Financing for Early Childhood Care and Education in Asia and the Pacific Region

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Outline of Presentation

- Terminology of ECCE
- Background
- Objectives of the Study
- Methodology
- Key Findings
- Conclusion
- Policy Recommendations
- References
Terminology of ECCE

- **ECCE (Early Childhood Care and Education):**
  A wide range of interventions aimed at the physical, cognitive and socio-emotional development of children theoretically from birth to age 7 or 8 (UNESCO, 2005)

- **ECCD (Early Childhood Care and Development)**
- **ECE (Early Childhood Education)**
- **ECD (Early Childhood Development)**

This Study focuses on the age group of 3 to 5 years old.
ECCE lays foundation for lifelong learning. Children’s early experiences build the groundwork for all later learning, behavior and health.

Return on investment is estimated to be over 17 US dollars for each 1 US dollar invested in preschool education.

Studies also indicate that children with quality ECCE show stronger probability for higher levels of education and better remuneration (UNESCO, 2010).
The World Education Forum (Incheon, May 2015): “Global commitment to investing in equitable and comprehensive quality ECCE.”

Sustainable Development Goal 4 (SDG 4): “By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education, so that they are ready for primary education.”

Despite its advantages and importance, ECCE still remains a underfunded sub-sector in many countries in Asia and the Pacific region.
Objective of the Study

- To analyze the **current status of ECCE financing** in Asia and the Pacific region.

- To provide policymakers in the Asia–Pacific region with **recommendations and policy options** for increasing ECCE funding, its effectiveness, efficiency and sustainability.
Methodology (1) – Research Framework

National ECCE Financing Policy

Private Financing

Government/ Public Financing

External Financing

Financing of ECCE in an adequate, equitable, efficient & sustainable manner
(ECCE education and health components)

Sustainable Quality of Education
Case Study of 10 Countries

- **North East Asia**: Japan, Mongolia, the Republic of Korea
- **Southeast Asia**: Indonesia, Vietnam
- **South Asia**: Bangladesh, Bhutan, Sri Lanka
- **Central Asia**: Kyrgyzstan
- **The Pacific**: Fiji

Note:
Countries in red color above: Desk review and field study were conducted
Countries in black color: Desk review only.
<table>
<thead>
<tr>
<th>Level</th>
<th>Institution/Organization</th>
<th>Respondents</th>
<th>Method</th>
<th>Instrument(s)</th>
<th>Sampling</th>
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</thead>
<tbody>
<tr>
<td><strong>Central</strong></td>
<td>Ministries involved in ECCE management</td>
<td>Head of ECCE, education budget and planning</td>
<td>Interview</td>
<td>Semi-structured and open-ended questionnaires</td>
<td>Ministries</td>
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<tr>
<td><strong>Provincial &amp; District</strong></td>
<td>ECCE related agencies</td>
<td>Head of ECCE, education budget and planning</td>
<td>Interview</td>
<td>Semi-structured and open-ended questionnaires</td>
<td>One capital city and one province with existing innovative funding for ECCE. Two districts at each capital city/province: one urban and one rural</td>
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<td><strong>School/ECCE centre</strong></td>
<td>School/ECCE centre</td>
<td>Principal/head teachers, and managers</td>
<td>Interview</td>
<td>Semi-structured and open-ended questionnaires</td>
<td>2-3 ECCE centres/schools at each district: one public, one private and one community-based school (if any)</td>
</tr>
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<td><strong>International donor and partnership</strong></td>
<td>UNESCO, UNICEF, World Bank, NGOs, CSOs, etc.</td>
<td>Coordinator/head of ECCE</td>
<td>Interview</td>
<td>Semi-structured and open-ended questionnaires</td>
<td>Respected donors and partners</td>
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</tbody>
</table>
Pre-primary education expenditure as a percentage of total government expenditure

Source: UIS Data Centre (2015)
Key Findings (1) - Insufficient Public Resources

Pre-Primary Education expenditure as a percentage of Gross Domestic Product

Source: UIS Data Centre (2015)
Key Findings (1) – Private Financing

Financing on ECCE in Indonesia (2014)

Source: Ministry of Education and Culture
Parents’ contributions are one of the major sources of ECCE Funding (e.g., Indonesia, Sri Lanka)

However, it is difficult to secure sufficient and sustainable funding from poor parents.

Owners of ECCE (e.g., community-based ECCE centers) have to consider lowering tuition fees.

On the other hands, the government of Japan and Korea provide significant amount of subsidies to parents.

