



UNICEF global resource guide on public finance for children in Early Childhood Development

Partners Edition

Contents

Acknowledgements (3)

Acronyms (4)

Glossary of Terms (5)



	●	How to use this resource guide (9)
1	●	1. Public domestic financing as a key strategy to improve and scale up ECD programmes (10)
2	●	2. What do we mean by ECD and ECD financing? (16)
3	●	3. Preliminary diagnosis and analysis for PF4C-related activities (32)
4	●	4. Core Actions (38)
	▶	Action 1: Better target budget advocacy
	▶	Action 2: Support national budgeting process
	▶	Action 3: Promote budget coordination
5	●	5. A toolkit for generating evidence that makes a difference (66)
	▶	Tool 1: Cost-benefit analysis
	▶	Tool 2: Budget/expenditure analysis
	▶	Tool 3: Local financial flow assessment
	▶	Tool 4: Costing
	▶	Tool 5: Cost effectiveness analysis
	▶	Tool 6: ECD public expenditure and institutional review

Sources and further reading (101)



TABLES

- **Table 1:** Illustrative focus programmes by type of service (27)
- **Table 2:** PF4C in ECD core actions: what, why and when (42)
- **Table 3:** ECD advocates and budget actors may hear things differently (46)
- **Table 4:** Selected questions guiding budget decision-making and key entry points (61)
- **Table 5:** Examples of budget coordination arrangements (64)
- **Table 6:** Budget coordination needs by type of ECD services and potential entry points (65)
- **Table 7:** Summary of tools: what, how to do better and when best to use (69)
- **Table 8:** South Africa Integrated ECD Policy: summary of costs and benefits by key intervention (73)
- **Table 9:** Guiding questions for Performance Expenditure Review and Budget Analysis: comparing scope, focus and reform opportunity (77)
- **Table 10:** Comparing cost-effectiveness and cost-benefit analyses (92)



FIGURES

- **Figure 1:** Nurturing Care Framework: domains and illustrative services and interventions (19)
- **Figure 2:** Meeting families' and children's needs with an equity lens (22)
- **Figure 3:** ECD financing flow framework (29)
- **Figure 4:** Public financial management system and budget actors (45)
- **Figure 5:** Stages of medium-term budget planning (53)
- **Figure 6:** The four stages of the budget cycle and main functions (56)
- **Figure 7:** The 'Budget Triangle' – the knowledge to engage effectively (60)

Acknowledgements

This resource guide is the fruit of a collaboration between the Social Policy and Early Childhood Development sections in the Programme Division of UNICEF at New York Headquarters. It was developed and written by Senior Consultant and former Chief of Public Finance and Local Governance Jingqing Chai and ECD Specialist Ana Nieto, under the guidance of ECD Section Chief Pia Britto, Public Finance and Local Governance Chief Joanne Bosworth and Social Policy Section Associate Director Alexandra Yuster.

We thank the insightful, helpful and practical comments from many internal and external reviewers and experts: Niki Abrishamian, Jennifer Asman, Carolina Aulicino, Artur Ayvazov, Elinor Bajraktari, France Begin, Raoul Bermejo, Ivelina Borisova, Carlos Calderón, Mariella Castello, Hsiao Chen, Matthew Cummins, Chris Desmond, Anne Detjen, Rania Elessawi, Maya Elliott, Jun Fan, Alta Folscher, Ulla Griffiths, Ana María Gomez, Emily Gustafsson-Wright, Muhammad Shahid Hanif, Leyla Hasanova, Iqbal Hossain, Shreyasi Jha, Maja Kovacevic, Patricia Safi Lombo, Hayrullo Malikov, Khristian Joy Millan, Bob Muchabaiwa, Emmanuel Munyemana, Agnes Ngonyo, Sophea Nhonh, Ousmane Niang, Kontee Nuchsuwan, Patricia Núñez, Jacob Nyamadzawo, Psyche Vetta Olayvar, Ulugbek Olimov, Wendy Rich Orloff, María Fernanda Paredes, Alvard Poghosyan, Christina Popivanova, Praj Prajyabhorn, Ana Prodanović, Janet Stotsky, Rebecca Tortello, Aune Victor, and Andries Viviers.

This resource guide additionally benefited from feedback on presentations on earlier versions at the global ECD network meeting, as well as a consultation webinar in which UNICEF staff from over 30 country offices covering seven regions participated and provided valuable feedback.

Participants in the webinar and global ECD network meeting:

Jennifer Asman
Michael Banda
Ivana Cosic
Adriana Carolina Cuevas
Matthew Cummins
Louise Moreira Daniels
Hugh Delaney
Johanne Desormeaux
Ameena Mohamed Didi
Nada Elattar
Rania Elessawi
Paula Pacheco Flanagan
Eleonora Gatti
Ulla Griffiths
Ana María Gómez
Deepa Grover
Sheema Sen Gupta
Muhammad Shahid Hanif

Leyla Hasanova
Iqbal Hossain
Lone Hvass
Benjamin Kakule
Joa Keis
Lang Ma
Antony MacDonald
Luula Mariano
Gerrit Maritz
Kerida McDonald
Khristian Joy Millan
Radhika Mitter
Ameena Mohamed
Yan Mu
Bob Muchabaiwa
Emmanuel Munyemana
Suad Nabhan
Agnes Ngonyo

Danche Gudeva Nikovska
Marija Novkovic
Maniza Ntekim
María Fernanda Paredes
Tanaporn Perapate
Oliver Petrovic
Christina Popivanova
Chemba Raghavan
Valentina Ruta
Eduardo García Rolland
Pablo Stansbery
Sivasima Ilija Talev
Rebecca Tortello
Haleinta Bara Traore
Gulsana Turusbekova
María Elena Ubeda
Larisa Virtosu
Nugroho Warman
Sadaf Zulfiqar

Acronyms

- CCD:** Care for child development
- CPEIR:** Climate-change Public Expenditure and Institutional Review
- DIBs:** Development impact bonds
- EAPRO:** East Asia and Pacific Regional Office
- ECCE:** Early childhood care and education
- ECD:** Early childhood development
- ECE:** Early childhood education
- EMIS:** Education management information system
- ESARO:** Eastern and Southern Africa Regional Office
- GFF:** Global Financing Facility
- GPE:** Global Partnership for Education
- IFIs:** International finance institutions
- MDA:** Ministries, departments and agencies
- MNCH:** Maternal, newborn and child healthcare
- MOF:** Ministry of Finance
- MTEF:** Medium-term expenditure framework
- NCF:** Nurturing Care Framework
- NGO:** Non-governmental organisation
- ODA:** Official development assistance
- PEDS:** Pakistan Early Child Development Scale-up
- PEFA:** Public expenditure and financial accountability assessment
- PER:** Public expenditure review
- PETS:** Public expenditure tracking survey
- PF4C:** Public finance for children
- PFM:** Public financial management
- PSN:** Programme Strategic Note
- SECT:** Standardized ECD Costing Tool
- SitAn:** Situation analysis
- ToC:** Theory of Change
- UNDAF:** United Nations Development Assistance Framework
- UNDP:** United Nations Development Programme
- UNICEF:** United Nations Children's Fund
- WASH:** Water, sanitation and hygiene

Glossary of Terms

Budget circular: a key instrument used in national budget formulation. The overall budget envelope and sector/ministry spending ceilings are usually set by the ministry of finance and the cabinet/executive in accordance with policy objectives and communicated in a 'budget circular' that instructs line ministries and agencies to start preparing their respective budgets.

Budget processes: refers to the annual budget cycle, medium-term budget planning and expenditure framework, and/or budget reforms such as fiscal decentralization and performance-based budgeting. The four stages of the budget cycle are: i) *budget formulation*: the ministry of finance plays a central role in translating broad policy goals into financial targets and preparing a budget proposal based on submissions from line ministries; ii) *budget approval*: parliament/congress debates and votes the budget proposal into law; iii) *budget execution*: resources are collected, disbursed and spent, while internal controls and audits ensure compliance and accounting/reporting record financial flows and report on progress; and iv) *budget evaluation*: independent bodies examine government financial reports and submit findings to parliament or congress.

Child-focused public expenditures: budget allocations or spending on services and programmes that benefit children, or at least partially consider child-specific needs. Examples of the former are maternal and newborn health services and cash transfer programmes aimed at improving nutrition. Examples of the latter include water, sanitation and hygiene (WASH) programmes targeted to areas with high diarrhoea prevalence among young children.

Development Impact Bonds (DIBs): performance-based investment instruments intended to finance development programmes. If programmes are successful, investors who bought the bonds earn a return on their capital, paid by a third party or outcome payer. Targets are agreed upon at the outset and independently verified.

Medium-term budget planning: a process governments undertake to improve the policy relevance of budgets and overcome the limitations of annual budgets (e.g., incremental, overspending, too short-term to adjust priorities). It generally involves three stages: i) a top-down, medium-term fiscal framework prepared by the central finance agency or ministry of

finance, with fiscal targets and aggregate expenditure ceilings; ii) a bottom-up, multi-year cost estimate of expenditures (what has to be financed) presented by line ministries and agencies, based on programmes and programme performance; and iii) an institutional decision-making (reconciliation) process. The result of this process captures the annual budget, agreed aggregate estimates of revenues and ministry expenditure estimates or ceilings for coming years.

Medium-term expenditure framework (MTEF): an annual, rolling multi-year-expenditure planning tool that sets out the medium-term expenditure priorities and hard budget constraints against which sector plans can be developed and refined, along with outcome criteria for performance monitoring. MTEFs and the annual Budget Framework Paper provide the basis for annual budget planning. Given the life cycle and cross-sectoral nature of ECD, medium-term budget planning or MTEFs are key for ECD financing. In some countries, if an initiative is not included in the MTEF, there is little chance the activity will be in the annual budget.

Objectives of public expenditure management and budget systems: i) *fiscal discipline:* to maintain an aggregate balance between spending and revenue (i.e., binding expenditure ceilings at an aggregate level and by individual spending entities); ii) *allocative efficiency:* to apportion available resources according to government priorities; and iii) *operational efficiency:* to promote competent delivery of services.

Public finance for children (PF4C): a collective body of UNICEF programmatic and other activities at country, regional and global levels aimed at influencing the mobilization, allocation and utilization of domestic public financial resources for greater, more equitable and sustainable results for children. Such resources may include general revenues, on-budget official development assistance and private sector financing. Key criteria for PF4C: *Adequacy:* child-related plans/programmes are fully budgeted. *Efficiency:* budgeted funds are released on a timely basis and spent with minimal leakages and waste. *Effectiveness:* funds spent on the types of services and means of delivery are cost-effective in achieving intended results. *Equity:* public funds are distributed and utilized with due priority to disadvantaged areas and groups. *Transparency:* financial reports are comprehensive, timely and accessible by political representatives and citizens. *Accountability:* enables the tracking of fund flows to service delivery units, and actors involved are answerable to compliance and results within and outside government.

Public financial management (PFM): the budget processes governments use to manage revenues and expenditures and the impact of those resources on the economy or society.

Public investments in children: recurrent and capital expenditures by governments on services, programmes and institutions essential for achieving national goals for children. The term “investments” here does not necessarily imply direct financial returns through cost recovery (e.g., via tariffs or user fees) and/or profits, and thus differs from what is commonly understood in financial markets.

Results-based budgeting: a budget process in which i) budget formulation revolves around a set of predefined objectives and expected results, ii) expected results justify the resource requirements, which are derived from and linked to outputs required to achieve such results, and iii) actual performance in achieving results is measured by objective performance indicators. In practice, many countries have lagged in implementing the latter.





How to use this resource guide

To use this resource guide, it is useful to adopt a way of thinking and communicating that mirrors those used by national public financial decision makers. The resource guide adopts the language of public finance to explain the core actions that should be taken, assuming that the target audience has a basic understanding of public financial management and associated concepts and terminology. For easy reference, this note includes a glossary of key terms. Readers are encouraged to use other resources such as existing technical resource guide notes on the various topics referenced throughout.

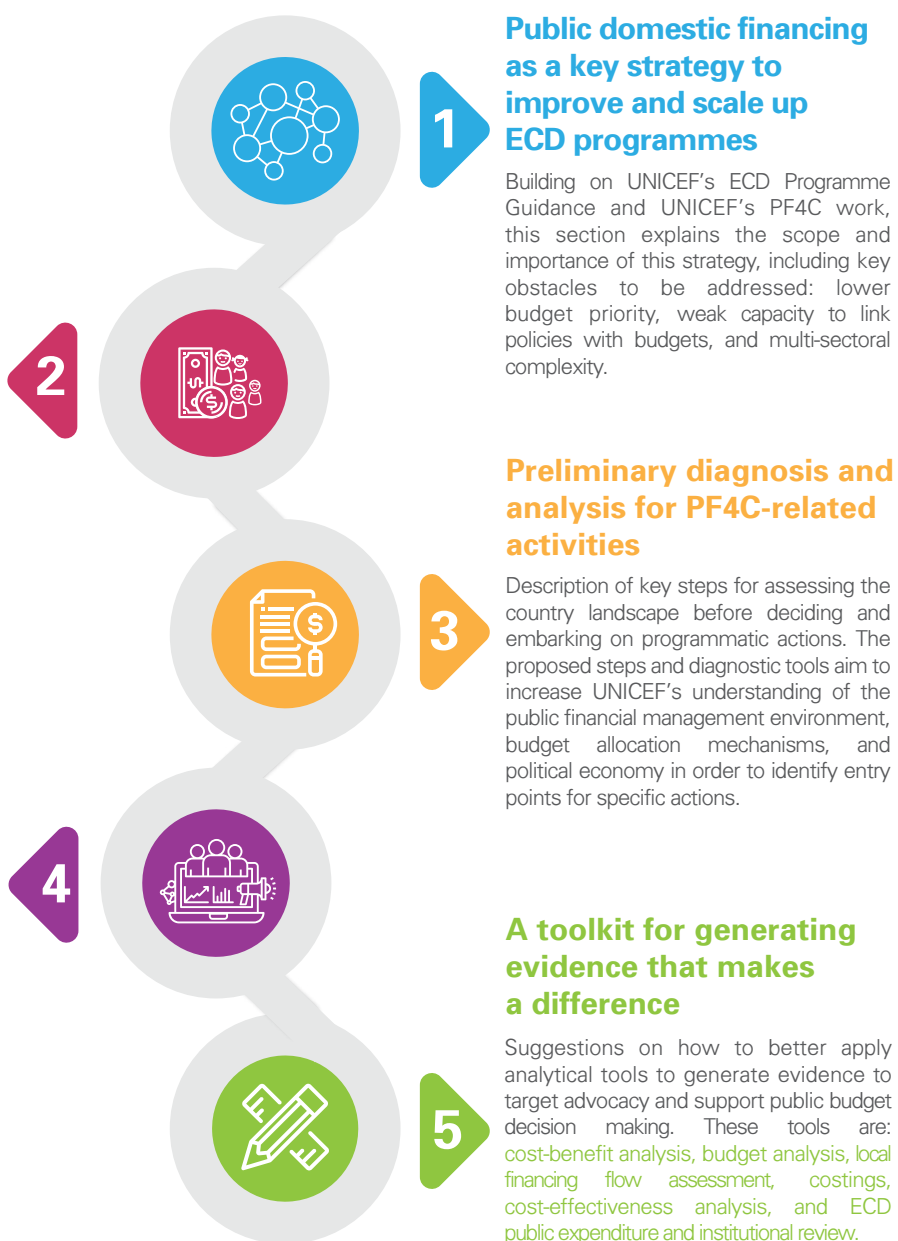
This resource guide is structured as follows:

What do we mean by ECD and ECD financing?

This section provides a common working definition of ECD (based on the ECD Programme Guidance and Nurturing Care Framework) to guide discussions on the type of interventions and target groups for which financing is sought. It also categorizes ECD services based on how they are budgeted and financed: **sector-specific, add-on, and combined services.**

Core actions

Building on UNICEF's experience, three core actions are proposed to deal with common public financial management obstacles: **better targeted budget advocacy, supporting national budgeting processes, and promoting budget coordination.** The section uses country cases to illustrate how these actions can be contextualized.





1

**Public domestic financing as
a key strategy to improve and
scale up ECD programmes**



Public domestic financing as a key strategy to improve and scale up ECD programmes

Early childhood development has made remarkable progress in being embraced as a cornerstone for national development around the world. An increasing number of countries are introducing national early childhood development (ECD) policies and/or developing implementation plans. Approximately 70 countries¹ have some form of national ECD policies and/or implementation plans in place. Several countries have adopted integrated ECD policy frameworks encompassing a multi-sectoral package of services and programmes aimed at creating a nurturing environment for young children to survive, thrive and develop.

Similarly, all around the world, there is a growing trend of government-led financing strategies in which public resources play a central and catalytic role in mobilizing domestic resources for implementing ECD policies, programmes and services. **In most cases, public financing is the most important and sustainable mechanism to meet their objectives.** Given their positive externalities on the economy and society, ECD programmes and services may be seen as public goods.

Developing national ECD policies and, particularly, implementation plans is an important step towards budget commitment. It signals political commitment, which is often necessary but sometimes insufficient for making ECD a priority in public budget deliberations. To move from policy to budget commitment, further steps are needed to cost and resource them through the public budget. A well-developed policy/plan provides key parameters for public budgeting by clarifying the scope of ECD services to be provided, and specifying financing principles, target populations and coordination mechanisms across sectors.

Moreover, ECD financing is not simply about allocating more resources but also about using available funds more efficiently, effectively and equitably. In order to achieve their ECD policy objectives, countries need to tackle obstacles posed by public financial management (PFM) constraints such as insufficient or inequitable budget allocation and ineffective expenditure.

¹ Based on annual internal UNICEF monitoring data.

However, implementation of ECD policies and plans has been hampered, in part, by insufficient and/or ineffective domestic financing. There is an overall lack of information on how much countries spend on ECD. Where data is available, it mainly relates to pre-primary education and highlights that levels of government spending are generally low both in absolute terms and relative to costed needs (R4D 2016 and UNICEF 2019).

Currently, governments and donors are failing to reflect the importance of pre-primary education in their budgetary priorities. Relative to other levels of education, this subsector is severely underfunded, particularly in low- and lower-middle-income countries. Shortfalls and stagnant financing trends in domestic and international funding are impeding progress towards universal access.

A World Ready to Learn: Prioritizing quality early childhood education, UNICEF, April 2019.

Many of the obstacles to better ECD outcomes can be traced directly to domestic public financial management constraints. Symptoms of insufficient and/or inequitable budget allocation may include low coverage, especially in hard-to-reach places, and poor developmental and learning outcomes due to a lack of funding to hire sufficient frontline workers (e.g., social workers, nurses, community health workers, pre-primary teachers) to deliver early learning, maternal and child health programmes, and provide parenting support and counselling to caregivers. Implementation may be further hampered by inefficient utilization of allocated funds; symptoms may include teacher absenteeism, which in turn may be due to delayed salary payments owing to poor funding flows. Ineffective expenditure is another common challenge. For example, substandard nutrition interventions may be due to caregivers' lack of understanding of appropriate practices, which in turn may stem from poor costing and funding of relevant services.

Public financial management (PFM)-related obstacles may be particularly pronounced when it comes to ECD financing, especially when it comes to the adequacy and equity of budget allocations. There are three main reasons for this:

- i) **Lower budget priority given to early childhood development (ECD):** As national financial decision makers allocate scarce public resources among many policy priorities, ECD is at risk of being overlooked. The fact that ECD benefits largely accrue in the future puts it at a disadvantage in budget negotiations involving trade-offs with other asks offering more immediate economic and political payoffs. Moreover, while primary healthcare, basic and secondary education are widely accepted as government responsibilities, the case for using public funds for some ECD interventions is not always made effectively. This is regrettable since the benefits of ECD investments are greatest for disadvantaged children and caregivers. Assigning a lower budget priority to early childhood perpetuates inequity.

- ii) **Policies are not linked with budgets at national and decentralized levels:** Governments might recognize ECD as a priority, but not reflect it within their national or subnational budgets. This can be the result of a breakdown of the links between planning and budgeting. Moreover, in some countries, ministries tasked with ECD mandates might lack internal PFM systems or capacity to develop and justify their budget asks, putting them at a disadvantage during highly contested budget negotiations. The devolution of some ECD services poses the additional challenge of coordinating multiple sources of financing, as well as the risk of ending up with unfunded mandates. Since budget implementation capacity tends to be weaker in poorer, more marginal geographic areas, there are added risks of allocations being under- or poorly utilized, resulting in lower access to services.

- iii) **Multi-sectoral complexity:** Where ECD policies adopt an integrated framework or implement integrated delivery models, weakness in budget coordination hinders the financing for such policies and programmes because it involves multiple sectors while, in most countries, budgeting continues to be done along administrative lines. Compounding this problem, as governments seldom use designated budget lines for ECD-related services and programmes, it is difficult to identify, track and provide oversight for overall public spending for ECD. For example, even when line ministries agree to fund ECD-related services within their own budgets, it is generally difficult to identify such expenditures in publicly available budget data.

UNICEF experience suggests that greater emphasis on public financing considerations can also improve the effectiveness of policy engagement on ECD. A desk-review of UNICEF experiences points to three key lessons learned: i) support to ECD policy development should explicitly consider financing considerations such as costs and fiscal affordability to enable effective implementation; ii) modelling and rollout of improvements in service delivery should consider monitoring costs and a financial plan for scale up to ensure initial investments do not risk becoming unsustainable or counterproductive; and iii) development of pilots should consider future options to mobilize domestic resources from all possible sources for scaling up, options that may be constrained if pilots provide free ECD services.

UNICEF's Programme Guidance for Early Childhood Development (2017) identifies strengthening domestic public financing as one of the six key implementation strategies that can be used to support countries in their efforts to ensure that all young children have equitable access to essential services that address their developmental needs, and that parents and caregivers are supported and engaged in nurturing care and positive parenting. These strategies complement and reinforce each other, thus all of them need to be kept in mind when supporting governments in their efforts to improve and scale up ECD programming. This resource guide elaborates on how to strengthen the domestic public financing strategy.

