



# The Peril of Ignoring Human Capital

**Mohammed Yelwa and Sarah O. Anyanwu**

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## Key messages

- Investing in human capital is crucial for sustainable economic growth and development.
- Provide financial support for education and training and formulate policies that offer scholarships, grants, and subsidies for low-income families to access quality education.
- Promote gender equality in education and employment and incentivize families to invest in girls' education.

- Ameliorate problems of income inequality, pervasive poverty and its intergenerational transmission amongst low-income rural families.
- Increase public sensitisation and campaigns to reduce household size and eradicate cultural prejudices against girls.

## What are the issues?

Nigeria's economic growth and productivity depend on the development of human capital. However, Nigeria's human capital development is still low, particularly among low-income rural families who lack the means to invest in their children's future. The lack of resource endowment in most households and cultural prejudices against girls are two main factors contributing to inadequate human capital development in Nigeria. Decisions about investing in human capital are also influenced by family size and per capita income. Therefore, understanding how family human capital investment decisions affect children's development is crucial for combating poverty and promoting sustainable development in Nigeria.



Source: Alamy Pictures, Lagos: Public school for boys and girls in Agege, Lagos, 2021.

## Why are the issues important?

Investment in human development reduces income inequality in the society, ensures skilled workforce for the economy, and contributes to long-term sustainable economic growth and development. It has multiplier effects on total productivity, and ensures the best use of the available resources for national progress. Therefore, the importance of child development on family human capital investment decision cannot be over-emphasised.

This policy is directly relevant to SDG 4: Quality Education, which aims to ensure inclusive and equitable quality education and promote life-long learning opportunities for all. Additionally, this policy is also relevant to SDG 1: No Poverty, SDG 5: Gender Equality, and SDG 8: Decent Work and Economic Growth. Unless the problems of income inequality, large household size, pervasive poverty amongst families and poor resource endowment which negatively affect child development and human capital investment decision are addressed in Nigeria, the sustainable development goals of 1, 4, 5 and 8 might not be achieved in Nigeria. To realise these four important SDGs, some urgent policy measures are Imperative.

## What should the policymakers do?

Investing in human capital is crucial for sustainable economic growth and development. However, in Nigeria, human capital development is still inadequate, particularly among low-income rural families. This policy highlights the importance of understanding how family human capital investment decisions affect children's development and recommends policy options that can promote sustainable development in Nigeria. By investing in children's human capital, in particular the girl child through economic empowerment and advocacy, Nigeria can promote sustainable economic growth and development, reduce poverty, and ensure education for all children.

To improve human capital development in low-income rural families in Nigeria, it is important to provide financial support for education and training. The government can introduce policies that offer scholarships, grants, and subsidies for low-income families to access quality education and reduce the financial burden on families.

Cultural prejudices against girls are a barrier to human capital development. The government can introduce policies that promote gender equality in education and employment and incentivize families to invest in their daughters' education. This will help to reduce gender disparities and ensure equal opportunities for all children to develop their human capital.

It is important to develop policies that support families in making informed decisions about investing in their children's human capital. The government can provide information and resources to families to enable them to make informed decisions. Investing in teacher training and development is also important to improve the quality of education and support children's human capital development. Further research can help generate more robust evidence to inform evidence-based policies and programmes.

## Source

Alamy Pictures, Lagos: Public school for boys and girls in Agege, Lagos.



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African Economic Research Consortium  
Consortium pour la Recherche Economique en Afrique  
Middle East Bank Towers,  
3rd Floor, Jakaya Kikwete Road  
Nairobi 00200, Kenya  
Tel: +254 (0) 20 273 4150  
[communications@ercafrica.org](mailto:communications@ercafrica.org)