

# EXPLORING SUSTAINABLE FINANCING MECHANISMS FOR EARLY CHILDHOOD CARE AND EDUCATION THROUGH MULTI- SECTORAL PARTNERSHIP: FINDINGS FROM CAMBODIA, LAOS AND VIET NAM

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# Outline of Presentation

- Background
- Objectives of the Study
- Methodology
- Key Findings
- Conclusion
- Policy Recommendations
- Next Step
- Key References

# Background: Research Project

- Since 2013, UNESCO Bangkok and Kobe University have collaborated and conducted research projects on education administration and finance, and teacher allocation **with financial support from the Ministry of Education, Culture, Sports, Science and Technology (MEXT), Japan.**
- Under these research projects, guidebooks with a focus on basic education in Cambodia, Lao PDR, and Viet Nam were developed and a regional synthesis report was published.
- As a follow-up to the series of research collaboration, UNESCO Bangkok and Kobe University conducted **a research project on exploring sustainable financing mechanisms for ensuring ECCE for All in ASEAN Countries** under the umbrella of the 2017 MEXT/UNESCO project with Kobe University.

# Background: Research on ECCE Finance

- There is an abundance of evidence demonstrating that Early Childhood Care and Education (ECCE) lays the foundation for life-long learning.
- New Sustainable Development Goal (SDG) 4-Target 4.2:
  - “By 2030, ensure that all girls and boys have access to quality early childhood development and pre-primary education so that they are ready for primary education.”
- Member States made a strong commitment to investing in equitable and comprehensive quality ECCE and ensuring quality ECCE became a policy priority in the next 15 years.

# Background: Research on ECCE Finance

- This sub-sector is still seriously underfunded in the Asia-Pacific region.
- Public spending is often not sufficient.
- External funding is at times not large enough and not sustainable.
  
- However, a few in-depth studies have conducted to identify specific challenges and innovative practices in financing considering detailed policy contexts of each country.

# Objective of the Study



- To review the current national ECCE policies with a focus on sustainable financing mechanism.
- To identify existing innovative financing mechanisms/ partnerships in target countries, considering perspectives of stakeholders at central, local, and institutional levels.

## *Research questions*

- What are the policy contexts and main challenges in ensuring adequate, efficient, equitable, and sustainable financing for ECCE?
- What are the existing innovative practices for financing ECCE?

# Methodology: Research Framework

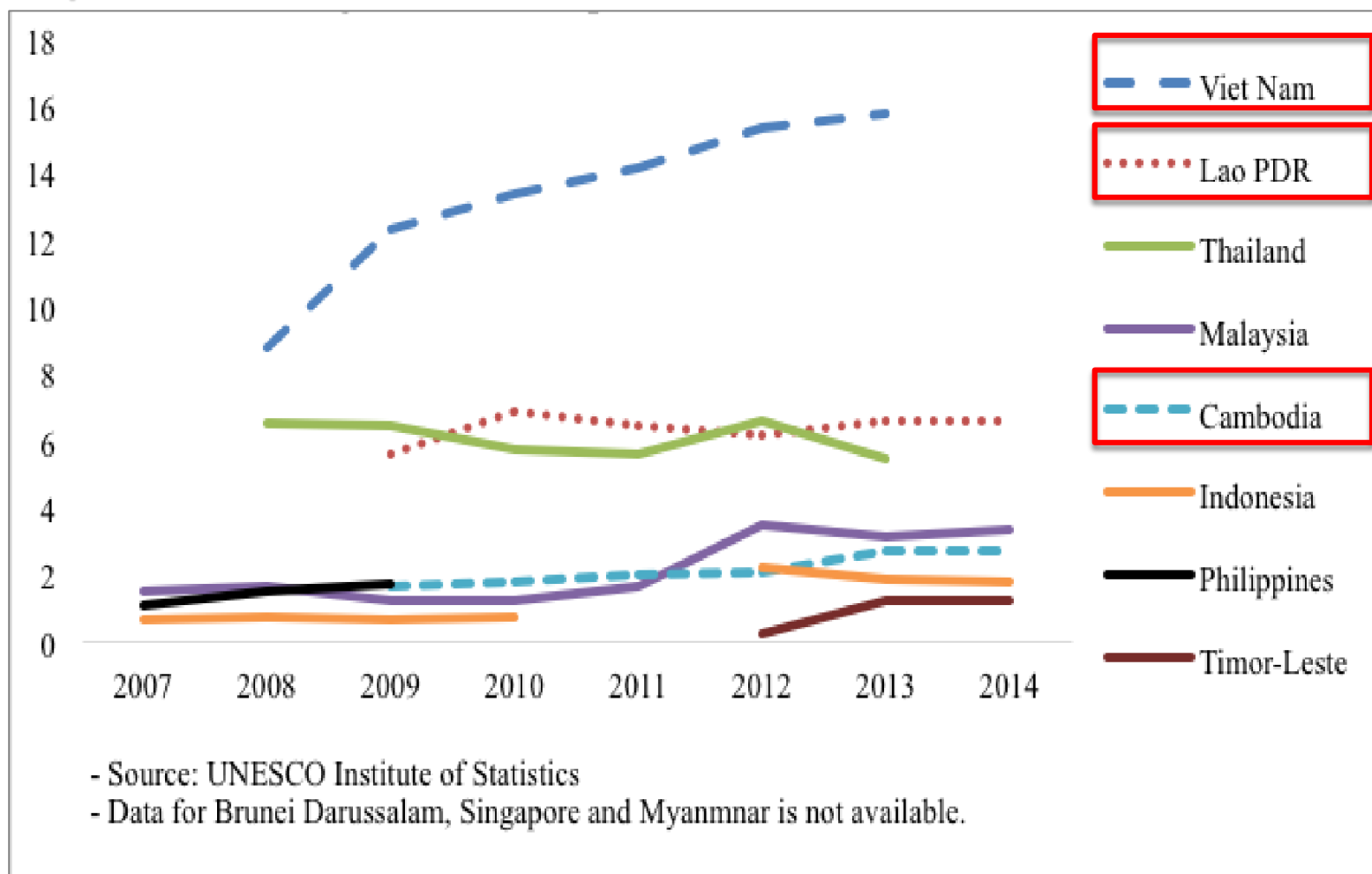
- The research focused on four key areas related to well-functioning financing system: adequacy; efficiency; equity; and sustainability.
- The framework was developed to collect quantitative data on financing mechanism of ECCE and qualitative data through interviews with stakeholders.