Implementation Strategies relevant to ECD:

- ▶ **Fostering multi-sectoral programming for ECD**
- ▶ **Using advocacy and communication to support programmatic goals**
- ▶ **Improving the delivery of essential services through system strengthening**
- ▶ **Broadening data and evidence-gathering systems**
- ▶ **Promoting caregivers' behaviours, demand for services and social norms for positive parenting**
- ▶ **Strengthening public financing for ECD**

Where national ECD policies or plans have not yet been developed, this resource guide can be helpful as well. In countries with no ECD policy or plan, a two-pronged approach may be more successful. This includes i) working with government sectors such as health, education and social protection to map out existing ECD-related activities and identify gaps, and ii) supporting governments to increase the relevance, equity, effectiveness and impact of existing resources. The latter is an effective entry point for mobilizing additional resources for ECD and identifying public financial constraints. For example, UNICEF Pacific office has been identifying, tracking and providing oversight for overall public spending on ECD even before governments have committed to integrated frameworks for ECD. The move towards better ECD public expenditure tracking must be part of an overall push for better multi-sectoral coordination, rather than an afterthought. It is baseline information to engage governments for any ECD advocacy.

Finally, it is important to note that while this resource guide focuses on ECD budgeting and financing, this should be seen as part of a comprehensive approach that addresses the problem both from a programme and financing perspective while always keeping coordination and country context in the centre. Institutional coordination issues and a lack of unified vision can hinder the allocation of resources and implementation of ECD-related interventions. Even if the ministry of finance is willing to allocate budget resources to ECD programmes and services, they might not materialize due to such structural challenges. Strengthening core policies, processes, institutions and systems remains a critical 'prior action'. This includes, national, sectoral and thematic plans, the articulation of programme goals, targets and indicators, institutional arrangements and accountability mechanisms, especially where programme-based budgeting has been adopted.

As per the 2016 Lancet on ECD, effective scaled-up programmes require a vision of comprehensive and integrated services for children and families. They are often funded by government, founded by statute or other formally communicated government strategy, and led by a government department or agency working collaboratively with other departments and civil society organisations.



2

**What do we mean by
ECD and ECD financing?**



What do we mean by ECD and ECD financing?

Since financing is essentially about funding the costs of inputs to produce a set of outputs, delineating the scope of what constitutes the ‘ECD product’ is crucial. What constitutes ECD services/programmes currently varies considerably from country to country: some countries have adopted integrated ECD policies and frameworks; others have policies focusing on early childhood care and education (ECCE), while some are creating national action plans to implement the [Nurturing Care Framework](#) (NCF), which aims to inspire multiple sectors (e.g., health, nutrition, education, social and child protection) to work in new ways to address the needs of young children.² An agreed working definition of ECD facilitates dialogue with national policy makers by clarifying the type of interventions and the target groups for which financing is sought.

UNICEF’s Programme Guidance for Early Childhood Development provides the basis for a working definition of the ECD product, which entails three aspects:

- i) **Target population:** early childhood is a critical period of life, during which benefits accrue in distinct ways across three phases: conception to birth; birth to 3 years; and preschool and pre-primary years (typically from 3 years to 5 or 6 years, or the age of school entry). Among the target population, the benefits accrued to disadvantaged children (due to disability, poverty, gender, etc.) tend to be the greatest.
- ii) **Multi-dimensional outcomes:** optimal development occurs when children interact with a nurturing care environment that is sensitive to their health and nutritional needs, protects them from threats, offers opportunities for early learning, and provides interactions that are responsive, emotionally supportive and developmentally stimulating. Thus, achieving a nurturing environment requires multi-sectoral interventions delivering multi-dimensional outcomes: health, nutrition, responsive caregiving, security, safety and early learning.

² The Nurturing Care Framework (NCF) was developed in 2018 as a multi-partner effort (WHO, UNICEF and the World Bank Group, Partnership for Maternal, Newborn and Child Health -PMNCH, and Early Childhood Development Action Network - ECDAN). It illustrates how existing programmes can be enhanced to be more comprehensive in addressing young children’s needs. It focuses specifically on the period from conception to year 3, as this is the time when brain development is extremely sensitive to external influences. This is often the period given the least attention when ECD investments are made. Even though the framework focuses on the 0-3 cohort, its principles apply to all age groups.

- iii) **Scope of interventions:** *Figure 1* shows selected interventions have proven effective in improving ECD outcomes and highlights the importance of providing access to multi-sectoral services and support for both young children and their parents/caregivers (e.g., skill building and counselling services, prevention and treatment of mental health issues, early detection of disabilities and developmental delays, family friendly policies, including affordable quality childcare to enable workforce participation, etc.) An example of how a wide range of interventions may be captured in the budget operations of a government can be seen in *Box 1*.

A detailed description of evidence, core strategies and examples of successful ECD programming are beyond the scope of this guide.

Please refer to [UNICEF's Programme Guidance for ECD](#), and the [Nurturing Care Framework](#) for in-depth information on the case for investing in ECD, as well as the key strategies and interventions governments can adopt to ensure that all young children reach their developmental potential.





Figure 1
Nurturing Care Framework: Domains and illustrative services and interventions





Box 1

Example of typology of public spending on early childhood according to budget functions

• Direct aid

The transfer of income or subsidies to families to promote development, health and permanence in the educational system for their children, and to avoid the social exclusion of families in poverty, expenditure directed towards helping people in emergency situations such as natural disasters, and allowances to supplement household income.

• Health

Mother-child programmes, prevention of specific illnesses and risks, paediatric vaccinations, health, medication, outpatient attention and hospitalization, sexual and reproductive health, attention and prevention of HIV-AIDS and counseling and support to parents, ante-natal and post-natal care, newborn care, and prevention and management of mental health issues.

• Care and education

Integral and/or multi-sectoral actions oriented towards care and education for early childhood, quality and affordable childcare and pre-primary education, timely start of primary education, support and counseling of parents, actions to encourage pregnant or adolescent mothers to complete their formal education, and actions to assess and improve the quality of education.

• Nutrition and diet

Counseling for maternal and child nutrition - including responsive feeding-, breastfeeding support, management of malnutrition and prevention of overweight and obesity.

• Child protection

Programmes directed towards at-risk children, initiatives to protect child rights, the eradication of child labour, domestic violence and spousal abuse prevention and assistance, and actions to strengthen civil registries and adoption systems.

• Development and integration

Programmes directed towards the integration and development of vulnerable groups such as the disabled, indigenous groups, displaced people and immigrants.

• Sports, recreation and culture

Programmes for the promotion and development of sports and culture, establishing and maintaining recreational parks and games, as well as programmes promoting libraries, theatres, museums, choirs, artists, etc.

• Science and technology

Actions inherent to obtaining or applying new knowledge. Includes research and development, technology transfer, postgraduate education to train researchers and the promotion of scientific and technological activities.

• Living conditions

Spending that helps improve basic infrastructure conditions such as housing, sanitation, potable water and sewage systems, among others.

• Other urban services

Actions inherent to urban services such as public markets, public lighting and street cleaning, prevention and management of pollution and hazardous chemicals.

The following principles for designing and implementing ECD programmes at scale, as per the ECD Programme Guidance and the Nurturing Care Framework inform the approach proposed in this guide to promote domestic ECD financing:

Focus on families and communities to promote behaviour change and increase demand for services: Young children’s development is the result of their engagement with their environment. Caregivers are instrumental in facilitating children’s engagement with the people, places, and objects in their environment. To do this, caregivers rely on strong communities as well as functioning and accessible support systems. The empowerment of caregivers, families, and communities is essential for generating demand for and use of services, as well as improving caregiving practices. This could be achieved through social behavioural change and community engagement strategies that mobilize traditional leaders, faith-based organisations and community groups. Moreover, efforts should be made to foster social accountability mechanisms that prioritize ECD (e.g., availability of local data on programme provision, local spending and expenditure on community- based child-care).

Interventions that promote behaviour change and increase demand for services need to be an integral part of any implementation plan and must be adequately costed and budgeted.

Universal progressive model: This approach recognizes that not all children and families need the same intensity and range of interventions and services. All families need information, affirmation and encouragement. At times, some families need more support, through referrals, resources and tailored services. This is particularly true for low-income families, who bear a disproportionate burden of adversities, and for children with developmental difficulties or disabilities. There are three levels of support, as illustrated by *Figure 2*:

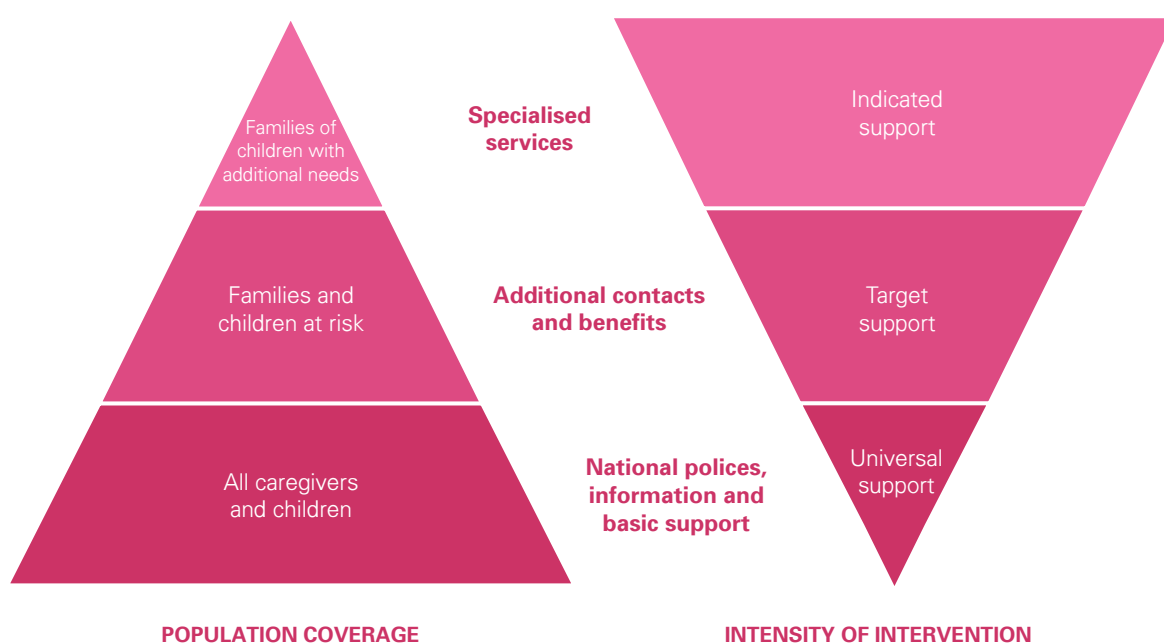
- i) *Universal support* designed to benefit all families, caregivers and children. This includes laws and policies such as birth registration, paid parental leave, baby-friendly hospital services; dissemination of information on children’s development through mass media; using caregivers’ and young children’s routine contacts with health services to give basic advice and guidance on nurturing care.

- ii) *Targeted support* focusing on individuals or communities at risk of later problems due to factors such as poverty, undernutrition, adolescent pregnancy, exposure to HIV, violence, displacement and humanitarian emergencies. Interventions include home visits and parenting programmes that target very young mothers and their children, affordable or free, good quality daycare services for low-income families.
- iii) *Indicated support* for families or children with additional needs, including young children without caregivers, or with depressed mothers or in violent homes, children with low-birthweight, severe malnutrition, disabilities, or developmental difficulties. This also includes treatment and help with perinatal depression, good-quality care for preterm infants, family-centred rehabilitation and community support for children with developmental delays or disabilities.

Equitable public spending that ensures the needs of vulnerable children and families are supported through targeted and indicated interventions is critical to maximizing the returns on public investments, in addition to being a requirement of the Convention for the Rights of the Child, as elaborated in the [general comment No. 19](#) on public budgets for the realization of children's rights.



Figure 2
Meeting families and children's needs with an equity lens³



³ World Health Organization, United Nations Children's Fund, World Bank Group, Nurturing care for early childhood development: a framework for helping children survive and thrive to transform health and human potential, World Health Organization, Geneva, 2018, page 22.



To better target engagements according to how ECD services are likely budgeted and financed, we further divided ECD services into three categories:



Sector-specific ECD services are within the established sector boundaries but have been traditionally underinvested; such services are most likely funded within the respective sector budgets. Examples featured in this resource guide are universalization of pre-primary education (at least one year prior to primary education) as part of the formal education system. For example, in South Africa the Grade R programme provides a universal school preparatory year through public education and non-governmental community programmes.



Box 2 South Africa Grade R pre-school programme



In South Africa children aged 4, 5 and 6 attend Grade R, a free preschool programme mainly attached to public primary schools but also offered at some accredited government-funded and community-based crèches. The highest uptake has occurred in the poorest areas, as parents have taken advantage of low-cost and safe daycare, a school lunch programme, and the expectation that their children will be better prepared for formal schooling. Since its launch in 2005, Grade R has been built on the education system, including teacher training, management, financing, monitoring, and quality control. School health services are provided, including disability screening. The programme is coordinated by an inter-departmental steering committee led by the Minister of Social Development, who reports to the Cabinet.



HELPFUL HINTS:

Parameters of the ECD product can vary in how they are budgeted and financed. Differences may arise from two sources:

- ▶ **The scope of the intervention has cost and fiscal affordability implications:** preschool education is typically a financially heavy programme, requiring upfront investments for infrastructure, as well as recurrent spending for well-qualified teachers. In contrast, strengthening the quality of health services for young children and families, including enhanced counselling and parental support through existing touch points with families (e.g., antenatal counselling sessions, home visits, immunization) are lighter in terms of capital investments and entail moderate costs for provider training.
- ▶ **Different delivery modalities imply different administrative arrangements,** which affect how budgets are put together: for example, if pre-primary education is delivered as part of the formal education system, its financing is likely taking place within the deliberations about the education budget. The financing of an integrated ECD policy, in contrast, typically entails additional budget coordination among various ministries and levels of governments.





Add-on (or top up) ECD services delivered through sector platforms not generally considered within the established boundaries of a given sector. An example of an add-on service modality is the use of the Care for Child Development (CCD) counselling package for caregivers⁴ implemented in Belize by three ministries within their respective budgets. CCD has also been delivered in Pakistan as part of the services provided by community lady health workers. CCD is one of many approaches to build and support parenting skills. The challenge is to scale up this kind of parenting and family support interventions, using existing services. Another example of an add-on service is the promotion of positive parenting practices through a cash transfer programme in Niger.⁵



Box 3 Nurturing care through routine health sector services



Adding nurturing care services to routine health services has emerged as a viable, pragmatic approach, provided it is done with quality and existing coverage of primary care services in health facilities and communities is adequate. When properly trained, motivated and supervised, health workers and other providers can play a key role in supporting and promoting nurturing care. Countries can bolster the role that healthcare providers and health services play by identifying the common contact points that families with young children have with the health services. They can also integrate missing components (e.g., counselling and support to parents on responsive care and early stimulation) and strengthen the quality of existing services. This should be followed up by ensuring they are included in operational plans and adequately costed and budgeted for during budget processes.

⁴ CCD is a counselling package co-created by WHO and UNICEF to provide guidance to health care and other providers on helping parents/caregivers build stronger relationships with their young children and solve challenges in providing nurturing care. The package can be adapted and integrated into existing intervention packages across multiple sectors. With regards to the health sector, CCD has been adopted in the Caring for Children's Healthy Growth and Development training materials that combine guidance on counselling on infant and young child feeding, care for child development, prevention of illness and care-seeking. CCD has the greatest impact on children who are at greatest risk, due to factors such as poverty, malnutrition, low parental education, exposure to HIV, preterm birth, or mistreatment.

⁵ Barry, Oumar, Ali Mory Maïdoka, Patrick Premand, [Promoting positive parenting practices in Niger through a cash transfer programme](#), Early Childhood Matters, Bernard Van Leer Foundation, 2017.



Combined services involving multiple services for given beneficiaries or their families which are not necessarily integrated, but rather coordinated for convergence of results. Examples illustrated in this resource guide are community based ECD centres for younger children (typically under five) which often combine multiple services that are tied together at the local level. Country examples are Malawi's community-based childcare centres and the multi-sectoral programme Chile Crece Contigo.



Box 4

Chile Crece Contigo - Multi-sectoral programme at scale



Chile Crece Contigo (ChCC) was originally designed to provide universal and targeted multi-sectoral ECD services from gestation to age four in all municipalities.⁶ Its point of entry is prenatal care in public hospitals, currently reaching about 80 per cent of the target population of pregnant women and their unborn children. The Biopsychosocial Development Support Programme includes access to maternal-child primary health care, screening, and referrals for children with developmental delays, and care for children admitted to hospital. ChCC ensures that young children living in a family with risk factors for poor early development also have access to age-appropriate stimulation and education from nursery school to preschool, and that their families are referred to additional social protection services including cash transfers and home visits. ChCC offers high-quality information about ECD to families and providers through a radio show and its website.

To illustrate how actions can be tailored and implemented, we identified a focus programme for each category of ECD services. Country examples are used to illustrate not only what actions are fit for purpose but also how they may be carried out. *Table 1* describes the three types of focus programmes, their key features, indicative cost profile and public finance implications.

⁶ The ChCC programme has been recently expanded to cover children up to 9 years of age.



Table 1
Illustrative focus programmes by type of service

	Illustrative focus programme	Key features	Indicative cost profile	Implications for public finance for children (PF4C) in ECD
<p>Sector-specific services TYPE 1</p>	<ul style="list-style-type: none"> ▶ Universal publicly funded free pre-primary education (see Montenegro example on page 94). 	<ul style="list-style-type: none"> ▶ Commonly recognized as part of free, public basic education, but not necessarily seen as critical for later learning success. ▶ Generally single ministry mandate. 	<ul style="list-style-type: none"> ▶ High cost, needing significant infrastructure investments. 	<ul style="list-style-type: none"> ▶ Potential tension with financing of other core services, especially if the sector has suffered from underinvestment. ▶ Importance of education ministry's budget planning and execution capacity.
<p>Add-on ECD services TYPE 2</p>	<ul style="list-style-type: none"> ▶ 'Nurturing' health services (see CCD Pakistan example on page 93). 	<ul style="list-style-type: none"> ▶ A line ministry (or ideally more than one) take on the responsibility to provide parental support/counselling on stimulation and responsive care through existing services (e.g., health, social welfare, education). ▶ Focus on 'demand' side that has the potential of enhancing the impact of 'supply' side of service delivery. ▶ Existing services extend to include support to children with disabilities or development delays. 	<ul style="list-style-type: none"> ▶ Low cost, leveraging existing health services. 	<ul style="list-style-type: none"> ▶ Potential tension with financing of core sector services, especially if they have been underinvested. ▶ Imperative to demonstrate cost-effectiveness and how CCD/parenting support contributes to their core businesses.
<p>Combined services TYPE 3</p>	<ul style="list-style-type: none"> ▶ Comprehensive community-based childcare and development centres (see Malawi example on page 76). 	<ul style="list-style-type: none"> ▶ A package of multiple services (e.g., health, nutrition, early learning, parenting support, affordable quality childcare) involving multiple ministries. ▶ A mix of public and private provision. ▶ Blending of central government transfers, local government revenue allocation, and household contributions (see Chile example on page 99). 	<ul style="list-style-type: none"> ▶ Moderate cost, leveraging existing community resources. 	<ul style="list-style-type: none"> ▶ Budget coordination among ministries and across levels of government is paramount. ▶ Prospect of blending public and private financing. ▶ Key factors: PF4C in ECD at local government level, household willingness to pay and equity in public spending.

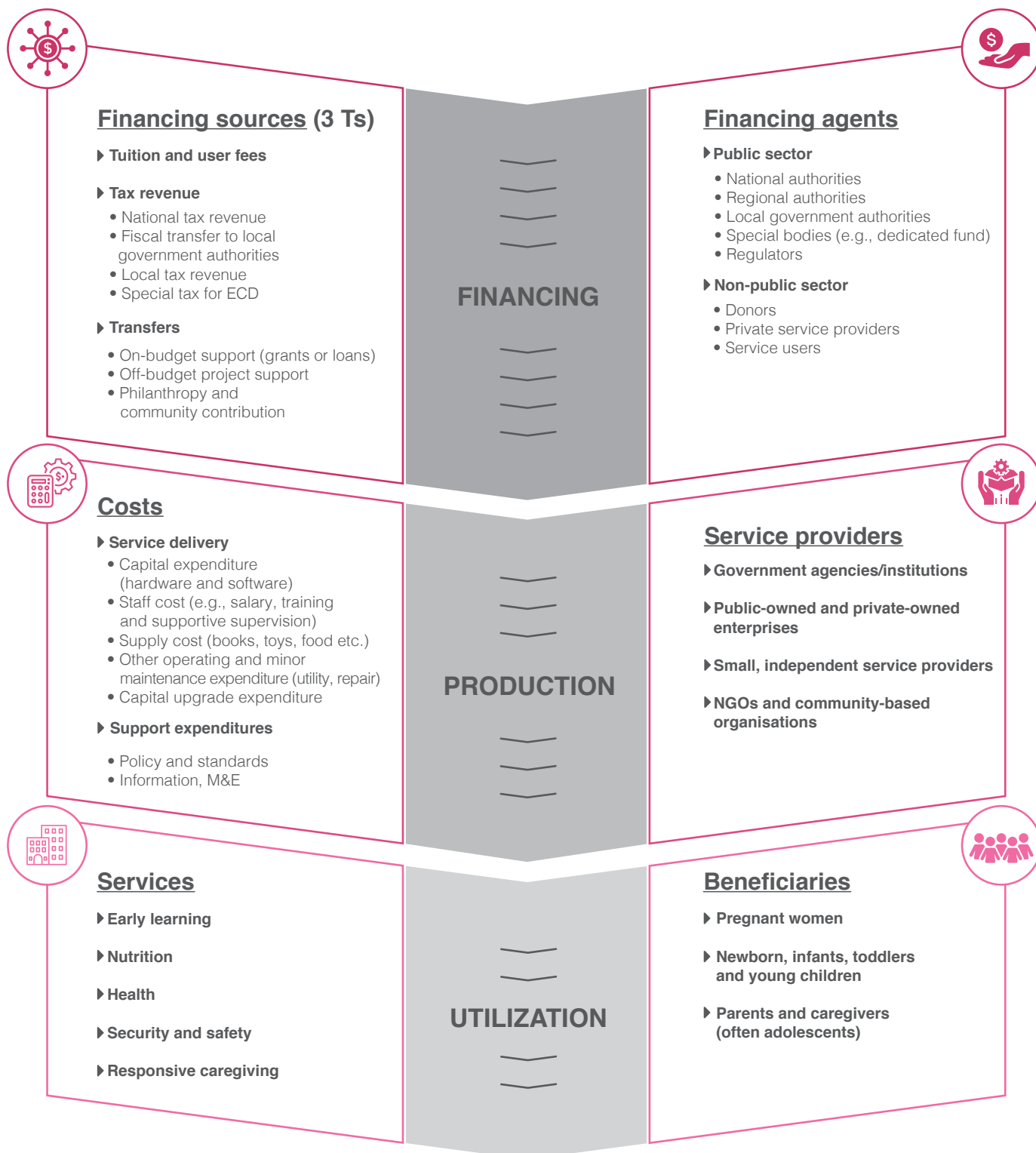
A financing flow framework is provided in *Figure 3* to illustrate the role of financing in the production and utilization of the ECD product. It also describes three components of ECD financing: i) *utilization of the ECD product*: services provided and beneficiaries; ii) *production*: costs of producing services and service providers that incur the costs; and iii) *financing*: possible sources of funding and the agents who provide such funding. This framework makes clear that sustainable ECD financing is not just about resource mobilization but also about the type and level of services targeted, the costs to produce them and the extent of cost recovery through realized demand.

