Financing Early Childhood Development Infrastructure

POLICY BRIEF

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EXECUTIVE SUMMARY

The provision of adequate and quality early childhood development (ECD) is an important developmental goal and a constitutional obligation of government. Despite the robust policies and evidence of the benefits of ECD, the sector remains inequitable and insufficiently resourced. The majority of children that attend ECD centres are catered for in informal facilities that have little or no early education activities. Although the physical condition of ECD facilities has improved since 2001, many (40%) are in need of urgent maintenance and most (70%) are unsuited to providing ECD services. Public funding for constructing and maintaining ECD infrastructure is limited, unstructured and highly fragmented. No coherent framework for financing ECD infrastructure exists, partly because of policy ambiguities over which sphere of government is responsible for funding and partly because legislation prohibits government from directly funding community and privately owned ECD facilities. As a result, ECD infrastructure financing programmes vary markedly across provinces and municipalities. Several financing models are available to government that could help address the ECD capital funding needs. Government needs to take active responsibility to stimulate investment in ECD facilities. To this end, the Financial and Fiscal Commission recommends that government provides a capital subsidy (full or partial) for constructing and/or upgrading ECD facilities, that the Department of Social Development introduces capital subsidies for self-identified private ECD facilities in poor areas, and that national and provincial departments of social development develop an ECD infrastructure sector plan.

BACKGROUND

Relatively low levels of investment during childhood can yield intergenerational economic returns for both individuals and the society. The condition of the physical space and the environment can affect the safety, wellbeing and behaviour of children, the conduct of the teachers and, importantly, the perception and participation of the parents. Early childhood development (ECD) infrastructure serves as the foundation of the entire education value chain and enables children to thrive.

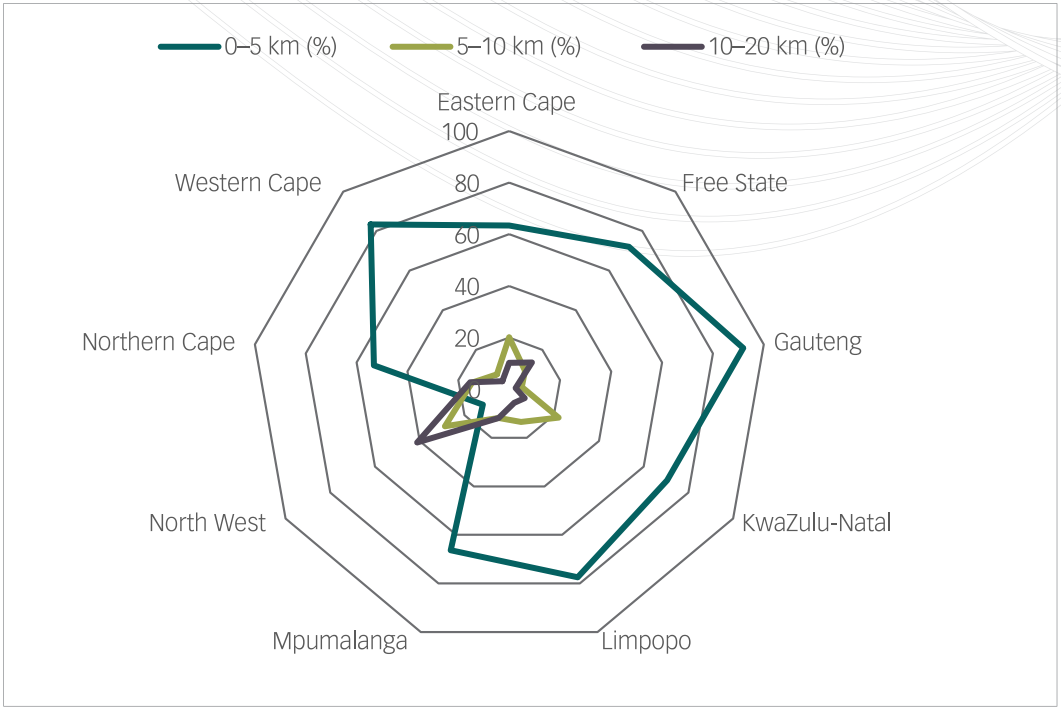
In South Africa, the government has developed legislation, policies and programmes to give effect to the Constitution's obligation to honour children's rights, most notable the Children's Act (No 38 of 2005) and the National Development Plan (NDP) and the Early Childhood Development National Policy. This policy requires all facilities to have adequate physical infrastructure, hygienic sanitation facilities, hygienic and safe food storage and preparation areas, and indoor and outdoor spaces suited to the provision of relevant programmes and basic amenities.

