

Towards universal access: A three year acceleration plan for ECD funding

Laura Brooks, Zaheera Mohamed,
Colin Almeleh, Shakira Maharaj

Securing an *equal start*
for all Children |



Investing in universal access to ECD programmes can:

- Close the school-readiness gap
- Improve 165 000 women's skills and working conditions
- Support 300 000 additional jobs
- Allow 2 million women to participate in the labour market
- Stimulate local economies
- Produce significant savings in other budget areas
- Grow South Africa's GDP



And yet...

Only **25%** of 0-5 year olds attend **early learning programmes**

<40% of these children benefit from a government **ECD subsidy**

57% of children face **barriers to thriving** as they enter formal schooling

Poorer children are less likely to access early learning, nutrition support and home visiting services compared with their wealthier peers

Home visiting services provided through the community health worker system remain under-resourced and capacitated



A funding plan beyond just the subsidisation of ELPs

A series of actions is required that:



increases the supply of ELPs

supports nutrition in all ELPs

ensures that the supply of ELPs is **supported to meet compliance** requirements

increases the number of practitioners and ensures they are appropriately **trained**

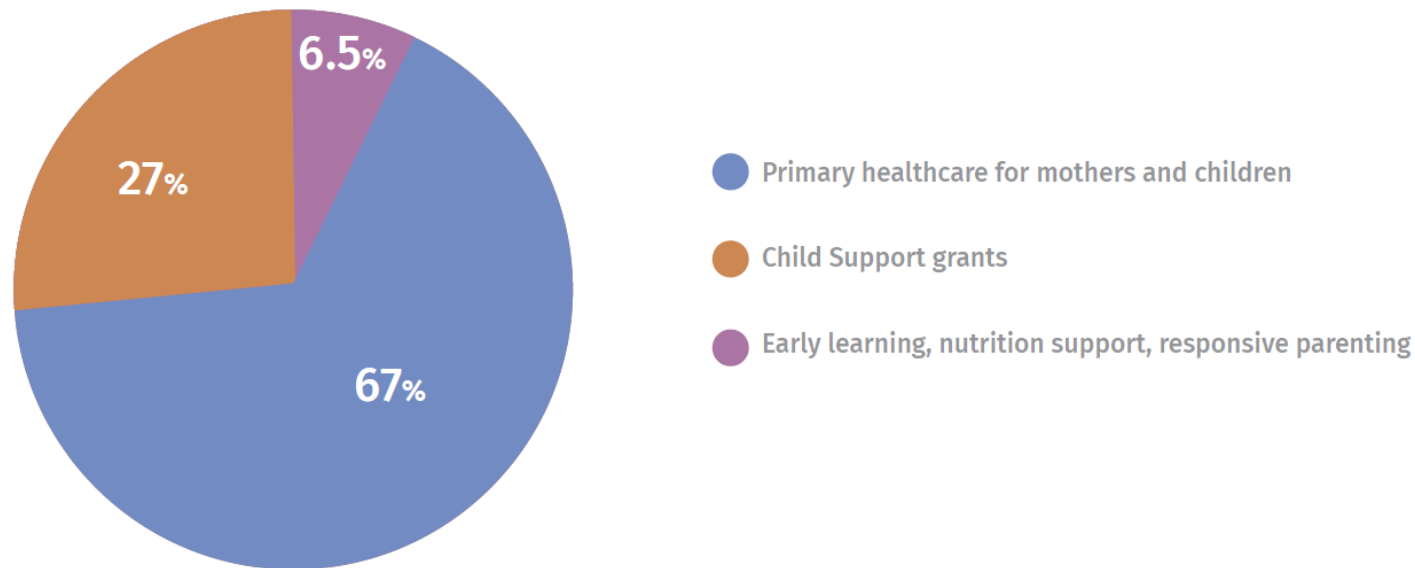
measures and supports quality where required

enables community health workers (CHWs) to support caregivers and young children in the home