Compared with some public services, there is a greater degree of diversity in ECD services providers, along with highly diverse sources of funding. ECD services tend to be funded through a mix of central, regional and local sources, and the share of public funding originating from national versus regional and local levels varies significantly from country to country. For example, as a result of public sector underinvestment in pre-primary education, households in most countries assume a large portion of the costs of their children's attendance.

Financing approaches vary significantly, depending on the type of ECD services. For health-based ECD services (e.g., nutrition, parenting support and counselling), funding sources include social insurance schemes, with additional funding mobilized through premium contributions. The inclusion of add-on ECD services in the healthcare package covered by health insurance schemes is a potential entry point for engagement (see the Philippines example on *page 52*). For combined ECD services at the community level, the increasing use of central government capitation grants provides another entry point to ensure ECD centres with the greatest needs receive a greater portion of funds. As national governments work to ensure that decentralized spending is both adequate and equitable, there may be opportunities to partner with lower levels of government, helping clarify responsibilities and establishing and implementing accountability mechanisms. While interest in non-traditional financing sources for ECD has grown (see *Box 5*), many governments may not have direct experience with such mechanisms.



Figure 3
ECD financing flow framework





Box 5

Emerging innovation in non-traditional financing arrangements for ECD

Compared with some established sectors, financing for ECD entails additional challenges but also unique opportunities. At least for some interventions, there is opportunity for shared financing between the public sector and the broader community. A growing trend is a government-led resourcing strategy that allows for and requires the allocation of resources by private entities and development partners, while the government is accountable for mobilizing and directing the necessary funds to meet ECD commitments and responsibilities. Namibia's ECD financing framework, for example, has three pillars:



At the national level, the central government contributes to a Children's Trust Fund through a special tax created to support ECD; Regional ECD Committees can apply for funds.



At the local level, the community is responsible for funding ECD programmes to the extent possible through parent fees, sponsor contributions, in-kind contributions, and local business support.

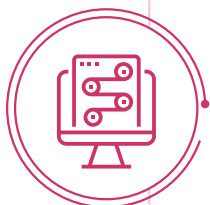


The central government provides communities with an Activating Fund for basic equipment, depending on the needs of the programme design.



Not surprisingly, ECD has been an area of interest for innovative financing.

This interest stems from several highly visible development impact bonds (DIBs), reflecting some of the more immediate positive spillovers from ECD investments. Financial returns may be generated through at least two channels: i) fiscal savings down the road, which opens up a chance for governments to become outcome funders in DIBs; and ii) fees generated by child care where it is part of the ECD model, helping sustain ECD services financially, especially when infrastructure costs are absorbed by governments/donors, and potentially free up public resources to expand access by the poor.



Within innovative financing, blended finance offers considerable potential.

Public funds play a critical catalytic role in blended finance through public-private partnerships, central grants or funds to local governments, and/or subsidies. Efforts to reinforce public financing therefore remain critical to provide a solid foundation for blended financing initiatives.



The potential for domestic resource mobilization for ECD through blended financing, however, must include safeguards for equity. Experience shows that even very minor user fees can limit access for the poor and marginalized. Blended financing efforts can be complemented by social protection measures, in line with the integrated social protection approach that UNICEF promotes.⁷

⁷For more information please refer to UNICEF Global Social Protection Programme Framework, available on: <https://www.unicef.org/reports/global-social-protection-programme-framework-2019>





3

Preliminary diagnosis and analysis for PF4C-related activities



Preliminary diagnosis and analysis for PF4C-related activities

Given scarce resources, it is important to contextualize the extent and nature of public financial management (PFM) constraints in a country to determine whether public financing for children (PF4C) actions are worth prioritizing. Before considering PF4C-related activities for a country's early childhood development programme, there are some preliminary diagnostics which can be used to determine whether and what PF4C in ECD activities will offer value. *Box 6* shows a simple four-step exercise to guide such planning, which development partners can undertake as part of a situation analysis or while developing or reviewing a country workplan.





Box 6

Assessing whether PFM-related issues are among the most pressing constraints for ECD in a country context



This four step exercise may be undertaken following a review of available studies:

1

Define the country-specific problem statement for an ECD outcome (or a dimension), in respect to any national targets.

2

Identify the country-specific strategies for improving the given ECD outcome, for example as outlined in national and subnational action plans.

3

Map the strategies into specific programmes and the respective items in the budget data; in fiscal decentralized contexts, be sure to capture subnational budget operations as well.

4

Analyse in local currency the level, trend and share of total in both allocations and actual expenditure, as well as geographic patterns, broken down by ministry, department and agency, and where possible, levels of government budget owner; if realistically costed plans are available, show spending gaps.

The findings from this exercise give a sense of the likely nature and scope of PFM constraints to achieving national objectives, even if it doesn't necessarily arrive at a conclusion on the sufficiency or efficiency of such expenditure. For example, a comparison of magnitudes across budget owners at different levels of government can reveal programme/spending gaps against existing action plans or geographic disparities, facilitating discussions among relevant stakeholders on possible next steps as well as the potential need for PF4C-related activities.

Provided that governments have reasonably good budget classifications, such exercises are often inexpensive and relatively quick to conduct, provided that governments have reasonably good budget classifications⁸, because they are based on publicly available budget data drawing on budget lines corresponding to the relevant programme/budget operations. Two good examples are the study of [public expenditure on child nutrition](#) by UNICEF Karnataka in partnership with a local think tank and the desk-based scoping of [budget allocations for ending child marriage in Bangladesh](#). Where budget data are not available publicly, line ministries may provide access to their internal budget data for analysis and participate in broader consultations to validate the findings.

⁸ As set out in the PI-4 score of the Public Expenditure and Financial Accountability assessment. See <http://www.pefa.org>

Another critical step to take before embarking on the proposed actions is to better understand the PFM context. Three assessments are suggested:

- i) **Understanding the country PFM environment to identify the entry point for advocacy.** This action will aim to answer questions such as: what type of PFM system is in place? How are budget decisions made and by whom? How centralized or decentralized is the budget? What does the political economy for the budget look like? Where ECD services delivery is the responsibility of local governments, where does the funding come from and what determines how it is allocated and utilized?

UNICEF commissioned a public financial management study in some countries, including the Philippines, which served as a basis for supporting fiscal transfer reforms underway in those countries, aiming to facilitate sufficient flows of funds to local governments responsible for delivering ECD services.

- ii) **Exploring budget allocation mechanisms for ECD to understand how the budget is formulated.** This will address questions such as: How is the budget for ECD prepared? Is it a government priority? Are cross-sectoral aspects of ECD reflected in the medium-term expenditure framework (MTEF)? See tool *6.a* in *Section 5* for information on analytical tools that can help answer these questions.



Box 7

Thailand - Equity and public financial management systems assessments



UNICEF Thailand conducted a Child and Equity Focused Assessment of the National Public Financial Management System, with a special focus on existing mechanisms for funding cross-sectoral priorities. Such an assessment is likely to lead the national teams to think of contextual approaches to solving the budgeting and fiscal conundrums often faced for cross-sectoral portfolios such as ECD. This effort led to the conclusion that an ECD Medium-Term Expenditure Framework would be a useful reference for the government to follow. It has become part of the office's advocacy programme agenda.



iii) **Understanding the political economy and fiscal space around ECD to identify opportunities to formulate politically savvy and targeted advocacy messages.**

Understanding the political economy is important because apportioning public resources during the budgeting phase is a highly political process, involving negotiations among people representing many institutions with varying interests. The implementation of ECD policies requires engagement from many actors; understanding the interests and incentives of different stakeholders is key to making ECD financing viable. This may include understanding influential decision makers and likely champions for change, formal institutions, what is feasible and what is not, and how different finance options may work under local conditions. Engaging with stakeholders who are likely to wield more influence over processes and have more decision-making leverage is an important step in consolidating partnerships for change. It is important to remember that different development partners will have their own political economy considerations and incentives, particularly when working in countries with multiple development partners. *Box 8* outlines the main elements of a political economy analysis to inform a PF4C strategy for achieving ECD programme objectives. When combined with fiscal space analysis, it can also be used to influence budget policy discussions at the national and local levels.



Box 8

Main elements of a political economy analysis and the Eastern and Southern Africa Regional Office (ESARO) example

The following questions may inform the PF4C in ECD partnership strategy of UNICEF country programmes, or the terms of reference for a political economy analysis.

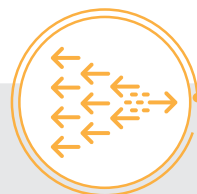


What institutions have formal mandates and responsibilities for ECD services, and how do capacity gaps drive the informal dynamics that affect budgetary decisions?

For example, if the ministry of finance has concerns about the capacity of a ministry with a significant ECD mandate to plan and execute a budget, it might be reluctant to increase budget allocations to that ministry, even if ECD is considered a budget priority.



What do power relations look like and how important is information and its influence on power dynamics? Who are the main actors on public budgeting (e.g., ministry of finance and line ministries, office of the president, parliament)? Where local governments are responsible for devolved ECD services, how important is it to influence their budget decisions? Is donor influence gaining importance in your country, in light of budget support operations and domestic budgetary participation requirement? What is the role of civil society organisations and what type of budget information do they need to influence power relations?



Who among the most influential decision makers are likely champions for change and who might block it? For example, if the ministry of health is struggling with an underfunded primary healthcare system, it might be reluctant to allow health workers to take on additional nurturing care services, even if it adds little to expenditures. Understand their legitimate fears and concerns and use evidence to respond to them. Offering options to alleviate the consequences can help increase the ministry's buy-in to incorporate nurturing care services.

An example of such analyses conducted for 16 countries in the Eastern and Southern Africa Region (ESAR) yielded the following insights:



Investment in core human capital sectors is expected to slightly decrease in the ESAR in the near term, albeit with significant variations across countries.

All countries have at least one very strong option to boost related investments by reprioritizing the budget, increasing domestic revenue and improving the efficiency of spending, while attracting more foreign aid and curbing illicit financial flows in sub-groups of countries.



Each fiscal space opportunity faces strong headwinds, ranging from the challenges of influencing the politics that underlie the budget process to the complexities of strengthening tax administration capacity and fighting corruption.

There are many opportunities to support the scaling up of child-focused investment throughout the budget cycle, as well as by supporting improved budget transparency and accountability practices.





4

Core Actions



Core Actions

UNICEF experience in public finance for children (PF4C) suggests that efforts to enhance domestic public financing for early childhood development (ECD) can be effective when the following principles are used:

- i) **Building on what's already out there** – draw from existing public financial management (PFM) diagnostic studies⁹, government expenditure reports and ongoing consultations with sector ministries to inform which PFM constraints are among the most pressing.
- ii) **Building on what we are good at** – if development partners already support programme design or sector planning, taking that knowledge to the budget-making processes overseen by the ministry of finance and parliament.
- iii) **Applying a PFM lens to what we do by helping inform a distinct set of budget information and processes.**

The resource guide recommends three core actions to consider and adapt to programmatic contexts, in partnership with other agencies and organisations where possible.

Informed by the [Global Programme Framework on PF4C](#), these actions are designed to respond to underlying reasons behind the 'ECD financing problem', with a focus on addressing the obstacles of lower budget priority, insufficient and inequitable allocations. While this focus is justified by the fact that, in most UNICEF programme countries, these are the most pressing obstacles to advancing ECD objectives, the proposed actions can also help address other PFM-related obstacles such as ineffective and inefficient expenditure, when combined with system-strengthening efforts that improve the results and equity focus of sector policies/strategies and implementation.

⁹Notably PEFA assessment in the [PEFA portal](#) and public expenditure reviews in the [Open Budget portal](#).

The three core actions and their underlying logic:



Effective budget advocacy at the national public financial decision makers level: policy commitment alone may not be enough, because national financial decision makers use a distinct logic due to hard budget constraints, as well as following distinct procedures and time schedules. Using the right evidence and language to win 'buy-in' from national public finance decision makers helps better align budget priorities with ECD policy priorities.



Support budget planning and formulation within the national budget processes: support to sector budget planning linked with budget submissions to the ministry of finance can increase the chances of funding for ECD services as part of increased budget appropriation to sectors, allocations to ECD within sector budgets, and improved transfers to disadvantaged areas.



Promote budget coordination: where countries adopt integrated ECD policy framework or programme models, further efforts aimed at improving budget coordination across sectors and levels of governments is key to pooling multiple sources of financing, with the additional benefit of helping identify gaps, segmentation or overlaps in spending.

Experience suggests these actions are not only technically appropriate but also feasible to implement and succeed when they are combined.

Combining actions can provide maximum impact. The following questions may help to decide on appropriate actions:

- i) Are they fit for the purpose? Which of the above-mentioned PFM constraints present the most pressing obstacles to implementing ECD policies/plans in your country? For example, does the ministry of finance agree with the economic case of investing in ECD? If it does, are the lead ministries able to effectively plan and budget for ECD and/or execute allocated budgets properly? These questions help to identify problems and entry points, and prioritize the activities and outputs that are more likely to address the given problems.

- ii) Are they fit for the time frame? What engagements in the annual budget cycle could be useful and how would engagements differ in the medium-term expenditure framework? For example, is an ECD programme new and if so, what does it take for it to be included in the medium-term expenditure framework (MTEF), since it is unlikely to be included in the annual budget cycle, which largely looks at incremental changes?
- iii) Are they opportune? What are the main financing opportunities to get ECD services funded? For example, is a maternal, newborn and child health project under the Global Financing Facility (GFF) being pursued and if so, is there an opportunity to influence the respective country's investment case to include nurturing care interventions and services? If so, actions such as costing and engaging GFF stakeholders around an ECD financing plan may be prioritized.
- iv) Are they appropriately sequenced? Action 2 is more likely to succeed when there is buy-in among national financial decision makers on the merit of public interventions in ECD. Similarly, efforts that strengthen budget formulation to improve the size and result focus of budget allocations can help catalyze public support for domestic resource mobilization measures. This implies that efforts are more likely to get results when 'do better' activities are followed through with 'do more' activities.





Table 2
PF4C in ECD core actions: what, why and when

	What	Why	When
<p>Action 1</p> <p>Effective budget advocacy</p>	<ul style="list-style-type: none"> ▶ Make the investment case for ECD services that speaks to questions guiding budget decision making. ▶ Generate evidence on trends and performance of public expenditure, identify the constraints to ECD policy implementation and outcomes. ▶ For devolved ECD services, generate evidence on financing flows to local levels and identify the constraints they pose to service delivery and outcomes. 	<ul style="list-style-type: none"> ▶ Governments are concerned about costs, affordability, and cost-effectiveness. ▶ Governments increasingly ask whether money has been spent well before allocating more to the same agency. ▶ Decisions on appropriations to each sector are overseen by the ministry of finance and parliament, whereas sectors decide if and which ECD services to take on; local government authorities are also key in deciding whether central transfers and local revenues are allocated to ECD services. 	<ul style="list-style-type: none"> ▶ During ECD policy development. ▶ Ahead of the medium-term expenditure planning process. ▶ Ahead of the strategic budget planning stage of the budget cycle.
<p>Action 2</p> <p>Support budgeting processes</p>	<ul style="list-style-type: none"> ▶ Support workplan costing that links sector plans with budgets and informs line ministries' budget preparations. ▶ Assist line ministries and local governments in budget preparations. 	<ul style="list-style-type: none"> ▶ When line ministries/local governments prepare better budgets, their 'asks' are more likely to be accepted and approved. 	<ul style="list-style-type: none"> ▶ During the budget formulation stage of the budget cycle.
<p>Action 3</p> <p>Promote budget coordination</p>	<ul style="list-style-type: none"> ▶ Review all ECD-related public expenditure and institutions to facilitate pooling and tracking of multiple sources of financing. 	<ul style="list-style-type: none"> ▶ Without comprehensive information on what, where and by whom all forms of ECD-related spending has occurred, gaps in budget coordination will be hard to detect. ▶ Segmented spending causes overall expenditures to be less effective. 	<ul style="list-style-type: none"> ▶ During ECD policy development. ▶ During medium-term expenditure planning process. ▶ During strategic budget planning of the budget cycle.



Better targeted budget advocacy

Effective budget advocacy entails three elements: targeting the right audiences, speaking the right language, and using the right evidence.

Targeting the right audiences

While social ministries are core partners, there is a need to target advocacy at those making budgetary decisions in countries, both at the national and subnational levels.

The latter is particularly relevant for countries where decision making related to early childhood development (ECD) spending is decentralized. Social ministries are crucial to work with because they decide whether and how ECD services are integrated into existing sector-based services.

However, since decisions on public budgets tend to be overseen by the ministry of finance, parliament and budget departments of line ministries, what works for policy advocacy may not work well for budget advocacy (*Figure 4*). Recognizing the need to reach non-traditional counterparts in governments, it is important to establish dialogues with the ministry of finance (MoF), parliamentary budget committees and others. Such engagements should be part of a broad stakeholder engagement strategy, depending on the local context. Common key stakeholders for domestic public financing of ECD may include:

- i) **Line ministries** (i.e., education, health, and social development) are directly concerned with financing issues (e.g., strategic planning, costing, budget allocations, efficiency, equity, user fees, etc.). Moreover, they play a key role in the budget process through budget submissions and execution. Consequently, there is a great opportunity to work with line ministries, building on previous collaboration, to address financing policy issues and strengthen their plan/budget capacity and submissions to the ministry of planning and the ministry of finance.
- ii) **Ministry of finance:** as discussed earlier, common ground is likely to be found in MoF concerns in terms of effectiveness and efficiency of spending. MoF is not only a valuable source of political support for the ECD agenda, but also plays a key role in facilitating access to multi-sectoral data.

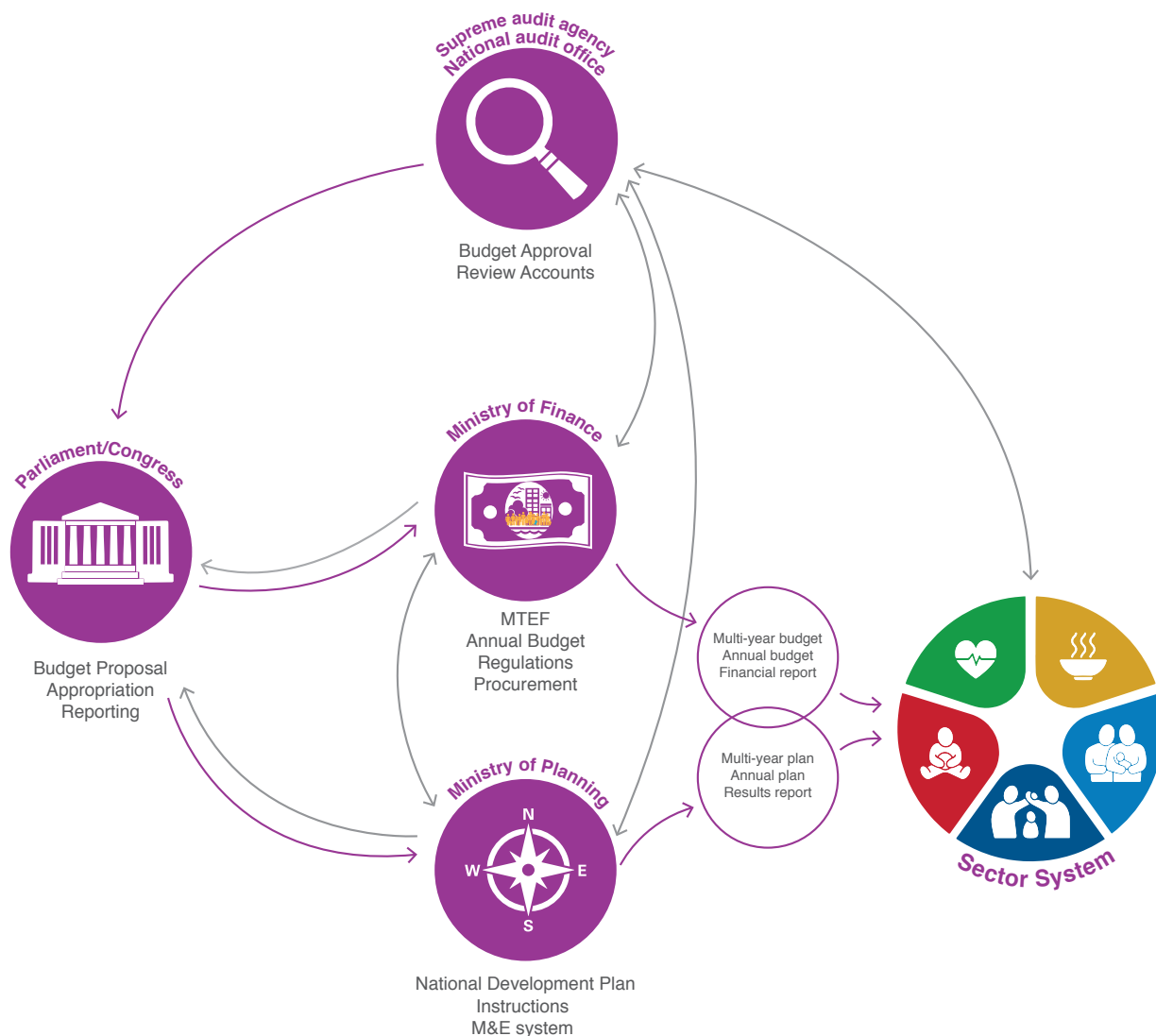


- iii) It is essential to build strategic relationships at the political and technical levels to go beyond ECD advocates, and reach other national decision makers and influencers, including **parliamentarians, donors, think tanks, and civil society organisations** (e.g., non-governmental organisations working on ECD issues or organisations working on accountability issues).