Despite the robust legislation and policy underlying the provision of ECD services, the sector remains fragmented and insufficiently resourced to address basic challenges. The Financial and Fiscal Commission (the Commission) undertook research into the access and condition of ECD centres, the existing intergovernmental arrangements for delivering and financing infrastructure, and alternative funding models for scaling up investments in ECD facilities.

RESEARCH FINDINGS

Only two million (34%) of the 5.7 million children aged 0–5 years are cared for in formal ECD centres. The remaining 66% attend informal facilities that have little or no early education activities. ECD facilities are fairly equitably distributed and close to most children: 4.8 million (73%) of South African children live within a five-kilometre radius of an ECD centre (Figure 1). However, enrolment figures are not consistent with the high accessibility level, which may be due to delayed attendance, cost factors, the prevalence of non-centre based child-care arrangements, or because not every child should be in an ECD centre.

Figure 1: Access and proximity of ECD centre to children by province



Many ECD centres are unable to meet infrastructure standards, although ECD facilities have improved substantially: by 2014, access to basic services had increased to over 80% (from 43% in 2001), and over 90% of facilities had separate kitchen areas. More than half of the registered centres are housed in formal structures specifically built for the purpose of providing ECD, while the remainder use community halls, primary schools, houses and garages, and places of worship. A national audit found that 70% of facilities are unsuited to providing ECD services and 40% of facilities require urgent maintenance. The majority of ECD centres lack necessary resources to build 'fit for purpose' facilities, while the lack of funding and high start-up costs deter the establishment of new facilities in poor communities.

In South Africa, the roles and responsibilities for delivering and financing the ECD infrastructure are unclear. Education and welfare services are concurrent responsibilities of national and provincial government, but child-care facilities are a local government responsibility. No coherent framework for financing ECD infrastructure exists, partly because of policy ambiguities over who is responsible – national, provincial or local government – for funding the infrastructure.

Funding of ECD infrastructure by national government is voluntary because government has no expressed or implied legislative duty to provide ECD facilities. In general, provinces and municipalities do not have a structured programme or standing budget item for infrastructure. A few provinces and municipalities fund the construction of ECD facilities, while many others limit their duties to land-use planning and zoning requirements for ECD facilities.

The absence of a public funding programme for ECD infrastructure is also in part because legislation prohibits government from directly funding community and privately owned ECD facilities. ECD infrastructure financing programmes that do exist vary markedly across the different provinces and municipalities. KwaZulu-Natal Province and the City of Cape Town build ECD facilities that are then operated by non-governmental organisations (NGOs). The City of Tshwane builds and operates selected facilities, and provides once-off grants of R100,000 to qualifying facilities. The Western Cape Province occasionally provides funding for upgrading of community-based ECD facilities and uses NGOs to manage the upgrade programme.

Despite the legislative and systemic constraints to ECD investments, several financing models are available to government that could help address the capital needs of ECD facilities. Possible models include government owning facilities and contracting the operations to community organisations, co-funding facilities (with incentives to meet minimum infrastructure requirements) and a turnkey approach in which NPOs are contracted as technical assistance intermediaries to ECD centres.

The condition of the physical space and the environment can affect the safety, wellbeing and behaviour of children.

The majority of children that attend ECD centres are catered for in informal facilities that have little or no early education activities.

CONCLUSION

The availability of sufficient and quality physical ECD infrastructure is critical for the wellbeing and cognitive development of children. Many ECD facilities have serious infrastructure deficits, which present potential health and safety risks to the children, and do not meet the ECD norms and standards for infrastructure, mainly because of a lack of resources and support from government. Unless government takes active responsibility to stimulate investment in ECD facilities, the benefits of ECD for children and the economy will not be fully realised. The Commission recommends that:

- Government provides a full or partial capital subsidy for constructing and/or upgrading community- and NGO-based ECD facilities, through the municipal infrastructure conditional grant, to facilitate compliance with the required infrastructural norms and standards.
- The Department of Social Development introduces a temporary funding programme from within its allocated budget to be used for capital subsidy assistance to self-identified private ECD facilities in poor areas.
- National and provincial departments of social development develop an ECD infrastructure sector plan, indicating areas that requires urgent intervention, to inform the allocations and investment in ECD infrastructure by the different government spheres and departments.

Enquiries: Eddie Rakabe (eddie@ffc.co.za)

Financial and Fiscal Commission
Montrose Place (2nd Floor), Bekker Street,
Waterfall Park, Vorna Valley, Midrand
Private Bag X69, Halfway House, 1685
www.ffc.co.za
Tel: +27 11 207 2300
Fax: +27 86 589 1038

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