develops mechanisms to provide **income support for pregnant women**

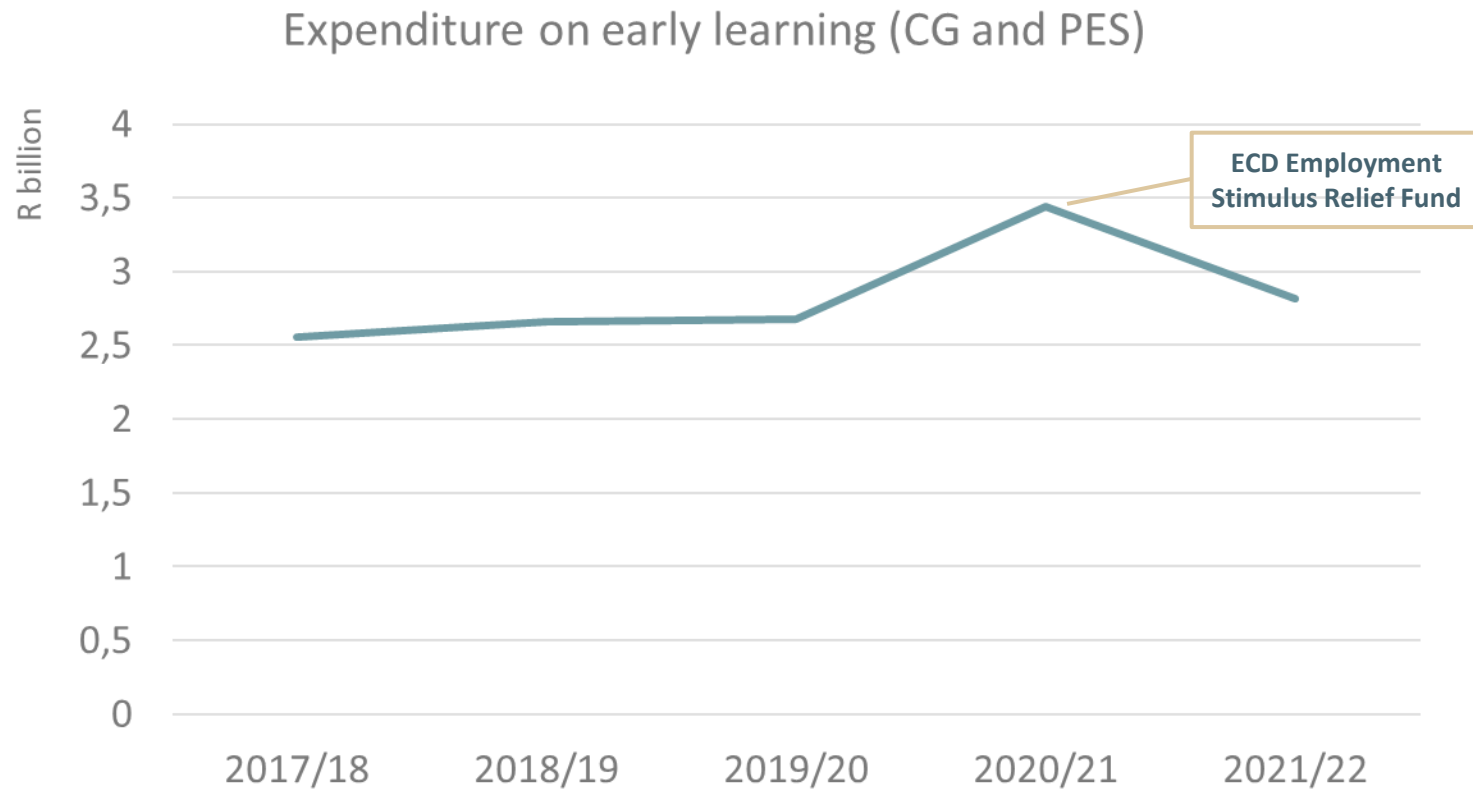
Current ECD financing landscape

Figure 1: **Government ECD expenditure**



- Roughly 5% of South Africa's national expenditure (1.5% of GDP) is spent on the full essential package of ECD – R75 billion.

