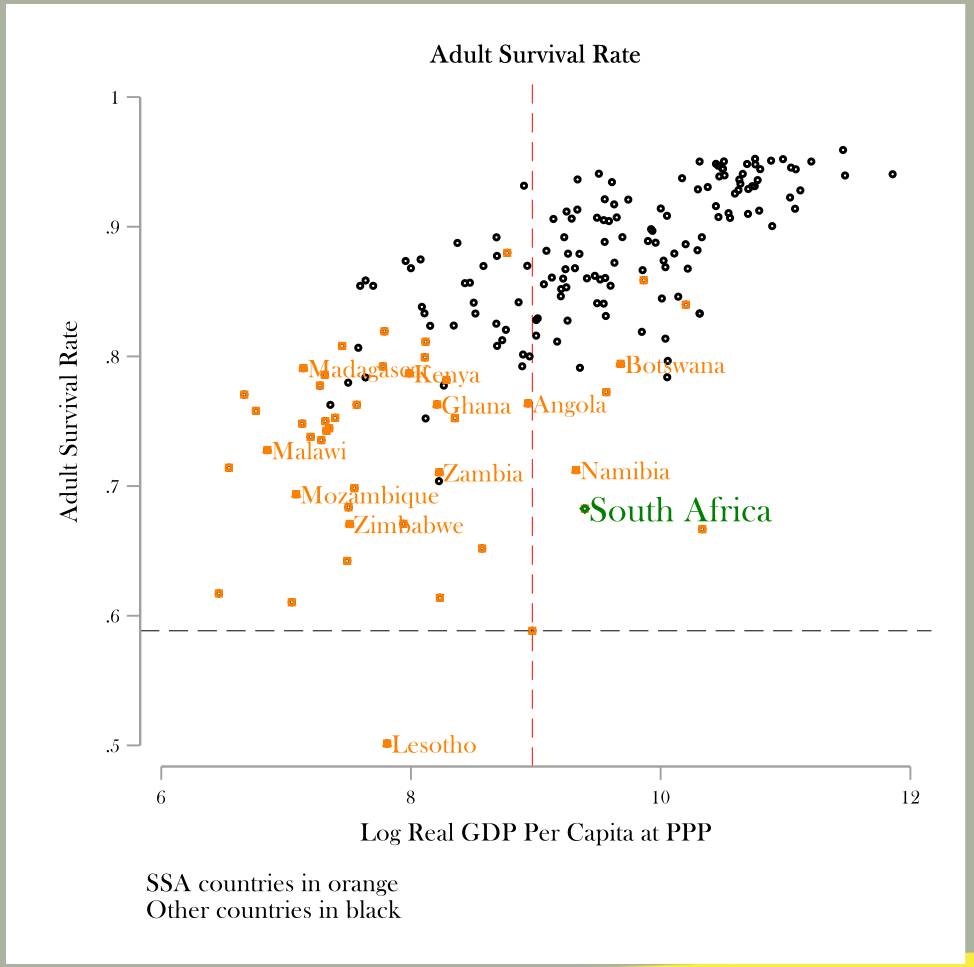
# CHILD HEALTH IN SOUTH AFRICA

- under-5 mortality rate was 42 deaths per 1,000 live births,
- infant mortality rate was 35 deaths per 1,000 live births.
- About 1 in 24 children do not reach their fifth birthday, and most (83%) of these children die within the first year of life.
- Mortality among children is high in poor HH
- 61 % children age 12-23 months and 63% of children age 24-35 months received all basic vaccinations, with 58% of those age 12-23 months and 56% of those age 24-35 months received all basic vaccinations by age 12 months
- Fever and Diarrhoea is high among children U5 and advice and treatment is sought for 68% children with fever and 63% diarrhoea cases.
- The prevalence of diarrhoea peaks among children age 6-23 months. This corresponds to the time when children start losing protection from maternal antibodies through breastfeeding, begin to walk, and are at increased risk of contamination from the environment. ORS +Zn was given to only 28% of diarrhea cases