There also are national public financial management issues that can influence the use of official development assistance within national budgets. Budget support for education, for example, can be influenced for a greater emphasis on pre-primary education, and as budget support works to realign government budgets, advocacy with main aid providers can be effective in influencing government budget allocations to ECD. IFIs such as the World Bank are another group of influential actors in public financial management (PFM), both through their lending operations and their policy advice. A good example is UNICEF advocacy in the Republic of Marshall Islands. In 2018, UNICEF produced a data-driven paper on stunting, which the government used to catalyse a total USD 22 million in assistance from the World Bank for an Early Years project. The government is now using this financing for a comprehensive 10-year national programme for ECD, with technical assistance from the World Bank and UNICEF.



Figure 4
Public financial management system and budget actors



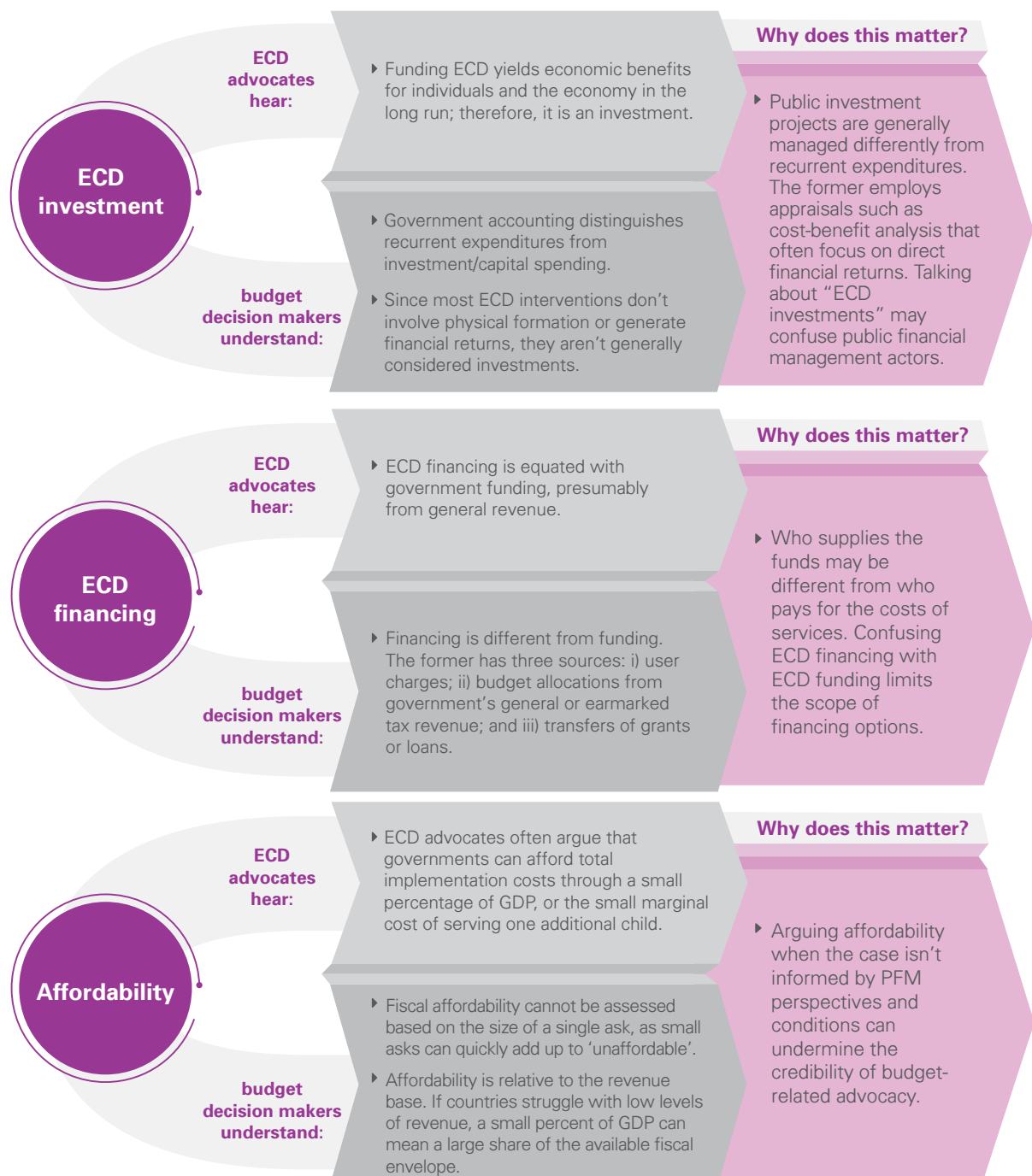
Speaking the right language

UNICEF experience on promoting sector financing points to the importance of using the language of public finance. For example, [UNICEF EAPRO's study on the political economy of health in four countries](#) found that ministries of finance are persuaded by data on costs and affordability, but these are rarely captured systematically or critically analysed, including by development partners supporting demonstration projects or pilots, which has posed constraints to financing reproductive, maternal, newborn and child health services (Andersen and Hipgrave 2011).

The ECD literature also points to the need to be aware of how common communication messages might be understood differently by policymakers and advocates. Often, communication around ECD investment cases tends to adopt a public communication and advocacy language, which may not be suited to actors involved in national budget discussions since they utilize a different and specific set of information and processes. *Table 3* illustrates how ECD advocates and budget actors may understand three commonly used terms.



Table 3
ECD advocates and budget actors may hear things differently



Enhancing the effectiveness of budget advocacy includes not only raising awareness of the science behind ECD but also making the case of how ECD spending contributes to national public financial management objectives. Linking ECD benefits with current government priorities, such as earning demographic dividends, achieving Sustainable Development Goals, or building human capital (including developing the skills needed to effectively participate in tomorrow's workforce), is important to generate political support. However, public financial decision-making is guided by yet another set of goals. Countries strive to achieve three PFM objectives: aggregate fiscal discipline, allocative and technical efficiency. The more our advocacy messaging speaks to these objectives, the more likely the dialogue will be successful:

- i) ECD interventions not only generate future gains for individuals but also create **positive externalities**, which should be emphasized to justify the use of public funds. An example of such externalities is a greater labour market participation by caregivers who are generating income from childcare services.
- ii) The time-sensitivity of ECD means that if timely interventions are missed, the adverse effects can result in higher costs down the road (e.g., grade repetition, poor health, substance addictions), jeopardizing **fiscal sustainability**.
- iii) The life cycle of ECD suggests that services such as nutrition, preschools and parenting support are important for the effectiveness of expenditure on priority social programmes (e.g., health and education) down the road. Investing in such complementary services today thus contributes to the inter-temporary **allocative efficiency** of the public budget.
- iv) The multi-dimensionality of ECD implies that some sector objectives involving young children and their parents/caregivers can be achieved most **efficiently** through integrated projects or programmes.

Advocacy messages that speak to public financial management principles need to go beyond asking for more funds and emphasize better spending. For example, a public expenditure analysis by UNICEF Solomon Islands showed that the main issue was not the level of ECD spending, but the fact that investments were not translating into better child

outcomes. In that context, the stronger pitch is better budget management and tracking to determine where the money goes, why it is not producing expected outcomes, and how to invest better. **Quality of ECD services being key to the effectiveness of public spending is another message that must be highlighted.** Quality and access must always be linked. All children should have access to pre-primary education, but low-quality programmes depress demand, waste resources and do little to close the learning gap for disadvantaged children.

To ensure that funds are available for quality assurance and better implementation, governments should aim to reserve 25 per cent of their recurrent pre-primary budgets for non-salary costs such as learning and teaching materials, teacher training, curriculum development and quality assurance mechanisms.

A World Ready to Learn: Prioritizing quality early childhood education, UNICEF, April 2019.

Using the right evidence

When evidence used in advocacy responds to key questions guiding budget decision-making, there is a greater chance our message will be heard. When presented with the case for investing in ECD, governments often are unclear on how to respond because that evidence alone doesn't show how countries are currently spending on ECD, where the gaps are within their own policy goals and how to address such gaps. For example, many governments don't know how much they have spent overall on ECD or whether that spending has yielded results, while other governments assume that ECD is mainstreamed in sector spending.

For sector-specific and add-on ECD services, generating evidence to show affordability and cost effectiveness needs to take a systematic view. Evidence that highlights the critical gaps within the system and outlines public financial management reforms needed to address them can make for more meaningful advocacy than siloed ECD financing asks.

Strategies to increase pre-primary financing demonstrate the need to look at education sector financing as a whole, and to understand the challenges of financing pre-primary education as part of broader efforts to improve internal efficiency and pro-poor financing.

A World Ready to Learn: Prioritizing quality early childhood education, UNICEF, April 2019.

Additionally, evidence focused on progressiveness and the composition of public spending for ECD can be helpful for national financial decision makers. Because ECD offers the greatest return for young children in socio-economically disadvantaged backgrounds, evidence that focuses on public spending composition and highlights the allocations made for the most vulnerable children can inform decisions around the use of public funds. In addition, because all five dimensions of the nurturing care environment are needed to achieve early childhood development, evidence that reveals gaps in public investments across dimensions can be helpful for informing decisions aimed at improving allocative efficiency. *Section 5* discusses ways to use analytical tools to highlight the equity and composition aspects of assessing public spending for ECD.



Box 9

Options for increasing the funding envelope to operationalize the Nurturing Care Framework

As stated in the [Report of the Global Nurturing Care Partners Meeting \(June 2019\)](#), countries have a range of options for increasing the funding envelope for nurturing care, across all sectors:

- ▶ Leverage political will around the importance of human capital for sustainable growth and prosperity.
- ▶ Integrate ECD interventions into relevant budget components of other sectors (e.g., cash transfers, nutrition platforms, early learning, health sector, public works, sanitation).
- ▶ Identify new sources of funding (e.g., public-private partnerships, innovative financing).
- ▶ Create efficiencies and maximize gains by leveraging resources in smart and creative ways.

Examples of potential additional sources of funding: World Bank, GPE, GFF.





Support national budgeting process

Engaging in the budget process is often necessary to increase the size and quality of ECD investments. To strengthen links between ECD policy and budgets, it is important to go beyond advocacy to include timely support to budget making processes. Working with line ministries to integrate programmes for children into the budget and cost them properly is key to sustained funding. Key services and programmes can be costed and included in line ministries' and local governments' budget planning and submissions in a timely manner. Such efforts should be complemented by well-timed advocacy with key PFM decision makers on the efficiency merits of timely investments, as well as support to their sequencing within the medium-term budget planning process (*Figure 5*).

In Kenya and Lesotho, for example, the Medium-Term Expenditure Framework (MTEF) is a strategic reference document where national sectors and programmes are recognized. **Supporting MTEFs to include ECD services is critical for a sustainable positioning of ECD in national and local systems.** In countries adopting programme-based budgeting, support in this area further contributes to enhancing the effectiveness and efficiency of public resources.

Where governments introduce financing measures for social services such as health insurance, it is important to support costing and cost-effectiveness analyses of different delivery models. The aim is to include ECD services into basic benefit packages, while improving overall cost efficiency of government spending (see the Philippines' example in *Box 11*).



Box 10

A medium-term expenditure framework (MTEF) for ECD and possible entry points for support

Similar to a government-wide MTEF, an ECD MTEF will include three components: top-down budgeting, bottom-up budgeting and reconciliation and reprioritization. Public financial management actors can support governments to prepare MTEFs, while partners such as UNICEF with sectoral expertise can add value to the following aspects:



Top-down budgeting entails projecting likely availability of resources in the medium term within which the concerned department is expected to contain its expenditures and propose savings that can be used to finance new initiatives or expand existing ones.

Entry point: Convene all ECD stakeholders (donors, non-governmental organisations and communities) to facilitate the mobilization of resources from all possible sources and the exploration of sources of efficiency savings. The local financing source assessment (see *Tool 3* in *Section 5*) may provide useful inputs where ECD services are devolved.



Bottom-up budgeting involves prioritization of departmental objectives based on existing status of sector and schemes currently being implemented. This is followed by cost estimation of resources required to achieve desired targets, linked to performance indicators through suggested interventions; budgetary expenditure requirements are then calculated.

Entry points:

- ▶ Support review of ECD strategy and key sector strategies (health, education and social welfare); a good example is [education sector analysis](#).
- ▶ Support the mapping of desired outputs and objectives.
- ▶ Budget analysis to inform on financing gaps, which may consist of three components: i) analysis of the current level of expenditure and corresponding performance, as well as expenditure projections showing requirements to maintain current level of performance indicators (see *Tool 2* in *Section 5*); ii) costing (see *Tool 4* in *Section 5*) of identified interventions to take the sector to the envisaged level of performance and meet the ECD objectives over and above trend scenario projections; and iii) scenario analysis through alternate improvements in indicators and accompanying expenditure requirements.



Reconciliation and reprioritization entails identifying deficits or surpluses and 'balancing the books' by scrutinizing existing spending for potential efficiency gains, sequencing different interventions and/or slowing down the pace of expansion (e.g., starting with one year of preschool).

Entry point: value judgement based on cost-benefit analyses may inform sequencing of different ECD interventions (see *South Africa's example*). A comprehensive ECD expenditure analysis (see *Tool 6* in *Section 5*) may prove useful for identifying efficiency savings through reduced overlaps and segmentation by accounting for all existing ECD-related expenditures.



Box 11

Well-developed costing of a health insurance benefit package to leverage health insurance funds for improved health coverage of premature and small babies: an example of the Philippines

Half of all infant deaths in the Philippines are newborns, and complications from preterm birth and low birth weight are among the top causes of death. An estimated three quarters of these premature and small newborn babies could survive if they had access to cost-effective interventions. Cost is one of the main reasons why these interventions remain inaccessible to many.

In 2010, the Philippine government adopted universal healthcare. The National Health Insurance Program (PhilHealth) is one of the key pillars to ensure improved access to health care with financial risk protection. Using a recently passed sin tax law, the government started to increase its budget for health significantly, mainly to cover health insurance premiums of the poor, leading to a significant expansion of PhilHealth coverage.

In 2013, UNICEF started a strategic engagement with PhilHealth, supporting the improvement and expansion of the packages of services and interventions it covers. In 2016, UNICEF supported the development of a new benefit package for small and premature newborns, potentially benefiting 350,000 children a year. An outcome pathway approach was used to develop the new benefit package, leading to more meaningful costing that allows the differentiation of unit costs for different pathways. Previously, PhilHealth expenditures for premature and small newborn health services were based on a common per child cost; by differentiating the lower cost outcome pathway from the higher cost outcome pathway, the cost structure became more efficient, making it possible to expand coverage of appropriate interventions without significant funding increases.

A simplified schematic of the outcome pathways for premature and small newborns:

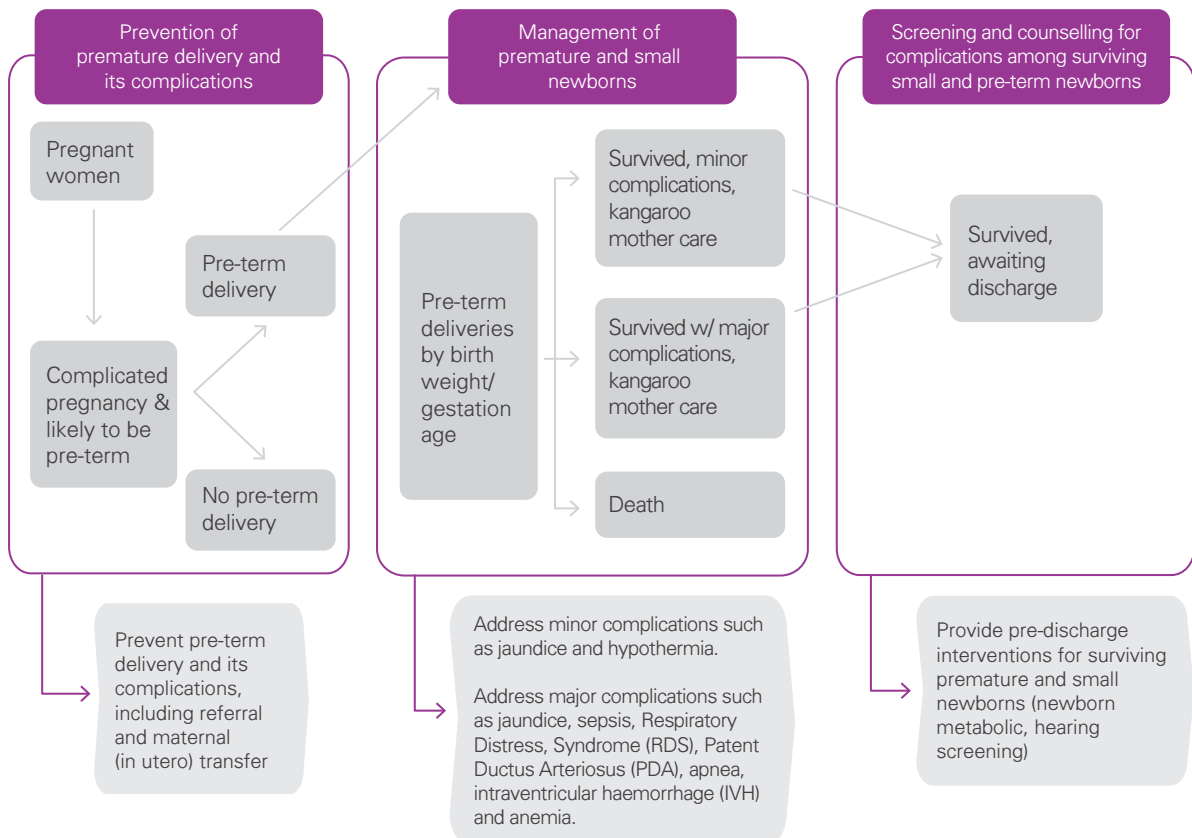
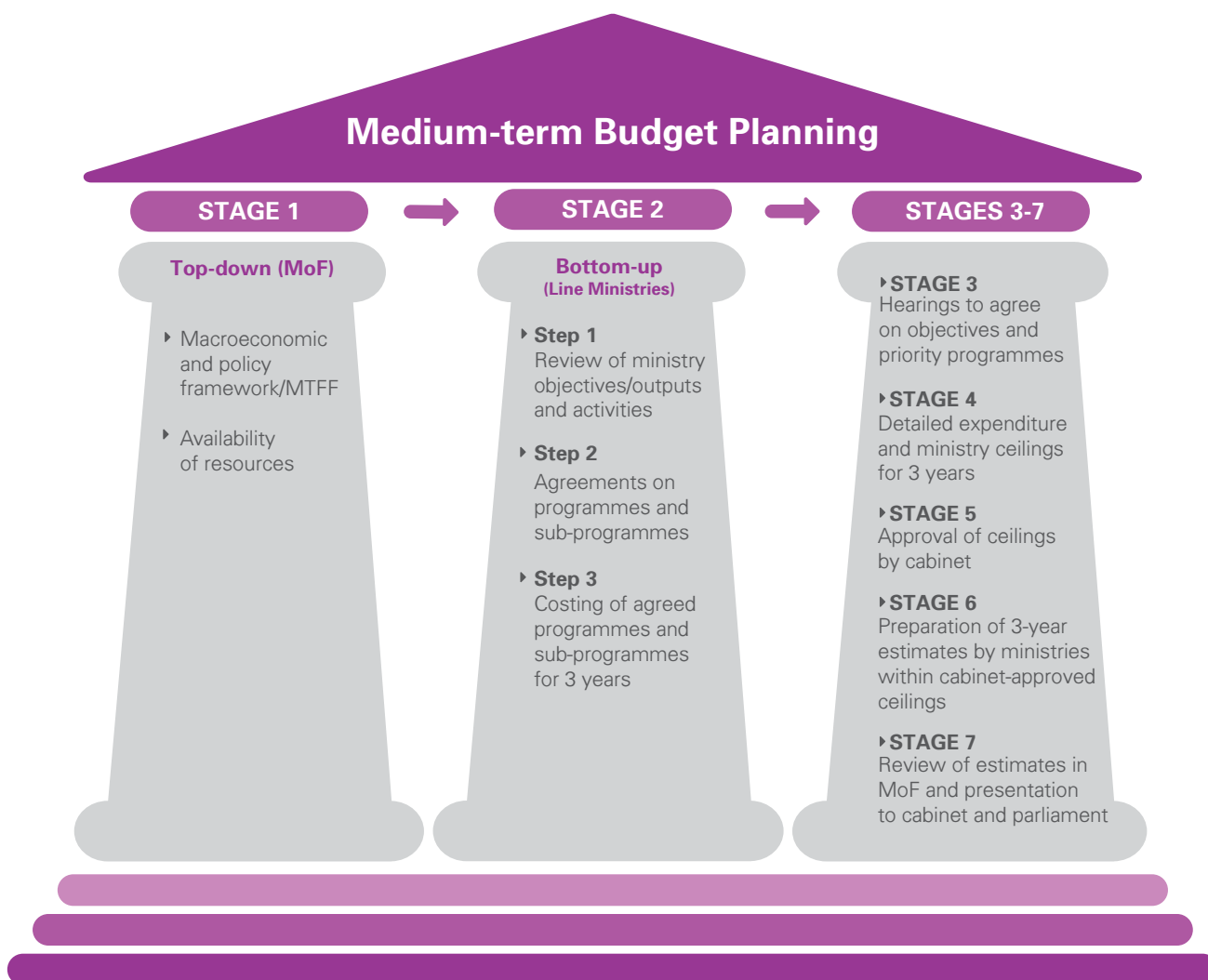




Figure 5
Stages of medium-term budget planning



A quality budget requires quality inputs - line ministries' budget submissions should be evidence-informed and results-based. A common concern raised in UNICEF's dialogue is that budgets prepared by line ministries do not always provide the data and justification required in budget review and deliberations. For ECD, this activity is important to ensure sector-based ECD interventions are properly planned and built inside the budget submission. In this regard, it may be additionally important to ensure cross-sectoral coordination where relevant intersectoral programmes are being planned and budgeted so that crucial services for ECD do not fall through the cracks.