Spending on early learning



Spending on early learning

Low value + limited access to state support = vulnerable workforce

- The value of the subsidy is R17 per child per day. Only 40% of this may be used for salaries.
- We estimate that the subsidy should be approximately R30 per child per day.
- Around 20% of the number that should be subsidised at universal access are currently subsidised.
- Parent fees remain the primary source of funding for ELPs.
- This leaves ELP providers vulnerable to economic shocks and ECD workers' livelihoods highly insecure.

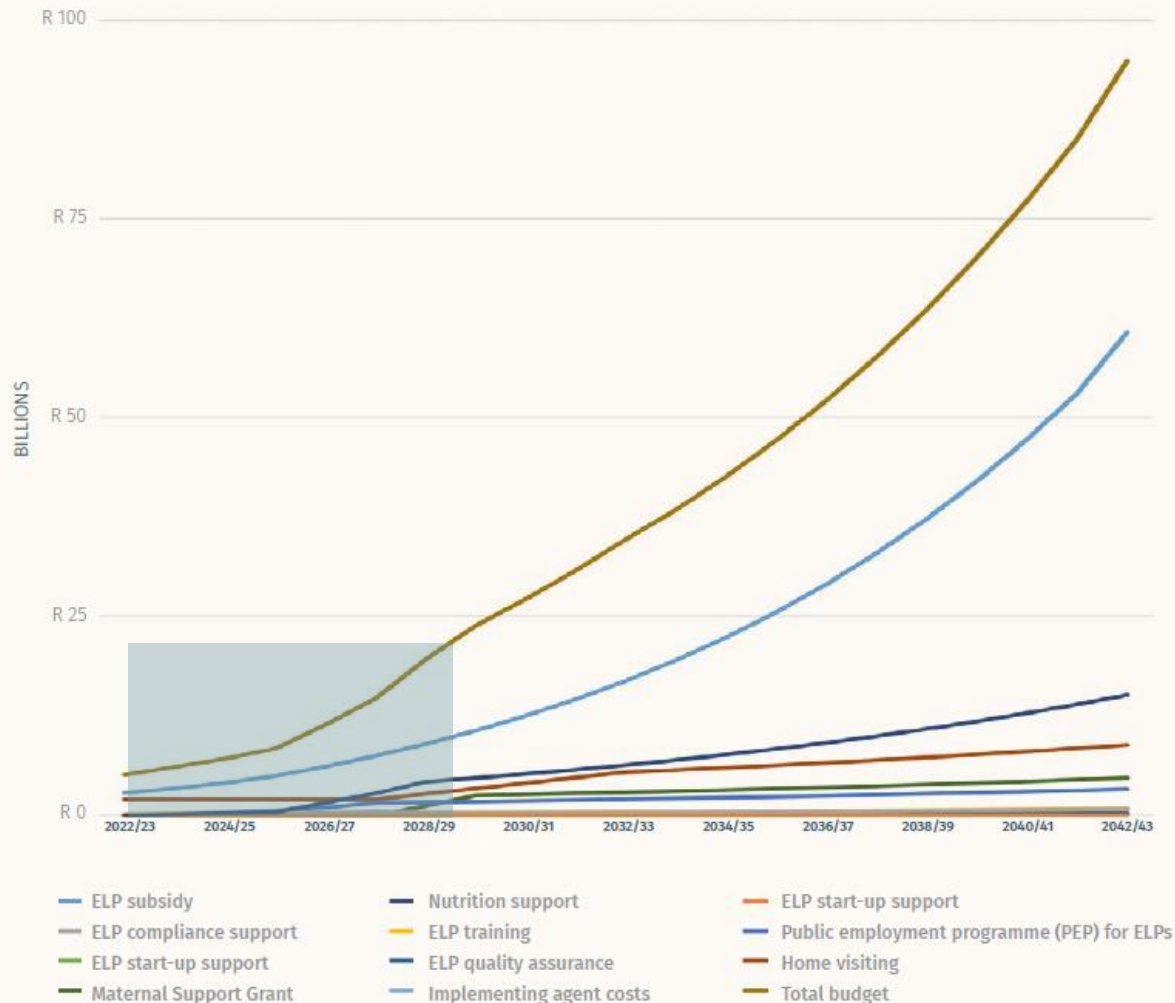
“the vulnerability of childcare workers ... is directly related to the level of public financing for childcare services.”

