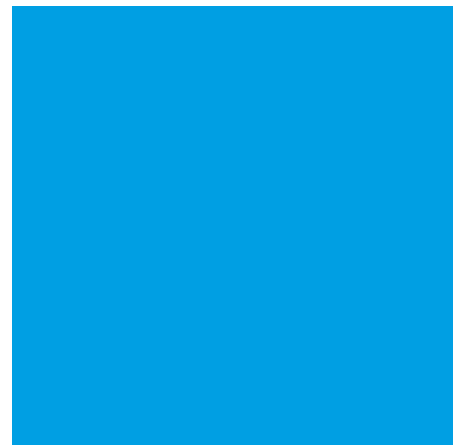


Scaling Up Early Childhood Education And Care Services in Bijeljina



**A FEASIBILITY
STUDY**
May 2023.



CONTENTS

EXECUTIVE SUMMARY	6
INTRODUCTION	13
Context	13
The Study	14
Case Study: City of Bijeljina	15
FINANCIAL FEASIBILITY	20
Current expenditure.....	20
Projected Costs of Scale-Up.....	23
Finding Funding	25
Investment plan	32
OPERATIONAL FEASIBILITY.....	34
Leadership and Governance	34
Law and Policy	35
Human Resources	37
Service Delivery.....	38
Information	40
POLITICAL FEASIBILITY.....	41
Citizens, Parents, and caregivers.....	41
Providers.....	43
The State	44
CONCLUSIONS AND RECOMMENDATIONS.....	45

LIST OF FIGURES

Figure 1: The Nurturing Care Framework.....	13
Figure 2: Feasibility Study Framework	15
Figure 3: Map of Bosnia and Herzegovina with entities, districts, and local self-government units	15
Figure 4: Population structure of Bosnia and Herzegovina, 2020 and 2050.	16
Figure 5: Republika Srpska, Number of Preschool Institutions, by ownership type (2017/18 – 2022/23).	17
Figure 6: Republika Srpska, Number of ECE Facilities, by ownership type (2019/20 – 2022/23).	18
Figure 7: City of Bijeljina, Number of ECE Institutions, by ownership type (2 017/18 – 2021/22).	19
Figure 8: Changes in Enrolment by Provider Type 2018/2019 to 2021/2022: Republika Srpska and Bijeljina ..	19
Figure 9: Financial Feasibility Framework	20
Figure 10: Breakdown of Bijeljina City Expenditure on Preschools, public/private	21
Figure 11: Proportional Contribution of Public and Private Expenditure to Total Expenditure (as %), by institution type (total, public and private), Bijeljina.	22
Figure 12: Fiscal Space Diamond	25
Figure 13: Tax Revenue as a Percentage of GDP, 2010-2020: BiH, EU, and World.	26
Figure 14: Taxes on Income, Profits and Capital Gains as a Percentage of Government Revenues, 2020: BiH, EU and World.	26
Figure 15: Leadership and Governance of Preschool Sector in Bijeljina	35
Figure 16: Political Economy Framework for Early Childhood Education – adapted from Henstridge, Lee and Salam (2019) 'Thicker Policy Diagnostics'.	42

LIST OF TABLES

Table 1: Population: 2013 census and 2016-2020 estimates.....	16
Table 2: Population projections for children (0-6 years).....	17
Table 3: Estimated child population, enrolment in preschool, and coverage rates in the City of Bijeljina	18
Table 4: Projected Capital Costs in Public and Private Sector, 2022-2030. Expressed in BAM, adjusted for inflation.	23
Table 5: Projected Recurrent Costs in Public and Private Sector, 2022-2030. Expressed in BAM, adjusted for inflation.	24
Table 6: Project annual costs and revenue requirements of public and private preschools, 2022-2030. Expressed in BAM, adjusted for inflation.	25
Table 7: Modelling Financial Implications of Scaling Up Preschool Services for the City of Bijeljina. All costs expressed in BAM, adjusted for inflation.	28
Table 8: Business Contributions to the Capital Costs of Scale-Up in Private Preschool Facilities, 2022-2030. Expressed in BAM, adjusted for inflation.	31
Table 9: Household Contributions to Recurrent Costs in Public and Private Preschools, 2022-2030. Expressed in BAM, adjusted for inflation.	32
Table 10: Investment Plan: Revenue Requirements, Contributions by Stakeholder Type, and Projected Funding Gap, 2022-2030. Expressed in BAM, adjusted for inflation.	33
Table 11: Legislation related to ECEC.....	36
Table 12: Projected ECEC Human Resource Needs, per year 2022-2030, total to 2030	37
Table 13: Additional Classroom Requirements, Public and Private Sector, 2022-2030.	39
Table 14: Recommendations	47

ABBREVIATIONS

BiH	Bosnia and Herzegovina
CwD	Children with Disabilities
ECD	Early Childhood Development
ECEC	Early Childhood Education and Care
EMIS	Education Management Information System
EU	European Union
GDP	Gross Domestic Product
IMF	International Monetary Fund
MOEC	Ministry of Education and Culture
ODA	Overseas Development Assistance
OECD	Organisation for Economic Co-operation and Development
PISA	Programme for International Student Assessment
RS	Republika Srpska
SDGs	Sustainable Development Goals
SEN	Special Educational Needs
TIMSS	Trends in International Mathematics and Science Study
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
VAT	Value-Added Tax

EXECUTIVE SUMMARY

INTRODUCTION

Early childhood education and care [ECEC] services are a vital part of human capital investments. Longitudinal studies from a wide range of case studies show that children who participate in quality ECEC programmes experience multiple benefits, including improved test scores, graduation rates, decreased crime and delinquency rates, and improved lifetime income.¹ When these benefits are monetized, the returns on investments can be enormous. Research from Bosnia and Herzegovina [BiH] bears out the importance of ECEC services. Attendance in high-quality pre-primary programmes has been linked with improvements in child development, with reports of children being better socialized and able to focus upon entry to primary school, as well as learning basic skills which promote life-long learning. These opportunities to invest in early childhood should not be missed, estimates suggest that the cost of inaction of not facilitating a scale-up in ECEC coverage could cost Republika Srpska's economy up to over 9.4 billion BAM by 2052.²

Within this context, UNICEF has commissioned this study into the feasibility of scaling up ECEC in Republika Srpska [also referred to as RS], using the case study of the City of Bijeljina. This report is intended to provide practical guidance for decision-makers on how to provide such an intervention. The framework underpinning the provision of this guidance has a focus being placed on developing insights into the financial, operational and political feasibility of scaling up ECEC. It should be noted that this study focuses solely on ECEC services for children between the ages of three and six.

STATUS AND TRENDS

Across RS, and within the city of Bijeljina, access to ECEC has been improving in recent years and service provision is split between public and private institutions.

At entity level, the enrolment rate has been increasing since 2017/18 (with a drop during the COVID-19 pandemic), and latest data suggest that 38% of RS's 28 734 children three-six years old are enrolled in full-day or half day ECEC programmes.³ Meanwhile, in the city of Bijeljina, enrolment aligns with the entity average, at 31% in 2021/22. Enrolment is higher for children over the age of three, and the highest coverage rate is in the 4–5-year age category.⁴ It is notable that more than two-thirds of the children in the city still do not have access to vital ECEC services. The private sector has fuelled this rising enrolment, growing its share of the total number of children in preschool. This is a situation witnessed across RS but especially in the city of Bijeljina, where the private sector is already the dominant provider of ECEC, with a 67% share (up from 60% in 2018/19).⁵

Enrolment patterns mirror those seen in other parts of the country and is linked to the socio-economic and location status of the household. Children from households where one or both parents/caregivers are unemployed, or those from peripheral areas outside of the city, are more likely to struggle to gain access to ECEC. On average in Bijeljina and RS, 82% of children enrolled in preschool come from families where both parents are employed, whilst 16% come from families with one parent employed.⁶ Children from households where both parents are unemployed constitute just 1% of the preschool population.⁷

1 J. Tanner, T. Candland and W. Odden (2015). 'Later Impacts of Early Childhood Interventions: A Systematic Review', IEG Working Paper 2015/3, (World Bank Group: Washington D.C., USA).

2 UNICEF (2023). Investment Case for Early Childhood Development in Republika Srpska (UNICEF Bosnia and Herzegovina: Sarajevo, Bosnia and Herzegovina).

3 Republika Srpska Institute of Statistics (2022). Preschool Education 2021/2022 Statistical Bulletin, (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

4 Ibid.

5 Ibid.; and Republika Srpska Institute of Statistics (2019). Preschool Education 2018/2019 Statistical Bulletin, (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

6 Republika Srpska Institute of Statistics (2022). Preschool Education 2021/2022 Statistical Bulletin, (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

7 Ibid.

FINANCIAL FEASIBILITY

Financing for ECEC comes from both public and private sources. The current financing landscape for ECEC can be summarised as follows:

Funding Source	Description	Proportional Contribution
City Administration of Bijeljina (Public)	<ul style="list-style-type: none"> The major source of public financing for ECEC in the city of Bijeljina. Allocations from the city budget to preschools have been significant (equivalent to 4.5% of the total budget). Expenditure predominantly benefits public preschools (96% targeted at the public institution). Recently provided subsidies to households with children in private preschool institutions, equivalent to 10% of fees. Spending on these subsidies equate to 4% of all city expenditure on preschools. 	34.9%
RS Ministry of Education and Culture (MoEC) and the RS Fund for Child Protection (Public)	<ul style="list-style-type: none"> ECEC financing sitting outside of Republika Srpska MoEC's remit, direct entity level financial support to ECEC is very low. MoEC provides funding for the provision of a 180-hour primary preparatory programme (under RS Law on Preschool Education and Upbringing). Under Article 97 of the Law on Preschool Education and Upbringing, the MoEC is also required to provide funding to support ECEC teachers and expert advisors (including through professional development, funds for St Sava Award recipients and for developers on didactic materials). It may also provide funds for procurement of materials in ECEC classrooms. The RS Fund for Child Protection provides financial support for CwD and children without parental care in preschools 	0.4%
Households (Private)	<ul style="list-style-type: none"> The most significant source of financing for ECEC services in Bijeljina are households. Proportional contribution of households to total expenditure is higher in private institutions than in public institutions, 96% compared to 35% respectively. Households contribute less per child for enrolment in public facilities compared to private ones, owing to higher public subsidies in the public sector. 	64.7%

The projected costs to achieve a scale-up to 100% coverage of ECEC services between the ages 3-6 were produced. Capital costs are projected to amount to 2,747,139 BAM in total between 2022-2030. According to these estimates, capital costs will significantly increase from the base year (2022). In 2022, capital costs across the sector are expected to amount to less than 115,000 BAM. However, by 2023, this is set increase by three-times to 342,393 BAM. As preschool institutions in Bijeljina do not have the physical infrastructure to support the scale-up, capital investments are needed to meet the costs required to build, on average, 8 additional classrooms each year between 2023 and 2030. These are one-off costs to accommodate the expanding number of children, and are expected to considerably decrease once ECEC enrolment has hit target levels. Recurrent costs are projected to amount to 79,106,622 BAM in total between 2022-2030. Over the time horizon, annual recurrent costs are expected to increase by around 3-4 times in both the public and private sector. This increase is a result of the growing number of children enrolled in preschools, as well as an increase in the unit cost of these inputs. In particular, this model projects an increase, over the time horizon, of teachers' wages so that they align with the average salary of a primary school teacher by 2030 (2022 average, adjusted for inflation). Total annual costs are projected to grow by over three times across the preschool sector between the base year, 2022, and 2030.

A proposed Investment Plan has been developed, providing an indication of the proportional and absolute contributions which would be required by different actors over time. It places the revenue requirements of facilities in the public and private sector against financial contributions from different stakeholders in the ECEC ecosystem. At a high-level, the key messages from this analysis suggest that:

A significant funding gap will emerge from 2024 and continue to grow. If current expenditure on ECEC is held constant (only adjusted for inflation and economic growth), when compared to the estimated costs of scale up to universal levels by 2030, this funding gap will amount to 28 million BAM.

Public expenditure will be a dominant source of the additional funds needed to finance this scale-up of ECEC services. Fiscal space to meet these funding demands is limited. There are growing constraints on budgetary room as a result of the COVID-19 pandemic, the Ukraine crisis, and subsequent inflation. However, under this model: The city administration would spend over 36 million BAM on ECEC over the next eight years – annual spending will be projected to almost triple between 2022-2030. The city administration's budget surplus could be used to finance this additional spend
The MOEC and the RS Fund for Child Protection would spend over 4 million BAM over the same period

In order to accommodate the increased demands on government budgets, a number of avenues for expanding fiscal space and budgetary room were considered. These include reforming the tax system, tackling inefficiencies in spending, reprioritizing public budgets towards preschools, and looking at external forms of financing (official development assistance or debt).

Private financing, in the form of household expenditure, will remain an important mechanism to plug the funding gap in both the short- and long-term. Private contributions to ECEC services, however, should not be levied on poor or vulnerable households.

Careful planning and policy-making will be needed to ensure that the financing of this scale-up is both achievable and equitable. Investment must put the provision of inclusive ECEC services at its core, targeting public financing at the communities and households who most need it.

OPERATIONAL FEASIBILITY

Supplementing the analysis on the financial feasibility of scaling up ECEC services, an assessment of the operational feasibility was also conducted. This looked at the five remaining blocks of ECEC system, the findings of which are briefly summarised below.

Leadership & Governance	<ul style="list-style-type: none"> • ECEC is a formal part of the education sector and is under the remit of the MoEC. • However, unlike other education levels (e.g., primary or secondary), the MoEC is not responsible for financing of ECEC. Instead, founders of preschool institutions are local self-government units and, as stipulated under Article 94 of the Law on Preschool Education and Upbringing, there are guidelines for which funds founder must ensure for preschool institutions to operate. This gives local self-government units the mandate to govern, finance, and ensure adequate provision of ECEC. • This financial decentralisation structure is a concern for equity (coverage rates range significantly between municipalities/cities) and the quality of regulation and oversight of the ECEC sector.
Law and Policy	<ul style="list-style-type: none"> • As a centralised entity, legislation and policies related to ECEC are developed at entity level. • Over the past fifteen years, progress has been made towards a conducive policy environment for the ECEC ecosystem. The RS Law on Preschool Education and Upbringing is a particularly important piece of legislation. • Implementation of the RS Law on Preschool Education and Upbringing has been complicated. Under this Law, the MoEC has become responsible for rolling out an (at least) three-month pre-primary programme for children in the year before primary school. This programme is financed and overseen by the MoEC, at entity level. However, all other pre-primary programmes are financed at municipality/city level. Having this dual, patchy approach to pre-primary education provision is inefficient and is not guaranteeing children in Bijeljina access to the services they need. • This preparatory programme has only a 180-hour duration. This is too short to guarantee children the developmental benefits of an ECEC programme.

Workforce	<ul style="list-style-type: none"> • An additional 195 ECEC teachers and 69 other members of staff would be required in preschools by 2030. • The number of additional students compared to the current number of teaching staff is concerning and a labour market gap may emerge. • Putting together concrete strategies to incentivise and manage an expansion in the workforce of ECEC teachers will be required to achieve this scale-up. This could include primary school teachers being supported to retrain through prequalification programmes to teach at ECEC level. • The success of these strategies, however, is dependent on recalibrating public perception on the value of ECEC teachers, as well as setting up compensation structure which incentivises entrants to join, and be retained, in an ECEC teaching career.
Service Delivery	<ul style="list-style-type: none"> • Bijeljina's preschool institutions do not have the physical infrastructure to support the scale-up modelled. Most institutions have a significant waiting list as a result of this limited capacity. It should be noted, however, that new facilities are currently being renovated and are expected to open soon with new classrooms being brought into operation. • 8 additional classrooms will need to be built each year between now and 2030 • Solutions are available to expand infrastructural capacity, including acquiring additional premises or repurposing other public spaces. • Additional support will be needed to facilitate a scale-up in the private sector, such as through public-private partnership arrangements. • Clear legal standards guide the provision of ECEC; however, improvements are needed to ensure that pedagogical standards are upheld and there is a need for further development of the curriculum, and standardisation. • Parental and caregiver demand for ECEC has been increasing in Bijeljina, a promising sign for service provision scale-up. Demand-raising activities should still be implemented amongst those less likely to enrol their children in ECEC. These activities should be designed on inclusive education principles and target vulnerable or excluded children.
Information	<ul style="list-style-type: none"> • Information systems should be improved to facilitate a scale-up in the coverage of ECEC services. Whilst Republika Srpska has a more developed education management information system, data which are essential for planning and policy-making are difficult to find and often inconsistent between sources. • Data must be routinely and reliably be collected. This information is important to support strategic planning and costing process, monitoring and evaluation, equity analysis, as well as supporting advocacy for increasing support. It should be noted that preparations are underway to introduce a new information system.

POLITICAL FEASIBILITY

Service delivery reform is never an entirely technical process, making it essential to embed considerations of political feasibility. A short section of this report looks at the political feasibility of this scale-up, providing a snapshot of the situation as of July 2022. It found that:

Public support for expanding preschool services can be politically popular, if properly framed and implemented.

Bijeljina's city administration has shown continued commitment to ECEC provision, and this has been met with increasing demand for services, with providers in both public and private settings reporting waiting lists and demand outstripping current supply.

Parental and caregiver buy-in will need to be carefully managed and negotiated. Informants noted that demand for ECEC services is mixed amongst different groups of parents and caregivers, with some not recognising the educational impact and long-term benefits for their child. Instead, factors such as the financial cost (both direct and indirect), time lost to transporting their child, as well as socio-cultural beliefs that young children should be cared for alone and not be subjected to formal education are expected to hinder scale-ups.