HELPFUL HINT:

Innovation from UNICEF Myanmar

UNICEF supported the introduction of a narrative budget template, which accompanied line ministries' standard budget submissions. This was welcomed by Ministry of Planning and Finance, as it helped them better understand the key results that line ministries' budget would contribute to. Senior officials from the Ministry for Social and Child Welfare widely used these narrative templates in successfully defending a significantly bigger budget proposal in Parliament.

In many countries, it may be easier to engage in the upstream point of budget preparation. This focus does not take away from the importance of monitoring and tracking how allocated funds are utilised to achieve intended results.¹⁰ Diagnosis and resolution of budget implementation problems can also address significant constraints to service delivery. Entry points and partners can be further organised along the budget cycle:

- i) During the budget formulation phase, it is key to support the ministry of finance (MoF) to reflect ECD-related priorities in budget laws and medium-term expenditure frameworks. This then makes it easier for line ministries and local governments to reflect child concerns in their budget submissions. Where possible, it may be highly worthwhile to support and facilitate budget ceiling negotiations between ECD implementers and the MoF.

During this stage, there may be an opportunity to support a sector or local government by helping them strengthen their arguments to the MoF with evidence such as cost-effectiveness analysis or linking planned expenditure to results. Technical



HELPFUL HINT:

The role of parliament and civil society organisations in influencing public budgets varies widely across countries, depending on their political system. For example, about 85 per cent of legislatures make minor or no changes to executive budgets. See the [Inter-Parliamentary Union's website](#) for country profiles on the role of parliament.

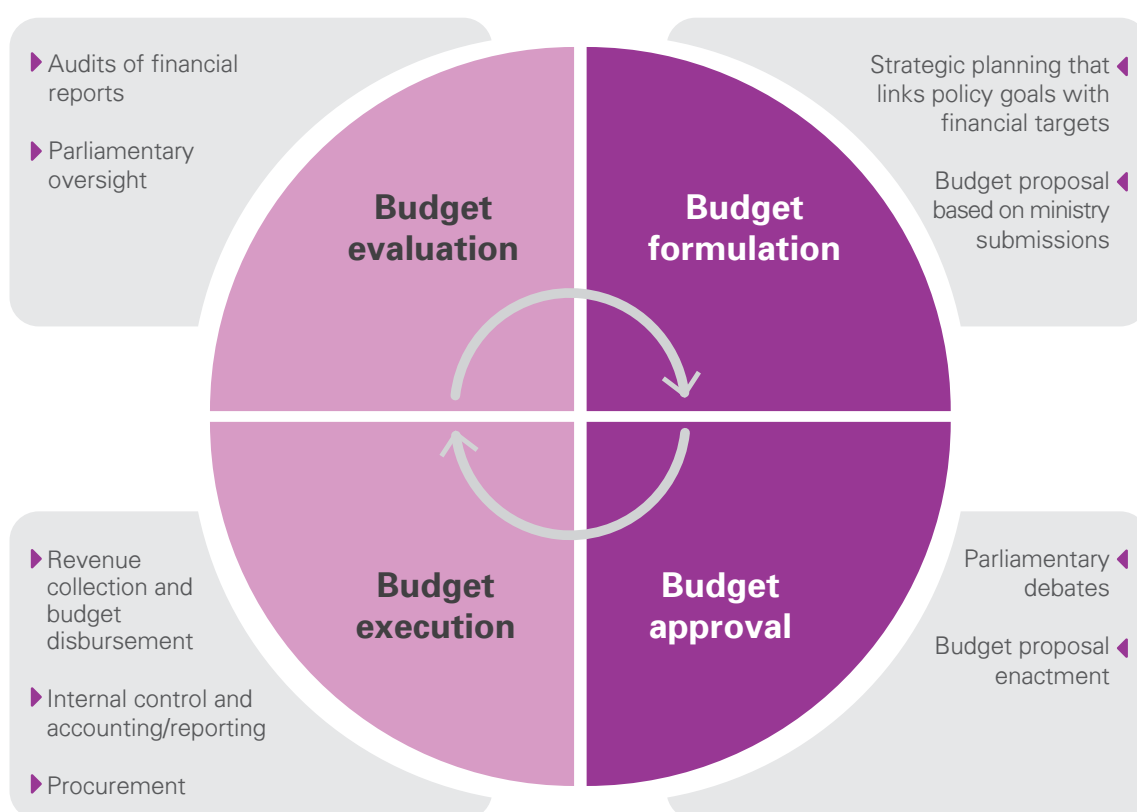
¹⁰ A good example is Peru's use of programme evaluation to examine the issue of effective and efficient public spending on ECD programmes.

assistance and capacity building activities can help strengthen ministries' budget submissions and help them make a more compelling case to the MoF.

- ii) During the budget approval phase, there is an opportunity to work with Parliament to support their understanding of the budget and to provide further analysis, so that decision makers can see the extent to which ECD-related policies and laws they have adopted are adequately reflected. This can include support to civil society to understand the budget and the budget preparation process, so that they can better raise their concerns with local and national authorities.¹¹



Figure 6
The four stages of the budget cycle and main functions



¹¹ See [Guidance on Working with Parliaments on Budget Advocacy, Monitoring and Oversight for Children's Rights: Synthesis of Findings](#).

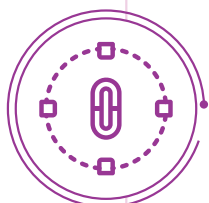


Box 12

How UNICEF Cambodia used evidence generation, targeted budget advocacy and budget formulation support for greater and better budget allocations to nutrition



The problem: In 2014, 33 per cent of under-five children in Cambodia were stunted, 25 per cent were seriously underweight, and one in 10 children suffered from severe acute malnutrition (SAM). Annually, approximately 4,500 deaths could be attributed to malnutrition, nearly one third overall child deaths. Along with the World Food Programme, UNICEF conducted a study demonstrating the adverse impact of malnutrition, which constitutes an economic burden that costs Cambodia an estimated USD 266 million annually. Despite the country's economic growth, the quality of young children's (6-24 months) diet remained a concern. More than 60 per cent of children aged 12 to 23 months and up to 80 per cent of children aged 6 to 8 months weren't receiving the minimum acceptable diet daily.



Public financial management constraints: Budget allocations for nutrition were insufficient to address Cambodia's malnutrition problem. UNICEF Cambodia identified three reasons for the low budget allocations: i) key Ministry of Finance (MoF) stakeholders were not informed about the scale of the malnutrition problem and its economic impact; ii) the Ministry of Health (MoH), which has responsibility for malnutrition, had not been able to use the programme budgeting template to provide a compelling evidence-based justification; and iii) the budget circular did not include references to planned nutrition outcomes.



Targeting financial decision makers: UNICEF Cambodia presented the consequences of under-investing in nutrition, especially its contribution to the causes of child deaths and cognitive underdevelopment. UNICEF Cambodia also presented the results of a cost-benefit analysis of investing in the purchase of ready-to-use therapeutic food (RUTF) to address severe acute malnutrition.



Engaging in the budget process: UNICEF provided technical presentations to the Ministers of Finance and Health, with the result that the MoF decided to include nutrition in the 2017 budget formulation circular. UNICEF then worked closely with the MoH's National Maternal and Child Health Centre, which is responsible for the national nutrition programme, to prepare the budget and include the requests for RUTF/BP-100.



Results: During the budget negotiations in July 2016, MoF and MoH allocated budget for RUTF and included it in the essential drug list of MoH for procurement in 2017. A follow up meeting with MoF in April and May 2017 ensured that nutrition remained in the budget policy priority list in the 2018 budget formulation circular. In July 2017, MoF and MoH increased the budget allocation for nutrition by 30 per cent for 2018. The increase allows for the procurement of sufficient quantities of RUTF, particularly the locally produced Num Trey.

It is also important to support subnational budgeting processes wherever ECD services are devolved to communities and/or local governments. Given that in many countries responsibility for ECD is shared across different levels of government, efforts to address unfunded mandates and weak planning and budgeting capacity at the local level are key to ensuring ECD-related services receive due priority and investments. It is important to support local governments in building their finance personnel's capacity to appreciate the importance of ECD, so they start demanding more resources, as well as utilize allocated resources more effectively by enhanced planning of what exactly to spend on.

UNICEF Philippines provides a good example of supporting the planning and budgeting capacity of local governments in the poorest districts, which resulted in increased investments in children, covering several key dimensions of ECD (see *page 52*). Financial accountability at the local level is also important to ECD resourcing, as it is not just about how much budget they obtain but also how well it is spent. While improved planning and budgeting helps address accountability challenges, further support to track the use of public funds at the local level is also necessary.

There are many good practices to promote. In Chile, for example, local institutions that receive funds for services through Chile Crece Contigo are required to report expenditures monthly or annually (depending on the programme). These requirements, along with framework agreements signed between municipalities and the central government specifying implementation standards, also promote accountability in how municipalities spend money.

What information/analyses were Rwandan line ministries asked to provide during the 2017/18 budget formulation?

- ▶ Completed table of 2017/18 budget estimates and Medium-Term Expenditure Framework
- ▶ Completed table of new earmarked transfers to decentralized entities for fiscal year 2017/18 and the medium-term
- ▶ Information on cost drivers and cost assumptions to justify budget allocation
- ▶ Updated guidelines for existing earmarked transfers and additional information for new earmarked transfers to districts for fiscal year 2017/18
- ▶ Annual work plan and budget for ongoing and new projects

Source: [Budget call circular](#), Ministry of Finance and Economic Planning of the Republic of Rwanda, 2017.

At the same time, support to local governments should be complemented by working with the ministry of finance and line ministries to remove funding blockages. Local governments in many countries rely on central government transfers to deliver devolved services and are thus constrained by the amount and timeliness of funding they receive. In this regard, engaging in opportunities to influence intergovernmental transfer reforms or sector financing formulas can be strategic.

To engage effectively in the budget process, a comprehensive understanding of the budget planning and preparation system is essential. The knowledge triangle (*Figure 7*) can be used to inform which aspects of the budget process to focus on and where.¹² The three 'outside' triangles form the knowledge frame, the scope, as well as the basic regulations which govern public spending. The inner triangle – how money has been spent in the past, depends on and is contained within the outside triangles.

Sustainable financing for ECD requires an awareness of how the government spent money in the past, including any donor or external funds. What areas does the government not spend money on? Is the country 'graduating' from the Gavi vaccine alliance or receiving fewer resources from the Global Fund, the Global Financing Facility or the Global Partnership for Education? What are the ramifications for sector-specific or add-on ECD services? Budget preparation may overlook such facts, particularly if the budget is mainly developed by mirroring the previous year's budget.



¹² See guidance on [how to engage in the national budget process](#).



Figure 7

The 'Budget Triangle' – the knowledge to engage effectively

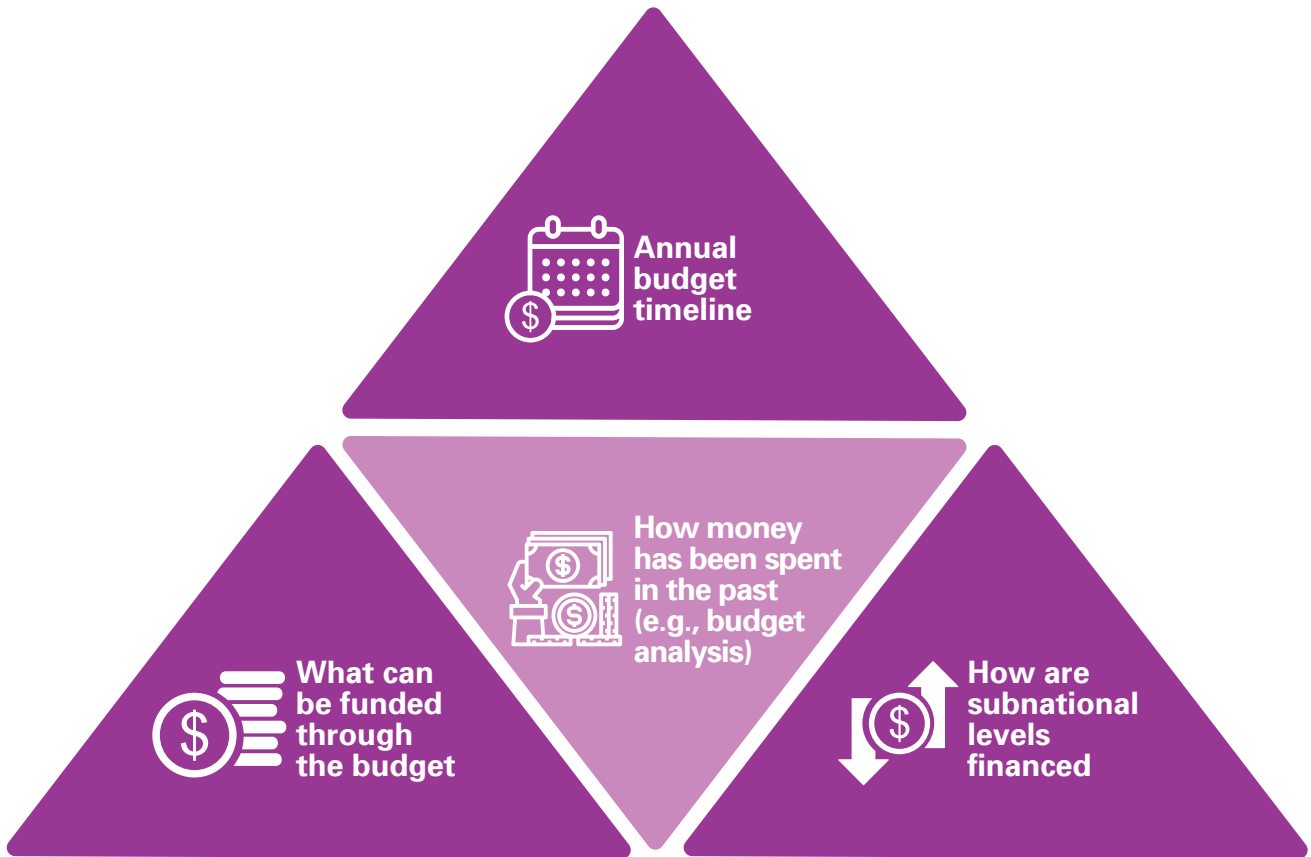


Table 4 highlights some of the key questions guiding decision-making during the budget process and key entry points for influence and support.



Table 4
Selected questions guiding budget decision-making and key entry points

	Pre-budget preparation	Budget preparation and formulation	Budget approval
Key guiding questions	<ul style="list-style-type: none"> ▶ What were the results of sector spending on programmes relative to intended objectives? 	<ul style="list-style-type: none"> ▶ What interventions are cost-effective and should be included in the action plan to achieve sector goals over 3-5 years, and how much would it cost to implement the action plan? ▶ Given sector budget ceilings, what programmes/activities does each sector prioritize and for what expected results? 	<ul style="list-style-type: none"> ▶ Given sector budget ceilings, what programmes/activities does each sector prioritize and for what expected results?
Budget decision makers	<ul style="list-style-type: none"> ▶ Support public expenditure analysis ▶ Produce budget briefs ▶ Capacity building of parliament to scrutinize annual budget reports ▶ Facilitate civil society and government pre-budget dialogue 	<ul style="list-style-type: none"> ▶ Map different kinds of benefits and costs, different interventions for stated sector goals, as well as intersectoral approaches ▶ Support integrated costing and planning ▶ Support costing of ECD action plan ▶ Use cost-effectiveness analysis for different interventions ▶ Build capacity of line ministries in results-based budgeting approaches ▶ Influence development of budget circular (i.e., budget guidelines) 	<ul style="list-style-type: none"> ▶ Use cost-effectiveness analysis for different interventions ▶ Build capacity of line ministries in results-based budgeting approaches ▶ Influence development of budget circular (i.e., budget guidelines)



Promote budget coordination

The goal of promoting a multi-sectoral package of early childhood education (ECD) interventions implies a higher degree of budget coordination across ministries than typically experienced in national budgeting. Budget coordination is key to the implementation of a multi-sectoral ECD policy or ECD delivery models that integrate services from multiple sectors at the same delivery point. A lack of coordination can result in certain ECD services being underfunded or neglected and others being resourced in fragmented or even duplicating ways.

Based on the Education Commission paper on ECD financing¹³, currently only a small number of countries have ECD budget coordination mechanisms. They generally take one of three forms: i) a dedicated ministry leads coordination (e.g., Chile, Peru); ii) a dedicated inter-ministerial body leads the coordination (e.g., Colombia); or iii) loose coordination across ministries and levels of government, convened by a single ministry (e.g., Indonesia and Malawi). *Table 5* shows examples of countries that have some form of budget coordination for ECD policy implementation. Understanding which form of budget coordination is likely to work well given the institutional setup in a country is key to the effectiveness of action in this area.

It is also important to understand the nature of budget coordination needs, which depends on the type of ECD services being promoted. *Table 6* illustrates the nature of the need for budget coordination by the type of ECD services and potential key entry points in national budget processes for engagement.

Where ECD programming includes support for policy coordination, evidence generation on gaps in budget coordination can be a key added value. This underpins the assessment of all ECD-related public expenditure.

¹³ Results for Development Institute, [Financing early childhood development: an analysis of international and domestic sources in low- and middle-income countries](#), International Commission on Financing Global Education Opportunity Volume II, August 2016

Another area of budget coordination to support is accountability mechanisms for funds transferred to local governments and service providers. For example, in Chile local institutions receiving funds are required to report expenditures monthly or annually, facilitated by a framework agreement between the central and municipal governments that includes implementation standards, helping ensure that funds are utilized effectively. Lack of coordination among initiatives led by different ministries creates challenges for identifying, monitoring and evaluating investment needs; having an inter-sectoral institution such as the Ministry of Social Development can help address this challenge.





Table 5
Examples of budget coordination arrangements


Country: focus programme	Budget coordination	Allocations to LGAs
 <p>Chile Crece Contigo is a system of universal and targeted ECD services</p>	<ul style="list-style-type: none"> ▶ There is coordination among the Presidency, Ministry of Social Development and Ministry of Finance. 	<ul style="list-style-type: none"> ▶ Ministry of Social Development allocates funds to local government authorities based on service provision agreements.
 <p>Colombia Dedicated ECD agency, the Colombian Family Welfare Institute (ICBF) implements ECD nutrition, health and education programmes, with a focus on disadvantaged children</p>	<ul style="list-style-type: none"> ▶ The intersectoral commission on comprehensive ECD coordinates implementation and financing among a dedicated ECD agency (ICBF) and several ministries. Monthly meetings discuss ECD financial needs and allocations. 	<ul style="list-style-type: none"> ▶ ICBF allocates funds to ECD centres. Revenue is collected from payroll tax and put into an account managed by ICBF. It is then allocated to lower levels of government for service delivery, including ECD centres.
 <p>Indonesia Community-driven ECD education and development with block grants</p>	<ul style="list-style-type: none"> ▶ Integrated ECD policy and the national development planning process are the basis for budget coordination. Annual national coordination meetings, hosted by the Ministry of National Development Planning, convene central, subnational and local governments to coordinate programmes. 	<ul style="list-style-type: none"> ▶ Central government allocates block grants to district implementing agencies, which in turn disburse funds to communities based on grant proposals submitted by local management teams.
 <p>Malawi Community-based childcare centres</p>	<ul style="list-style-type: none"> ▶ Ministries coordinate to determine budgets for ECD through joint planning sessions and joint capacity building. The Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) leads most ECD services, including coordination between ministries. 	<ul style="list-style-type: none"> ▶ The lead ministry: i) allocates funds to district assemblies to implement ECD services based on assessments of individual centre needs; ii) procures materials which are then sent to communities; and iii) directs funds to accredited training institutions to train caregivers.
 <p>Peru Cuna Mas, an ECD programme that includes childcare, parent support, nutrition support and maternal, newborn and child healthcare (MNCH) services, targeting poor children aged 6 to 36 months</p>	<ul style="list-style-type: none"> ▶ The Ministry of Development and Social Inclusion has the mandate of encouraging intersectoral and intergovernmental interventions. 	<ul style="list-style-type: none"> ▶ A results-based budgeting approach is used, in which the Ministry of Finance works with line ministries to identify necessary investments. The programme receives a budget for specific expenses upon achievement of specific results.



Table 6
Budget coordination needs by type of ECD services and potential entry points



Budget coordination

- ▶ Sector-specific ECD services are within sector service scope. Relatively low need for ECD-specific budget coordination beyond the coordination typically needed in national budgeting.

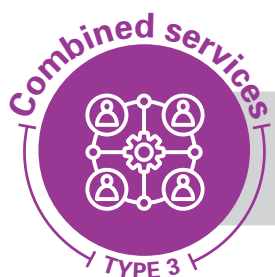
Allocations to LGAs

- ▶ Sector annual and mid-year budgets: when supported, sector budgets are more likely to prioritize services in early childhood such as MNCH and early childhood education (ECE).
- ▶ Budget circular: where possible, budget circular from ministry of finance can include an instruction for all ministries and local government authorities to indicate budget provisions for the relevant ECD services; this provides incentives for sectors to prioritize investments in early childhood.



- ▶ Where add-on services rely on existing staffing for delivery, sector ministries may be reluctant to take them on without being able to budget for additional costs, especially when the sector system is chronically under-funded; this gives rise to the need to work with the ECD lead agencies to make the case to ministries of finance.

