



Protecting South Africa's Human Capital

How early life adversity can curb our potential for productivity, health and wellbeing

Investment in human capital, both in research and in dollars, has grown in recent decades as we recognise its importance for sustainable economic development and reducing inequality. The World Bank's Human Capital Index (HCI) estimates that globally, children born today will only reach 56% of their human capital potential because of the risks of poor health and education. A child born in South Africa today would reach 41% of their potential productivity as an adult compared to if she would have completed her education and had full health. The pillars of human capital – health and education – must be strengthened to cultivate a skilled, healthy, happy and productive workforce to enhance a country's inclusive economic growth potential. This is especially important in Africa, the youngest continent, with about 70% of our population under the age of 30. Research shows that giving children the best possible start in life is central in developing a country's human capital.

Poor development in childhood could be attributed to the preventable risk factors, such as exposure to violence and neglect. Recent estimates of the economic impact and social burden of exposure to violence in childhood put its cost to South African society at almost 5% of its GDP. However, experiences of violence are rarely the only

adversity a child faces. Adversities tend to cluster, and sometimes in discernible patterns, and where one adverse experience is present, there are likely to be others. This accumulation of adverse experiences over time leads to cumulative or toxic stress. The snowball effect of exposure to cumulative adversities could eventually lead to disruptions in physiological stress responses that change how we react to the world around us and hamper our health and wellbeing.

A study entitled “The Long-Term Health and Human Capital Consequences of Adverse Childhood Experiences in the Birth to Thirty Cohort: Single, Cumulative, and Clustered Adversity” was conducted by the DSI-NRF Centre of Excellence in Human Development at the University of the Witwatersrand. The study used data from the Birth to Thirty study which contains comprehensive longitudinal data on a range of exposures and outcomes from birth to age 28. The study aimed to estimate the impact of early life adversity on human capital outcomes. Using the ACEs index – a tally of individual adverse childhood experiences – adjusted for the South African context, the study measured the number and type of adversities experienced in childhood. The ACEs ranged from physical, sexual and emotional

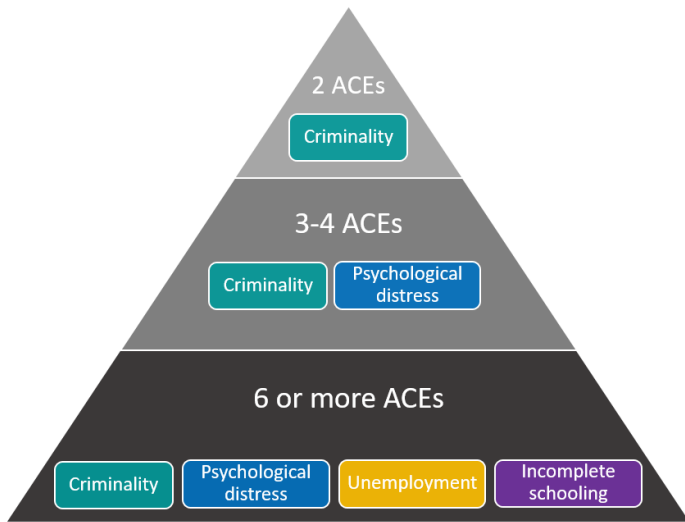


Figure 1: Impact of cumulative ACEs on human capital outcomes

abuse and neglect, to chronic unemployment, substance abuse, exposure to violence and other indicators of household dysfunction. These ACEs were then linked to a selection of human capital outcomes measured when the sample was 28 years old.

Key Finding(s): Exposure to adversity in childhood can be linked to poor human capital in young adulthood, and the more adversity experienced, the greater the risk for poor outcomes. This demonstrates the cumulative effect

that multiple adverse experiences have on human capital – as each additional ACE is added to a child’s life, their risk for poor human capital increases in a graded manner. Those individuals who experience 6 or more ACEs in childhood have a greater risk for criminality, psychological distress, unemployment and incomplete schooling in adulthood.

Individual ACEs or experiences of a singular type of adversity were also important; these are events or experiences in childhood that can be linked to human capital outcomes independently of all other ACEs. Key Finding(s): (1) **Unemployment** in adulthood was associated with childhood physical abuse, household death, and substance abuse in the home. (2) Individuals who experienced physical, sexual or emotional abuse/neglect were all more likely to **not complete secondary school**. (3) Individuals who experienced sexual abuse or had chronic levels of unemployment in their home were more likely to be collecting **welfare receipt** in the form of the Child Support Grant. (4) Sexual abuse survivors and those who lived with a substance abuser in the home as a child had a higher risk for **HIV infection**. (5) **Engaging in criminal behaviour in adulthood** was linked to emotional abuse/neglect as a child and exposure to intimate partner violence in the home. (6) Exposure to