Resistance is more likely to emerge against efforts to finance this intervention. Whilst we expect that the scale-up of ECEC services has the potential to be politically popular with Bijeljina's residents, finding sources of public finances to fund it are likely to be more unpopular. The intervention must be framed as an investment into future growth and a greater public fiscus in the future.

Providers would be in support of a scale-up of ECEC coverage, if adequate financial and operational inputs are well-planned and made available. Provider support is contingent on careful planning and implementation support across the sector. Across both private and public providers, under-resourcing (including under-payment of staff) is already an important concern. Increasing pressure on these facilities is likely to be met with resistance without

additional financial and operational inputs (such as increased staffing, improvements to infrastructure, or pedagogical standards/curriculums) being made available.

Huge political opportunities to promote ECEC are, however, on the horizon. Exogenous processes have the potential to support the enabling environment for scale-up. Of prime importance is the European Union's Delegation funding which has begun to come through.⁸

CONCLUSIONS AND RECOMMENDATIONS

The early years of a child's life are foundational, making ECEC a critical area for investment in Bijeljina. Despite global and entity-specific evidence on the moral, social, and economic value of ECEC services, two-thirds of children between three- and six-years of age in the city remain out-of-school. This feasibility study has provided an in-depth analysis of the extent to which a scale-up in coverage to universal levels by 2030 would be possible across three dimensions – financial, operational, and political. It has found that whilst there will be substantial challenges, with political will and prioritisation of the ECEC agenda, it would be possible. The following recommendations have been developed to take forward, and capitalizing, on the efforts undertaken so far:

⁸ B. Popic and Z. Dzumhur (2019). TIMSS 2019 Encyclopaedia: Education Policy and Curriculum in Mathematics and Science, (TIMSS & PIRLS International Study Center - Lynch School of Education Boston College: Boston, U.K.).



FINANCIAL

- Adopt a **financing strategy**
- **Increase productive public spending** on ECE by exploring:
 - Reforms to the tax system;
 - Redesigning fiscal transfer arrangements;
 - Reprioritisation of budgets;
 - Increasing efficiency of spending, and;
 - Mobilising external finance.
- **Lower the household contribution** for ECEC, particularly for vulnerable groups
- **Target** additional public financing at **vulnerable groups**
- **Improve public budgeting** processes and systems.



OPERATIONAL

- Develop an **implementation plan**
- Set up a **working group**
- **Increase the length** of the Preparatory Programme
- **Incentivise** and manage expansion of **ECEC workforce**
- **Repurpose** existing public spaces for ECEC
- Develop close **public-private partnerships**
- Engage in **demand-generation** activities
- Strengthen **evaluation and assessment** systems
- Embed routine **data collection, monitoring, and evaluation**



POLITICAL

- **Advocate strongly** for the need to scale up ECEC
- Continuously **monitor political situation** and stakeholder alignment around ECE scale-up
- **Capitalise** on emergent political **opportunities** associated with BiH's bid to join the **European Union**.

INTRODUCTION

CONTEXT

Early childhood provides an important window of opportunity to define the course of a child's development and form a foundation for their future. Spanning from conception to the age of 6, early childhood is a phase where young children undergo rapid development, acquiring physical, cognitive, motor, psycho-emotional, and social skills. Every second of early childhood, millions of neural connections are made and by the age of five, children's brains are 90% of their adult size.¹ Evidence shows us that by time a child enters primary school, we can predict how likely they are to succeed in life².

A child's access to factors outlined in the international recognised *Nurturing Care Framework* (Figure 1) can determine their ability to develop to their full potential. Beyond the moral and rights-based imperative of providing services to promote nurturing care, there is a strong economic case for this investment. A vast body of evidence has emerged in recent years arguing that investments in early childhood have the greatest return of any human capital intervention.³

- 1 J. Gilmore, R. Knickmeyer and W. Gao (2018). 'Imaging structural and functional brain development in early childhood', *Nature Reviews Neuroscience*, 19, 123-137.
- 2 L. Richter, B. Daelmans, J. Lombardi et al. (2017). 'Investing in the foundation of sustainable development: pathways to scale up for early childhood development', *The Lancet*, 389:10064, 103-118.
- 3 R. Sayre, A. Devercelli, M. Neuman, Q. Wodon (2015). *Investing in Early Childhood Development: Review of the World Bank's Recent Experience*, (World Bank Group: Washington D.C., USA).

FIGURE 1: THE NURTURING CARE FRAMEWORK



Early childhood education and care [ECEC] services are a vital part of human capital investments. ECEC refers to intervention(s) which are intended to promote development in children prior to their entry to primary school. Formal ECEC programmes are most often provided in preschool institutions. Whilst these institutions offer care to children from the age of six months, for the purposes of this study, ECEC only refers to programmes targeting children between the ages of three and six. ECEC services are

an important input to the provision of nurturing care. They not only offer children opportunities for early learning and responsive caregiving, but can also promote good health, adequate nutrition, and safety and security. Longitudinal studies from a wide range of case studies show that children who participate in quality ECEC programmes experience multiple benefits, including improved test scores, graduation rates, decreased crime and delinquency rates, and improved lifetime income.⁴

When these benefits are monetized, the returns on investments can be enormous. These opportunities to invest in early childhood should not be missed, estimates suggest that the cost of inaction of not facilitating a scale-up in ECEC coverage could cost Republika Srpska's over 9.4 billion BAM by 2052.⁵

Research from Bosnia and Herzegovina [BiH] bears out the importance of ECEC services. Attendance in high-quality pre-primary programmes has been linked with improvements in child development, with reports of children being better socialised and able to focus upon entry to primary school, as well as learning basic skills which promote life-long learning. Conversely, poor educational outcomes in later years have been associated with low enrolment in ECEC across the country. In the Programme for International Student Assessment [PISA], which examines 15-year-old students' proficiencies in reading, mathematics and science, fewer than half of students in BiH in 2018 attained the minimum level of proficiency in reading, 42% were at least minimally proficient in mathematics, and only 43% were minimally proficient in science.⁶

Further, the Trends in International Mathematics and Science Study [TIMSS], carried out in 2019, found that primary school students were below average in their achievements on the TIMSS scale, as well as in comparison to neighbouring countries (including Serbia and Croatia).⁷

Importantly, children in BiH who had attended pre-primary education programmes for two years or more were found to have notably improved performance in the

TIMSS.⁸

On the other hand, one study in Republika Srpska found positive correlation between attending condensed pre-school programme and school readiness

⁹. As data show that children from more affluent socio-economic backgrounds are more likely to have been included in an ECEC programme, this highlights a pressing equity concern (*i.e.*, widening the gap between different socio-economic groups).¹⁰

THE STUDY

Within this context, UNICEF has commissioned this study into the feasibility of scaling up ECEC in Republika Srpska [also referred to as RS], using the case study of the city of Bijeljina. The objectives of this research are three-fold:

To consider whether this intervention (a scale-up in the provision of ECEC services) could be implemented and its likelihood of being successful;

To assess the most important challenges and bottlenecks to its successful implementation;

To consider the factors and conditions that need to be in place to enable a successful scale-up.

This report is intended to provide practical guidance for decision-makers on how to provide such an intervention.

The framework underpinning the provision of this guidance is outlined in Figure 2, with a focus being placed on developing insights into the financial, operational and political feasibility of scaling up ECEC. Especial emphasis has been placed in analysing the financial feasibility component as, during preliminary research, financial bottlenecks seem to appear as the most important threat to this intervention.

4 J. Tanner, T. Candland and W. Odden (2015). 'Later Impacts of Early Childhood Interventions: A Systematic Review', IEG Working Paper 2015/3, (World Bank Group: Washington D.C., USA).

5 UNICEF (2023). Investment Case for Early Childhood Development in Republika Srpska (UNICEF Bosnia and Herzegovina: Sarajevo, Bosnia and Herzegovina).

6 OECD. (2018). Programme for International Student Assessment [PISA] Results from PISA 2018.

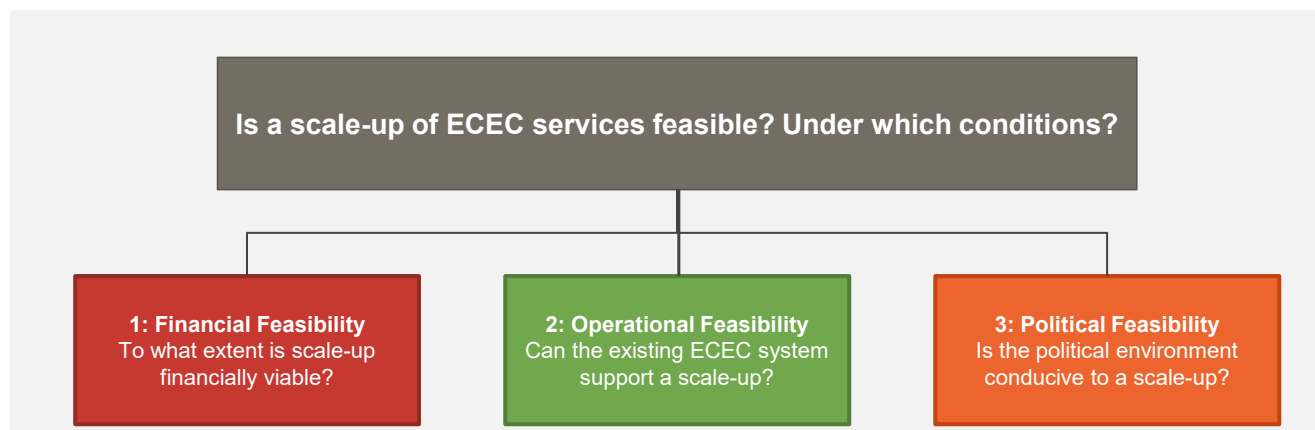
7 B. Popic and Z. Dzumhur (2019). TIMSS 2019 Encyclopaedia: Education Policy and Curriculum in Mathematics and Science, (TIMSS & PIRLS International Study Center - Lynch School of Education Boston College: Boston, U.K.).

8 Agency for Preschool, Primary and Secondary Education (2022). Preschool Education and Care as a Determinant of Student Achievement in Bosnia and Herzegovina in TIMSS 2019. Available at: <https://aposo.gov.ba/sadrzaj/uploads/%D0%90nali-za-zadatak-po-sadrzajmim-i-kognitivnim-domenama-TIMSS.pdf>

9 Cvijanović, N., Mojić, D. (2020). Institucionalna pedagoška intervencija u ranim godinama života na putu cjeloživotnog učenja [Institutional pedagogical intervention in early years in the context of early learning]. Croatian Journal of Education, 22 (Sp.Ed.3), 51-69. <https://doi.org/10.15516/cje.v22i0.3909>

10 B. Popic and Z. Dzumhur (2019). TIMSS 2019 Encyclopaedia: Education Policy and Curriculum in Mathematics and Science, (TIMSS & PIRLS International Study Center - Lynch School of Education Boston College: Boston, U.K.).

FIGURE 2: FEASIBILITY STUDY FRAMEWORK



The study has taken a mixed-methods approach. It is based on both qualitative and quantitative data and analysis, which was collected from both primary and secondary sources. A detailed description of the methodology employed to produce this report can be found in the accompanying methodological note. The rest of this report will be structured around the main pillars of enquiry:

Section 1.3 looks at the City of Bijeljina, providing contextual background with a focus on the size of the child population and the current status and trends in ECEC enrolment;

Section 2 approaches the financial feasibility of scaling up ECEC services, which form the bulk of this analysis. It uses a framework of 'spend enough' and 'spend well' to consider how much it would cost to provide this intervention, the estimated size of the funding gap, as well as financing options;

Section 3 analyses the operational feasibility of a scale-up, considering the extent to which system inputs including law and policy, workforce, service delivery, and data and information are equipped to manage.

Section 4 briefly assesses the political outlook for reform in the ECEC sector in Bijeljina, using a political economy framework to identify opportunities and bottlenecks to the scale-up.

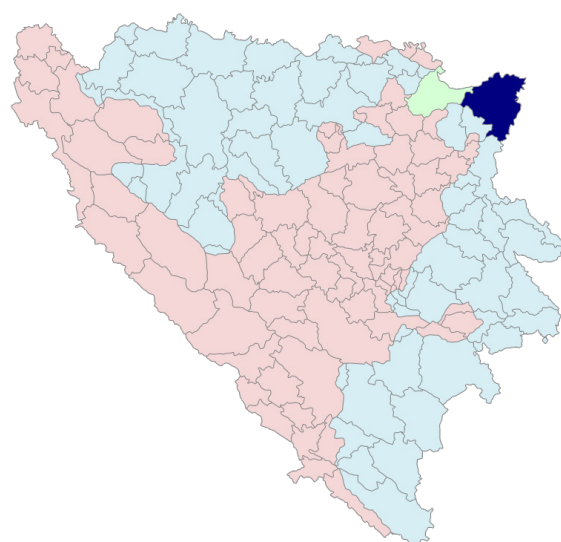
Section 5 concludes the report, providing recommendations and a summary of the main challenges and bottlenecks, as well as the conditions which need to be in place to facilitate this intervention.

CASE STUDY: CITY OF BIJELJINA

Background

Bijeljina (highlighted in dark blue) is one of 64 local self-government units in the entity of Republika Srpska. It ranks the 2nd largest in the entity in terms of total population, after Banja Luka, and is located in the far north-east of the country. It shares a long border with Serbia and is home to just below 110,000 people, under half of whom live in urban areas. According to the 2013 census, 84% of the population are Serb (in comparison to an 81.5% average in RS) and there is small Roma presence.¹¹

FIGURE 3: MAP OF BOSNIA AND HERZEGOVINA WITH ENTITIES, DISTRICTS, AND LOCAL SELF-GOVERNMENT UNITS HIGHLIGHTED. BIJELJINA IN DARK BLUE.



¹¹ Agency for Statistics of Bosnia and Herzegovina (2013). Preliminary Results of the 2013 Census of Population, Households and Dwellings in Bosnia and Herzegovina.

TABLE 1: POPULATION: 2013 CENSUS AND 2016-2020 ESTIMATES¹²

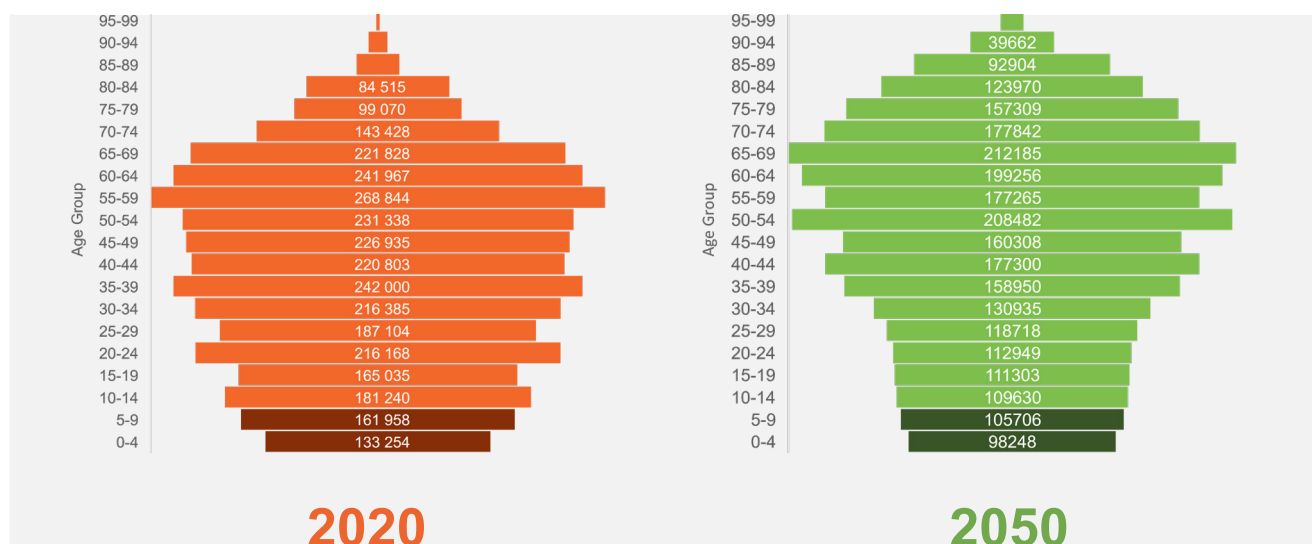
	2013	2016	2017	2018	2019	2020
Republika Srpska	1,228,423	1,157,516	1,153,017	1,147,902	1,142,495	1,136,274
City of Bijeljina	107,715	104,019	104,008	103,983	103,937	103,783
Proportion of RS population in Bijeljina	8.8%	9.0%	9.0%	9.1%	9.1%	9.1%

Bijeljina is a fairly poor region, especially in peripheral and rural parts of the City. As of June 2022, the average net wage in Bijeljina sat at 885 BAM (460 USD), compared to an RS average of 956 BAM (497 USD).¹³ The main industries relate to wholesale and retail trade, manufacturing, and construction. However, unemployment is high, with around 23,000 people employed and over 9 000 people were seeking employment.¹⁴ Bijeljina is thus home to the largest population of people seeking employment of any city/municipality in Republika Srpska.¹⁵

Across Republika Srpska and BiH, however, population decline is a significant challenge. It has become one of the fastest declining and ageing countries in the world, driven by low fertility rates, low death rates, and high levels of out-migration (especially amongst the young).¹⁶ This has produced a constrictive population pyramid, which is only set to be exacerbated in the years to come (Figure 4).

