

## ABSTRACT

Human capital stock and its accumulation process are central in the economic development of any society. It is constitutive and instrumental in the process of development. Any emergent threat to human capital such as high human mortality is an alarming sign in any development minded society.

In Kenya like many other sub Sahara African countries, parents consider their children's education as a form of investment. Education is a pathway to better employment and higher income. Parents therefore pay for the education of their children with a reciprocal expectation to be economically supported in old age. This parent-child relationship heavily rests on the life expectancy of the child, which should at least outlive the period when the parent is in retirement. However, where high mortality exists, parents generally attach a low life expectancy on their children. This induces them to adjust the education investment in their children by scaling downwards. This is so because they develop a high probability that their children will be dead by the time they are in retirement.

Using a 5% sample micro data from the Kenya decennial census for 1999 and 1989 and the Kenya Demographic and Health Survey (KDHS) 1998 and 2003, this study estimates the effect of increased mortality on this parent-child education investment channel. Applying a computed regional mortality rate for youth aged 19-35 years; results show that a one per mil increase in mortality rate decreases the probability of school attendance by 8% for students aged 15-18 years old. Decomposition by gender also reveals that this effect is larger on girls than boys. A one per mil increase in mortality rate decreases probability of school attendance by 7.2% and 8.7% respectively for boys and girls. The results are all significant at 1%. This confirms our hypothesis and further illustrates that as mortality increases the greatest casualty is the education investment on the girl child.

With high youth mortality in Kenya brought by the advent of the HIV/AIDS epidemic, this study unveils that insightful solutions do exist to enhance human capital accumulation through investment in health and particularly in the area of HIV/AIDS.