⇒ Korea’s private contribution to ECCE has decreased from 34% in 2011 to 22% in 2014.
Key Findings (1) – Private Financing

Relationship between Household Income and Household Spending on ECCE in Viet Nam
## Key Findings (2) – External Funding on ECCE: Lack of Sustainability?

**Viet Nam: Financing from External Donor (in USD)**

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<tbody>
<tr>
<td>World Bank</td>
<td></td>
<td>100 million</td>
<td></td>
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<tr>
<td>VVOB</td>
<td>NA</td>
<td>0.64 million</td>
<td>0.95 million</td>
<td>1.01 million</td>
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**Mongolia: Financing from External Donor (in USD)**

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<tbody>
<tr>
<td>UNICEF</td>
<td></td>
<td>0.24 million</td>
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<tr>
<td>Save the Children</td>
<td></td>
<td></td>
<td></td>
<td>1 million</td>
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<tr>
<td>World Bank</td>
<td>0.31 million</td>
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<tr>
<td>UNESCO</td>
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<td>Asia Development Bank (ADB)</td>
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<td>2.8 million</td>
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</table>
Key Findings (3) Weak Governance and Lack of Coordination among Stakeholders

Why we need to focus on governance and coordination?
⇒these are keys for efficient and effective use of limited resources

- Weak governance and lack of coordination among stakeholders for ECCE in some participating countries (e.g., Fiji and Sri Lanka).
- (1) Fiji - No legislation related to ECCE provision, and expect Ministry of Education to have a pre-primary education section.
- (2) Sri Lanka - “National Policy on ECCD” has not been approved by the Parliament
- (3) Kyrgyzstan - Considering the option to assign a single agency to be responsible for ECCE
- (4) Mongolia - Challenges to define clearly the roles of relevant Ministries involved in ECCE as well as adequate legal arrangements.
Conclusion

- Public expenditure on ECCE is NOT sufficient
  - Pre-primary education expenditure as a percentage of total government expenditure is generally below OECD average of 1%.
  - Spending on ECCE as a percentage of GDP in all participating countries was below the 1% rate recommended by UNICEF.

- There is lack of sustainability in essential financing source
  - External funding is an essential financing source in many participating countries, but it lacks sustainability as the provisions of such funding are at times sporadic and project-based.
Policy Recommendations

- **Increase** Public Spending on ECCE
- **Promote** Enabling Governance and Capacity Development
- **Explore** Innovative Financing Mechanisms and Partnerships for **Efficient and Effective Use of Resources**
Policy Recommendations (1)
Increase of Public Spending

- Government expenditure on ECCE needs to be increased, given the cost efficiency of investing in early childhood.
- Utilize enhanced government budgets to provide standardized benefits to ECCE facilities, children or families and caregivers as a way of facilitating equitable distribution of resources and access to ECCE services.

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<tr>
<th>Government-Provided Benefit</th>
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<tr>
<td>Fiji</td>
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<td>FEG: Free Education Grant</td>
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<td>Indonesia</td>
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<td>School Operational Fund</td>
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<td>Japan</td>
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<tr>
<td>Facility-Type Benefit: Standardized provision of benefit adopted under CSSCC</td>
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<tr>
<td>Republic of Korea</td>
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<td>Nuri Allowances: Standardized allowances provided under Nuri Curriculum</td>
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Policy Recommendations (2)
Stronger Governance and Capacity Development

- **Seek external support** in needs assessment and strategic planning to develop or strengthen their ECCE governance in their specific country circumstances.

- **Capacity development activities and technical assistance** is necessary at the decentralized levels in some countries to ensure adequate decision-making capacity of and close coordination among these diverse stakeholders.
<table>
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<tr>
<th>Innovative Mechanism</th>
<th>Case Examples</th>
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<tbody>
<tr>
<td>Corporate Social Responsibility (CSR)</td>
<td>Sri Lanka (Hemas Holdings’s Piyawara Project)</td>
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<td></td>
<td>Bhutan (Workplace-based Centers)</td>
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<tr>
<td>Per Capita Financing (PCF)</td>
<td>Kyrgyzstan (Developing a pilot model for this mechanism)</td>
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<td>Partnership among Development Partners</td>
<td>Viet Nam (Innovative Partnership between VVOB and Plan International)</td>
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<td></td>
<td>Bhutan (Save the Children)</td>
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<td></td>
<td>Bhutan (UNICEF)</td>
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<td>Social Impact Bonds (SIB)</td>
<td>United States (Utah High Quality Preschool Program)</td>
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<td>Conditional Cash Transfers (CCT)</td>
<td>Mexico (Oportunidades)</td>
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<td>Partnership between government and workplaces</td>
<td>Korea (Mandatory childcare centers in selected workplaces)</td>
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</tbody>
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Key References