32% of 15-year-olds die before their 60th birthday

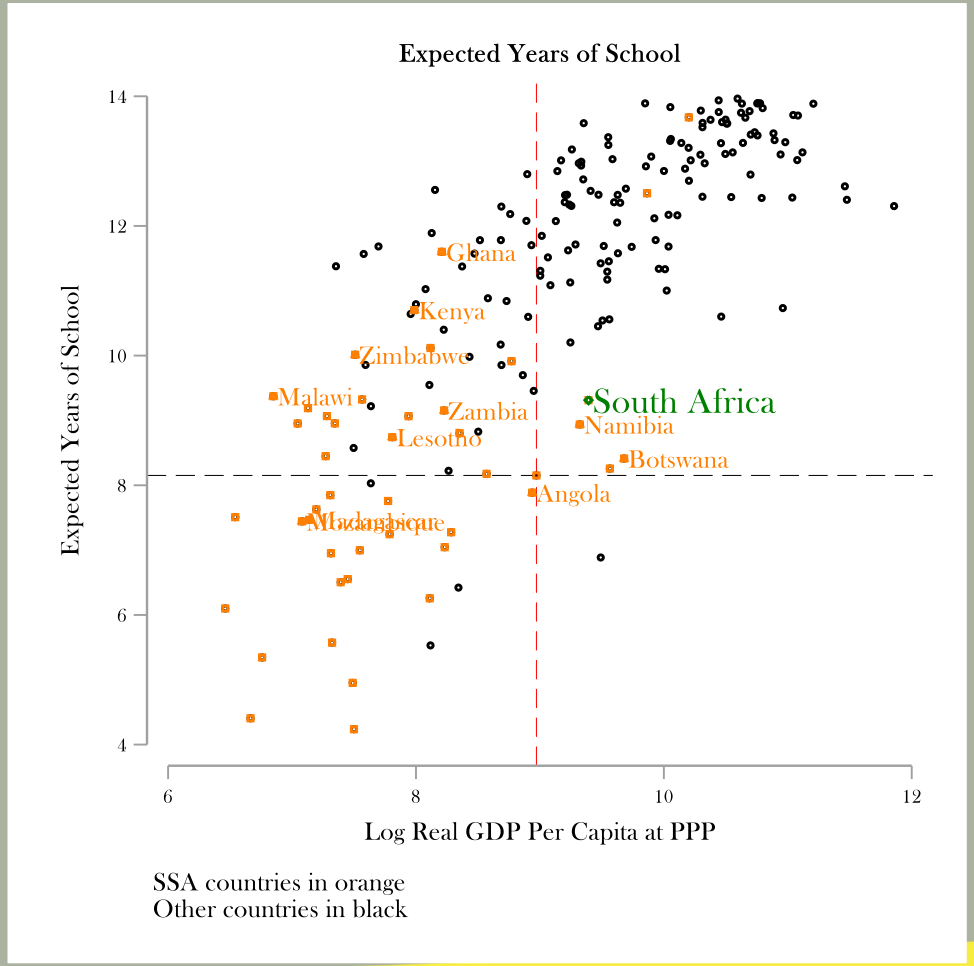
Gap between male and females are significant (f = 26%; m=38%)

South Africa has one of the lowest adult survival rate compared to its peers (income level peers as well as usual comparators)



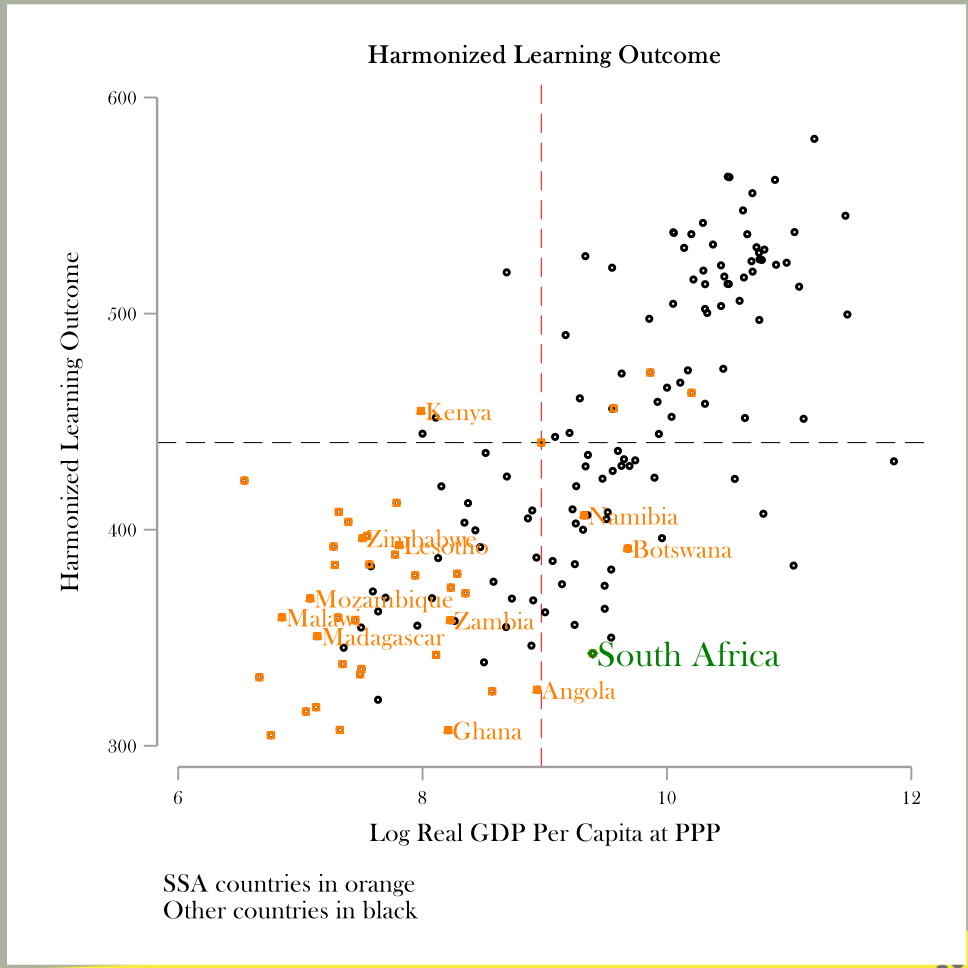
A child who starts school at age 4 can expect to complete 9.3 years of school by her 18th birthday.