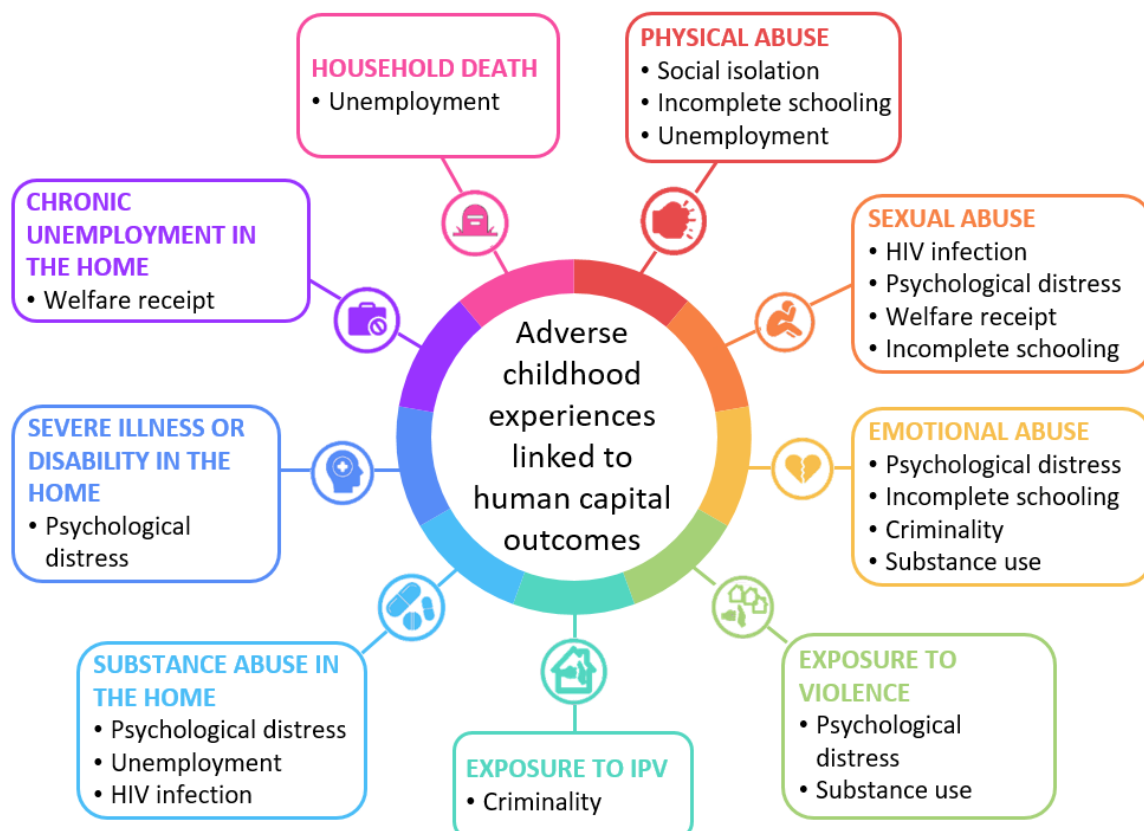


Figure 2: Impact of single ACEs on human capital outcomes



community violence outside the home as a child was linked to **psychological distress** and **substance use in adulthood**. (7) Other childhood adversities linked to **psychological distress** as an adulthood were sexual abuse, emotional abuse/neglect, substance abuse in the home, and severe illness or disability in the home.

Many of these human capital outcomes are directly related to productivity – for example, incomplete schooling and unemployment directly affect an individual's capacity to engage in the labour market. Others are directly related to health and wellbeing but indirectly related to productivity. For example, HIV/AIDs and interpersonal violence are two of the leading causes of years of life lost, or premature mortality, in South Africa. Further, substance abuse and mental health problems, including depressive disorders, are two of the top risk factors for the most disease burden in South Africa that contribute to the country's disability-adjust life years. **Overall, adversity in childhood is linked to unrealised potential in human development.** All of the

adversities measured in this study were preventable or treatable. Ensuring that children are protected from abuse, that exposure to violence inside and outside the home is reduced, and that household dysfunction is mitigated can lead to healthy, happier, and more productive young adults. A recent Lancet study¹ charting human capital development since 1990 shows South Africa's slip from 129th to 144th in 2018 out of 195 countries, and along with other countries in this bottom quartile, experienced 50% less annual growth in their GDP. Investing in human capital is the key to unlocking South Africa's individual potential and subsequent economic growth. While health and education are the cornerstones of human capital, social protection from a range of adversities that allow children to grow in safe, secure, stable and loving environments will help them reach their full potential. The experiences that undermine our human development have their greatest effect in our childhood. And these effects are most easily, cost-effectively, and sustainably reversed in our earliest years.

Reference:

The Long-Term Health and Human Capital Consequences of Adverse Childhood Experiences in the Birth to Thirty Cohort: Single, Cumulative, and Clustered Adversity

Sara N. Naicker¹, Marilyn N. Ahun^{2,3}, Sahba Besharati^{4,5}, Shane A. Norris^{1,6,7}, Massimiliano Orri⁸, and Linda M. Richter¹

Affiliations

¹DSI-NRF Centre of Excellence in Human Development, University of the Witwatersrand, Johannesburg 2050, South Africa; ²Department of Global Health and Population, Harvard T.H. Chan School of Public Health, Boston, MA 02115, USA; ³School of Public Health, Université de Montréal, Montreal, QC H3C 3J7, Canada; ⁴Department of Psychology, School of Human and Community Development, University of the Witwatersrand, Johannesburg 2050, South Africa; ⁵CIFAR Azrieli Global Scholars Program, CIFAR, Toronto, ON M5G 1M1, Canada; ⁶SAMRC Developmental Pathways for Health Research Unit, University of the Witwatersrand, Johannesburg 2050, South Africa; ⁷Hubert Department of Global Health, Rollins School of Public Health, Emory University, Atlanta, GA 30322, USA; ⁸McGill Group for Suicide Studies, Department of Psychiatry, Douglas Mental Health University Institute, McGill University, Montreal, QC H3A 0G4, Canada

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