- ILO and WIEGO



A three-year acceleration plan for ECD funding

Figure 2: **Cost to the state to reach universal access**

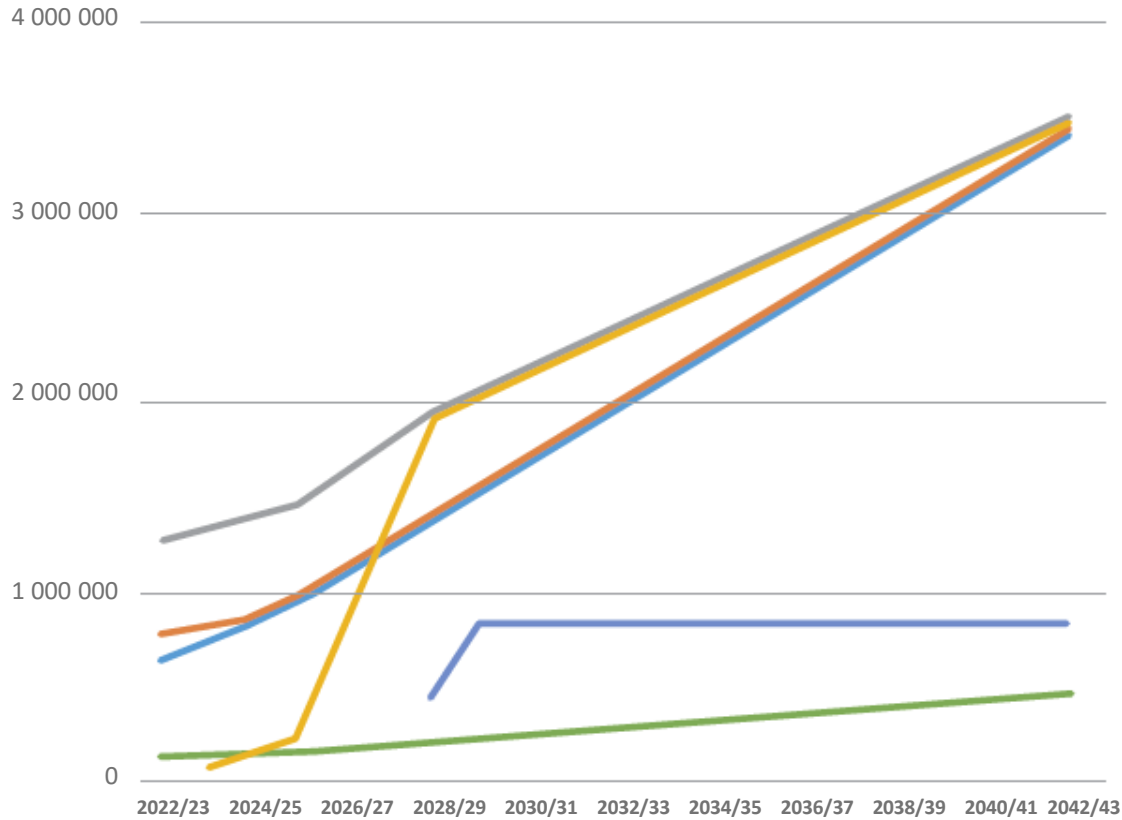


- 20 year timeframe
- Average 16% increase per year

In the next three years:

- Opportunities for crowding in existing state funds
- In parallel, build the systems for absorptive capacity
- Together, these will establish momentum

A three-year acceleration plan for ECD funding



- Children subsidised
- Children in registered ELPs
- Children in ELPs
- Workforce (ELP)
- Children receiving nutrition support
- Pregnant women accessing income support