## ***Country Case Studies***

- Desk review
  - Relevant literature
  - Collected from relevant ministries, development partners, provincial/district offices and facilities
- Field research
  - Data collection and analysis of specific information
  - Semi-structured interviews with stakeholders

# Methodology: Target countries

Expenditure on pre-primary as a percentage of government expenditure on education





# Definition of Innovative Financing

- Innovative financing
  - is understood to imply “all mechanisms of raising funds for development, that are complementary to official development assistance, predictable and stable, and closely linked to the idea of global public goods.” (UN DESA, 2012)
  - refers to a range of non-traditional mechanisms to raise additional funds for socio-economic development through "innovative" projects such as contributions/donations, subsidies, and PPP.

# Key findings (1): Policy contexts and country-specific definitions of Early Childhood Care and Education

	Definition	Ministries
Cambodia	<ul style="list-style-type: none"> <li>• Early Childhood Education (ECE)</li> <li>• Early Childhood Care and Development (ECCD)</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Education, Youth and Sport (MoEYS)</li> <li>• Other 10 relevant ministries</li> </ul>
Lao PDR	<ul style="list-style-type: none"> <li>• Early Childhood Education (ECE)</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Education and Sports (MoES)</li> </ul>
Viet Nam	<ul style="list-style-type: none"> <li>• Early Childhood Care and Education (ECCE)</li> </ul> <p>*Formal education level</p>	<ul style="list-style-type: none"> <li>• Ministry of Education and Training (MOET)</li> <li>• Ministry of Health, Committee for Population, Family and Children</li> </ul>

# Key findings (1): Policy contexts and country-specific definitions of Early Childhood Care and Education

	Major policies	Type of schools
Cambodia	<ul style="list-style-type: none"> <li>National Action Plan on Early Childhood Care and Development 2014-2018</li> </ul>	<ul style="list-style-type: none"> <li>State preschools</li> <li>Community Preschools</li> <li>Private schools</li> <li>Home-based programs (0-5 years old)</li> </ul> <p>* Most of preschools are opened for 6 years old</p>
Lao PDR	<ul style="list-style-type: none"> <li>Education and Sports Sector Development Plan 2016-2020</li> </ul>	<ul style="list-style-type: none"> <li>Creche (3 months–3 years old)</li> <li>Public/Private Kindergartens(3-5 years old)</li> <li>Pre-primary Education Class (5-year-old)</li> <li>Play-group Program (Kumlin) (multiage)</li> </ul>
Viet Nam	<ul style="list-style-type: none"> <li>Decision No. 239/2010/QD-TTg</li> <li>New Child Law (approved in 2016)</li> </ul>	<ul style="list-style-type: none"> <li>Nurseries (0-3/4 years old)</li> <li>Kindergartens (3/4-5/6 years old)</li> <li>ECCE schools (18/24 months to 5/6 years old)</li> </ul> <p>*Private and Public</p>

# Key findings (2): Adequacy of finance

- Cambodia: Budget gap is high in ECE sub-sector.