- ▶ Medium-Term Expenditure Frameworks (MTEFs) and country access to external financing: existing sector budget may have limited scope to absorb the cost of add-on ECD services, but opportunities may be leveraged in the MTEF and through global funds (e.g., Global Financing Facility, Global Partnership for Education) and sector budget support.
- ▶ Budget circular: where possible, a budget circular from ministry of finance can include an instruction for all ministries and local government authorities to indicate budget provisions for relevant ECD services; this provides incentives for sectors to consider adding ECD services.



- ▶ Integrated services are more likely funded by a combination of earmarked revenue and pooled funds from multiple sources, including through designated budget lines within sector budgets.

- ▶ Medium-term budget framework (MTBF) considers both revenue and expenditure measures and can link a specific revenue measure to an expenditure programme such as ECD centres.
- ▶ Budget circular: where possible, a budget circular from ministry of finance can include an instruction for all ministries and local government authorities to indicate budget provisions for relevant ECD services; this provides incentives for sectors to prioritize budgetary contribution to the pooled funds.



5

**A toolkit for generating
evidence that makes
a difference**



A toolkit for generating evidence that makes a difference

This section describes the main analytical tools that can help generate the evidence essential for targeted advocacy and supporting public budget decision-making.

This resource guide explains how to apply the the main analytical tools to early childhood development (ECD) specific issues, based on emerging good practices.

The importance of child-focused public financial management-related evidence generation for the ECD agenda cannot be overstated.

Quality evidence underpins the effectiveness of the three Core Actions in enhancing domestic financing for ECD. In UNICEF's experience, national discussions on ECD often require information about current government spending as a starting point. Even when the end goal may be multi-sectoral coordinated budgets on ECD (and not just sector-specific ECD services), this 'baseline' information is always needed upfront. The expenditure analysis is a point of advocacy for even better ECD systems, and is not an action point that comes later, when comprehensive plans are already in place.

Many tools used to support the first half of the budget cycle can also help the second half as well by providing an evidence base.

For example, budget analysis that examines the geographic pattern of budget release and expenditure can help improve subsequent budget execution, as well as inform budget evaluation.

This toolkit should be used only when it adds value to what already exists within the national planning and information management system.

Take education information management systems (EMIS) as an example. An increasing number of countries have adopted and adapted these tools for planning purposes, and they have been linked to other relevant information systems such as population statistics, socio-geographic data, and state-financial systems. Once the need has been identified to enhance costing for ECE, it should be a matter of upgrading the pre-existing EMIS for that purpose rather than inserting an external costing tool that might be repelled by the EMIS.



HELPFUL HINTS:

- ▶ Bring government counterparts (e.g., line ministries and ministry of finance) and partners into the process from the onset, as this is critical to access budget data and ensure the success of our evidence-based advocacy efforts.
- ▶ Collaborate with other partners (e.g., UN agencies, World Bank, and regional IFIs, universities) in order to crowd in resources, expertise and influence, as well as avoid parallel efforts.



Table 7
Summary of tools: what, how to do better
and when best to use

 TOOL	 WHAT	 HOW TO DO BETTER	 WHEN BEST TO USE
1 Cost-benefit analysis	<ul style="list-style-type: none"> ▶ Demonstrate economic and social returns to ECD spending 	<ul style="list-style-type: none"> ▶ Assess equity aspect ▶ Include short- and medium-term benefits ▶ Use value-based judgement 	  Budget advocacy Support budget formulation
2 Budget analysis	<ul style="list-style-type: none"> ▶ Examine patterns and performance of public expenditure and link to service delivery and child outcomes 	<ul style="list-style-type: none"> ▶ Conduct pre-analysis scoping ▶ Link to reforms ▶ Encourage government ownership ▶ Include impact strategy 	  Budget advocacy Support budget formulation
3 Local financing flow assessment	<ul style="list-style-type: none"> ▶ Examine financing resources at local levels for ECD service provision 	<ul style="list-style-type: none"> ▶ Use simplified public expenditure ▶ Leverage national accounts ▶ Encourage government ownership 	  Budget advocacy for fiscal transfer Support budget formulation
4 Costing	<ul style="list-style-type: none"> ▶ Describe programmes and inputs ▶ Figure out the costs of each input ▶ Add up the overall costs and calculate the unit cost 	<ul style="list-style-type: none"> ▶ Assess cost-effective alternatives ▶ Estimate additional costing ▶ Use expenditure-based unit cost ▶ Explore programme synergies ▶ Include extra cost for hard-to-reach 	  Budget advocacy Support budget formulation
5 Cost-effective analysis	<ul style="list-style-type: none"> ▶ Look at a ratio of the amount of an 'effect' a programme achieves for a given amount of cost incurred 	<ul style="list-style-type: none"> ▶ Define the evaluation space to capture complementary effects 	  Budget advocacy Support budget formulation
6 ECD public expenditure and institutional review	<ul style="list-style-type: none"> ▶ Examine the institutional aspects of budgeting for ECD and review all ECD-related spending across ministries and levels of government 	<ul style="list-style-type: none"> ▶ Encourage government ownership ▶ Include impact strategy ▶ Link to policy initiative/reforms 	  Promote budget coordination Support budget formulation



Cost-benefit analysis¹⁴



UNICEF offices increasingly undertake studies to model the returns to ECD investments using cost-benefit analysis. Such activities are important for advocacy for two reasons: i) the long-term benefits can't be seen and therefore are easy to overlook; they need to be properly reflected in policy dialogue and the awareness of the general public; and ii) the time-sensitivity of ECD highlights the importance of timely investments, the absence of which can result in greater expenditures down the road. Governments may not be aware of such intertemporal effects of ECD investments on government budgets and the 'investment cases' implicitly capture that. Moreover, governments increasingly recognize that for policy purposes, the goal is not to find the programmes that produce the greatest benefits, but rather to find programmes that generate the largest benefits relative to their costs.



Cost-benefit analysis compares costs of interventions with benefits. It seeks to capture, as far as possible, all the long-term indirect and secondary benefits of investing in a programme. Adding up benefits means common metrics are needed, and in most cases, different kinds of benefits are monetarized to estimate the monetary value of the sum of benefits. A good example is the ex-ante cost-benefit analysis of individual, economic and social returns from proposed investment scenarios for pre-primary schooling commissioned by UNICEF Uganda. A noteworthy feature of the analytical approach is to closely link costing based on local differences, potential financial contributions by parents and fiscal affordability for the government.

¹⁴ Cost of inaction analysis computes the losses resulting from doing nothing more than what is already being done. It does not assess the value for money of any specific action and so does not contribute to decision-making about what to do. It is more relevant for early stage policy advocacy.



Box 13

Uganda preschool ex-ante cost-benefit analysis

Increasing the number of children ages 3 to 5 attending preschool in Uganda requires that all relevant actors work together within a Pact for ECD that ensures the availability of land and classrooms, the provision of pre- and in-service training and supervision, and the supply of materials. Communities and parents would continue to make contributions, but an essential element to make the pact work would be a subsidy of 3,000 shillings per child per month.

While the benefit-to-cost ratios were estimated to be between 1.6 and 8.6, the costs of this per child subsidy would eventually range from 15 billion shillings per year for the two poorest regions Karamoja and West-Nile, to 55 billion shillings for the six most needy regions. By 2020, even the latter amount would only represent about 4 per cent of the primary school budget or about 2 per cent of the overall education budget.

Source: An ex-ante cost-benefit analysis of individual, economic and social returns from proposed investment scenarios for pre-primary schooling in Uganda.



There are standardized tools that may be adapted for ECD interventions. For example, the cost-benefit analysis of alternative preschool services in Armenia¹⁵ was based on the methodological recommendations [adopted by the OECD](#) and the European Union on investment projects.



Equity is a crucial consideration in such analyses and should be highlighted more systematically. Estimates of returns on investment built on population average mask much greater benefits accrued to disadvantaged populations. This is because the extent to which young children and parents/caregivers benefit from ECD depends on the 'next best alternative' as well as on what happens next. In settings of structural inequity, for example, sustained investments targeting the poor and disadvantaged population during all three phases of early childhood and beyond may be necessary to reap the full benefits of ECD investments.

¹⁵ Aghazaryan, Anastas, [Cost-benefit analysis of alternative pre-school education services in consolidated multi-settlement communities of Armenia](#). UNICEF, 2018.

To speak to public financial management objectives such as allocative efficiency, it is important to demonstrate short-term and medium-term benefits, not just long-term benefits. Many studies show improved cognitive ability, health conditions and social skills among young children and their parents/caregivers as result of ECD services, which then lead to improved school completion rates, lower incidences of grade repetition, reduced needs for special education services, and higher individual earnings (The Lancet 2016). Commonly, ‘investment case’ studies only capture the monetized effects of the longer-term benefits, leaving out the ‘monetary value’ of the more immediate term benefits in terms of potential cost savings¹⁶ or improving the effectiveness of other public expenditure. As national financial decision makers seek allocation efficiency, monetizing such more immediate term benefits can add to the persuasive power of advocacy efforts. For example, female health workers in Pakistan found that adding counselling on responsive stimulation to existing health services, which include a home visit programme, helps strengthen the home visit programme and improve the effectiveness of their efforts in the delivery of basic health services (see *Box 20*).



HELPFUL HINT:

When the cost and benefits of four ECD interventions in South Africa were evaluated, each one was found to improve learning achievement at grade 4 for the bottom quintiles, but the learning achievement gaps between the bottom quintiles and the top quintiles remain significant.

¹⁶ Bagriansky, Jack, Patrice Engle, Assessing the economic benefit of investing in young child growth and development: A case study in social planning from Azerbaijan, UNICEF, 2009.

Where monetization is not possible, mapping all possible benefits against costs for different interventions can be useful. This approach has the additional benefit of leaving room for decision makers to make value-based trade-offs. The South Africa cost-benefit study (Desmond et al., 2017) outlined various short- to medium-term benefits in terms of caregivers' employment opportunity, child cognitive development and improved nutrition status. The study's summary table of costs and benefits is replicated in *Table 8* to illustrate the vector approach, in which costs are reported alongside descriptions of benefits.



Table 8
South Africa Integrated ECD policy: summary of costs and benefits by key intervention

Costs/benefits (in USD)		Pregnancy intervention	Home visits (birth – age 2)	Playgroups (birth – age 3)	Centre-based ECD services
Additional costs	Total	▸ 6.9 million	▸ 67 million	▸ 192 million	▸ 540 million to 1.1 billion
	Per child	▸ 47	▸ 220	▸ 125	▸ 695 to 1390
Benefits to the child	Short-term	▸ Reduction in the prevalence of low birthweight	▸ Improved care and development	▸ Uncertain; expected improved care and development	▸ Improved cognitive and non-cognitive skills
	Medium-term (education)	▸ Uncertain, given lack of evidence	▸ 0.77 years improvement in effective grade	▸ Uncertain, given lack of evidence	▸ 0.44 years improvement in effective grade
	Long-term (possible benefits)	▸ Cognition and school performance ▸ Future earnings ▸ Lower susceptibility to chronic diseases	▸ Cognition and school performance ▸ Better labour market outcomes ▸ Mental health	<i>Uncertain, but expected:</i> ▸ Cognition & school performance ▸ Better labour market outcomes	▸ Cognition and school performance ▸ Better labour market outcomes
Benefits to caregiver	Gender equality	▸ None	▸ None	▸ None	▸ Better female participation in labour market
	Other benefits	▸ Improved maternal nutrition	▸ Possibly improved mental health	▸ Increased social support and mental health	▸ None
Benefits to society	▸ All components have the potential to contribute to reducing poverty and inequality				



Budget/Expenditure analysis



The purpose of this activity is twofold: i) to provide evidence for advocating for greater public investments that narrow financing gaps and enable progressive implementation of ECD policies; ii) to generate an information basis that enables stakeholders to realign and improve the efficiency and effectiveness of existing spending, thereby creating additional fiscal space for ECD policy/plan resourcing.

Without ‘baseline’ or ‘system’ information, even with good costing, it will be difficult to formulate meaningful budget advocacy. For sector-specific and add-on ECD services, this is particularly important, as how much and where sectors currently spend is the starting point for finding ways to include them in the sector budgets. In resource-constrained settings, efficiency improvements in the use of existing available resources may be essential for increasing sector financing and performance. For example, the Namibia Education Public Expenditure Review examined the issues in pre-primary education expenditure as part of education spending, thus providing the basis for formulating advocacy messages that frame financing of pre-primary education as part of system-wide financing needs.

Knowledge about how money has been spent in the past is also important for identifying strategic entry points. Budget analysis strengthens evidence-based advocacy. Trends over time reveal patterns in how ministries allocate their budgets. Some countries use the previous year’s budget and do not analyse current needs or actual costs of service delivery, or whether more could be achieved for the same amounts. Knowing whether a ministry uses the previous budget is important to target specific areas within the budget process to focus support.



There are two main tools for assessing the use of existing resources and their performance in ECD relevant sectors include: i) a public expenditure review; and ii) a budget brief. *Table 9* provides a summary of these sector-based tools and when to best use them. While these tools are commonly used to analyse public expenditure in sectors that serve population groups beyond young children, UNICEF Malawi provides an example of using a budget brief for ECD and the evidence provided in the brief to underpin better targeted advocacy and policy recommendation (see *Box 14*).





Box 14

Using budget analysis to inform advocacy: an example from UNICEF Malawi



ECD is a key priority of the Government of Malawi. Guided by the National Early Childhood Development Policy (2017) and the third Malawi Growth and Development Strategy, the Government has made a commitment to access for all children to quality ECD services by 2030. ECD services are intended to be delivered through different platforms such as community-based care centres/specialized ECD centres, health facilities and homes across the country.

UNICEF support to achieving this goal included assessing the current situation in ECD services, which pointed to the following challenges:

- ▶ Limited access: While access to ECD services is growing in Malawi, ahead of many African countries, only 47 per cent (1,636,777) of children have been reached by ECD services (2017) through 11,600 ECD centres. Limited access is one of the reasons behind poor education outcomes by many children in primary school.
- ▶ ECD services quality is being compromised by several factors including type of infrastructure and insufficient supply of stimulation, learning and nutrition interventions. For example, it was estimated that only 23 per cent of centres (257) have been purposely built. About half of the 35,420 voluntary caregivers in ECD centres have either minimal or no professional training in ECD and often work with insufficient play-based/early stimulation materials.
- ▶ The ministry mandated to provide policy guidance, financing and quality assurance in the delivery of ECD services is constrained by limited financial and technical resources. There is also limited coordination among a wide range of stakeholders including non-governmental organizations, religious organizations and private sector entities involved in the provision of ECD services, including local authorities.








The UNICEF Malawi Office further undertook budget analyses and costing that led to a budget brief, underpinning targeted 'budget asks' in advocacy. For example, the budget brief shows that:

- ▶ While Government committed MK669.73 million for the 2018/19 budget, 9 per cent higher than the revised estimate of MK616.44 million allocated in 2017/18 to ECD services, the budget allocation is significantly low to achieve universal access to quality ECD services. For example, in FY2018/19, ECD received 0.26 per cent of the education budget, while basic education received 55.12 per cent, secondary education 13.97 per cent and higher education 25.56 per cent.
- ▶ Local authorities and communities play a key role in the provision of ECD services, but District Councils have inadequate budget lines for this.
- ▶ Due to a lack of disaggregated data, it is difficult to implement and monitor early childhood policy, with a focus on equity and quality.

The evidence-informed advocacy efforts led to recommendations that included further increasing budget allocation to the lead ministry and exploring options to centrally allocate ECD budget resources among district councils.



Table 9
Guiding questions for Performance Expenditure Review (PER) and Budget Analysis: comparing scope, focus and reform opportunity

	Public Expenditure Review	Budget Analysis
 Key use	<ul style="list-style-type: none"> Assess quantity and quality of ECD-related sector public spending over time against policy goals and performance indicators. 	<ul style="list-style-type: none"> Analyse ECD-related sector funding in the annual budget for adequacy, efficiency, effectiveness and equity.
 Level of analysis	<ul style="list-style-type: none"> Typically, national focus. Can include sub-national regions, programmes or beneficiaries if budget and expenditure data is available. 	<ul style="list-style-type: none"> Typically, national. Can be sub-national if data is available.
 Suitability for equity issues	<ul style="list-style-type: none"> Typically includes geographic trends of allocation and expenditure; depending on data available, a benefit incidence analysis can be included. 	<ul style="list-style-type: none"> Typically includes geographic trends of allocation and expenditure; focus on key programmes targeted at the poor and disadvantaged populations.
 Type of financial data	<ul style="list-style-type: none"> Budget allocation and budget expenditure data, including type of funding (capital, recurrent) and performance indicators (results). 	<ul style="list-style-type: none"> Budget allocations and projections. May include previous years' budget execution, if available.
 Reform opportunity	<ul style="list-style-type: none"> Country strategy/sector strategy. Budget planning and preparation cycle. Efficiency and effectiveness of budget allocations. 	<ul style="list-style-type: none"> Influence budget decision makers. Advocate to maximise use of approved funds or improve future funding.
 Ease of undertaking	<ul style="list-style-type: none"> High: given the depth of analysis and the associated need for original data collection, it requires careful planning and substantial resources; best done in partnership with others such as the World Bank. 	<ul style="list-style-type: none"> Low to medium: based on existing and publicly available data.
 UNICEF example	<ul style="list-style-type: none"> Madagascar 2014 Public Expenditure Review: Education and Health (see Box 15) 	<ul style="list-style-type: none"> ESARO budget briefs (various sectors)



Key lessons learned to apply PFM analysis to advance social policy goals are summarized here.¹⁷

- i) Public financial analysis should be linked to a clear policy objective or reform opportunity. Budget analysis tools can produce valuable evidence to inform policy development and resource allocation decisions, especially for disadvantaged populations and regions. The goal of analysis should go beyond information production to focus on opportunities for influence, improvement or reform.
- ii) Detailed scoping is required both to select the right tool and to target it to country needs. Planning and consultation are required to select the most appropriate tool and adjust it to meet your needs and the availability of data and resources. The chosen analytical tool may need to be tailored to local context and policy priorities.

¹⁷ Asman, Jennifer. Choosing Public Expenditure Analytical Tools for Use in the WASH Sector. 2017. UNICEF WASH Guidelines.

- iii) Engagement with country governments is critical. Partner governments should be involved in the planning, implementation and follow-up of any budget analysis. Government engagement is critical to obtain access to data and information on which to base the analysis, as well as to build support and ownership for any recommendations or reforms identified in the analysis.
- iv) Plans for budget analysis should include an impact strategy, providing time and resources for dissemination and follow-up. Where possible, analysis should be used to inform regular processes such as budgeting, planning and tracking of funding, commitments and targets, as well as one-off activities such as developing policy or financing strategies at a sector or programme level, or advocating or applying for funding.
- v) Budget analysis should be used as a tool to support and advance ECD-related sector reforms, not as a stand-alone solution. Evidence and findings are more valuable when they are used to strengthen diagnosis of problems and identification of improvements within a broader sector programmatic perspective, rather as a narrow or stand-alone analysis that looks only at financing issues.



HELPFUL HINT:

For budget briefs, an important resource is the [Budget brief guidelines \(UNICEF ESARO\)](#). They provide detailed instructions for developing and using budget briefs in WASH, education, health, social protection and child protection (forthcoming).



Box 15

UNICEF Madagascar Teams up with the World Bank to Assess Education and Health Spending and Improve the Performance of Social Sector Budgets for Children

The prolonged socio-economic and political crises following Madagascar's 2009 military coup deteriorated social sectors as well as overall public financial management (PFM) practices, such as lack of publicly available data on budgets, low budget execution rates and the delinking of spending with policies and plans. In addition, institutional instability and the lack of a clear definition of national priorities caused most technical and financial partners to withdraw from the country. This situation further led to reductions in overall budget allocations to social sectors and disbursement delays, threatening the delivery of basic health, nutrition, protection and education services to an already impoverished population, and especially to young children.

In partnership with the World Bank, UNICEF carried out a Public Expenditure Review (PER) in the education and health sectors with the aim of improving transparency, resource allocation and expenditure, as well as to influence policy reforms and sector plans.

The analyses generated critical information on the sustainability, equity and efficiency of spending on key social sectors, including extremely high levels of aid dependence, growing inequalities due to the allocation and use of public resources, and poor budget implementation performance even when money was not an issue.

Based on the evidence, which was presented at a high-level event in 2016, UNICEF and the World Bank convened national stakeholders to discuss the recommendations, which included disseminating policy and technical notes, and further succeeded in putting education and health spending on the table of discussions among the government, civil society and donors, in order to call for and inform necessary reforms.

Evidence-based advocacy, using the PER exercise, led to improved budget planning (e.g., budget conferences were re-initiated with line ministries during the preparation phase of the budget cycle), and sector planning. For example, many of the PER recommendations were considered during the formulation of the new Education Sector Plan, including better alignment of school and budget cycles (e.g., changes were approved to strictly apply certain PFM regulations that affect school grant payments and teacher subsidies).

The successful engagement in key ECD-related sector budgets boosts the domestic financing prospects of the new ECD policy.





Local financial flow assessment



Local financial flow assessment can be a powerful tool to support subnational budgeting processes. This tool is particularly important for devolved ECD service models such as community-based centres. Often, local governments and/or communities are responsible for generating the financing needed to provide mandated services. Assessment of financial flows to the service provision point is thus necessary to identify obstacles to service coverage. Such work can also provide unique insights on how public resources are allocated and utilized in poor and disadvantaged geographic areas, which can inform geographic priority settings of country programmes.



Currently there is no specific local financial flow assessment tool per se, but existing expenditure analysis tools may be adapted to generate relevant evidence. For example, subnational budget briefs or Performance Expenditure Reviews (PERs) of devolved ECD services may be appropriate. Public Expenditure Tracking Surveys (PETS) are another tool that may be simplified and adapted for this purpose. Some PETS questions may be extracted and combined with questions in Quality Service Delivery Surveys to provide information on how centrally provided funding flows are used to deliver ECD services, together with other resources generated locally. A good example are the PETS carried out by UNICEF South Africa (see *Box 16*). The study shows that on average, of over 300 registered community-based ECD facilities, 40 per cent of funds going to running the facilities comes from transfers from the provincial offices of the Ministry of Social Development, which in turns receives allocations from the Medium-Term Expenditure Framework (MTEF) process overseen by the National Treasury, while a whopping 43 per cent of funds come from fees paid by households, although these account for a much smaller share (27 per cent) among poorer facilities.