A three-year acceleration plan for ECD funding

R million	ELP subsidy	Nutrition support	ELP compliance support	ELP training	PEPs for ELPs	ELP start-up support	ELP quality assurance	Home visiting	Maternal Support Grant	Implementing agent costs	Total budget	Budget increase y-0-y	% increase y-0-y
2022/23	R2 815	R0	R98	R170	R0	R0	R0	R2 000	R0	R0	R5 083		
2023/24	R3 382	R113	R120	R229	R245	R0	R0	R2 000	R0	R0	R6 090	R1 007	20%
2024/25	R4 084	R249	R129	R247	R396	R7	R0	R2 000	R0	R0	R7 112	R1 022	17%
2025/26	R4 932	R411	R141	R265	R623	R10	R0	R2 000	R0	R1	R8 383	R1 272	18%

- Overall budget allocation should increase from R5.1 billion to R7.4 billion by 2025/26 (2022 prices)
- ~70% of this total budget would be allocated to delivering and supporting ELPs (subsidies +)
- The rest would sustain home visiting programmes
- Before inflation, this requires an average additional 13% per year over the three years.



What can be achieved over the next three years?

- >320 000 more children subsidised
- Number of children accessing ELPs can increase at a faster pace
- Consistent allocation of public employment funds to the ELP workforce
- ELP quality can be assured and supported
- Increased budgets for training and supportive supervision
- A commitment to a Maternal Support Grant

DIRECT SERVICE DELIVERY COSTS

Early learning programme subsidy

NEXT THREE YEARS

R million	ELP subsidy
2022/23	R2 815
2023/24	R3 382
2024/25	R4 084
2025/26	R4 932

- Subsidies increase from R17 to R19,68 per child per day
- Reach increases from 625 000 to 950 000 children
- Budget increases to R4.2 billion (2022 prices)