Whilst the rate of population decline in Bijeljina is slower than the RS average, it remains threatened by demographics. The average age is 42.61 (roughly on par with the RS average) and shares a similar demographic structure of that witnessed across BiH.¹⁸

Population decline is particularly profound amongst children and young people. According to estimates, the number of children between the ages of 0-6 years of age in BiH is expected to almost halve in the next fifty years.¹⁹ In Bijeljina, this would mean a decline in this population's size from 5610 in 2020 to just 3480 in 2070 (Table 2). Investing in children remaining in the country is critical in the attempt to reverse these pervasive trends of stagnation and decline, and key to promoting socio-economic development. In particular, its youngest children must be given the best possible start in life through quality ECEC services.

FIGURE 4: POPULATION STRUCTURE OF BOSNIA AND HERZEGOVINA, 2020 AND 2050, WITH CHILD POPULATIONS HIGHLIGHTED.¹⁷

¹² Data source: 2013 Census and Institute of Statistics (2021). Mid-Year Population Estimates from Statistical Institutes of Republika Srpska 2021, (Institute of Statistics: Banja Luka, Republika Srpska).

¹³ Institute of Statistics (2021). Cities and Municipalities of Republika Srpska: second, corrected release, (Institute of Statistics: Banja Luka, Republika Srpska).

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ UNICEF (2020). Situational Analysis of Children in Bosnia and Herzegovina, (UNICEF BiH: Sarajevo, Bosnia and Herzegovina).

¹⁷ World Population Prospects (2022). 2022 Revision of World Population Prospects, (United Nations Department of Economic and Social Affairs: Population Division).

¹⁸ Institute of Statistics (2021). Cities and Municipalities of Republika Srpska: second, corrected release, (Institute of Statistics: Banja Luka, Republika Srpska).

¹⁹ Ibid.

TABLE 2: POPULATION PROJECTIONS FOR CHILDREN (0-6 YEARS)²⁰

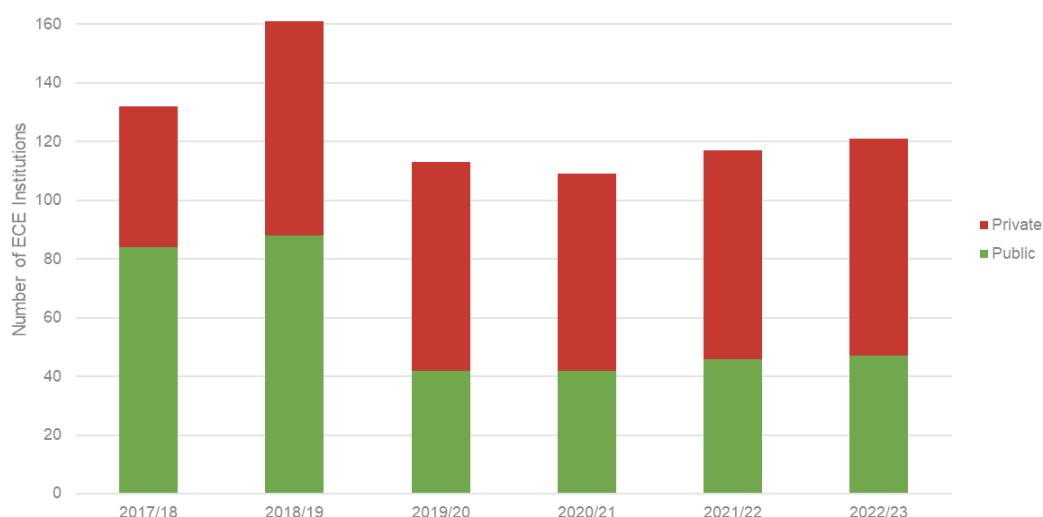
	2020	2025	2030	2035	2040	2045	2050	2055	2060	2065	2070
Republika Srpska	56,794	51,288	48,552	47,639	46,828	45,115	41,873	38,410	36,397	35,550	35,228
City of Bijeljina	5610	5066	4796	4706	4626	4456	4136	3794	3595	3512	3480

Status and Trends

Preschool facilities in Republika Srpska provide pre-school upbringing and education programmes to children between the ages of six months and six years. The *RS Law on Preschool Education (2015)* regulates pre-school upbringing and education of children six months until they start primary school. This law was also amended in 2020 to allow ECEC to be provided in primary schools and Social Welfare Centres. ECEC sits within the formal education system; however, funding and service provision is often dealt with at municipality/city level and Ministry of Education and Culture [MoEC] at entity level plays a fairly limited role. In accordance with this Law, the MoEC organises a programme for children in the year before starting primary school; however, the length of this programme is often short (180 hours) and, owing to this, enrolment in this programme is not included in the analysis for this study.

Across Republika Srpska, provision of ECEC has been increasing and is split between the public and private sector. In the work year 2021/2022, 117 preschool institutions were registered across RS, with a total of 189 facilities.²¹ The public sector accounted for 46 institutions and 101 facilities, whilst the private sector accounted for 71 institutions and 88 facilities.²² These institutions employ 2,372 members of staff.²³ The COVID-19 pandemic has, however, had negative impacts on the ECEC ecosystem across the entity. Between the work years 2015/2016 and 2019/2020, the number of preschool institutions gradually increased by 40% to 174. The number of preschool institutions fell to a low of 109 in 2020/21 and has now begun to rebound (Figure 5).²⁴ However, it should be noted that according to the MoEC, the Republika Srpska Institute for Statistics has changed the methodology of data collection considering that previously it was taking into account the number of the preschool organisational units, rather than preschool institutions, so the trend needs to be further analysed. Interestingly, growth in the sector seems to be being driven by private providers (Figure 6).

FIGURE 5: REPUBLIKA SRPSKA, NUMBER OF PRESCHOOL INSTITUTIONS, BY OWNERSHIP TYPE (2017/18 – 2022/23).



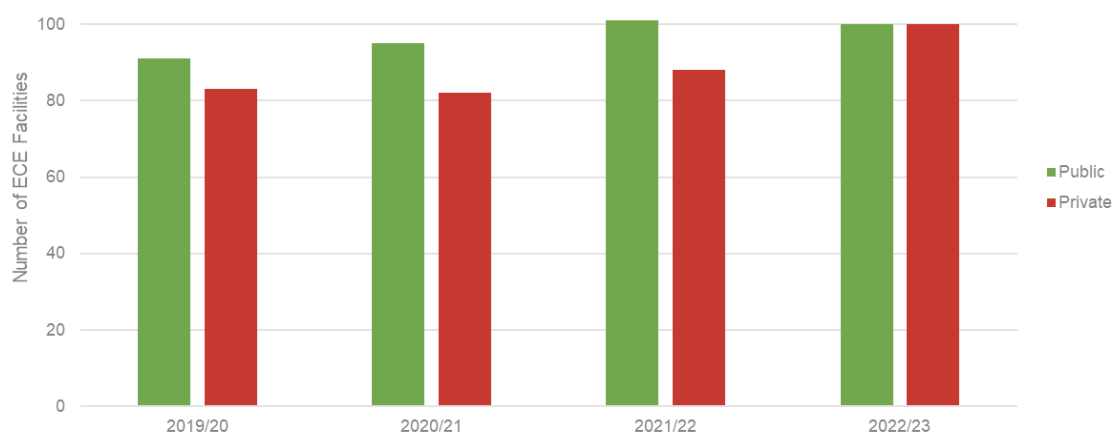
20 World Population Prospects estimates for rate of population decline in each age group calculated at state of Bosnia and Herzegovina level. Assumes that the rate of population decline is constant across BiH.

21 Republika Srpska Institute of Statistics (2022). *Preschool Education 2021/2022 Statistical Bulletin*, (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

22 Ibid.

23 Ibid.

24 Ibid.; and Republika Srpska Institute of Statistics (2020). *Preschool Education 2019/2020 Statistical Bulletin*, (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

FIGURE 6: REPUBLIKA SRPSKA, NUMBER OF ECE FACILITIES, BY OWNERSHIP TYPE (2019/20 – 2022/23).

Zooming into the city of Bijeljina, similar trends have been witnessed. As with RS more broadly, Bijeljina saw rising numbers of ECEC facilities, until a sudden drop was recorded during the COVID-19 pandemic.²⁵ However, this trend was less drastic than the RS average, with the number of institutions falling from a high of 21 in 2019/2020 to 17 in 2021/2022 (Figure 7).²⁶ Of these 17 preschool institutions (equating to 13% of the total in RS), one is public (with 5 ECEC sites) and 16 of which are private.²⁷ Interestingly, therefore, the private sector is a more dominant provider in Bijeljina than in RS more generally. Whilst the public sector accounts for 52% of preschool facilities in Republika Srpska, this figure reduces to just 20% in our city of focus.²⁸ It should be noted that renovation works being undertaken currently will significantly increase the

capacity of the pedagogical year 2023, je upisano u cjelodnevne ili poludnevne pred. preschool sector in 2023, including public facilities.

Enrolment in ECEC has been improving. Enrolment in facilities varies, with half- and full-day programmes on offer. Programmes are divided between nursery services (six months to three years) and ECEC services (three until their entry into primary school). This study focuses solely on ECEC services for children three to six years of age. In 2005, when the Strategy for Preschool Education was adopted, just 8% of the total preschool-age in BiH was enrolled. Today, in Bijeljina, the average is 25%, therefore reflecting a more than three-fold increase.

In RS, in the pedagogical year 2022/23, a total of 11,990 children between 3 and 6 years old are enrolled in full-day

TABLE 3: ESTIMATED CHILD POPULATION, ENROLMENT IN PRESCHOOL, AND COVERAGE RATES IN THE CITY OF BIJELJINA, BY AGE

	0-1	1-2	2-3	3-4	4-5	5-6	Total (0-6)	Total (3-6)
Total number of children ²⁹	935	935	935	935	935	935	5610	2805
of which in preschool ³⁰	93	208	251	312	376	181	1421	869
Preschool Coverage Rate	10.0%	22.3%	26.8%	33.4%	40.2%	19.4%	25.3%	31.0%

²⁵ Republika Srpska Institute of Statistics (2020). *Preschool Education 2019/2020 Statistical Bulletin*, (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

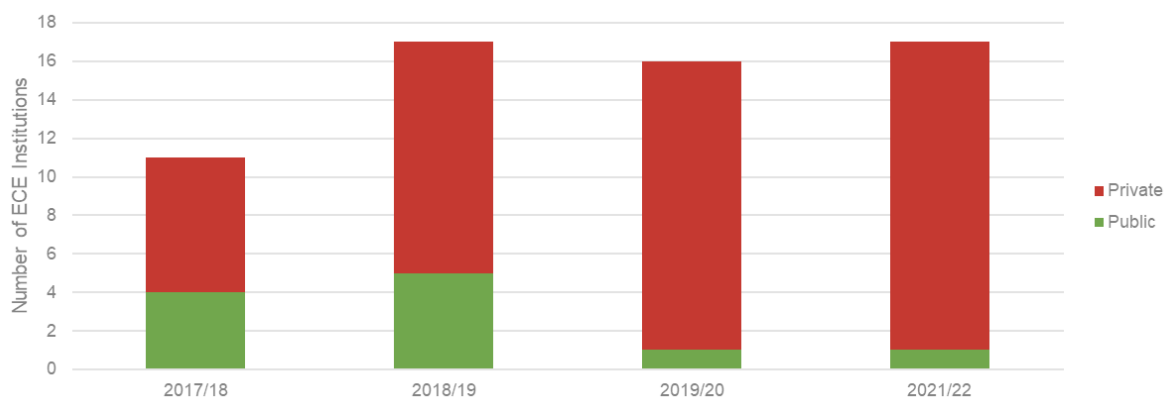
²⁶ Republika Srpska Institute of Statistics (2022). *Preschool Education 2021/2022 Statistical Bulletin*, (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

²⁷ Ibid.

²⁸ Ibid.

²⁹ Estimates based on the average number of children enrolling in Grade 1 of primary school in the City of Bijeljina based on data between 2015-2021. These data can be found in Annex B.

³⁰ Republika Srpska Institute of Statistics (2022). *Preschool Education 2021/2022 Statistical Bulletin*, (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

FIGURE 7: CITY OF BIJELJINA, NUMBER OF ECE INSTITUTIONS, BY OWNERSHIP TYPE (2017/18 – 2021/22).


or half-day preschool programmes. Given that the estimated population for RS children aged 3–6 in 2022 is estimated around 28,245, this equates to an ECEC coverage rate of 42.5%. Enrolment rate for children attending the preparatory preschool programme is 47.6%. Bijeljina's performance aligns with the entity average, recording an enrolment rate of 31% of children between the ages 3-6 in full-day or half-day preschool programmes in 2021/2022 (Table 3). Enrolment is higher for children over the age of three, and the highest coverage rate is in the 4–5-year age category. More than two-thirds of the children in the city, however, still do not have access to vital ECEC services.

The private sector has fuelled this rising enrolment, growing its share of the total number of children in preschool (Figure 8). Across Republika Srpska, the number of children enrolled in public preschools increased by 17% 2018/19 to 2021/22 (following a drop in 2020/21).

Meanwhile, in private preschools enrolment has grown by 69% in the same time period (and even during the pandemic enrolment continued to rise). It is important to note, however, that the public sector still remains the most significant provider of ECEC: out of the total 11,990

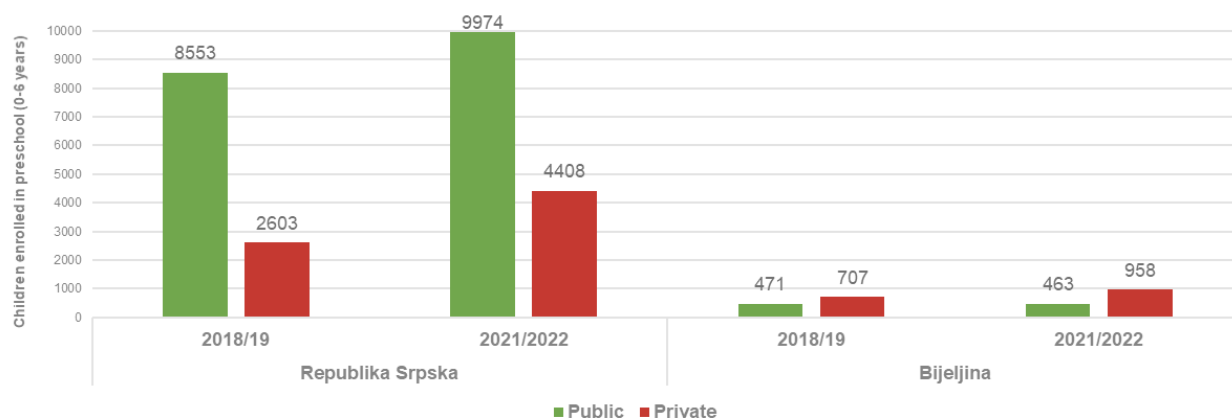
children between 3 and 6 years of age enrolled in ECEC in 2022/23, public institutions cater for 8,393 (70%), compared to 3,597 (30%) in the private sector.

In Bijeljina, however, the private sector is already the dominant provider of ECEC, with a 67% share (up from 60% in 2018/19).

Enrolment patterns mirror those seen in other parts of the country and is linked to the socio-economic and location status of the household. Children from households where one or both parents/caregivers are unemployed, or those from peripheral areas outside of the city, are more likely to struggle to gain access to ECEC. On average in Bijeljina and RS, 82% of children enrolled in preschool come from families where both parents are employed, whilst 16% come from families with one parent employed.

Children from households where both parents are unemployed constitute just 1% of the preschool population.

This is a particular concern in Bijeljina given high rates of unemployment and the presence of a sizable Roma population. These patterns are highly inequitable, with children from poorer and/or more vulnerable backgrounds less likely to gain access to these vital educational and developmental services, thus threatening to entrench inter-generational cycles of poverty.

FIGURE 8: CHANGES IN ENROLMENT BY PROVIDER TYPE 2018/2019 TO 2021/2022: REPUBLIKA SRPSKA AND BIJELJINA


FINANCIAL FEASIBILITY

Financing is a foundational input to education systems. Without it, infrastructure cannot be built, staff won't be trained, hired or retained, and services will not be provided. Financing is a crucial determinant of access, coverage, equity, and quality, and was repeatedly raised as an issue of concern during the undertaking of this research study. In the context of the COVID-19 pandemic and the Ukraine crisis, pressures on public finance for children are more acute than ever, disrupting supply channels, creating job insecurity, and generating inflation. For this reason, financing will be the central pillar of this study into the feasibility of scaling up ECEC services in Bijeljina. A simple framework will be used to guide this assessment of financial viability which divides analysis into two questions: (i) *is enough being spent*, and; (ii) *are funds being spent well?* (Figure 9).