Decentralization and local government programming provide opportunities to embed such assessments with marginal additional investments. Tools such as PETS can be costly and process-heavy (not to mention the challenges of data access), which makes it even more important for development partners to leverage existing public financial management information, strengthening efforts of governments and partners wherever possible. For example, where ECD services are devolved, national education and health accounts can be used to extract information on local financial flows to education and health-related ECD services. In such cases, no original data work is needed.





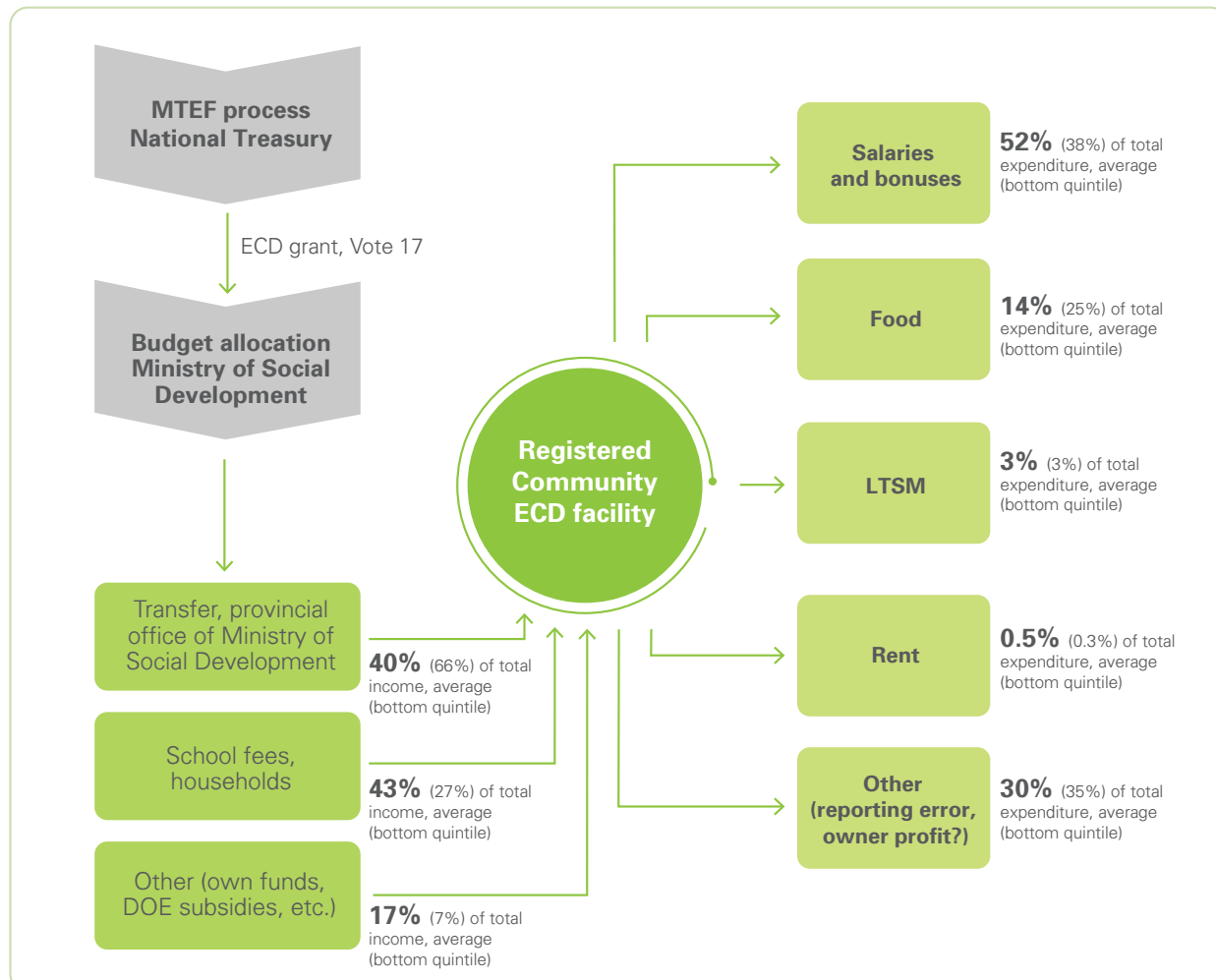
Box 16

Assessing local financial flows to community ECE service provision: South Africa's example

In South Africa, community-based ECD facilities provide preschool services for a substantial portion of children under 6. These facilities tend to be owned and run by private organizations (faith-based or other NGO-type), which rely on stable funding sources to keep their businesses going. Understanding how such ECD services are financed and how funds are utilized is key to UNICEF's efforts to promote sustainable expansion of coverage and quality ECD services while ensuring access by the poor.

UNICEF South Africa partnered with the government in the preparation of a Public Expenditure Tracking Survey (PETS) study on tracking of government subsidies. While the study primarily aimed to examine whether public subsidies have been used as intended (i.e., leakage issues), the data collected allow for an assessment of financing flows and expenditures, shedding light on two questions of particular interest to enhancing domestic financing for ECD: i) were the funds mobilized sufficient to cover essential costs of ECD service provision? and ii) have subsidies been targeted at facilities in poorer areas?

The diagram below shows the main findings pertaining to these two questions: expenditures on food, learning and teacher support material (LTSM) and infrastructure appear low, raising questions about whether more 'investment' in nutrition and development activities would enhance efficiency. While household fees are a significant source of income on average, facilities in poor areas rely more on government subsidies, suggesting the ECD grant programme is well targeted and ECD services there are more affordable.





Costing



When done well, costing can provide the evidence needed for enhanced advocacy as well as the basis for inputs to budget formulation. Costing should address a fundamental public financing question: how much will the policy's implementation cost the government? Costing provides information to address potential concerns about affordability and a basis for assessing cost-effectiveness of different packaging of services (integrated or separate) and delivery modalities (add-on, or new).

In addition to conveying a sense of affordability and returns, as well as informing strategic budget planning, costing activities can contribute to domestic resource mobilization for ECD. For example, when a country works to finance healthcare services through health insurance, one way to add value is by providing technical advice on the cost-effectiveness and cost-benefits of certain ECD services for the formulation of benefits packages. In the Philippines, where the government raises revenue from a levy on tobacco and alcohol consumption, the majority of which goes to fund health services under PhilHealth, the national health insurance scheme, UNICEF helped develop a costed healthcare [package for children with developmental disabilities](#) and advocated with key decision makers, which led to a successful inclusion of the package in the national health scheme coverage.

Costing of an ECD policy/plan for budget planning purposes usually involves three steps: i) identify and describe programmes, as well as inputs that make up the provision; ii) figure out the costs of each input; and iii) add up the overall costs and calculate the unit cost per child. The findings provide evidence in support of advocacy messages aimed at promoting greater public spending on ECD. An example is the [Standardized ECD Costing Tool](#) (SECT) (Gustafasson-Wright et al., 2018), which builds on previous tools, including one developed by UNICEF West and Central Africa Regional Office. *Box 17* summarizes the experience from SECT pilots. While the SECT can be used for both pre-policy and post-policy planning



purposes, it may be more suited for the latter because it is quite complex to use, while a tool that helps untrained policymakers quickly assess the cost implications of changes in programmes' parameters might be more suitable in the pre-policy stage.

A costing exercise can produce findings on four distinct concepts of cost.

It is important to differentiate them when designing a costing exercise and communicating the findings. Which concepts of cost to use depends on the questions guiding budget decision-making, but given budgetary constraints, a costing exercise that quantifies all four costs can be more informative.

The four concepts of cost are:

- i) **Actual spending** where there is a programme already operational on a pilot scale; this gives an indication of actual cost based on actual spending of the programme (e.g., salary, in-service training, mentoring, inventory, learning materials and toys and utilities). This concept is often used in 'cost analysis'.
- ii) **Normative cost** based on what should be spent per item in order to reach a certain coverage and quality level. This can be based on literature, stated norms or experiences with other programmes. This concept is often reflected in the 'minimum quality unit cost' which is commonly used to introduce quality aspects into costing.
- iii) **Actual funding from all sources** – government at all levels, user fees, in-kind contributions, subsidies and domestic and international donations. This gives an indication of actual costs from funder perspectives; comparing actual funding with actual spending can indicate 'leakage'.
- iv) **Normative net cost** from comparing the normative cost with the actual available funding. This gives an indication of the required level of funding sought from the public budget.



Box 17

Standardized ECD Costing Tool (SECT) and lessons learned from the pilots



Components of the [Standardized ECD Costing Tool](#) include model setup, programme diagram and beneficiaries. Functions covered include pre-primary, exclusive breastfeeding etc., and are adaptable according to the programme.

Users enter costs across the sheets according to the following categories: Personnel, Travel and Accommodation, Food and Supplements, Administration and Equipment.

Summary sheets (in local currency, dollars and purchasing power parity) distinguish start-up costs and management costs.

Potential uses of the tool:

- ▶ Cost-benefit analysis: A ministry of education wants to make a case to the treasury that funding should be increased for early childhood programmes. Cost data is compared to benefits such as lower crime rates, reduced dependence on social welfare, and increased employment rates.
- ▶ Comparisons between two programmes.
- ▶ Scale-up and budgeting. The government wants to know the cost of expanding preschool access by combining public funding with private services. The tool is 'used to estimate the unit and scale-up costs to help the government and potential donors with budgeting and planning.
- ▶ Adding components to an existing programme. A government wants to improve the quality of an existing home-visits programme by adding parental stimulation. The costing tool could be used to estimate the additional cost of implementing this new component.

Lessons learned from SECT pilots:

- ▶ Begin each costing exercise with a comprehensive review of the context in which the intervention takes place. This means thinking about every institution and actor engaged in the project, from the government management level down to personnel in the field.
- ▶ This guides the next stage, allocating the time spent by management and personnel on the project, and establishing salary, training and travel costs across the different categories of staff.
- ▶ Finally, consider the resources utilized in each state, as well as the number of beneficiaries served.

Source: Emily Gustafsson-Wright and Izzy Boggild-Jones, Measuring the cost of investing in early childhood interventions and application of a standardized costing tool, 2018.



An effective costing exercise needs to be fit for the purpose. Costing as a tool for advocacy (pre-policy) differs from costing for budget planning and formulation (post-policy). The former aims at shaping pre-policy discussions, and thus needs to be framed as a dialectic process between what is desirable and the existing constraints. For example, in 2016 the government of Rwanda was supported by UNICEF to undertake a costing exercise to inform the development of a multi sectoral 5-year ECD implementation strategy (2017-2021). This was an important factor in the Cabinet’s decision to institute a National ECD program in 2017.

Costing for budget planning and formulation takes place once a policy has been formulated and requires information on current cost structure and cost-effectiveness to resource guide prioritization, of activities under each intervention. This kind of costing should ideally be done in a way that can feed into the budget submissions required at the budget formulation stage of the medium-term expenditure planning and related annual updates.

A few good practices in costing:

- i) *Include lower cost alternatives.* This helps reduce the risk of presenting ‘impossible’ policies while clarifying more affordable options (e.g., half-day vs. full-day services). UNICEF Philippines innovated by applying a differentiated outcome pathway approach to develop and cost a health insurance package for newborns, compared with a common flat-rate cost structure. Differentiating a low-cost pathway from a high-cost pathway led to improved efficiency in cost structure, making it possible to expand coverage without significant funding increases (see page 52).
- ii) *Draw from actual unit cost data whenever possible.* Cost data for ECD is generally hard to get, and an ingredient approach using the prices of ingredients is often used. However, this generally underestimates the total costs for a given target coverage, because actual service utilization may turn out to be lower than expected and/or inefficacy in service provision may occur. The use of unit costs based on expenditure also helps link costing for advocacy purposes with costing to inform budget planning and formulation. Unit costs based on expenditure can be estimated through sector budget analysis.



HELPFUL HINTS:

Two caveats while doing add-on costing:

- ▶ Investments in underlying maternal, newborn, and child healthcare (MNCH) services may fall short of what was envisaged. It is thus critical to link ECD financing efforts to health system strengthening efforts.
- ▶ Expected demand for ECD add-on services may not materialize, meaning higher actual costs. It is key to strengthen complementary efforts aimed at creating demand for services.

- iii) *Explore synergies between programmes and reflect them in costing.* Is a particular intervention to be provided alone, in combination with others or, better yet, added to existing programmes? For example, the Care for Child Development (CCD) approach can be delivered cost-effectively as part of existing community health programmes (see *Boxes 19 and 20*). While the effect of bundling services on costs depends on the potential synergies between programmes, such advantages are of particular interest to budget decision makers as they can boost overall operational efficiency and savings.
- iv) *Estimate additional costs where possible to deliver ECD services as add-on.* The choice of additional costing not only leads to figures that convey a different sense of affordability, but also sets different incentives for sectors to better utilize their resources for ECD. This approach requires the identification of the current level of service provision and the associated current spending before costing. *Box 19* shows an example of the add-on costing of nurturing care and parenting education when delivered through existing packages for maternal and child health and nutrition.

- v) *Pay specific attention to service access by poor and disadvantaged populations.* This may mean subsidies for selected households or extra costs to extend services to hard-to-reach areas. Demand-generation through behaviour change interventions focused on 'gateway behaviours' including monitoring costs, capacity development, and uptake of services also need to be costed (see *Box 18*).
- vi) *Include scenarios on how funding can be mobilized,* including through contributions from households more willing and able to pay for ECD services. UNICEF Montenegro conducted costing that included both an option to expand coverage using an ongoing full-day early learning service model, which was found financially unfeasible, and a gradual expansion option that also used half-day models.



Box 18

Explicit costing of behaviour change communication activities



Behaviour change communication programming is a strategic intervention that can bridge the linkages between supply and demand of services to achieve the maximum desired impact of a given budget programme. Because of the crucial role of parenting in ensuring a nurturing care environment for the young child, investing in social and behaviour change interventions is particularly important to the overall effectiveness of any ECD investments (e.g., ex-post cost analyses of ECD pilot programmes).

Some considerations when supporting costing for ECD programmes include:

- ▶ Accounting more explicitly and meaningfully for the cost of engaging parenting and social support networks and community education about early childhood growth and development; cost of outreach services and home visits; and costs of supportive supervision for the quality of outreach such as monitoring and evaluation for social data that could better inform reaching the most vulnerable, and equity issues.
- ▶ Elements included in costing need to include the many dimensions of strengthening demand-side interventions specific to social and behaviour change (e.g., use of community radio, youth theatre, engagement of key influencers, etc).
- ▶ Lacking an evaluation of the cost-effectiveness of social behaviour change interventions through a systems approach will make it more difficult to make the case for scaling up investments in the future.

A budget analysis can include the identification and tracking of budget allocations and expenditure for programmes focused on information, education and communication (IEC) programmes or behavioural change communication (BCC).



Box 19

What does an add-on costing study entail?



In The Lancet paper on [Investing in the foundation of sustainable development: pathways to scale up for early childhood development](#), an add-on costing exercise was undertaken to assess the affordability of incorporating ECD interventions into existing health and nutrition services. This exercise estimated the additional costs of two interventions aimed at supporting nurturing care: i) the UNICEF-WHO Care for Child Development (CCD) package, which aims to strengthen caregivers' capacity to stimulate and communicate with young children; and ii) the WHO Thinking Healthy Package, which aims to address maternal depression, affordability of nurturing care, and support for maternal depression intervention as add-on services to existing maternal and child health and nutrition services. **The key components include:**

Main assumptions

- ▶ The two ECD interventions can be integrated with existing packages for maternal and child health, specifically a complementary feeding counselling and support intervention.
- ▶ The add-on services are delivered at multiple levels of the health system (community, outreach, clinic, hospital).
- ▶ The scale-up in coverage for the add-on services is at the same pace as the increase in coverage for the underlying MNCH and nutrition services.



Targeted coverage

Three scenarios were identified: baseline (business as usual), medium coverage, and high coverage, aligned with the targeted medium and high coverage scenarios for women and children's health respectively.



Estimating costs

Different types of costs were estimated: service delivery cost, commodity cost, human resource requirements, training cost, and media and outreach cost.

Costs were estimated using an ingredients approach with quantities of inputs based on WHO recommended practices and applying country-specific price data.



Analytical results

Total additional costs by the type of cost and by country income classification were calculated and presented. The results were used to argue that interventions to promote nurturing care can be added to existing platforms for health delivery for as little as half a dollar per person per year.

Tool 5

Cost-effectiveness analysis

Cost-effectiveness analysis



One of the key challenges in strategic budget planning is how to choose between different interventions to prioritize so that they fit within budget constraints. Taking the nutrition dimension of ECD, for example, the options of interventions may include community nutrition programmes for behaviour change, vitamin A supplements, therapeutic zinc supplements, micronutrient powders, iron-folic acid supplements, and community-based management of acute malnutrition. How to choose among them if there aren't enough resources to implement all of them? A comprehensive ECD plan may pose additional challenges. In South Africa, for example, the ECD policy includes a package of four main interventions, each with cost and benefit trade-offs.

Cost-effectiveness analysis informs rational choices about programmes by showing how much it costs to achieve policy goals using different modalities for a given intervention. Evidence-generation on cost-effectiveness can help inform prioritization within annual or medium-term workplans, thereby informing ministries' preparation of budget submission.



Cost effectiveness analysis looks at a ratio of the 'effect' a programme achieves for a given cost incurred. This ratio is then compared with other programmes with the same goals (e.g., lives saved). The simple ratio approach is well suited for intra-sector prioritization of interventions with similar objectives, while the vector approach is useful for multi-sectoral prioritization in the context of a comprehensive ECD policy/plan, as well as giving flexibility to responding to prevailing political and economic imperatives.



Defining which effects to evaluate has important policy implications. For example, it is often argued that reaching the marginalized is not as cost-effective as reaching those nearby. This may be the case if outputs are narrowly defined as utilization of the intervention in question, but if 'outputs' are expanded to include other affected interventions, results may look different. For example,

the Pakistani Early Development Scale-up (PEDS) trial (see *Box 20*) showed that responsive stimulation services, while adding to the home visit tasks of lady health workers, provided an avenue to address several weaknesses in the basic health services. When these additional outputs were included, capturing positive spillovers, the responsive stimulation add-on appeared as more cost-effective from a system perspective.

While cost-effectiveness analysis is a distinct tool, there is considerable synergy with other costing tools. Different tools can provide valuable information for each other. For example, cost analysis using a costing model such as the [Standardized ECD Costing Tool](#) (see *Box 17*) based on actual expenditure analysis can materially improve the realism of costing done for budget planning and formulation purposes.



Table 10
Comparing cost-effectiveness and cost-benefit analyses

Tools	Approaches	What it measures	What it is best used for
Cost-benefit analysis	<ul style="list-style-type: none"> ▸ Conventional 	<ul style="list-style-type: none"> ▸ Relationship between the cost and the present discounted monetary value of the long-term benefits accrued from the intervention 	<ul style="list-style-type: none"> ▸ Raising awareness and buy-in by national policymakers
	<ul style="list-style-type: none"> ▸ Vector-approach (e.g., South Africa study) 	<ul style="list-style-type: none"> ▸ Relationship between the cost and benefits in terms of different outcomes, in the short-, medium- and long-term (e.g., cognitive ability, female labour market participation) 	<ul style="list-style-type: none"> ▸ Support to strategic budget planning, prioritization of interventions within a given medium-term budget envelope
Cost-effective analysis		<ul style="list-style-type: none"> ▸ Relationship between the cost and the outcome of the intervention, in terms of a common, non-monetary metric (e.g., Disability Adjusted Life Years saved) 	<ul style="list-style-type: none"> ▸ Prioritization among different delivery modalities for a given intervention



Box 20

Study of cost-effectiveness of responsive stimulation and nutrition interventions on ECD outcomes in Pakistan



Although ECD programmes have proven positive effects on child development, policymakers often require more information to make ECD investment decisions. But cost analyses of ECD programmes are rarely conducted. A study by Gowani et al. (2014) calculated the costs and effects of an integrated responsive stimulation and nutrition intervention in a public-sector community health service, the lady health worker (LHW) programme in rural Sindh, Pakistan. The programme selects community women to assist in family health initiatives including, among others, basic child nutrition education, child growth monitoring, and care for pregnant women. LHWs are responsible for visiting five to seven households per day in a total catchment of 1,000 people.

A Pakistan Early Child Development Scale-up (PEDS) trial was conducted to test out the cost effectiveness of three interventions: i) a responsive stimulation intervention (Care for Child Development approach) to be integrated in LHW's existing routine home visits, which entails LHWs selecting developmentally appropriate play and community activities, while mothers or other primary caregivers can try the activity with their young children and receive coaching and feedback on how to build the quality of the interaction and enhance responsiveness in the child; ii) enhanced nutrition education to improve the impacts of the LHW programme on children's nutritional wellbeing; and iii) a combination of responsive stimulation and enhanced nutrition, both integrated in LHW's routine services.

The cost-effectiveness analysis was organized in four phases:

- 1 ▶ Review of the budget/expenditure sheet and consultation with project staff about costs; this provided the basis for identifying ingredients and associated costs required to implement the three interventions and incremental costs.
- 2 ▶ Based on both actual and assumed costs, seven categories of ingredients were costed for each of the three interventions: technical support, supervision and mentoring, LHW salaries and incentives; facilities (office space rental); materials/resources, capacity building of management and LHWs; other inputs such as transportation.
- 3 ▶ Effectiveness analysis was conducted as part of the PEDS trial, first comparing exposure/non exposure to responsive stimulation, then comparing exposure to enhanced nutrition with no responsive stimulation, and finally examining the interaction between the two treatments to determine whether there was any additive benefit when combining the two. Child development outcomes assessed by the Bayley Scale for Infant and Toddler Development (Third Edition) were employed because they yielded significant differences between the two interventions.
- 4 ▶ Cost-effectiveness ratios were calculated to provide the cost per unit of effectiveness; the intervention with the lowest ratio of cost-effectiveness is considered the most cost-effective.