FOLLOWING 17 YEARS

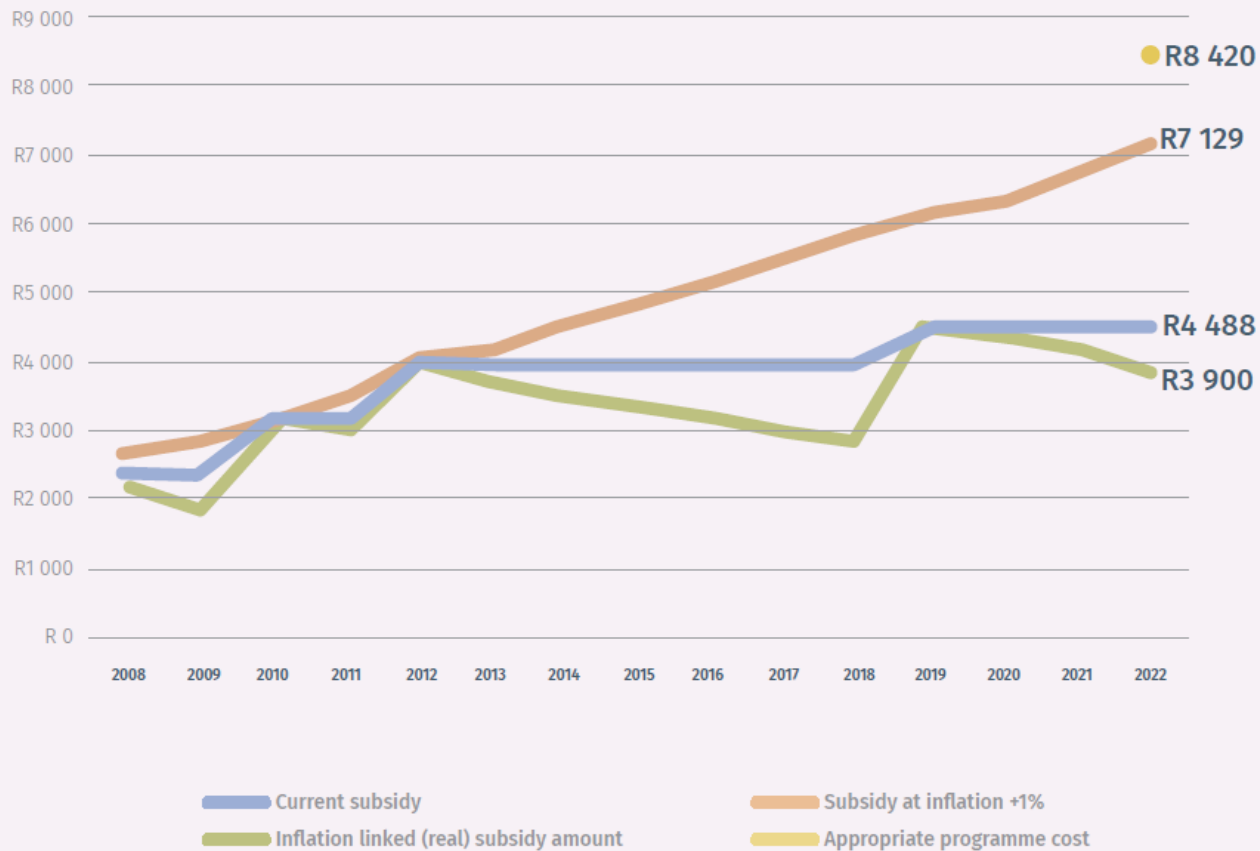


- The budget must increase by R1.5 billion per year to reach R22.9 billion by 2042/43 (2022 prices)
- We believe this is a feasible target
- Would provide for the full cost of provision
- On top of that, it must increase each year by inflation
- Subsidies increase to R65,62 per child per day (2042 prices)
- Reaching 3.5 million poor children

DIRECT SERVICE DELIVERY COSTS

Early learning programme subsidy

Figure 4: Annual per capita ECD subsidy



DIRECT SERVICE DELIVERY COSTS

Early learning programme subsidy

Table 2: **Cost of ELP subsidy at universal access**

	TOTAL TARGET CHILDREN	SUBSIDY RATE (2022 PRICES)	UNIVERSAL ACCESS (2022 PRICES) (R'000)	UNIVERSAL ACCESS (2042 PRICES) (R'000)
Centres	2 361 729	6 131	14 480 146	38 420 138
Home-based small	595 171	8 294	4 936 442	13 097 851
Playgroups	342 610	2 937	1 006 279	2 669 958
Mobiles	72 624	9 191	667 460	1 770 970
Inclusive services for children with disabilities	134 872	13 392	1 806 150	4 792 254
TOTAL	3 507 006		22 896 477	60 751 171



DIRECT SERVICE DELIVERY COSTS

Nutrition support through early learning programmes

NEXT THREE YEARS

R million	Nutrition support
2022/23	R0
2023/24	R113
2024/25	R249
2025/26	R411

- Delinked from registration and unbundled from the subsidy
- Could reach 218 327 children
- Costed at R7,50 per child per day or R5 per child per session
- Total cost in 2025/26 would be R307 million (2022 prices)

FOLLOWING 17 YEARS



- Support would reach 3.5 million poor children in ELPs
- At a cost of R5.7 billion in 2042/43 (2022 prices)

DIRECT SERVICE DELIVERY COSTS

Home visiting programmes

NEXT THREE YEARS

R million	Home visiting
2022/23	R2 000
2023/24	R2 000
2024/25	R2 000
2025/26	R2 000

- No increase in the next three years
- The work required now is greater evidence and advocacy for low-cost models for effective supportive supervision and better resourcing of community health workers

FOLLOWING 17 YEARS



- R3.5 billion is required to train, equip, support/supervise, and stipend 60 000 CHWs (at minimum wage) and salaries of team leaders and managers
- This represents less than 7% of the current total public primary healthcare expenditure

DIRECT SERVICE DELIVERY COSTS

Income support for pregnant women

NEXT THREE YEARS

R million	Maternal Support Grant
2022/23	R0
2023/24	R0
2024/25	R0
2025/26	R0

- It is not anticipated that this would be introduced in the next three years
- Advocacy and planning is needed now

FOLLOWING 17 YEARS



- Costed at the same level as the CSG, and reaching 75% of eligible pregnant women per year
- This would cost R2.38 billion per year
- Less than 1% of the total social grant budget for 2022/23, less than the average underspend on social grants

FUNDING REQUIRED FOR ENABLING OPERATIONAL SYSTEMS

Training and upskilling for ELP practitioners

NEXT THREE YEARS

R million	ELP training
2022/23	R170
2023/24	R229
2024/25	R247
2025/26	R265

- Reach 78 300 ELP practitioners and managers
- R241 million by 2025/26 (2022 prices)
- SETA budgets, which have a track record of underspending.