CURRENT EXPENDITURE

Public Expenditure

Public financing of ECEC is, in accordance with the Law, almost exclusively the responsibility of the city government in Bijeljina. With pre-primary financing sitting outside of Republika Srpska MoEC's remit, direct entity level financial support to ECEC is very low. Expenditure on pre-primary education at city level is not ring-fenced in the entity's legislation or policy. Instead, public expenditure on ECEC is highly dependent on local political will and budgetary room, and varies greatly across the entity. **In Bijeljina, allocations from the city budget to preschools have been significant.** In 2021, 4.46% of the total expenditures of the city of Bijeljina were allocated to preschools, this equated to 2,526,578 BAM (1,313,431 USD). This proportional expenditure seems to be in line with the average

FIGURE 9: FINANCIAL FEASIBILITY FRAMEWORK

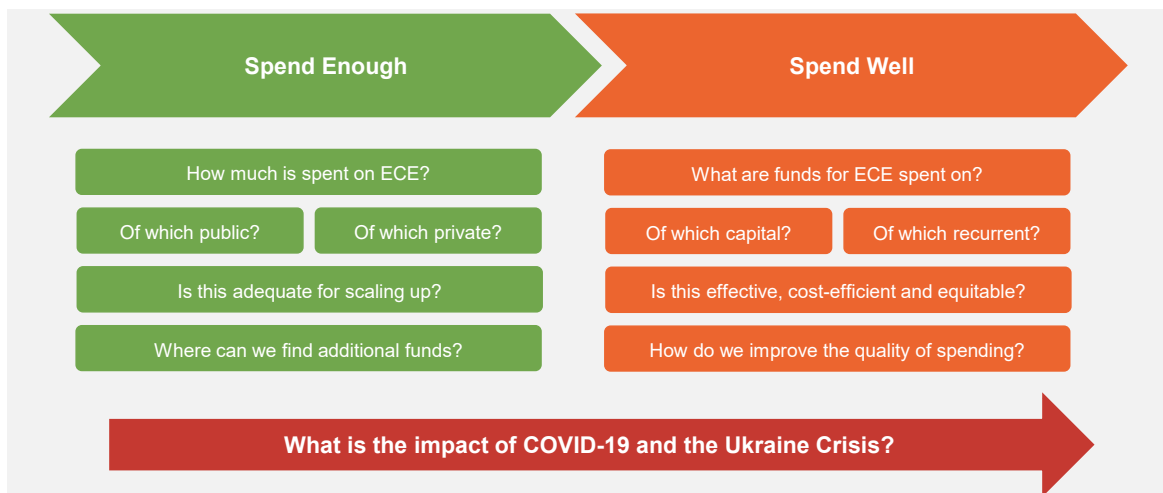
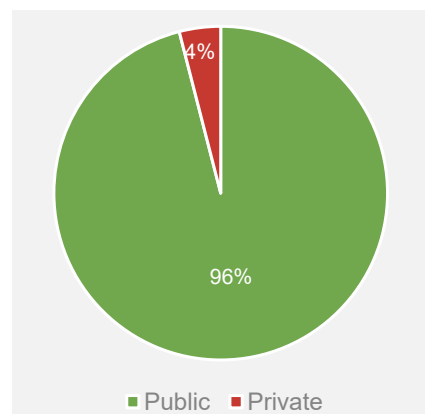


FIGURE 10: BREAKDOWN OF BIJELJINA CITY EXPENDITURE ON PRESCHOOLS, PUBLIC/PRIVATE

of the 2.5 million BAM spent by the City...



across RS, where municipal/city expenditure on ECEC ranges from 0-10% of total spending. To give context to the significance of this funding, it is the equivalent of 450 BAM (233 USD) per child 0 to 6 years in Bijeljina, or 1,778 BAM (924 USD) per child enrolled in preschool.

The city support to preschools is primarily targeted towards the public institution. The majority of funds (96%) are used to subsidise the cost of the public preschool institution, which provides for 33% of all children enrolled in preschools (6 months to six years) in the city. Last year, the city government spent 2,416,532 BAM (1,256,224 USD) on the one public preschool institution. This equates to around two-thirds of the institution's total revenue and have allowed the institution to offer low fees to parents/caregivers – equivalent to less than half the cost per child for the majority of families, and large subsidies for children from vulnerable households.

Private providers have also benefitted from city financing for preschool. Parents/caregivers with children enrolled in private ECEC facilities were able to gain a 10% fee reduction from the city. This subsidisation comes in response to large waiting lists in the public institutions and the need to prevent private preschools being priced out of the market by the heavily subsidised public sector providers. In 2021, 110,047 BAM (57,343 USD) of the city budget was spent on providing this subsidy to private preschool provision (4% of total city expenditure on preschools). However, even with the subsidy, fees in the private sector remain around 70 BAM per month higher than in the public institution.

Public financing from the entity is limited to support for children with disabilities [CwD], for children without parental care, and for provision of a three-month programme for children in the year before primary school.

The Public Fund for Child Protection of RS provides compensation for co-financing the stay in a preschool institution for children without parental care, as well as for children with developmental disabilities. Parents/caregivers shall only submit the necessary information directly to the preschool institution, who submit the documentation to the MoEC and, if approved, it is forwarded to the Fund for the payment to preschool institutions for the child's attendance. The Fund pays the basic rate for preschool fees; however, this does not account for the additional resources needed to provide an adequate standard of care for CwD. Through the Social Work Centre, the City of Bijeljina also funds children in ECEC who have been the victim of domestic violence, and for children whose family receive social welfare benefits.

The MoEC provides funding for a three-month programme for children in the year before primary school.

This funding is being used to support the roll-out of the RS Law on Preschool Education and Upbringing. Coverage of this programme has expanded in recent years; however, given its brevity it is not a focus of this study. Altogether, the MoEC contributed to ECEC 21,540 BAM in 2021 in Bijeljina, of which 14,097 BAM were spent for private and public kindergartens, and 7,443 BAM for the implementation of the preparatory programme in school premises.³¹

Public expenditure on preschools is skewed in favour of children enrolled in public preschools. Whilst the city government provides subsidies to parents/caregivers with children in private facilities, they equate to a far lower government subsidy per child than that received in the public sector. When accounting for both city government and MoEC expenditure on public preschools, an annual 5,157 BAM (2,680 USD) per child is spent. In the private sector, the public subsidy for 2021 was the equivalent of just 116 BAM (60 USD) annually per child, a figure 44 times lower than in the public sector (Figure 10).

Private Expenditure

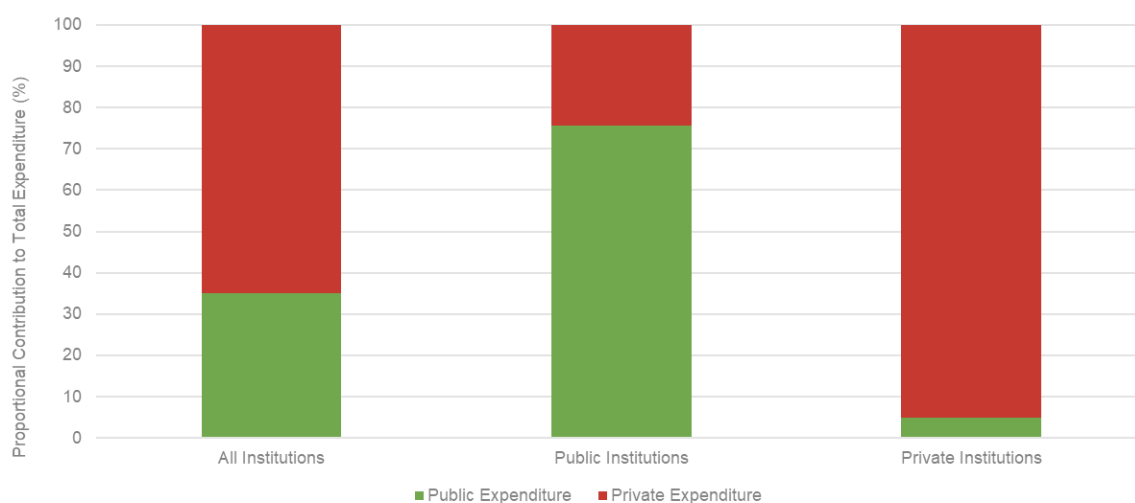
Households are a significant funder for ECEC services in Bijeljina.

Parental/caregiver contributions to enrol their children in half- or full-time pre-primary education are required in both public and private facilities. Private expenditure is a more significant contributor to pre-schools than public expenditure (Figure 11). An estimated total of 4,652,133 BAM³² was spent on preschool

³¹ Source: Department of Finance of the City of Bijeljina and RS MoEC

³² This was calculated by adding up the total expenditure in public institution from all sources (545 600), the total public grant to private institutions (80 000) and the total household spends in private institutions (469 800).

FIGURE 11: PROPORTIONAL CONTRIBUTION OF PUBLIC AND PRIVATE EXPENDITURE TO TOTAL EXPENDITURE (AS %), BY INSTITUTION TYPE (TOTAL, PUBLIC AND PRIVATE), BIJELJINA.³³



services in 2021. Of this, 2,983,662 BAM comes from private sources, equivalent to 65%. Focusing on public institutions specifically, this trend is inverted. Here, owing to heavy subsidies from the city budget, household expenditure accounts for just 24% of the total income. In comparison, however, in private institutions this rises to a 95% contribution. Given trends of the increasing dominance of the private sector, this high level of household expenditure is an equity concern (especially owing to very long waiting lists in the public preschool).

In the public institution, private expenditure accounts for 24% of total income, equivalent to 779 879 BAM (406 390 USD) in 2021.³⁴ This income is raised through fees, which are set at 170.20 BAM monthly for most children on a full-day programme. This is roughly half the total cost of service provision in the public preschools, which currently sits at about 350 BAM per month (full time programme). This is notably higher than in the private sector (by an average of at least 110 BAM per month). With a current total of 393 children (all ages, excluding CwD and from vulnerable groups) in 2021, households using the public institute are contributing around 1 984 BAM (1 033 USD)

per child per year.³⁵ Given an annual average gross salary of 18,708 BAM (9,725 USD), and net salary of 12,228 BAM (6,257 USD), this contribution is significant. It is the equivalent of 11% of the annual average gross and 16% of the net salary in the city.

Higher public subsidies for some groups of children drive down household contributions in the public institution.

A programme is provided for three hours per day for vulnerable groups - in 2021-22, 57 children from the Roma community and poorer backgrounds were enrolled by the city of Bijeljina. It should be noted that whilst this programme was previously offered free of charge to parents/caregivers from applicable households, there is now a small mandatory contribution (30 BAM per month). Whilst this is low, it is still significant given the very high rates of monetary poverty children that these households experience. For CwD, no household contributions are required.

Private expenditure on preschools is concentrated in the private sector.

Data on the total household expenditure on private preschool are not available; however, credible estimates can be calculated. The fee rate for children in private preschools differs across the city. Broadly, private preschools charge around 240 BAM per month for full-time programmes and 150 BAM for half-time programmes. If an average monthly fee rate of 210 BAM per

³³ Authors. Based on data from key informant interviews and the City of Bijeljina.

³⁴ This also includes expenditure on children who are not of preschool age. The public institution also provides services for children up to the age of 7. It is not possible to disaggregate expenditure on different age groups. However, for the purposes of this study we will assume that all household expenditure is for children six and under.

³⁵ It should be noted that this is just an average and fee rates depend on the age of the child, as well as the type of programme they are enrolled in (half/full time, nursery/education/after-school). The preschool provides nursery services for 34 children (6 months to 3 years) and after-school services for 34 children (over the age of 6). Owing to a lack of disaggregated data on household payments for each age group, calculating a more specific average household contribution to ECE (children 3-6 years of age) is not possible.

child is assumed³⁶, this equates to an annual household expenditure of 2,556 BAM (1,332 USD) per child. The city government's policy of providing a 10% fee reduction for parents, means that this is reduced to an average annual household expenditure of 2,300 BAM (1,199 USD) per child. This is roughly 16% higher than in the public institutions, and is the equivalent of 12% of gross and 19% of net average salaries. With 958 students enrolled in 2021/2, the total household expenditure on private preschools was 2,203,783 BAM. Therefore, 74% of household expenditure on preschools is spent in the private sector.

The cost per child in the private facilities is significantly lower than in the public sector, thus reducing household contributions. The cost per child in the private preschools is, on average, 240 BAM for a full-time programme (monthly), this compares to a unit cost of 350 BAM per child in the public institution. These disparities may be due to increased efficiency, lower wages of employees, or unsustainable cost containment in the private sector. The result is that that household expenditures in the private sector are being reduced by this lower unit cost of provision. If private providers were to increase their unit costs in line with the public sector, household contributions would substantially increase.

PROJECTED COSTS OF SCALE-UP

Projected costs to achieve a scale-up to 100% coverage of ECEC services between the ages 3 to the start of primary school have been produced. A model was designed which would account for the capital and recurrent costs that would be incurred in both the public and private sector to achieve this scale-up by the year 2030. It is important to note that these projections are based on the assumption that the proportion of children enrolled in ECEC under the age of 3 years (19.7%) remains constant throughout the period, as will the proportion of children catered for in public facilities (33%). Baseline cost inputs (from the year 2021/2) were collected from both public and private

providers. These costs have been adjusted across the time horizon on study to account for inflation and, in some cases, further enlarged to account for improvements in the quality of inputs.³⁷ Below, a succinct summary of the costing estimates is provided.

Capital Costs

Capital costs are projected to amount to 2,747,139 BAM in total between 2022-2030. Capital costs relate to fixed, one-time expenses which are used to acquire a new asset (such as a room) or add value to an existing asset (such as maintenance of existing classrooms). In order to improve enrolment in ECEC for children 3-6 years from 31% to 100% by 2030, significant additional capacity will be needed in both the public and private sectors. Based on primary data collection, stakeholders estimate that the cost of repurposing premises and equipping them to become a functioning preschool classroom is around 20,000 BAM. Adjusted for inflation, this unit cost was multiplied by the projected number of additional classrooms needed in both sectors each year (the number of classrooms will be explored in more detail in Section 3.4). It was also assumed that 25% of classrooms would require maintenance each year and that the cost of this maintenance would amount to 950 BAM in 2022 (adjusted for inflation thereafter).

According to these estimates, capital costs will significantly increase from the base year (2022). In 2022, capital costs across the sector are expected to amount to less than 115,000 BAM. However, by 2023, this is set increase by three-times to 342,393 BAM. These additional costs correspond to the development of six new preschool classrooms in private facilities, and 4 in public ones to accommodate the expanding number of students. As preschool institutions in Bijeljina do not have the physical infrastructure to support the scale-up, significant capital investments will be needed to meet the costs required to build, on average, 8 additional classrooms each year between 2023 and 2030. These are one-off costs which,

TABLE 4: PROJECTED CAPITAL COSTS IN PUBLIC AND PRIVATE SECTOR, 2022-2030. EXPRESSED IN BAM, ADJUSTED FOR INFLATION.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Public	100,418	138,500	93,071	91,050	99,053	98,919	98,729	98,579	98,466	916,786
Private	29,111	203,893	205,908	206,527	227,704	232,423	236,972	241,577	246,238	1,830,354

³⁶ Roughly 70% of children enrolled full-time and 30% enrolled half-time.

³⁷ This includes: (i) increasing the salaries of ECEC teachers to be in line with those received by primary school teachers by 2030; (ii) providing an increased subsidy per CwD enrolled in the preschool to account for quality provision of education and care; and a slight increase in the proportional expenditure on pedagogical equipment.

TABLE 5: PROJECTED RECURRENT COSTS IN PUBLIC AND PRIVATE SECTOR, 2022-2030. EXPRESSED IN BAM, ADJUSTED FOR INFLATION.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Public	1,854,353	2,178,433	2,567,958	2,850,948	3,169,452	3,502,793	3,847,074	4,205,277	4,573,008	28,749,296
Private	2,293,426	3,172,234	3,804,367	4,447,933	5,168,436	5,933,828	6,737,580	7,584,932	8,467,450	47,610,187

especially given the demographics of the city of Bijeljina, is expected to considerably decrease once enrolment has hit target levels. This expansion in costs is significant and will require rebalancing of budgets, in order to increase the proportion of total expenditure going to capital, and ensure that adequate public support mechanisms are put in place to support providers from across the sector to meet these rising resource requirements.

Recurrent Costs

Recurrent costs are projected to amount to 79,106,622 BAM in total between 2022-2030. Recurrent costs relate to expenses which are expected to be consumed within one year and must be regularly replaced. These costs include staff wages, rent and utilities, school feeding expenses, pedagogical materials, expenditures for ensuring inclusive and quality ECEC for CwD and other children in need, as well as administrative costs. Over the time horizon, annual recurrent costs are expected to increase by around 3-4 times in both the public and private sector. This increase is a result of the growing number of children enrolled in preschools, as well as an increase in the unit cost of these inputs. In particular, this model advocates and projects an increase, over the time horizon, of preschool teachers' wages so that they align with the average salary of a primary school teacher by 2030 (2022 average, adjusted for inflation). Further, it also sees the proportion of expenses spent on pedagogical equipment and administration increase in relation to the wage bill in order to continue to improve the quality-of-service provision.

Total Costs

Total annual costs are projected to grow by over three times across the preschool sector between the base year, 2022, and 2030. These annual costs are the sum of both the estimated annual capital and recurrent costs across

both the public and private sector. These costs expand in line with increased enrolment, inflation, as well as the increase in unit costs of some inputs (as explained in Section 2.2.1). Costs per child of providing services in the base year were found to significantly differ across the public and private sector. In the public sector, the cost-per-child was an estimated 4 169 BAM, compared to just 2 439 BAM in the private sector. The cause of such a large disparity is not fully known but anecdotally was suggested to economies of scale³⁸ in the private sector, higher salaries for public (compared to private staff) in ECEC settings, and/or weaker cost control in the public sector. Over the time horizon, the costs in the private sector are set to proportionally expand so that by 2030 the cost-per-child will be much closer to parity (around 4 800 BAM per child) across the public and private sector.

