

What is Human Capital?

The term ‘human capital’ refers to the ability and skills of an individual to be productive. According to the World Bank, it can be defined as the “knowledge, skills, and health that people invest in and accumulate throughout their lives.”¹ Boosting human capital involves a wide variety of activities and supports, such as those in nutrition, health care, social protection, technology, quality education, jobs (especially for youth), the private sector, and other training or skills. The idea of boosting human capital is central to development strategies in countries and regions across the globe, in order “to achieve a higher quality of life for all people.”² Investments in these abilities and opportunities allow for individuals to better realize their potential and increase their productivity.

As of 2018, the average secondary school graduation rate for Africa as a continent was approximately 45%, a relatively low percentage which may result in higher rates of youth unemployment.³ One estimate states that Sub-Saharan Africa only uses about 55% of its human capital,⁴ in comparison to the global utilization average of 65%.⁵ According to the World Economic Forum, increasing this percentage by optimizing investments in human capital has the capacity to cause a \$95 billion increase in the annual average African gross domestic product.⁶ The African Development Bank, one of the most prominent development finance institutions in

¹ “The Human Capital Project: Frequently Asked Questions,” World Bank Group, last modified March 19, 2019, <https://www.worldbank.org/en/publication/human-capital/brief/the-human-capital-project-frequently-asked-questions#HCP2>.

² “UN Documentation: Development,” excerpt from Agenda for Development (A/RES/51/240), last modified May 7, 2024. <https://research.un.org/en/docs/dev>.

³ Michael Sinclair, “Optimizing Africa’s human capital,” *Harvard T.H. Chan School of Public Health* (Boston, MA), Dec. 17, 2018.

⁴ *Executive Briefing: The Future of Jobs and Skills in Africa: Preparing the Region for the Fourth Industrial Revolution* (Geneva: World Economic Forum, 2017), [WEF EGW FOJ Africa.pdf \(weforum.org\)](https://www.weforum.org/reports/Executive-Briefing-The-Future-of-Jobs-and-Skills-in-Africa-Preparing-the-Region-for-the-Fourth-Industrial-Revolution).

⁵ “Overview: What is Africa Human Capital Plan?,” World Bank Group, last modified 2024, <https://www.worldbank.org/en/programs/africa-human-capital-plan/overview>.

⁶ Michael Sinclair, “Optimizing Africa’s human capital,” *Harvard T.H. Chan School of Public Health* (Boston, MA), Dec. 17, 2018.

Africa,⁷ cites ‘harnessing’ the potential human capital across African countries as “the most sustainable key to economic transformation and social progress.”⁸

Though measurements of human capital often look at large-scale statistics, efforts may focus more on individuals or communities. Governments and international institutions such as the World Bank, via the Africa Human Capital Plan,⁹ are implementing efforts to boost human capital across the continent. Though there are successes in large-scale efforts, it’s important to remember the diversity within and across African countries– efforts to boost human capital may be more effective when tailored to specific locations and cultures. Community based development organizations often play a vital role in initiatives to boost human capital in Africa.¹⁰

By Georgia Schaefer-Brown ’25, Clarke Forum Student Project Manager and Supervisor

⁷ “Frequently asked questions on the AfDB Group,” African Development Bank Group, last modified 2024, <https://www.afdb.org/en/about-us/frequently-asked-questions>.

⁸ “Human Capital Development,” African Development Bank Group, last modified 2024, <https://www.afdb.org/en/topics-and-sectors/sectors/human-capital-development#:~:text=The%20African%20Development%20Bank's%20human,jobs%20and%20a%20competitive%20workforce>.

⁹ “Overview: What is Africa Human Capital Plan?,” World Bank Group, last modified 2024, <https://www.worldbank.org/en/programs/africa-human-capital-plan/overview>.

¹⁰ Nonzuzo Mbokazi, “The Power and Importance of Community-based Organisations: Initiative and Solidarity,” *DSBS Fieldnotes (2020)*: accessed September 10, 2024, <https://health.uct.ac.za/sbs-fieldnotes/articles/2020-08-26-power-and-importance-community-based-organisations-initiative-and-solidarity>.