FOLLOWING 17 YEARS

- This will establish the HR pipeline
- Annual cost reaches R353 million (2022 prices)

Start-up support for new ELPs

NEXT THREE YEARS

R million	ELP start-up support
2022/23	R0
2023/24	R0
2024/25	R7
2025/26	R10

- Reach 5 800 ELPs at R5 500 each
- R4 million by 2025/26 (2022 prices)
- R2.7 billion budget of the Dept. Small Business Development
- R1.25 billion allocated to the Small Enterprise Funding Agency

FOLLOWING 17 YEARS

- This will build the evidence required to establish a dedicated funding source for ELP start-up support
- Annual budget peaks at R21 million (2022 prices)

FUNDING REQUIRED FOR ENABLING OPERATIONAL SYSTEMS

Compliance support for ELPs

NEXT THREE YEARS

R million	ELP compliance support
2022/23	R98
2023/24	R120
2024/25	R129
2025/26	R141

- Key barrier to registration
- MG currently R98 million
- Increase to R125 million by 2025/26
- 3% of the average underspend on DBE's infrastructure budget
- Improve 1 500 existing ELPs and build 54 new centres

FOLLOWING 17 YEARS

- The budget will need to cater for:
- Non-infrastructure compliance support
- Infrastructure compliance support
- New builds
- This reaches R310 million per annum by 2042/43 (2022 prices)

Public employment funds

NEXT THREE YEARS

R million	PEPs for ELPs
2022/23	R0
2023/24	R245
2024/25	R396
2025/26	R623

- Subsidise wages for 29 000 (23%) of the current ELP workforce
- R465 million by 2025/26

FOLLOWING 17 YEARS

- Annual budget of R1.24 billion would stipend 32 500 ELP workers per year
- 20% of current combined budgets of CWP and EPWP
- SEF is another opportunity with a budget of R1 billion and a focus on ECD
- A PEP designed specifically for the ECD sector would be ideal

FUNDING REQUIRED FOR ENABLING OPERATIONAL SYSTEMS

ELP quality assurance and support

NEXT THREE YEARS

R million	ELP quality assurance
2022/23	R0
2023/24	R0
2024/25	R0
2025/26	R0

- Currently no dedicated funding source for quality assurance and support.
- A QAS system must be designed and tested.

FOLLOWING 17 YEARS

- Cost reaches R90 million (2022 prices).
- This is a new cost to the state but is kept relatively low.

NEXT THREE YEARS

R million	Implementing agent costs
2022/23	R0
2023/24	R0
2024/25	R0
2025/26	R1

Implementing agents to support ELP service delivery

- Central management costs, e.g.: ongoing maintenance of technology platforms, updating curriculum materials and tools, core operating costs and personnel.
- The work now is to build the partnership arrangements required

FOLLOWING 17 YEARS

- We estimate these costs at R160 million at universal access (2022 prices).
- They could be carried jointly and almost equally by the state and philanthropy/private sector funders

Conclusions

- Overall budget increase from R5.1 billion to R7.4 billion over the next three years (2022 prices)
- So that government subsidies reach 950 000 children, the required workforce is trained and ECD programmes are supported to register.
- Drawing on the budgets of multiple government departments, these increases are feasible within the overall budget framework
- This momentum will set South Africa on a trajectory to build the R94.8 billion (R36.6 billion in 2022 prices) budget required



What now?

How do we gear the government machinery to make this happen?

THANK YOU

Contact: Laura Brooks

ECD Expansion and Financing Senior Manager

Cell +27(0)82 565 6028

Email laura@ilifalabantwana.co.za

Address Douglas Murray House, 1 Wodin Road, Claremont, Cape Town, 7700

Tel +27 (21) 670 9840 **Web** <http://ilifalabantwana.co.za/>

 ilifa.sa  @IlifaLabantwana