The total annual revenue requirements in the private sector have also been calculated. Whilst the public facility can operate 'at cost', private facilities are profit-making. If the private sector were only to recover the cost-per-child of providing ECEC services in revenues, this is unlikely to satisfy the profit-making motivations driving these businesses. Using the private sector as a vehicle for scale-up, therefore, will require policy-makers to ideologically accept reasonable profit margins, and to embed these profit margins in projections. This will allow decision makers to calculate enrolment fees per child and the relative revenue contribution requirements by different stakeholders (governments, businesses, and households). In this model, the profit margin for private facilities was scaled from a base of 5% of recurrent costs in 2022 to 10% of current costs in 2030. The rationale for this increased profit margin is threefold: firstly, it accounts for the fact that profit margins in private preschools are often unsustainably low at present; secondly, it recognises the need to incentivise the private sector to expand in line with the scale-up; thirdly, it provides budgetary space to allow private providers to reinvest in capital expenses.

³⁸ "Economies of scale" refers to the cost advantages that a business can achieve by increasing its scope. As the number of children in private preschool increases, the average cost per child decreases due to spreading fixed costs over a larger number of units. This can result in increased efficiency, reduced costs, and ultimately, higher profits for the business.

TABLE 6: PROJECT ANNUAL COSTS AND REVENUE REQUIREMENTS OF PUBLIC AND PRIVATE PRESCHOOLS, 2022-2030. EXPRESSED IN BAM, ADJUSTED FOR INFLATION.

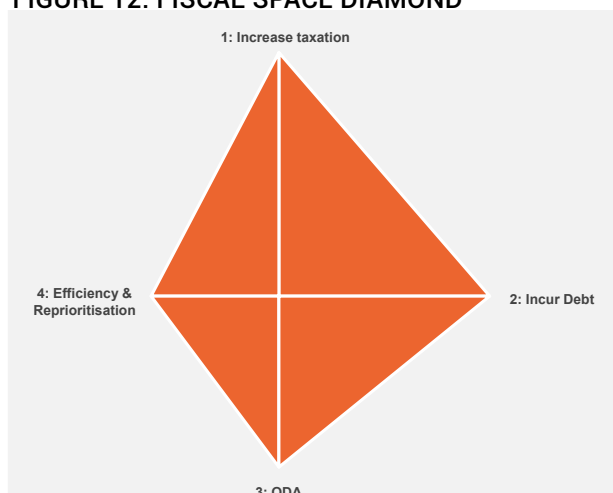
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Public									
Total annual costs	1,954,770	2,316,932	2,661,029	2,941,998	3,268,505	3,601,713	3,945,803	4,303,856	4,671,475
Cost per child	4,169	4,319	4,430	4,446	4,494	4,553	4,624	4,709	4,802
Private									
Total annual costs	2,322,537	3,376,127	4,010,275	4,654,461	5,396,140	6,166,250	6,974,553	7,826,510	8,713,688
Cost per child	2,439	3,100	3,289	3,465	3,655	3,839	4,026	4,218	4,412
Annual revenue requirement	2,443,244	3,565,201	4,263,899	4,982,832	5,815,203	6,691,010	7,620,622	8,611,158	9,654,516
Revenue requirement per child	2,566	3,274	3,497	3,709	3,938	4,166	4,399	4,641	4,888

FINDING FUNDING

In this section, the potential options for scaling up ECEC in line with the projections above are explored. These projections see Bijeljina reaching universal enrolment in ECEC programmes (half or full time) from the age of three until starting primary school.

Public

Public expenditure will be a dominant source of the additional funds needed to finance this scale-up of ECEC services. The Government has four main potential avenues to find financial resources: increase tax revenues,

FIGURE 12: FISCAL SPACE DIAMOND


make efficiency savings or reprioritise the budget, incur debt, and receive external support (official development assistance [ODA]). This is outlined in the fiscal space diamond (Figure 12). Each of these avenues will be explored in turn.

Taxation

BiH has a relatively effective tax collection system; however, changes to tax policy and public financing structures could increase domestic resource mobilisation. Taxation is the most powerful way to raise domestic resources, and, according to the International Monetary Fund [IMF] a minimum tax-to-GDP ratio of 15% is needed to provide the conditions for growth and development.³⁹ This threshold is being met in BiH. In 2019, a tax-to-GDP ratio of 20% was achieved, raising BAM 7.09 billion (US\$ 3.68 billion), equivalent to BAM 2 174 per capita.⁴⁰ However, tax and public financing structures are regressive, inhibiting revenue raising and equity.

³⁹ P. Smith (2018). 'Getting the tax-to-GDP ratio right', ACCA Global, published 1 January. Available at <<https://www.accaglobal.com/us/en/member/member/accounting-business/2018/01/insights/tax-gdp.html>>.

⁴⁰ IMF, Government Finance Statistics Yearbook and data files, and World Bank and OECD GDP estimates (2022). 'Tax revenue (% of GDP) – Bosnia and Herzegovina', World Bank Group, available at <<https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS?locations=BA>>.

FIGURE 13: TAX REVENUE AS A PERCENTAGE OF GDP, 2010-2020: BIH, EU, AND WORLD.⁴¹

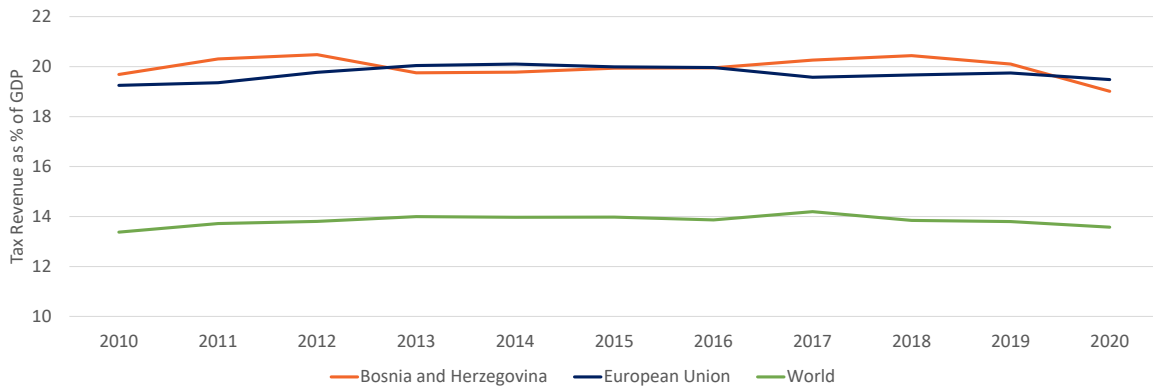
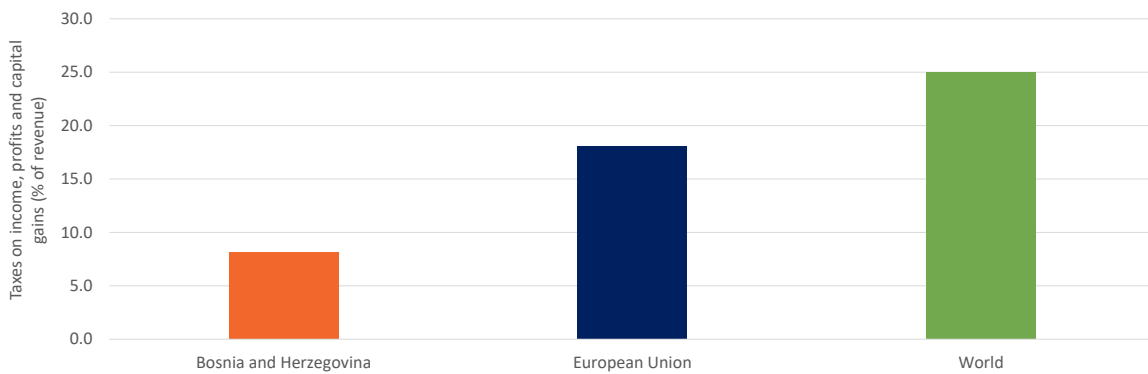


FIGURE 14: TAXES ON INCOME, PROFITS AND CAPITAL GAINS AS A PERCENTAGE OF GOVERNMENT REVENUES, 2020: BIH, EU AND WORLD.⁴²



Tax policies should be reformed towards a personal income tax-based system. Whilst taxes can be levied at different administrative levels, the most important revenue sources of income tax, social security contributes, corporate tax, and value added tax [VAT] are all set at BiH level and collected by the entities. These policies, however, are not progressive and inhibit effective revenue raising. Income and profit tax rates are low and flat rate in RS, at 10%.⁴³ This has created a situation where the proportion of government revenues coming from income, profits, and capital gains sits far below the European Union and World averages (at 8%, compared to 18% and 25% respectively).⁴⁴ Wealthier population groups are not only benefitting from low rates of taxation but are also paying (in relative terms)

far less than their poorer counterparts owing to taxes being levied at a flat rate. Tax changes at this level can be complex and painful; however, their potential returns are enormous and examples from Central Europe can be drawn from for inspiration.⁴⁵ If income and profit tax rates were higher, and set progressively according to income, a significant increase in revenues (and the equity with which they are raised) could be achieved. For Bijeljina this is significant, as the most significant income (around 50%) of the City of Bijeljina comes from indirect taxes (such as VAT).⁴⁶ Improving the size of entity tax receipts would have an important trickle-down effect on their budget and, therefore, have the potential to drive increased public investments in ECEC.

41 IMF, Government Finance Statistics Yearbook and data files, and World Bank and OECD GDP estimates (2022). 'Tax revenue (% of GDP) – World, Bosnia and Herzegovina, European Union', World Bank Group, available at <<https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS?locations=1W-BA-EU>>.

42 IMF et al. (2022). 'Taxes on income'.

43 PWC (2022). 'Bosnia and Herzegovina: Individual – Taxes on ', Worldwide Tax Summaries, published 3 February. Available at <<https://taxsummaries.pwc.com/bosnia-and-herzegovina>>.

44 IMF, Government Finance Statistics Yearbook and data files (2022). 'Taxes on income, profits and capital gains (% of revenue) – World, Bosnia and Herzegovina, European Union', World Bank Group, available at <<https://data.worldbank.org/indicator/GC.TAX.YPKG.RV.ZS?locations=1W-BA-EU>>.

45 B. Akitoby (2018). 'Raising Revenue: Five country cases illustrate how best to improve tax collection', IMF Finance and Development, published March 2018. Available at <<https://www.imf.org/Publications/fandd/issues/2018/03/akitoby>>.

46 Data obtained from the city administration of Bijeljina.

Efficiency and Reprioritisation

Tackling inefficiencies in public spending could free up fiscal space for ECEC in Bijeljina. However, currently it is difficult to assess the efficiency of the use of public spending in the preschool sector across RS owing to a lack of data. Additional research would be useful to identify where and how efficiency savings could be made. It is notable that over 90% of education spending across BiH goes on staffing, compared to an EU average of 77%, restricting the ability of the sector to invest in learning materials and equipment, as well as infrastructure and training.⁴⁷ Corruption in the use of public budgets is also a notable concern. Last year, BiH ranked third in Europe in Transparency International's corruption ranking. Corruption is one of the top priorities of the European Commission's Opinion on BiH's membership in the EU, with irregularities in public procurement and a lack of sanctions against abuses being cited.⁴⁸

The funding gap for scaling up ECEC services could also be plugged by reprioritising public budgets towards preschools. Currently, the majority of public financing for preschools in Bijeljina comes from the city administration. Their financing of preschools amounted to 2 526 578 in 2021, equivalent to 4.46% of the total expenditure of the city administration. Assuming that the budget of the city of Bijeljina increases in line with projected economic growth,⁴⁹ the proportion of the city's budget that would need to be allocated to ECEC to provide for to cover the costs⁵⁰ of the scale-up modelled is estimated in Table 7. Increasing the prioritisation of ECEC would likely require budget cuts in other areas. However, the City of Bijeljina has been reporting budget surpluses in recent years. In 2021, the city administration spent 56 694 091 031 BAM but recorded revenues of 62 897 181 BAM, which resulted in a 6 293 090 BAM surplus. Reprioritising this surplus and ring-fencing it for ECEC services could be an important innovative mechanism of freeing up resources of the City of Bijeljina.

47 J. Gresham and S. R. Vasudevan (2019). 'Realising Education's Promise in Bosnia and Herzegovina: The case for investing in children and youth', World Bank Blogs, published online 23 December. Available at <https://blogs.worldbank.org/europeandcentralasia/realizing-educations-promise-bosnia-and-herzegovina-case-investing-children>.

48 BHRT (2022). 'Corruption in public procurement procedures in Bosnia and Herzegovina', BHRT, published online 5th May 2022. Available at <https://bhrt.ba/korupcija-u-postupcima-javnih-nabavki-u-bosni-i-hercegovini>.

49 State level growth rates.

50 Cost projections take into account for profit margins in the private sector. Any subsidy from the municipal government to private providers is based on the estimated enrolment fee (cost per child + 10% profit margin on recurrent costs).

The MoEC's budget could also be reprioritised to support investment in ECEC in Bijeljina. This could be achieved in a number of ways:

- By increasing the proportion of Republika Srpska's budgets allocated to lower administrative units through fiscal transfers (thus increasing the total budget of the city of Bijeljina);
- By redesigning fiscal transfer arrangements to align them with population size or need, rather than historic trends or tax receipts (this would mean poorer and/or larger municipalities/cities, such as Bijeljina) would receive larger fiscal transfers – this is discussed in more detail in Section 2.4.1.4);
- By integrating ECEC financing into the education system and increasing the proportion of the MoEC budget spent on pre-primary education (also discussed in Section 2.4.1.4);
- By reprioritising existing resources, such as teachers, who are becoming under-employed due to demographic changes towards the provision of ECEC.⁵¹

External

Development partners could be approached to provide official development assistance (ODA). Since the conclusion of the 1992-95 war, ODA has been a substantial contributor to gross national income (GNI) and an important source of government revenues. ODA levels have waned over time and, in 2020, expenditure was US\$ 7 per capita below the 10-year average of net ODA received. Advocating for an increase in ODA, in line with the 10-year average, would equate to an additional US\$ 727 600 in ODA receipts in the city of Bijeljina alone. Stakeholders should also be advocating for an increased proportion of their existing ODA to be prioritised towards human capital investments, in particular to ECEC. In 2020, net ODA received equated to a substantial US\$ 133 per capita in 2020 (in Bijeljina, this is the equivalent of US\$ 13,838,619). Of this, however, just 21.2% was spent on education.⁵² It is important that stakeholders hold governments and development partners to account for how ODA is spent, and to encourage expenditure on areas most important to the country's social and economic development.

51 This is already enabled by the Law on Higher Education.

52 OECD-DAC (2022). 'Aid at a Glance', OECD DAC Development Finance Data, available at <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/aid-at-a-glance.htm>.

TABLE 7: MODELLING FINANCIAL IMPLICATIONS OF SCALING UP PRESCHOOL SERVICES FOR THE CITY OF BIJELJINA. ALL COSTS EXPRESSED IN BAM, ADJUSTED FOR INFLATION.

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue of the City of Bijeljina (BAM) ⁵³	62,897,181	68,271,116	71,936,592	75,798,868	79,712,364	83,827,913	88,069,605	92,525,927	97,207,739
Expenditure of the City of Bijeljina (BAM) ⁵⁴	56,694,091	61,538,034	64,842,011	68,323,379	71,850,915	75,560,578	79,383,943	83,400,770	87,620,849
Budget surplus of the City of Bijeljina (BAM) ⁵⁵	6,203,090	6,733,082	7,094,581	7,475,489	7,861,449	8,267,335	8,685,663	9,125,157	9,586,890
Total annual resource requirements of scale up (BAM)	4,398,014	5,882,133	6,924,928	7,924,829	9,083,708	10,292,723	11,566,425	12,915,014	14,325,990
Projected annual contributions of the City of Bijeljina (BAM)	2,526,578	1,966,203	2,470,283	2,985,793	3,623,873	4,357,407	5,196,724	6,154,023	6,311,907
Proportion of total resource requirements from the City of Bijeljina	57%	33%	36%	38%	40%	42%	45%	48%	51%
Expenditure on preschools as a proportion of total expenditure	4.46%	3.20%	3.81%	4.37%	5.04%	5.77%	6.55%	7.38%	8.26%
Proportion of annual budget surplus required to provide City of Bijeljina contributions (above 4.46% of total expenditure)					5.4%	12.0%	19.1%	26.7%	34.8%

⁵³ Calculated on actuals provided by the Department of Finance for the City of Bijeljina using base year of 2021, with economic growth rates and inflation rates from the IMF (2022-2030) applied.

⁵⁴ Ibid.

⁵⁵ Assumes that budget surplus of 10% of total revenues remains consistent throughout the time horizon.

However, ODA should only be seen as a short-term financing option, with a long-term goal of transitioning to domestic sources of revenue. As BiH, RS and Bijeljina grow more economically developed, a transition away from ODA will occur. Reliance on donor support has a number of challenges which makes it an unattractive option for the long-term financing of ECEC. These include:

- **Lack of control:** As ODA is provided by external stakeholders, priorities may not be aligned with that of local communities and governments. Donors may be reluctant to fund an ECEC scale-up or want to influence implementation;
- **Changing priorities:** Donor funding is never assured and year-on-year allocations can differ substantially making it difficult to plan ahead and ensure the sustainability of implementation;
- **Fungibility:** When external funds are used to support an intervention, it can displace or crowd-out domestic revenue sources (either public or private);

Accountability: The link between donors and local communities is weak, meaning that it is difficult to hold them to account if funds are not made available or plans not implemented. Incurring external debt to execute this scale-up of ECEC should be a last resort. Deficit financing of human capital interventions, such as ECEC, can be justified on the basis that the long-term benefits of this investment will more than pay off the costs. However, debt as a source of financing has its drawbacks. Over the long-term, interest repayments mean that the costs are inflated. High levels of public debt can also be unsustainable and a threat to an important principle of fiscal policy – aggregate fiscal discipline. It can result in governments being forced to pay back untenably high proportions of their annual revenues in interest repayments and thus restrict long-term fiscal space. The details of the debt agreement, such as the interest rate and the repayment terms, greatly influence whether using deficit financing as a way to finance such interventions is either tenable or advisable.