The study also estimated how much additional time is needed to implement the PEDS trial interventions. It found that not only are responsive stimulation interventions feasible in the time allotted (30 minutes) but they actually assist in explaining nutrition and health information to parents more effectively.



Box 21

UNICEF Montenegro presents cost-effective model options to better advocate for affordable, quality preschool services for all children

The coverage of early and preschool education programmes was limited, especially for children from lower income quintiles and those living in northern Montenegro. While there was a need to increase the awareness of the policymakers, parents and the public on the importance of early and preschool education, the government was enacting austerity measures in response to the global economic crisis, which led to unpredictable financing.

UNICEF Montenegro commissioned a study on investing in early childhood education, which examined financial and legal ways to expand services to as many children as possible. After calculating unit costs and looking at different cost-effective models, the analysis recommended developing a free preschool programme that lasts for three hours a day and ten months a year, a significant change from the existing approach. At the same time, the study looked at current spending and the financing gap for scaling up the new model to achieve 95 per cent coverage by 2020, up from 40 per cent in 2014. During 2015 and 2016 UNICEF used the evidence to carry out an intensive policy advocacy campaign targeted at governmental institutions, including Parliament, and the general public as well as a Preschool for All Campaign across all northern municipalities. UNICEF also financially supported the testing of the new models, including the three-hour programme and outreach services in rural areas and in municipalities with the lowest coverage during 2015 and 2016 to boost demand and enrolment rates.

The evidence generated by the [study](#) and piloting experiences led the government to approve a Strategy for Early Childhood and Preschool Education (2016-20) in November 2015, which promotes alternative models and aims at increasing coverage, improving quality and ensuring financial sustainability. The impacts were soon felt as year-on-year enrolment rates jumped by more than 20 per cent in six of the worst-performing municipalities. The success enabled the Ministry of Education to receive treasury funding to hire more teachers and transform the pilot models into formal kindergarten services at several outreach points, thus ensuring their continuity and sustainability. Moreover, despite heavy debt and a sluggish economy, the need to increase spending on preschool education from 0.38 per cent to 0.50 per cent of GDP to expand coverage was highlighted as a goal in the newly adopted National Strategy for Sustainable Development 2030. The rate of enrolment of children aged 3 to 6 increased from 52 per cent to 70 per cent between 2014 and 2018.



Tool 6

ECD public expenditure and institutional review

ECD public expenditure and institutional review

An ECD public expenditure and institutional review (EPEIR) can be used to identify obstacles to budget coordination, especially gaps in coordination mechanisms. As *Table 8* shows, even when formal institutional coordination mechanisms exist, there are challenges in terms of actual coordination or meaningful engagement from relevant line ministries, especially weak budget coordination. Identifying ECD-related spending across all budget institutions within the government may be the quickest way to get a sense of de facto coordination mechanisms. As such, this tool includes two components: a comprehensive ECD public expenditure assessment and an institutional review. *Box 22* summarizes key questions to be addressed through this tool.



Box 22

Sample questions to be addressed in institutional and ECD public expenditure reviews



Background

- ▶ Scope of ECD programme/services and intended coverage
- ▶ Government bodies responsible and distribution of responsibilities



Institutional review

- ▶ What is the country's typical budgeting and planning process?
- ▶ What is the budget policy/law that governs ECD financing?
- ▶ Is there an institution in charge of reconciling ECD policies with the budget framework?
- ▶ Are there factors at budgeting and budget execution stages that might have placed ECD-related programmes in a lower priority?
- ▶ Do the relevant ministries/institutions have the capacity to do the costing and budget preparation for ECD-related programmes?
- ▶ Are there differences between costing, allocations and expenditures in the ECD programmes under review?
- ▶ Is there a coordinating body and is there a budget coordination mechanism among responsible government bodies?
- ▶ How is the financing for the programme/service raised, including household fees?
- ▶ How are funds allocated to different responsible bodies or levels of government?
- ▶ How are funds paid out to service providers or beneficiaries?



Comprehensive expenditure review

- ▶ What is the total public expenditure on ECD by age group, by types of services/programmes, by geographic areas, and by consumption quintiles?



Institutional review



Information on coordination mechanisms is key to understanding the decision-making process in relation to translating ECD policies into budget allocations and expenditures.



The institutional review looks at which institutions have a role in budgeting for ECD in the budgeting processes, their existing capacity and opportunities to strengthen it. The analysis should start with an overview of the budgeting and planning process of the country under review and the institutional arrangement for coordination of ECD policy formulation and/or implementation, as well as for budget submissions. It will also identify the roles of finance and planning ministries, as well as ECD-related sectoral ministries in the budgeting process.

The institutional review should provide the basis for identifying gaps and challenges as well as opportunities to strengthen the national ECD policy and budget coordination mechanisms. It will determine if a lead agency exists and if it has a funded mandate for coordinating ECD policies, as well as the requisite cross-agency institutional set-up. The assessment should specifically identify the extent to which finance and planning ministries are engaged in the ECD policy coordination process. The institutional review should also assess consistency between planned and actual spending as well as the link between costed plans, programmes, and medium-term and annual budgets. Given the highly political nature of the budget process, political economy analysis may be worthwhile to include.



Comprehensive ECD spending review



From a public financial management perspective, what cannot be measured cannot be effectively managed. In countries that have not adopted a national ECD policy, sector-based engagements to better identify and track ECD-related services with a view to increasing their contribution to ECD

outcomes are encouraged. However, in more than 60 countries where national ECD policies exist and that entail comprehensive sets of ECD interventions¹⁸, focusing on sector budgets risks having service gaps unfunded, overlapped or fragmented spending, leading to overall ineffective spending. Governments need to be able to better measure all ECD-related spending, which can then be tracked and monitored as part of routine budget execution and audit functions (e.g., in-year and year-end budget execution reporting, audit reports).

Currently, the mainstream public financial management (PFM) literature does not yet have established methods for assessing public expenditure by life stage. A main technical reason is many services are population-based, and it is difficult to portion out expenditure incurred by young children and their parents' or caregivers' utilization of services, especially where there is limited data on service utilization. Another reason is revealed lack of demand. Measurement is time- and labour-intensive, and unless the information generated is essential for decision-making, it remains low priority for government. In this sense, building ownership and offering support to the budget process through actions 1 and 2 creates demand for the information on 'public spending for ECD'.

When is the comprehensive ECD expenditure review useful?

- i) When poor communication between sectors/ministries hinders implementation of ECD policy priorities.
- ii) When fragmented, duplicating expenditure programmes reduce the effectiveness of scarce resources.
- iii) Advocacy is hampered by a lack of evidence on how governments currently invest; e.g., UNICEF supported Latin American countries to systematically measure child-focused public investments, including a breakdown by age group, and convene a meeting biennially to raise political commitment and public awareness.

¹⁸Based on internal UNICEF monitoring data.

There are emerging innovations from countries on ways to assess overall public spending on ECD. A good example is Argentina, where UNICEF has provided support to government on measuring public investments in early childhood, which is part of nine self-selected countries in Latin America that were the first to apply the [methodology for measuring investments in early childhood in LAC](#). The methodology proposes a 'maximum' standard on six dimension that define and delimit public spending directed to early childhood, among which are the definition of age group, jurisdictional coverage and functional coverage. Based on these standards, application criteria were made explicit for each country to consider the different arrangements in the structure of governments and budgets and the information available in each case. UNICEF Argentina has also supported similar applications at a provincial level to promote decentralized investments in ECD.¹⁹

Chile provides another relevant example. The comprehensive ECD expenditure review conducted in Chile includes three classifications to analyse the investment in this group of the population. The first is defined based on the specificity in focusing actions taken by the State in relation to early childhood, which includes five types of spending. These are ordered in decreasing importance regarding their specificity in actions directed towards early childhood, going from those directed only to this age group to social programmes that benefit the entire population, and therefore part of their resources will benefit children. The second classification is based on the system of spending per 11 categories, or functions of this spending. The third classification is by areas of children's rights using a matrix created UNICEF Chile based on the Multiple Overlapping Deprivation Analysis (MODA).

¹⁹There is a body of broader work on child-focused expenditure measurement which included an early childhood component (see [Child-focused public expenditure measurement: a compendium of country examples](#)).



Box 23

UNICEF Chile supports the measurement of public investments in early childhood to identify gaps as well as cost-effective interventions to further promote ECD

Chile has made significant progress in the implementation of policies aimed at fostering early childhood development. A major milestone was the creation of Chile Crece Contigo (Chile Grows with You), a social protection system that includes integrated services from prenatal care for pregnant women to children up until the age of 9, aiming to promote equal opportunities for development to all children. In 2014, under President Michelle Bachelet, who was the driving force behind the creation of the programme during her first term, the government committed to increase the coverage of Chile Crece Contigo (CHCC) (expanding the target age group from 0-4 to 0-9), as well as to strengthen the quality of its services.

In light of this political environment, UNICEF commissioned a [study](#)²⁰ aimed at analyzing public expenditure on ECD, in order to provide relevant inputs for the government's decision-making process, including evidence on the most cost-effective ECD interventions based on national and international experiences, as well as mapping current investments from a child rights perspective.

The study was paired with a comprehensive advocacy strategy aimed at disseminating its findings with key policy and decision makers, including relevant actors in the Ministry of Finance.

The study concluded that Chile's investments in ECD are significant compared with other Latin American countries and that those investments had increased over the past few years. However, there was room for improving the quality of services and the efficient use of resources. The study also highlighted some programming gaps, particularly with respect to mental health and parenting support. Its findings influenced the government's agenda regarding ECD, including increased focus on parenting programmes.

²⁰ Summary of the study on UNICEF's country office site:

<https://www.unicef.org/chile/informes/inversion-publica-en-primera-infancia-en-chile-diagnostico-desafios-y-propuestas>



Sources and further reading

Aghazaryan, Anastas, Cost-benefit analysis of alternative pre-school education services in consolidated multi-settlement communities of Armenia, Vladimir Ter-Ghazaryan, UNICEF, 2018. <https://www.unicef.org/armenia/en/reports/cost-benefit-analysis-alternative-pre-school-education-services-armenia>, accessed 9 December 2019.

Anderson, Ian, David Hipgrave. The Political Economy of Health, particularly reproductive, maternal, newborn and child health, in four countries of south and east Asia. 2011, UNICEF. Accessed 9 December 2019.

Asman, Jennifer. Choosing Public Expenditure Analytical Tools for Use in the WASH Sector, 2017. UNICEF WASH Guidelines. Document No: WASH/G/01/2017 <https://www.unicef.org/sites/default/files/2019-12/WASH-Guidelines-Choosing-Public-Expenditure-Analytical-Tools-Use-in-WASH-Sector-2017.pdf>, accessed 9 December 2019.

Bagriansky, Jack, Patrice Engle, Assessing the economic benefit of investing in young child growth and development: A case study in social planning from Azerbaijan, UNICEF, 2009. Accessed 9 December 2019.

Bajraktari, Elinor, Challenges and opportunities for UNICEF in the area of public finance for pre-primary education: Results of a survey with country offices in the Eastern and southern Africa region, UNICEF, 2018. Accessed 9 December 2019.

Barry, Oumar, Ali Mory Maïdoka, Patrick Premand, Promoting positive parenting practices in Niger through a cash transfer programme, Early Childhood Matters, Bernard Van Leer Foundation, 2017. <https://bernardvanleer.org/ecm-article/2017/promoting-positive-parenting-practices-niger-cash-transfer-programme/>, accessed 9 December 2019.

Bedregal, Paula, Francisca Morales, Juan Pablo Valenzuela, Investment in early childhood in Chile: diagnosis, challenges and proposals UNICEF Chile, Chile, 2017. <https://www.unicef.org/chile/informes/inversion-publica-en-primera-infancia-en-chile-diagnostico-desafios-y-propuestas>, accessed 9 December 2019.

Berg, Servaas van der, et al., Tracking Public Expenditure and Assessing Service Quality in Early Childhood Development in South Africa, Department of Basic Education, Department of Social Development, South Africa and UNICEF, 2010. https://www.unicef.org/southafrica/SAF_resources_pets.pdf, accessed 9 December 2019.

Berg, Servaas van der, et al., A public expenditure review of the basic education sector in Namibia, Directorate of Planning and Development Ministry of Education Arts and Culture, Republic of Namibia, 2017. [https://www.unicef.org/esaro/PER-of-Education-in-Nambia-\(2017\).pdf](https://www.unicef.org/esaro/PER-of-Education-in-Nambia-(2017).pdf), accessed 9 December 2019.

Borisova, Ivelina, et al., A World Ready to Learn: Prioritizing Early Childhood Education, Global Report, UNICEF, 2019. <https://www.unicef.org/media/57926/file/A-world-ready-to-learn-advocacy-brief-2019.pdf>, accessed 9 December 2019.

Dendura, Jerome, Hanh Le, A methodological guidebook climate public expenditure and institutional review (CPEIR), United Nations Development Programme, Bangkok, 2015. <https://www.undp.org/content/dam/rbap/docs/Research%20&%20Publications/democratic-governance/RBAP-DG-2015-CPEIR-Methodological-Guidebook.pdf>, accessed 9 December 2019.

Desmond, Chris, et al., Priority-setting in the rollout of South Africa's national integrated ECD policy, Volume 39, Issue 3, An International Research Journal, Published online, 2019, Pages 276-294. <https://www.tandfonline.com/doi/abs/10.1080/09575146.2019.1572074?src=recsys&journalCode=ceye20> NOTE: requires institutional subscription, accessed 9 December 2019.

Desmond, Chris, Development of an investment case for early childhood development in South Africa, Human Sciences Research Council, 2016. https://www.unicef.org/southafrica/SAF_resources_kbshowveresource.pdf, accessed 9 December 2019.

Gowani, Saima, Aisha K. Yousafzai, Robert Armstrong, Zulfiqar A. Bhutta, Cost effectiveness of responsive stimulation and nutrition interventions on early child development outcomes in Pakistan, Issue: Integrating Nutrition and Early Childhood Development Interventions 0077-8923, Annals of the New York academy of sciences, New York, 2014. <https://nyaspubs.onlinelibrary.wiley.com/doi/pdf/10.1111/nyas.12367>, accessed 9 December 2019.

Gustafsson-Wright, Emily, Izzy Boggild-Jones, Measuring the cost of investing in early childhood interventions and applications of a standardized costing tool, Annals of the New York Academy of Sciences, Special Issue: Implementation Research and Practice for Early Childhood Development, The Brookings Institution – Center for Universal Education, Washington DC, 2018, <https://nyaspubs.onlinelibrary.wiley.com/doi/pdf/10.1111/nyas.13679>, accessed 9 December 2019.

Gustafsson-Wright, Emily, Izzy Boggild-Jones, Sophie Gardiner, The Standardized Early Childhood Development Costing Tool, Center for Universal Education at Brookings, Brookings Global, Washington DC, 2017. <https://www.brookings.edu/wp-content/uploads/2017/09/standardized-ecd-costing-tool.pdf>, accessed 9 December 2019.

Levine, Phillip, David Zimmerman, Targeting investments in children: fighting poverty when resources are limited, Prologue and Chapter 1 on issues in Implementation, University of Chicago Press, 2010. <https://www.nber.org/chapters/c11720.pdf>, accessed 9 December 2019.

Lie, Geir Solve Sande, et al., Developing a Resource Tracking System for Measuring Spending on Nutrition in Low- and Middle-Income Countries, Abt Associates Inc., Bethesda MD, 2011. https://www.abtassociates.com/sites/default/files/migrated_files/1df7ef7e-9d45-4984-acfc-5530ccb1d2cc.pdf, accessed 9 December 2019.

McDaid, David, A-La Park, Evidence on financing and budgeting mechanisms to support intersectoral actions between health, education, social welfare and labour sectors, Health evidence network synthesis report 48, World Health Organization, Copenhagen Denmark, 2016. http://eprints.lse.ac.uk/67725/1/McDaid_Evidence%20on%20financing_2016.pdf, accessed 9 December 2019.

Methodology of national education accounts, Global and Regional Activities Programme, 2016. <http://uis.unesco.org/sites/default/files/documents/methodology-of-national-education-accounts-2016-en.pdf>, accessed 9 December 2019.

Ministry of Finance, Guidelines for preparation of budget estimates for the 2017/18 FY and medium-term expenditure framework for the period 2017/18-2019/20, Ministry of Finance, Republic of Rwanda, 2017. <https://www.cabri-sbo.org/en/documents/guidelines-for-preparation-of-budget-estimates-for-the-2017-18-fy-and-mtef-for-the-period-2017-18-2019-20>, accessed 9 December 2019.

Ministry of Finance, The first planning and budgeting circular for the 2017/18 FY and medium-term expenditure framework for the period 2017/18-2019/20, Ministry of Finance, Republic of Rwanda, 2017. <https://www.cabri-sbo.org/en/documents/the-first-planning-and-budgeting-call-circular-for-the-2017-18-fiscal-year>, accessed 9 December 2019.

Muchabaiwa, Bob Libert, Child responsive budgeting in South Sudan, Ministry of Gender Child and Social Welfare Humanitarian Affairs and Disaster Management, Government of the Republic of South Sudan, Juba South Sudan, 2013 https://resourcecentre.savethechildren.net/node/8023/pdf/2014_save_the_children_booklet1.pdf, accessed 9 December 2019.

Ngcobo-Mbere, Musa, National Early Childhood Development Policy, Pretoria: Government Printers, Republic of South Africa, 2015. https://www.gov.za/sites/default/files/gcis_document/201610/national-integrated-ecd-policy-web-version-final-01-08-2016a.pdf, accessed 9 December 2019.

Prica, Ivana, Lazar Colic, Hana Baronijan, a Study on investing in Early childhood education in Montenegro, Peter Stonelake, UNICEF Montenegro, Podgorica, 2014. <https://www.unicef.org/montenegro/media/2766/file>, accessed 9 December 2019.

PhilHealth Circular No. 2017-0029: Z Benefits for Children with Developmental Disabilities. Retrieved from https://www.philhealth.gov.ph/circulars/2017/TS_circ2017-0029.pdf, accessed March 3, 2020.

Results for Development (R4D), Financing Early Childhood Development: An Analysis of International and Domestic Sources in Low- and Middle-income Countries, Volume 1 and 2, Results for Development Institute, Washington DC, 2016. Volume 1: https://unicef-my.sharepoint.com/:b:/g/personal/anieto_unicef_org/EfcCz61aKzxJteF11atoo3UBiWwAAPRkrCkPAstThZAr9A?e=pZjoRo, accessed 9 December 2019. Volume 2: <https://www.r4d.org/wp-content/uploads/ECD-Financing-Study-Volume-2.pdf>

-
Rao, Madhusudhan B.V., Nakul Nagaraj, R. Maithreyi, Jyotsna Jha, Public expenditure on child nutrition in Karnataka, Center for Budget and Policy Studies and UNICEF, India. http://cbps.in/wp-content/uploads/Public-expenditure_Karnataka.pdf, accessed 9 December 2019.

Ravens, Jan van, Financing mechanisms for early childhood development: a paper based on a presentation at the 2017 pacific ECD conference, Fiji, 2017. Accessed 9 December 2019.

Richter, Linda M, et al., Advancing early childhood development: from science to scale 3: Investing in the foundation of sustainable development: pathways to scale up for early childhood development, with the Paper 3 Working Group and the Lancet Early Childhood Development Series Steering Committee, The Lancet, 2016. [https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736\(16\)31698-1.pdf](https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736(16)31698-1.pdf), accessed 9 December 2019.

Rossiter, Jack, Scaling up access to quality early education in Ethiopia: Guidance from international experience, Young Lives Policy Paper 8, Young Lives, United Kingdom, 2016. <https://www.younglives.org.uk/sites/www.younglives.org.uk/files/YL-PP8%20Ethiopia%20ECCE.pdf>, accessed 9 December 2019.

Stotsky, Janet, Gender Budgeting: Fiscal Context and Current Outcomes, IMF Working Paper, WP/16/149, International Monetary Fund, Washington DC, 2016. <https://www.imf.org/external/pubs/ft/wp/2016/wp16149.pdf>, accessed 9 December 2019.

Structuring development perspectives for early childhood: a user guide for the simulation of a costing model and concept note drafting in a national context, West and Central Africa, UNICEF, 2015. Accessed 9 December 2019.

Tshomo, Pema, Early childhood care and development in Bhutan: A case for investment, Government of Bhutan Ministry of Education and UNICEF, Bhutan, 2017. <https://www.unicef.org/bhutan/media/371/file>, accessed 9 December 2019.

UNESCO Office Bangkok and Regional Bureau for Education in Asia and the Pacific, Financing for early childhood care and education (ECCE): Investing in the foundation for lifelong learning and sustainable development, United Nations Educational Scientific and Cultural Organization (UNESCO), France, 2016. <https://unesdoc.unesco.org/ark:/48223/pf0000245511>, accessed 9 December 2019.

Watson, James, Starting well: Benchmarking early education across the world, Sudhir Vadaketh, The Economist Intelligence Unit Limited, 2012. <http://graphics.eiu.com/upload/eb/Lienstartingwell.pdf>, accessed 9 December 2019.

World Health Organization, United Nations Children's Fund, World Bank Group, Nurturing care for early childhood development: a framework for helping children survive and thrive to transform health and human potential, World Health Organization, Geneva, 2018, page 22.

Yousafzai, Aisha K, Michael Banda, Description of high-level costing model and the costing outcomes, Cornerstone Economic Research, 2015. Accessed 9 December 2019.

Yousafzai, Aisha K, et al., Promoting care for child development in community health services: a summary of the Pakistan early childhood development scale-up (PEDS) Trial, Oliver Petrovic, Aisha K Yousafzai, UNICEF, New York, 2013. https://www.unicef.org/earlychildhood/files/PEDS_Trial_Summary_Report.pdf, accessed 9 December 2019.

unicef 

for every child

Published by UNICEF
Early Childhood Development and Social Policy Sections
3 United Nations Plaza
New York, NY 10017

Authors: Jingqing Chai, Ana Nieto

© United Nations Children's Fund (UNICEF)
December 2019

Permission is required to reproduce any part of this
publication. For more information on usage rights,
please contact nyhqdoc.permit@unicef.org

Cover photo: © UNICEF/UNO283310/Dejongh

Design and layout by Spumma Communications
info@spumma.com