Sub-Sector	2014			2015		
	Required	Allocated	Gap in %	Required	Allocated	Gap in %
<b>ECE</b>	<b>85,154</b>	<b>58,976</b>	<b>31</b>	<b>99,245</b>	<b>80,424</b>	<b>19</b>
Primary Education	777,200	601,423	23	867,864	706,196	19
Secondary Education	457,600	490,512	(7)	535,739	589,821	(10)
Higher Education	186,050	95,453	49	222,560	75,277	66
Non-formal Education	16,839	27,122	(61)	18,107	44,120	(144)
Youth Development	7,793	40,560	(420)	8,191	66,516	(712)
Sport	18,828	28,002	(49)	21,254	20,954	1
Total Budget	1,549,465	1,342,049	13	1,772,960	1,583,309	11

# Key findings (2): Adequacy of finance

- Laos

- Public expenditure in Lao's ECE is growing both at the central level and provincial level.
- Financing gaps were observed between financial requirements and allocated budget.
- The absolute amount of ECE budget was increasing, but the proportion of ECE budget to the total education budget was not increasing up.
- There is a need for additional financing resources at the school level.

# Key findings (2): Adequacy of finance

- Viet Nam

- Government's spending significantly increased.
- Financial resources have not met the development requirement although the share of spending for ECCE in the gross domestic product (GDP) is relatively high.
- Public institutions seem to have a limited budget for non-teacher-salary spending.

# Key findings (3): Efficiency of finance

- Cambodia

- There is a no proper mechanism for the monitoring of the expenditures of the relevant ministries.
- Preschools need to keep all expenditure records at the school level.
- Schools are not required to record the expenditures if the schools use the non-government funding sources (ex. income schools generate, external support from private donors and NGOs).

# Key findings (3): Efficiency of finance

- Laos

- Inefficiencies exist in block grant disbursement, both in terms of the amount delivered and timing of disbursement.
- The government is envisioning a plan to initiate a direct bank transfer that is expected to address the issue of inefficiencies.

- Viet Nam

- ECCE service delivery system is highly decentralized on the fiscal front.
- Centrally determined norms in the fiscally decentralized system may be hindering an efficient use of resources in the system.



# Key findings (4): Equity of finance

- Cambodia

- Children of rural areas and of lower income households are less likely to be able to enroll, especially private and state preschools.

- Laos

- It is deemed important to exercise adequate monitoring activities in order to ensure that these grants are disbursed in an equitable manner to benefit the poor families in accessing ECE services.

- Viet Nam

- There may be a widening gap in the quality of ECCE services which children can have access to partly because richer households have started spending more for sending their children to ECCE institutions with better quality.

# Key findings (5): Sustainability of finance

- Cambodia and Laos
  - Education sector still greatly depends on external donors for its operation.
- Viet Nam
  - Sustainability of government funding and people's dependency on generous public spending may be an issue.
  - Interviews with institutional-level stakeholders revealed some poor implementation status of government financing mechanisms.
  - Another type of sustainability issue is found in the management of private institutions.

# Key findings (6): Innovative practices

- Laos

- Credit and grant provided by the international organization
- Practices of provincial campaign to collect contributions from well-off families that have a business
- District-level fundraising initiated to gather funds from families and communities
- Institutional support provided by NGOs in isolated cases
- Innovative practices for ECE financing have not yet to be fully explored in Laos as of present.

# Key findings (6): Innovative practices

- Cambodia

- Some unique financing practices (ex. community preschools, preschools located in factories).
- Community preschool's financing mechanism is less sustainable.

- Viet Nam

- Some innovative practices which are initiated by local governments on an ad hoc basis especially in urban areas.
- Fundraising activities initiated by parents/guardians in rural areas.

# Conclusion:

## Adequacy, Efficiency, Equity, and Sustainability

- All three countries have policy frameworks and actions considering the current trend to expand ECCE.
- Lack of sub-sector budget and a proper monitoring mechanism (Cambodia and Laos).
- Budgets for ECCE have increased recently and the system is highly decentralized (Viet Nam).

# Conclusion: Innovative financing

- Innovative practices
  - It has not yet to be fully explored in the three countries as of present.
  - There are some innovative practices which are initiated by local governments on an ad hoc basis especially in urban areas in Viet Nam.
  - There are some unique financing practices such as community preschools in Cambodia.

# Policy Recommendations

- **Improve Adequacy:** Increase government funding for ECCE sector.
- **Improve Efficiency:** Build an efficient grant disbursement and proper monitoring mechanism, and give some flexibility in decentralized financing mechanism.
- **Assure equity:** Prioritize an equal access to ECCE especially for children from the disadvantaged group.
- **Promote sustainability:** Utilize innovative practices that are initiated by local governments on an ad hoc basis and/or by private intuitions and reduce high dependency on external funding.

# Next step

- New research project “Exploring Innovative Partnerships and Financing Mechanisms for Ensuring Early Childhood Care and Education for All in ASEAN Countries”
- This new research project will analyse current practices in ECCE sub-sector with a focus on partnerships with multiple stakeholders and sustainable financing mechanisms in the target countries.
- This study tries to take account of needs and roles of demand-side stakeholders through interviews with them and quantitative analyses using secondary data including household survey data.



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