Debt, used to finance an ECE scale-up, could be incurred at the level of the city of Bijeljina, RS and/or BiH. Across BiH, structural reforms have been implemented to curb debt and improve macroeconomic stabilisation. Total general government debt as a proportion of GDP fell from 39.2% in 2017 to 32.4% in 2019; however, debt levels have since risen owing to fiscal pressures related to COVID-19 and sat at 38.6% in 2021. The IMF is encouraging a gradual transition in the budget to control current spending and invest in public infrastructure post-COVID. Deficit financing, therefore, whilst possible should be approached

with caution and carefully considered. If debt is the only option, it would be advisable for larger administrative units or BiH to negotiate the best debt repayment terms possible.

Optimising and Stabilising Funding

Multi-level and multi-sector financing for ECEC should be enhanced to support the coherence and continuity between municipalities/cities in RS. The dependence on municipal/city budgets for the financing of ECEC services can be a critical challenge to increasing public expenditure on ECEC and ensuring equity. Municipalities/cities have limited revenue raising abilities, which constrains their budgetary room and makes it difficult to allocate increased resources towards ECEC. Putting additional pressure on municipal/city budgets to finance improvements in coverage and quality of preschool services may be unsustainable in the long-term. Further, given that the budget is a very political issue, there is no way to ensure consistently adequate allocations to preschool institutions in the future. Whilst the current Mayor has made preschool education a priority for the city government, changes of administration could bring in a sudden cut to the ECEC budget line which is currently providing critical support to both public and private service providers. Moreover, exogenous economic influences, such as the Ukraine Crisis, can expose fragilities in municipal/city budgets, as they have limited fiscal power to respond. Establishing regular, earmarked public funds coming from the entity level (including the MOEC and the Fund) would reduce this vulnerability of public ECEC expenditures. Stakeholders at each administrative level (municipality/city, entity) must make clear financial commitments for ECEC and increase resource envelopes for young children.

Further, a revision in the way that intergovernmental fiscal transfers must be undertaken. Currently, fiscal decentralisation arrangements are undermining budgetary room in Bijeljina. A large proportion of municipal/city budgets comes from more centralised levels. Fiscal decentralised arrangements are complex in BiH and allocations are often static, following historic, politicised patterns. Allocations of fiscal resources are, thus, often regressive in practice, not accounting for factors such as population size, relative need, or local revenue raising capacities. Indeed, whilst Bijeljina has the third largest budget revenue of any municipality/city in Republika Srpska, it has one of the smallest in per capita terms. When translated to expenditure, Bijeljina spent just 558 BAM per capita in 2020, compared to a Republika Srpska average of 1 040 BAM.⁵⁶ Fiscal decentralisation arrangements are reinforc-

⁵⁶ Institute of Statistics (2021). *Cities and Municipalities of Republika Srpska: second, corrected release*. (Institute of Statistics: Banja Luka, Republika Srpska).

ing inequity between municipalities/cities and restricting the ability of more populous or municipalities/cities with more children to provide services. This translates into limited budgetary room for ECEC and an additional strain on tight municipal/city budgets. Across the entity, total annual expenditure on preschools varies dramatically – from 3% of total expenditure in some municipalities/cities to 10% in others. This has knock on effects on the enrolment capacities of preschools, the quality-of-service provision, the equity and inclusivity of coverage, as well as on prices to parents/caregivers and salaries for staff.⁵⁷

Public financing of ECEC, in accordance with the RS Law on Preschool Education, comes almost exclusively from municipal/city governments. Whilst it is difficult to monitor public and private expenditures on ECEC, when aggregated to RS level, it is clear that ECEC is being under-prioritized and under-funded. Public expenditure for preschool education and upbringing in RS in 2021 amounted to only 0.29% of GDP.⁵⁸ Accounting also for private and foreign funds expenditures, this figure rises to 0.42%, with public financing representing 70.9% of the total ECEC budget, compared to 29.1% coming from private sources and only 0.02% from foreign funds.⁵⁹ The total budget allocated to ECEC is much lower than the average public spending on ECEC in OECD countries of just over 0.8% of GDP.⁶⁰ Promisingly, total public and private expenditure for formal education in RS are high, and in 2021 accounted for 4.4% of GDP in 2021. Despite decreasing by 0.1% compared to 2020,⁶¹ this is above neighbouring Western Balkan nations, such as Serbia and Croatia, whose education spending stand at 3.6% and 3.9% of GDP respectively.⁶² However, ECEC had a share of only 9.3% of total RS expenditure for educational institutions, compared to 44.8% for primary education, 19.4% for

secondary, and 26.5% for higher education.⁶³

Private

Private financing, in the form of household expenditure, will also be an important mechanism to plug the funding gap in both the short- and long-term. Whilst ECEC is a public good, the funding gap for scaling up ECEC is substantial. The outlook for raising revenues entirely through the public sector is not promising, given the time and political commitment required to implement reforms. For this reason, utilising direct household contributions to finance the scale-up could prove vital to rapid progress. The vast majority of parents/caregivers (97.75%) in Bijeljina pay over 50% of the full amount of enrolling their child in preschool (above the Republika Srpska average of 93%).⁶⁴ Given that the status quo in Bijeljina is for parents/caregivers to pay pre-school fees for their children, using household financing for ECEC is well-established. For parents/caregivers able to afford these fees, the use of public funds to subsidise or exempt their costs should not be a priority.

Private contributions to ECEC services, however, should not be levied on poor or vulnerable households. Inclusive ECEC requires that all children have access to appropriate services, regardless of their household's ability to pay for them. For this reason, significant subsidies and/or fee exemptions should continue to be applied (and expanded) to households who are at risk of being unable to send their children to services. This will include children from Roma households, low-income backgrounds, single-parent or unemployed parent backgrounds, rural areas, and those with disabilities. It will be important to ensure targeting mechanisms for exemptions and subsidies are robust and expansive, so as not to exclude vulnerable children. Key informant interviews for this research suggest that of those not enrolling their children in ECEC, the prime concern amongst parents/caregivers was financial. Using public resources, therefore, to carefully target children who otherwise would be excluded will be an important part of any strategy relying, in part, on private contributions.

57 Ivona Celebivic and Zlatan Jovanovic (2021). 'Profile commissioned by NECP for the Global Education Monitoring Report 2021 – central and Eastern Europe, the Caucasus and Central Asia – Inclusion and Education: All means All'.

58 Republika Srpska Institute of Statistics (2022). Financial statistics of education, 2021. Available at: https://www.rzs.rs.ba/static/uploads/saopstenja/obrazovanje/finansijska_statistika_obrazovanja/2021/Finansijska_statistika_obrazovanja_2021.pdf

59 Ibid.

60 OECD countries spend on average just over 0.8% of GDP on early childhood education and care, with large variations across countries. Countries spend more on pre-primary education than childcare, up to approximately 1% vs 0.5%. Source: OECD Family Database (2023). Public spending on childcare and early education. Available at: https://www.oecd.org/els/soc/PF3_1_Public_spending_on_childcare_and_early_education.pdf

61 Republika Srpska Institute of Statistics (2022). Financial statistics of education, 2021. Available at: https://www.rzs.rs.ba/static/uploads/saopstenja/obrazovanje/finansijska_statistika_obrazovanja/2021/Finansijska_statistika_obrazovanja_2021.pdf

62 World Bank (2019). Government expenditure on education, total (% of GDP). Available at: <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=RS-ME-HR>

63 Republika Srpska Institute of Statistics (2022). Financial statistics of education, 2021. Available at: https://www.rzs.rs.ba/static/uploads/saopstenja/obrazovanje/finansijska_statistika_obrazovanja/2021/Finansijska_statistika_obrazovanja_2021.pdf

64 Republika Srpska Institute of Statistics (2022). Preschool Education 2021/2022 Statistical Bulletin. (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

Tables 8 and 9 reports the projected private contributions to support the scale-up for capital and recurrent costs respectively. Capital costs incurred by the private sector are expected to be covered by businesses (i.e., the private preschools themselves). Over the time horizon, the contributions of the city government to private capital costs are expected to increase (and reach 50% by 2030) in order to reduce the burden on private providers and create strong public-private partnerships. Other methods of supporting private providers to raise revenues to make these contributions to capital costs will also be needed. These might include low-cost loans or tax exemptions.

Recurrent costs incurred by the private sector are expected to be incurred by households (i.e., parents/caregivers of children enrolled). In this model, the proportion that households contribute to provision of services is expected to decrease in both public and private facilities. However, in absolute terms, whilst the contributions per child from households will fall in the public sector, they will rise slightly in private facilities owing to an increase in overall costs. In public facilities, a target was set that, by 2030 household contributions would fall to 20% of total revenues.

In private facilities, a target was set that, by 2030, the proportion of the revenue requirement (cost + profit) per child covered by the city government would increase to 50% (from 10% in base year, 2022). It should be noted that these estimates of household contributions are averages. Not all households should be expected to incur costs to enroll their children in ECEC. The model is built to exempt all households with CwD and without parental care from paying contributions for ECEC (these costs are covered by the Public Fund for Child Protection of RS). The city government, working with private and public providers, should then work to produce progressive payment plans for households, wherein poorer or more vulnerable households gain large subsidies or fee exemptions.

TABLE 8: BUSINESS CONTRIBUTIONS TO THE CAPITAL COSTS OF SCALE-UP IN PRIVATE PRESCHOOL FACILITIES, 2022-2030. EXPRESSED IN BAM, ADJUSTED FOR INFLATION.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Capital costs in private facilities	29,111	203,893	205,908	206,527	227,704	232,423	236,972	241,577	246,238	1,830,354
Business contributions to capital costs	29,111	191,149	180,169	167,803	170,778	159,790	148,108	135,887	123,119	1,305,916
Proportion of private sector capital costs incurred by businesses	100%	94%	88%	81%	75%	69%	63%	56%	50%	72%

TABLE 9: HOUSEHOLD CONTRIBUTIONS TO RECURRENT COSTS IN PUBLIC AND PRIVATE PRESCHOOLS, 2022-2030. EXPRESSED IN BAM, ADJUSTED FOR INFLATION.⁶⁵

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Average annual household contribution per child									
Public Facilities	1,711	1,010	1,041	1,026	1,014	1,006	1,000	995	990
Private Facilities	2,467	2,966	3,020	3,041	3,053	3,038	3,022	2,949	2,876
Proportion of total revenue per child from households									
Public Facilities	24%	23.8%	23.3%	22.7%	22.2%	21.6%	21.1%	20.5%	20.0%
Private Facilities	95%	87%	83%	78%	74%	69%	65%	60%	56%

INVESTMENT PLAN

Significant additional investment will be required if the City of Bijeljina is to see enrolment in ECEC for children 3 to school entry become universal by 2030. It will take combined investments, from the public and private sector, to achieve this goal. A comprehensive model has been put together to outline an investment plan in pursuit of these aims (Table 10). It places the revenue requirements of facilities in the public and private sector against financial contributions from different stakeholders in the ECEC ecosystem. Whilst the public sector is expected to be a dominant player in the mobilisation of resources, the private sector will be an important partner – both in financing and service provision. Over time, the proportion of funding from households and businesses is projected to fall, as the public sector is able to take on an increasing proportion of expenditure.

Careful planning and policy-making will be needed⁶⁶ to ensure that the financing of this scale-up is both achievable and equitable. Investment must put the provision of inclusive ECEC services at its core, targeting public financing at the communities and households who most need it. The cost model for this scale-up already accounts for the complete subsidisation of the costs of providing

services for CwD. Further, it is highly recommended that facilities in both public and private centres put policies in place (or uphold existing policies) to heavily subsidise or exempt children from poor, rural or Roma backgrounds, in order that household contributions do not become a financial barrier to their access. A practical way of achieving this may be the division of responsibilities and priorities between the public and private facilities. Public centres may pivot towards providing ECEC in communities which are under-served, allowing the higher public investment in these centres to best provide for those most in need of it. Priority on waiting lists would be given to children from poorer or vulnerable backgrounds, meaning that children from more advantaged households would move into the private sector facilities. A final note should be given to quality. This model has placed an emphasis on the need to not only scale up enrolment but also to continually improve quality. For this reason, teacher wages, pedagogical and administrative expenses, as well as spending on CwD are all expected to also increase (at a faster rate than inflation) across the period. It is important that corners are not cut in pursuit of this scale up if the true benefits of ECEC are to be realised.

⁶⁵ Excludes all costs and contributions related to the provision of ECEC for CwD. These costs will be covered by MoEC.

⁶⁶ It should be noted that careful planning and quality controls would need to be put in place if this option were taken up, to avoid a negative reputation (or a view that public preschools are for poorer children only) developing.

TABLE 10: INVESTMENT PLAN: REVENUE REQUIREMENTS, CONTRIBUTIONS BY STAKEHOLDER TYPE, AND PROJECTED FUNDING GAP, 2022-2030. EXPRESSED IN BAM, ADJUSTED FOR INFLATION.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Total revenue requirements, annual										
Public Facilities	1,954,770	2,316,932	2,661,029	2,941,998	3,268,505	3,601,713	3,945,803	4,303,856	4,671,475	29,666,081
Private Facilities	2,443,244	3,565,201	4,263,899	4,982,832	5,815,203	6,691,010	7,620,622	8,611,158	9,654,516	53,647,684
All	4,398,014	5,882,133	6,924,928	7,924,829	9,083,708	10,292,723	11,566,425	12,915,014	14,325,990	83,313,765
Total contributions, annual										
MoEC	21,541	312,665	359,345	429,524	514,958	603,319	698,484	801,057	898,264	4,624,386
City of Bijeljina	2,526,578	1,966,203	2,470,283	2,985,793	3,623,873	4,357,407	5,196,724	6,154,023	7,238,938	36,519,824
Businesses	29,111	191,149	180,169	167,803	170,778	159,790	148,108	135,887	123,119	1,305,916
Households	3,113,076	3,616,008	4,121,038	4,548,236	5,001,803	5,404,629	5,760,081	6,065,623	6,311,907	43,942,402
Funding gap, annual⁶⁷										
MoEC/The Fund	0	305,490	351,955	421,964	507,239	595,438	690,446	792,858	889,901	4,555,289
City of Bijeljina	0	- 711,970	- 288,235	163,829	742,647	1,415,676	2,196,159	3,093,446	4,117,149	10,728,702
Businesses	0	191,149	180,169	167,803	170,778	159,790	148,108	135,887	123,119	1,295,822
Households	0	316,148	772,182	1,071,206	1,451,756	1,780,030	2,062,991	2,294,591	2,465,454	12,164,356

⁶⁷ Calculated using projected costs in comparison to the projected spending if status quo is upheld (adjusted for inflation and economic growth).

OPERATIONAL FEASIBILITY

This section provides a supplementary analysis of the operational feasibility of this scale-up. It will take a high-level approach, looking at the five remaining building blocks of ECEC systems: leadership and governance, law and policy, workforce, service delivery, and information.