This puts South Africa far behind its countries with lower income and in SSA



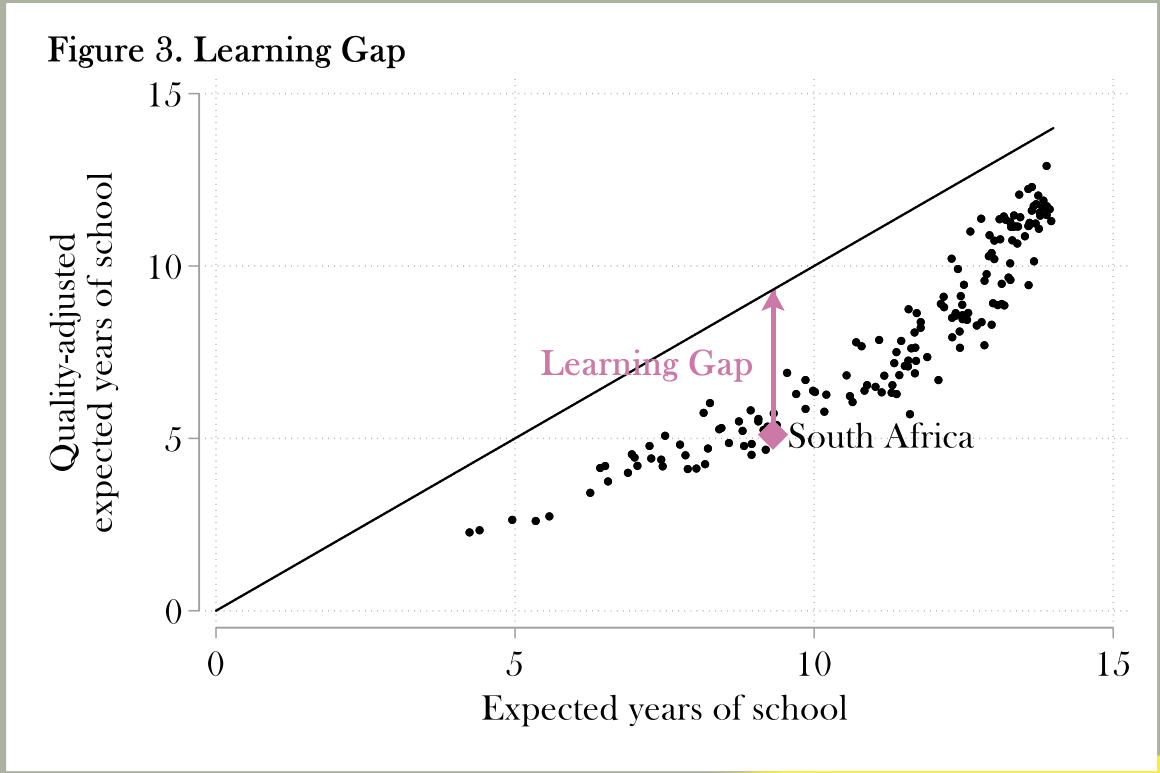
Students in South Africa score 343 on a scale where 625 represents advanced learning attainment and 300 represents minimum attainment.

This score is far lower than a number of countries in Southern Africa and countries with lower income in the region



# Learning gap

Factoring in what children actually learn, Expected Years of School declines by 4.2 years (from 9.3 to 5.1).



# WHAT DOES IT MEAN FOR SOUTH AFRICA?

- There are gaps in service delivery, especially among the poor HH
- Need to focus on primary health care addressing health and nutrition needs of women and children.
- Need to invest in secondary school education
- Need to invest in ECD and improve quality of basic education to improve learning outcomes.

# WHAT IMPROVED HCI WOULD DO FOR SOUTH AFRICA

- Human capital formation & economic growth conjoined prerequisites for stability & prosperity
- Skills & health critical for both labor supply and demand
- Skilled & health labor force prudent fiscal policy – increased productivity adds to state coffers
- Improved health means less cost to employers, households and the state budget