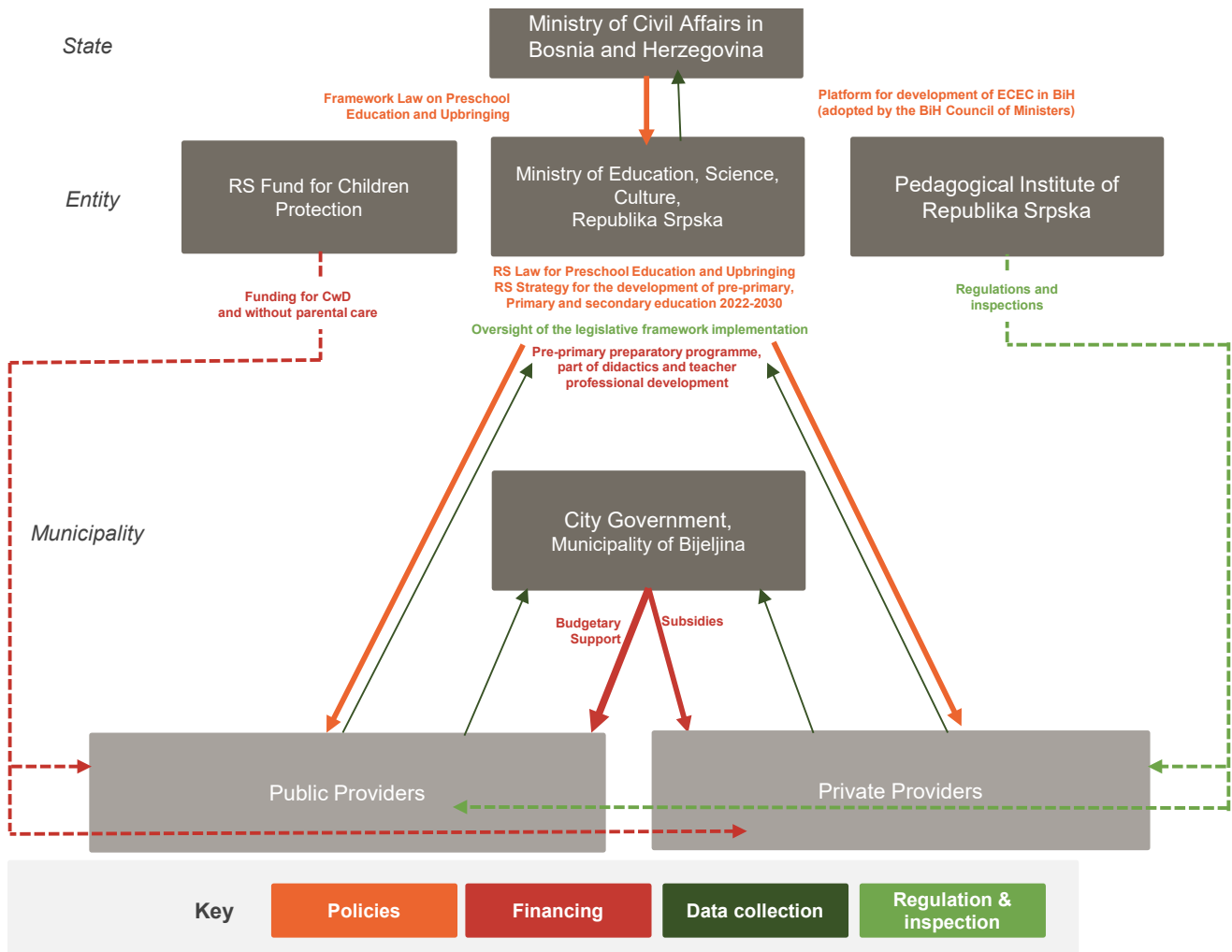
LEADERSHIP AND GOVERNANCE

As a centralised entity, policies related to ECEC are developed at RS level. In accordance with the Constitution of Republika Srpska, education is the responsibility of RS, and the Law on Preschool Education and Upbringing prescribes provisions on supervision of the work of preschool institutions. Since 2008, ECEC was moved from the Ministry of Health and Social Protection to being under the remit of the MoEC, who is the proponent of the RS Law on Preschool Education and Upbringing adopted by the National Assembly of Republika Srpska. The Law defines the manner of work and divided competences. In Bijeljina, the RS Law on Preschool Education and Upbringing regulates the ECEC sector in terms of provisions on how to establish a preschool institution and in terms of the programme implementation. The founder of preschool institution is in majority responsible for its financing and it is usually the municipal/city administration for the public sector. Whilst this is the case in many instances in BiH, the ECEC sector stands out as the municipality/city, rather than the entity, is intended to be responsible for ECEC financing. This gives the city administration, the mandate to implement, finance, and ensure adequate public provision of ECEC.

Figure 15 shows the governance structure in the field of ECEC outlining the lines of responsibility and accountability in the city of Bijeljina. This multi-level system has produced overlap and duplication, gaps, as well as inefficiencies. The city administration is responsible for local policies, service provision, and financing, meaning it takes on a clear leadership role. This system is clearer for public preschool institutions. In accordance with the Law, the Annual Work Program of the public preschool institution is proposed by the expert council, and it is adopted by the management board and submitted to the founder for approval, and to the MoEC and the Republika Srpska Pedagogical Institute for review by the end of September of the current year. The annual work program of a private preschool institution is adopted by its manager with the consent of the founder and submitted to the MoEC and the Republika Srpska Pedagogical Institute for review by the end of September of the current year. In terms of data collection and information, there seem to be a number of parallel systems set up which are often not linked and there is a lack of coherence between the data they hold.

There are concerns over the quality of regulation and oversight of the ECEC sector. Registration of public and private sector facilities, for example, is the purview of the MoEC, who determines the fulfilment of the requirements for the establishment of both institutions. This study found that the city government in Bijeljina is not immediately alerted when a new private facility opens, meaning they are unable to provide any oversight, monitor

FIGURE 15: LEADERSHIP AND GOVERNANCE OF PRESCHOOL SECTOR IN BIJELJINA



enrolment, or ensure parents/caregivers have access to the public subsidies on offer. Whilst it is defined by the Rulebook on Exercising Professional and Pedagogical Supervision in Preschool Institutions⁶⁸ that the quality of services rendered in preschool institutions is controlled by the Pedagogical Institute of Republika Srpska, more dissemination activities about this legislation and its implications for regulation and inspection should be carried out - considering that not all stakeholders had the same understanding of responsibilities.

Implementation of the RS Law on Preschool Education and Upbringing has further complicated this situation.

Under this Law, the MoEC has become responsible for rolling out a three-month pre-primary programme for children in the year before primary school. This programme is financed and overseen by the RS MoEC. However, all other pre-primary programmes are financed at

municipality/city level. Having this dual, patchy approach to pre-primary education provision is inefficient and is not guaranteeing children in Bijeljina access to the services they need. The MoEC should take an increased role in financing ECEC across RS to ensure greater harmony between municipalities/cities in coverage.

LAW AND POLICY

Over the past fifteen years, progress has been made towards a conducive policy environment for the ECEC ecosystem. Legislation of particular importance are laid out in Table 11. Framework laws, such as the *Framework Law on Preschool Education and Upbringing (2007)*, are intended to develop an enabling environment for positive early childhood development, with ministries at all levels obliged to harmonise or replace existing laws in relation to preschools.

68 Official Gazette of Republika Srpska, No. 6/21

TABLE 11: LEGISLATION RELATED TO ECEC

Legislation	Level	Year	Significance
Framework Law on Preschool Education and Upbringing	BiH	2007	Recognises the integral role of preschool as an agent of upbringing and education and provides principals and norms for the provision of preschool. Article 16 makes it mandatory for children to be enrolled in pre-school in the year before enrolment to primary school. Financing, duration, and programme to be determined by competent education authorities.
Common Core of the Integral Developmental Programmes for Preschool Education	BiH	2016	Developed by the Agency for Preschool, Primary and Secondary Education. Has the aim of creating conditions to promote personal, emotional, social and educational well-being for each child in BiH.
Platform for the Development of Preschool Education and Care in BiH	BiH	2017	State-level strategic type document to develop preschool education across BiH. Adopted by the Council of Ministers in 2017 and is harmonised with current EU and UN trends and standards in ECE.
RS Law on Preschool Education and Upbringing	RS	2015	Regulates the pre-school education of children from six months old until they start primary school ⁶⁹ 2020 amendments changed the law so that ECE can be provided in primary schools and Social Welfare Centres, as well as designated ECE centres.
Curriculum of Preschool Education and Care in the Republic of Srpska	RS	2007	Defines the principles behind and goals of preschool education and care, as well as methods for school and teaching work. ⁷⁰ Outlines developmental goals across physical, socio-emotional, intellectual, communication and creativity domains for children up to six years of age. ⁷¹
RS Education Strategy 2022 – 2030	RS	2021	Makes increasing availability of preschool programs a priority, including construction of more facilities and amending education by-laws as key actions to improve accessibility ⁷² Improving organization prior to the start of the school year, including creating a distribution plan for funds ⁷³ Other priorities include raising awareness about the importance of early learning, improving inclusion of children with developmental disabilities ⁷⁴
RS Pre-School Education Programme	RS	2022	Updates the Curriculum of Preschool Education and Care in the Republika Srpska from 2007 Seeks to support increased coverage and capacity of both public and private preschools, as well as the quality of service provision

69 Official Gazette of the Republic of Srpska. No 79/2015, 63/2020 and 64/2022.

70 Ministry of Education and Culture – Republika Srpska. (2007). Curriculum of Preschool Education and Care in the Republic of Srpska. Institute for Textbooks and Teaching Aids: East Sarajevo.

71 Ibid.

72 Republika Srpska. (2021). Strategy for the Development of Pre-School, Primary and Secondary Education in the Republika Srpska for period 2022 – 2030.

73 Ibid.

74 Ibid.

However, implementation of ECEC policy and law has been inconsistent. Whilst Republika Srpska has upheld the law to provide pre-primary education in the year before primary, enrolment is not mandatory and the length of these programmes is short (reducing the potential beneficial effects to child development).

More could be done to strengthen the legal enabling environment for ECEC in Bijeljina. The following improvements to existing laws and frameworks are suggested:

- **Define the parameters of preparatory ECEC programme.** this includes details such as the requisite length, timing, format, financing, and standards for these programmes.
- **Expand the length of preparatory ECEC programme to children between five years to school entry and increase access for three- to five-year olds.** This a longer-term aim to improve coverage of preparatory programmes and progressively cover all children of ECEC age.
- **Improve multi-sectoral approach to policy making and design:** approach ECEC policy design from a holistic, *Nurturing Care Framework* perspective which embeds prescriptions to also promote health, nutrition, safety and security, and responsive caregiving for young children.

HUMAN RESOURCES

Under the scale-up scenario modelled, an additional 195 ECEC teachers and 69 other members of staff will be required by 2030. At present, there are 133 teachers working in preschools in the city, of which 48 are in the public facility. Based on existing legislation, which prescribes the number of staff and children per educational group (by age), calculations were run to estimate the human resources gap. Table 12 shows how, as the number of children enrolled increases each year from 2022 to 2030, the size of the requisite workforce of teachers. will commensurately increase.

The number of persons pursuing a degree in ECEC compared to the current number of teaching staff is concerning. Stakeholders expressed that there is some capacity in the labour market for ECEC teachers, with a number of qualified candidates listed with the local employment bureau. However, when compared against the size of additional need if services are scaled up (either to meet demand, as many preschools already have substantial waiting lists or in line with this modelled scenarios), a labour market gap may emerge. This may be particularly profound in more rural or peripheral parts of the city, where prospective teachers may be less acquainted or incentivised to take up job opportunities. Further, the qualifications needed to become an ECEC teacher are fairly high (the Law defines that a minimum of the first cycle of university is required ⁷⁵) and take a considerable amount of time to achieve. Whilst these qualifications are necessary for successful implementation of the curriculum (and harmonised with European and neighbouring countries), it will be important for the government to support the workforce through this training. Increasing the capacity and flexibility of the education workforce is vital.

Putting together concrete strategies to incentivise and manage an expansion in the workforce of ECEC teachers will be required to achieve this scale-up. A number of potential activities could be included.

Better promotion of employment opportunities in ECEC (especially to young people);
Financial and/or technical support to prospective ECEC teachers (such as through subsidised training programmes or financial support for students undergoing qualification at universities in Bijeljina or Banja Luka);
Providing opportunities for teachers at other levels, including at primary school, to refocus towards younger age groups. Given the changing demographic structure, fewer children are expected to enter the formal education system in coming years meaning that there will be excess capacity amongst existing teaching staff. Promoting retraining into ECEC may be a good way to ensure flexibility in the labour market and prevent unemployment.

TABLE 12: PROJECTED ECEC HUMAN RESOURCE NEEDS, PER YEAR 2022-2030, TOTAL TO 2030

		2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Public	Number of ECEC teachers required	48	49	54	59	64	68	73	77	81	
	Recruitment need	0	3	7	7	8	8	8	8	8	56
Private	Number of ECEC teachers required	85	97	109	120	132	143	155	166	176	
	Recruitment need	0	16	16	16	18	18	18	18	18	139

⁷⁵ The Law on Higher Education also allows for retraining for a period of one year.

The success of these strategies, however, is dependent on recalibrating public perception on the value of ECEC teachers, as well as setting up compensation structure which incentivises entrants to join, and be retained, in an ECEC teaching career. Currently, the working conditions for staff in preschools are a pressing concern. The sector is seen to be poorly organised and the average salary for a preschool teacher is just 13 836 BAM per year, around 54% of the average salary for primary school teachers. Stakeholders noted that this discrepancy between the salaries, benefits and rights for preschool and primary school teachers, despite the roles having similar qualification requirements. This has led to teachers at ECEC level, especially within the private sector, noting that they feel a lack of respect or security in their position. ECEC teachers play a pivotal role in shaping the quality of services for children, making it vital that they feel appreciated and respected. Further, without an improvement in working conditions, including organisational structures and salaries, it is likely that prospective staff members will be disincentivised from joining the sector. For this reason, the costs of scaling-up ECEC services in this study were drawn from primary school teachers' salaries, rather than the current salaries of ECEC teachers, to advocate for this improvement in working conditions.

SERVICE DELIVERY

Infrastructure

Bijeljina's preschool institutions do not have the physical infrastructure to support the scale-up modelled. Most institutions have a significant waiting list as a result of this limited capacity. This is a particular concern for the public preschool institution where, owing to lower prices and subsidised programmes for some groups, a significant number of children was not enrolled due to the lack of enrolment capacities of the preschool (roughly 200 children). To meet the demand, the public institution would need to increase its capacity by roughly 70%.

Solutions are available to expand infrastructural capacity, including acquiring additional premises or repurposing other public spaces. The public institution has already undergone expansion in recent years with support from the city administration, the President of Republika Srpska, and the government of Republika Srpska. To supplement facilities in the city centre, additional premises have been

acquired in peripheral parts of the city by repurposing classrooms from existing schools for ECEC. This expansion technique is promising. Capacity in schools is likely to increase in coming years, as the number of children decreases with demographic trends. For rural or peripheral areas, where the number of young children requiring services may be insufficient to warrant acquiring specific premises, adapting existing public educational spaces for preschools may be the best option for expansion (and is already being implemented to expand future ECEC capacities in Bijeljina). In urban areas, such as Bijeljina city itself, the public preschool has identified an empty premises that could be used and are hoping to attract financing to equip it. It should be noted that the costs of renovation or acquisition are likely to be higher than in the projection – due to increases in cost of construction materials, for example (Table 13, Section 2.2.1).

Additional solutions are needed to support scale-up in the private sector. The solutions mentioned above pertain mainly to public providers. In the private sector, prospects for investing in additional premises may be substantially lower, given risk, as well as requirements for capital or a willing investor. Many stakeholders in the private sector noted these concerns, stating that whilst they would be interested in expanding their capacity, they are unable to do so for financial reasons. The government (whether at RS or city level) must, therefore, consider measures to support infrastructural expansion in the private sector. Globally, there are now rich examples of public-private partnership models being used to support the private sector's expansion in education to meet demand. Such examples should be examined and adapted to suit the local context. Actions might include providing grants or low-interest loans to private providers in order to support the purchase or renovation of additional premises, subsidies on their rent, Build-Operate-Transfer models⁷⁶, or even giving tax-exempt status to private preschools. Positively, it should be noted that in 2022, the City of Bijeljina did award a one-off financial assistance to private preschool institutions to improve conditions.

⁷⁶ Build-Operate-Transfer models are sometimes used to finance large projects, typically infrastructural (in this case, preschool classrooms), developed through public-private partnerships. A Build-Operate-Transfer scheme refers to the initial concession by a public entity, such as a local government, to a private firm to both build and operate the project. After a set time frame, typically two or three decades, control of the project is returned to the public entity.

TABLE 13: ADDITIONAL CLASSROOM REQUIREMENTS, PUBLIC AND PRIVATE SECTOR, 2022-2030.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Public										
No. of classrooms	20	24	27	29	32	34	36	39	41	
New classrooms	0	4	3	2	3	2	2	2	2	21
Private										
No. of classrooms	43	49	54	60	66	72	77	83	88	
New classrooms	0	6	6	6	6	6	6	5	5	46

Curriculum and Didactics Materials

Clear legal standards guide the provision of ECEC; however, improvements are needed to ensure that pedagogical standards are upheld. Currently, the MoEC works with the Republika Srpska Pedagogical Institute to monitor the quality of work in preschools, including the curriculum. However, the need for further development of the curriculum, and standardisation between providers, was noted by both government stakeholders and providers. Curricula were seen to be outdated and teaching methods not in line with best practice, including in how to use digital technologies to enhance learning or to prevent teacher-centric techniques. However, it is important to note that in September 2022 the MoEC published the new ECEC curriculum whose effects on ECEC quality are yet to be assessed. Further, whilst quality standards are in place, they are not always being applied. Whilst the levels of care and nurture within the ECEC sector are notable, often the environment is not conducive to structured learning through active engagement and collaborative engagement of children. Even in high-cost private preschools, there are challenges in moving away from simple drawing activities to directional activities which are targeted towards specific learning and developmental outcomes. Further, many facilities were found to have insufficient resources and materials to provide satisfactory education for CwD. Across BiH, over 90% of education spending goes on staffing costs, compared to an EU average of 77%.⁷⁷

This inhibits the ability of facilities to invest in pedagogical materials and upgrading learning environments. Significant financial resources are, therefore, needed to ensure that all preschools are equipped with the practical learning resources they need, high quality, engaging curriculums, as well as staff which are trained in their use.

It is important to note that the MoEC's 180-hour programmes are insufficient to provide adequate, high quality ECEC services. These 180-hour programmes have been implemented in response to the state-wide imperative to make ECEC mandatory in the year before primary school. As one study shows, there is a positive correlation between attending the RS preparatory preschool programme and school readiness.⁷⁸ However, more efforts are needed to assess the long-term impact of these programmes, considering that TIMSS 2019 secondary analysis has showed that only children who attended preschools for 2 years or more have better performance⁷⁹.

77 James Gresham and Sharanya Ramesh Vasudevan (2019). 'Realizing education's promise in Bosnia and Herzegovina: The case for investing in children and youth', Eurasian Perspectives, published online 23 December.

78 Cvijanović, N., Mojić, D. (2020). Institucionalna pedagoška intervencija u ranim godinama života na putu cjeloživotnog učenja [Institutional pedagogical intervention in early years in the context of early learning]. Croatian Journal of Education, 22 (Sp.Ed.3), 51-69. <https://doi.org/10.15516/cje.v22i0.3909>

79 Agency for Preschool, Primary and Secondary Education (2022). Preschool Education and Care as a Determinant of Student Achievement in Bosnia and Herzegovina in TIMSS 2019. Available at: <https://aposo.gov.ba/sadrzaj/uploads/%D0%90naliza-zadataka-po-sadrzajmim-i-kognitivnim-domenama-TIMSS.pdf>

Demand

Parental and caregiver demand for ECEC has been increasing in Bijeljina, a promising sign for service provision scale-up. Already in both public and private facilities, demand is outstripping supply, with large waiting lists persisting in spite of recent expansion efforts. Interviews with service providers and some government officials indicated that efforts to increase young children's attendance at preschools were unlikely to be resisted by the population and, in some cases, would be positively received.

Demand-raising activities should still be implemented amongst those less likely to enrol their children in ECEC. Research suggests that whilst attitudes are slowly changing, there is sometimes a stigma associated with sending children to preschools. ECEC is sometimes represented as a form of child care, rather than education, and seen to be excusing parents or caregivers, especially mothers, from their responsibilities. Stakeholders suggested that local surveys on the attitudes of parents and caregivers to ECEC would be needed in order to design demand-raising activities. Such activities might include slowly rolling out ECEC to all those interested to allow for an acclimatisation period, subsidising or providing transport for children, especially in rural areas, to attend ECEC, financial subsidies or fee exemptions, as well as continued and expanded socio-behavioural campaigns at local level.

These activities should be designed on inclusive education principles and target vulnerable or excluded children. Children from Roma households, in more rural locations, living in households with low-incomes, or with unemployed caregivers are less likely to attend preschool.⁸⁰ This is a real concern which must be addressed as it is leading to an entrenchment of inequalities, with richer, urban children more likely to experience the educational perks of attending ECEC. Indeed, it is estimated that fewer than 2% of all Roma children in BiH are enrolled in ECEC⁸¹ and, of all children enrolled in ECEC in Bijeljina, 82% come

from households where both parents are employed.⁸² For this reason, interventions should be designed to maximise the demand amongst these groups of children. Activities should include financial support (such as fee exemption, modelled in the financial feasibility model), as well as non-monetary activities, such as the provision of transportation, meals, or awareness raising campaign.

INFORMATION

Information systems should be improved to facilitate a scale-up in the coverage of ECEC services. Whilst Republika Srpska has a more developed education management information system [EMIS], data which are essential for planning and policy-making are difficult to find and often inconsistent between sources. Basic data on enrolment, staff numbers, and financing were not harmonized between the records of Republika Srpska, the city administration in Bijeljina, and service providers. Further, data are not always shared or easily accessible between different administrative levels, which further compounds these problems.

Data must be routinely and reliably be collected. This information is important to support strategic planning and costing process, monitoring and evaluation, equity analysis, as well as supporting advocacy for increasing support. At present, how data are collected, managed, and disseminated makes analysis of the sector a challenge. Further, owing to the complexity of budgeting process, it is exceptionally difficult to get a sense of the proportional expenditure on ECEC across the country and then within each municipality/city. This is a barrier to ensuring governments are held to account for providing adequate resources for the provision of essential services.

80 UNICEF (2013). *The Status of Roma Children and Families in Bosnia and Herzegovina*, published January 2013. Available <<https://www.unicef.org/bih/en/reports/status-roma-children-and-families-bosnia-and-herzegovina>>.

81 UNICEF (2020). *Situation Analysis of Children*.

82 104 Republika Srpska Institute of Statistics (2022). *Preschool Education 2021/2022 Statistical Bulletin*, (Institute of Statistics: Banja Luka, Bosnia and Herzegovina).

POLITICAL FEASIBILITY

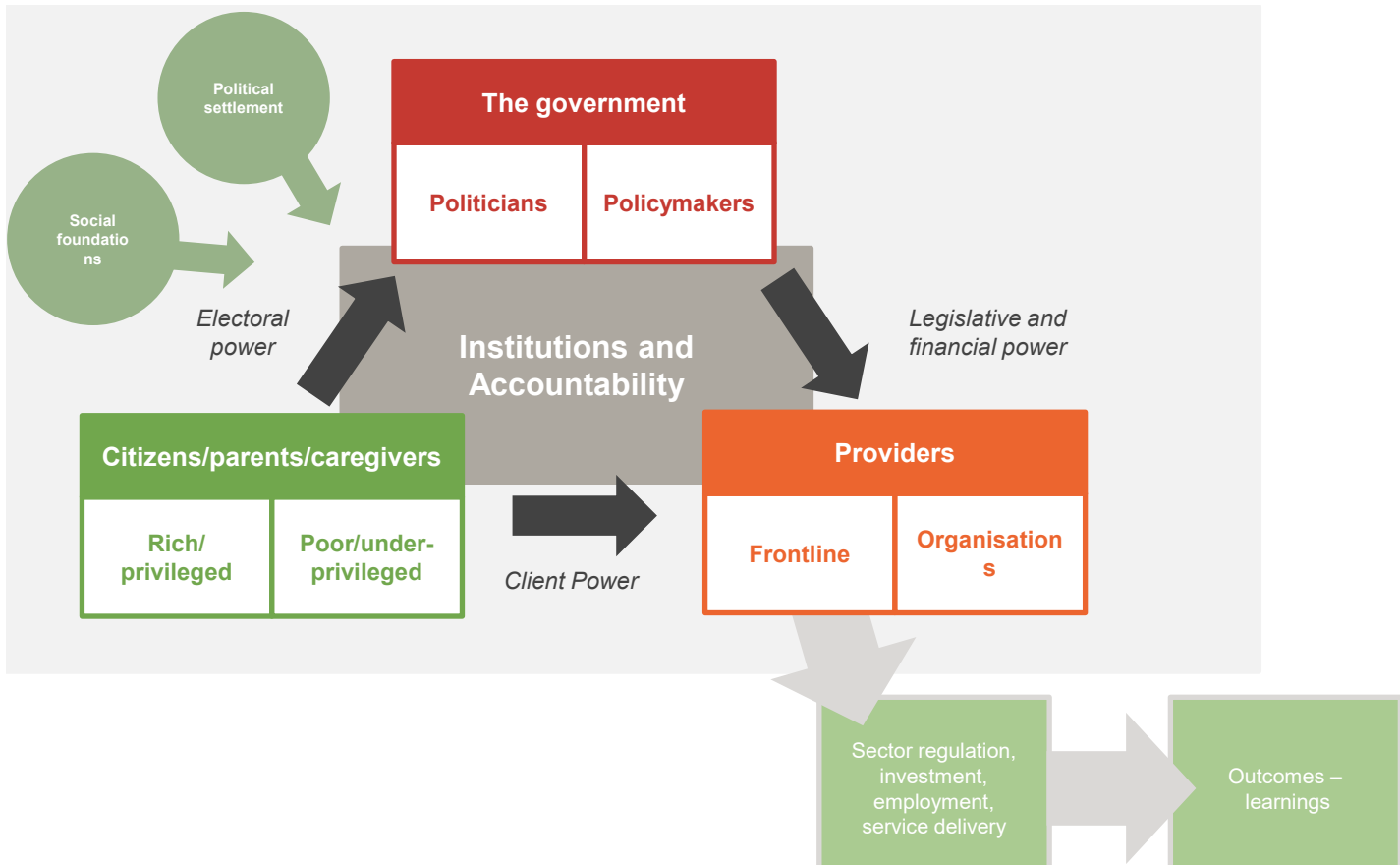
CITIZENS, PARENTS, AND CAREGIVERS

Service delivery reform is never an entirely technical process, making it essential to embed considerations of political feasibility. Given the political and institutional context, this is especially important in Republika Srpska. This section will briefly look at the political feasibility of this scale-up, providing a snapshot of the situation as of July 2022. However, if a scale-up of ECEC is undertaken it will be essential to undertake political economy analysis at every point of implementation as micro-politics, which so often provide opportunities or pose emergent threats, are liable to change rapidly. The framework outlined in Figure 16 forms the basis of this analysis. Referenced in a note produced by the RISE Programme, this framework (slightly adapted) conceptualizes the political economy of education systems and identifies three groups of stakeholders: citizens/parents/caregivers, providers, and the government. These actors are all inter-related and exert power over one another, they also operate within a wider political context which is influenced by institutions, as well as the political settlement and social foundations. This framework has been used to think through the political feasibility of ECEC scale-up in Bijeljina, and the following sections will be structured around these three groups of stakeholders.

Public support for expanding preschool services can be politically popular, if properly framed and implemented. Major service delivery reform is rarely high up on the political priority list, owing to a perceived lack of public interest. However, Bijeljina's city administration has shown continued commitment to ECEC provision, committing 4.46% of their total budget to preschools in 2021. This support has been met with increasing demand for services, with providers in both public and private settings reporting waiting lists and demand outstripping current supply. This indicates that increasing public investment in preschools is likely to be well received, especially by parents or caregivers who benefit both from the educational impact on their child, as well as the child care support which allows them to return to work or other activities. Currently, subsidies for children in private ECEC centres are provided in eight local self-government units in Republika Srpska, including Bijeljina.

Parental and caregiver buy-in will need to be carefully managed and negotiated. Informants noted that demand for ECEC services is mixed amongst different groups of parents and caregivers, with some not recognising the educational impact and long-term benefits for their child. Instead, factors such as the financial cost (both direct and indirect), time lost to transporting their child, as well as socio-cultural beliefs that young children should be cared for alone and not be subjected to formal education are expected to hinder scale-ups. This potential resistance amongst parents and caregivers is potentially going to be more likely in rural or peripheral regions, as

FIGURE 16: POLITICAL ECONOMY FRAMEWORK FOR EARLY CHILDHOOD EDUCATION – ADAPTED FROM HENSTRIDGE, LEE AND SALAM (2019) ‘THICKER POLICY DIAGNOSTICS’.⁸³



well as amongst lower-income households, within the city. Parents and caregivers are important stakeholders to scale-up efforts and, therefore, interventions must be designed to respond to these challenges. Demand-raising activities, as explored in *Section 4.4.3*, might include socio-behavioural sensitisation and education campaigns targeting parents/caregivers on the importance of ECEC, providing subsidies or fee exemptions for enrolment (potentially targeted at poorer or rural households), as well as organising transportation for children in peripheral regions. The cost of transport of children to ECEC centres is also being driven down by opening centres in rural areas of Bijeljina. Given the current cost of living crisis, these financial supports are likely to be particularly important to parent/caregiver buy-in. Further, policies must be framed and communicated to appease concerns, carefully designed to present the opportunities presented by enrolling children in ECEC rather than it being seen to be mandatorily imposed from above.

Resistance is more likely to emerge against efforts to finance this intervention. Whilst we expect that the scale-up of ECEC services has the potential to be politically popular with Bijeljina's residents, finding sources of public finances to fund it are likely to be more unpopular. This is an especial concern given the ageing population in Republika Srpska – with older people more likely to be rooted in traditional values and views of the family, as well as not having pressing ECEC concerns. As suggested in the analysis of budgetary room in *Section 3.4.1*, the most promising options for finding additional public resources for this intervention relate to increasing taxation, reprioritising expenditure from other areas, or from restructuring fiscal transfer arrangements between RS and the municipalities/cities. All of these actions will result in 'winners' and 'losers' which has the potential to stimulate significant political resistance and, depending on the relative power of these groups, may impede reform processes. In particular, if designed in a progressive way, these changes to budgetary room are likely to lead to greater pressure

⁸³ A. Gershberg (2021). 'Political Economy Research to Improve Systems of Education: Guiding Principles for the RISE Programmes's Political Economy Team (Adoption) Research Projects', RISE: Insight Note, available online at <<https://riseprogramme.org/publications/political-economy-research-improve-systems-education-guiding-principles-rise>>.

on richer and more privileged groups. Under new policies, they would be liable to pay greater taxes, benefit less from public expenditure on other areas (such as roads or infrastructure), or see funds from their relatively wealthier region be reallocated towards poorer regions within the entity. Successfully financing these interventions, therefore, will depend on the bargain between the rich and the poor and their receptiveness to cross-subsidisation and reform in Bijeljina and Republika Srpska.

The intervention must be framed as an investment into future growth and a greater public fiscus in the future.

Investments in ECEC should also be advocated for as part of the solution to brain drain – giving parents/caregivers more incentive to build a life in Bijeljina, as well as ensuring their children develop to their full potential. Further, offering universalised policies, where all groups can benefit, often helps to improve take-up and acceptance of social sector financing policy reform. In this way, both richer and poorer groups perceive the benefits they as individuals are receiving and are thus less acutely aware of the ways that financial resources are being redistributed. Current financial support for preschools in Bijeljina are already structured in this way, with public funds being used to provide budgetary support to the public facility and a subsidy to parents/caregivers with children in private ECEC centres. Currently, there are no prescriptions on which children should be targeted with these benefits. There are programmes targeting children from vulnerable backgrounds and CwD with additional public funds, however, these are very limited. Therefore, currently, public funding for ECEC is actually benefitting children from richer and more privileged households who are more likely to be enrolled in ECEC. Scaling up current policies to achieve universal coverage would redress the current inequity in resource distribution and access, whilst also minimising public resistance. Additionally, the arguments around the resource allocation towards ECEC require additional advocacy with political and agenda-setting influencers and decision makers. If not presented, promoted and communicated strategically, this argument can be downplayed or short-lived within the political discourse and in the public perception.

PROVIDERS

Providers would be in support of a scale-up of ECEC coverage, if adequate financial and operational inputs are well-planned and made available. Research in Bijeljina, in both public and private facilities, suggests that providers would be keen to scale-up their current operations and provide for more children. Many noted pressures on their facilities owing to waiting lists and overcrowding, and demonstrated their frustration at being unable to provide for more of the city's children, especially the more vulnerable. ECEC staff stressed the importance of pre-primary education on long-term child outcomes and were highly supportive of government measures to improve access, especially for CwD.

Provider support is contingent on careful planning and implementation support across the sector. Across both private and public providers, under-resourcing (including under-payment of staff) is already an important concern. Increasing pressure on these facilities is likely to be met with resistance without additional financial and operational inputs (such as increased staffing, improvements to infrastructure, or pedagogical standards/curriculums) being made available. Further, in the private sector, resentment about the uneven support offered by the city government is already being felt. The disproportionate financial resources made available to the public preschools has made the business model of private providers increasingly untenable and led to a disparate cost per child across the public and private sector. Without redressing this situation, private providers may be less likely to buy-in to public-private partnerships in pursuit of the scale-up. For such providers, it may be a less risky and stressful option to not significantly expand their capacities, matching their willingness to expand with the size of public subsidies.

THE STATE

The city administration of Bijeljina is supportive of preschool provision. The current government has shown willingness to invest significantly in pre-primary education. It should be noted, however, that governments at all levels in BiH are now facing a fiscal crunch associated with the COVID-19 pandemic and the Ukraine Crisis. Whilst the city administration may be interested in improving support to preschools and expanding ECEC coverage, their limited fiscal space may inhibit support or even lead to reprioritization of budgets. The significant expenditure on preschool may prevent local mayor's from considering ECEC an area that requires additional investment and, in cases of fiscal contraction, may even become a target for budget cuts.

Huge political opportunities to promote ECEC are, however, on the horizon. Exogenous processes have the potential to support the enabling environment for scale-up. Of prime importance is the European Union's Delegation funding which has begun to come through.⁸⁴ With the main recommendation coming out of the PISA report on education in BiH to increase ECEC enrolment, it is likely that pre-school will be a dominant focus of such efforts (however, this is dependent on sufficient political will to make reforms).⁸⁵ Further, in recent years ECEC has become an increasing focus for development partners and governments alike, as research emerges supporting the long-term returns of increasing coverage. Over the medium- to long-term, such trends are likely to influence local political dynamics and positively reinforce momentum towards scaling up ECEC.

⁸⁴ B. Popic and Z. Dzumhur (2019). *TIMSS 2019 Encyclopaedia: Education Policy and Curriculum in Mathematics and Science*, (TIMSS & PIRLS International Study Center - Lynch School of Education Boston College: Boston, U.K.).

⁸⁵ Ibid.

CONCLUSIONS AND RECOMMENDATIONS

The early years of a child's life are foundational, making ECEC a critical area for investment in Republika Srpska.

Access to quality early childhood education services affects the cognitive, physical, and socio-economic development of each child, making it amongst the most important human capital development investments available. Expanding access to, and coverage of, high quality ECEC programmes thus stands to provide dualistic benefits. A strong moral and social justice argument exists to support these investments. Providing universal access to early learning services promotes opportunities for disadvantaged children, and prevents inter-generational cycles of poverty and inequity from being perpetuated.⁸⁶ On the other hand, evidence shows that there is great long-term economic value of investing in early learning – ECEC programmes have been associated with the development of larger, more capable workforces, through their impact on educational attainment, productivity, and lifelong earnings.⁸⁷ In Republika Srpska, estimates suggest that the benefits of scaling up ECEC could be almost seven times higher than the costs over the next thirty years.⁸⁸ Capitalising on these opportunities, therefore, should be a key priority of stakeholders across the entity, including in the city of Bijeljina.

Realising this potential will rest upon the development of a strong ECEC ecosystem.

This study has assessed the feasibility of scaling up ECEC services for children between the ages of three to six in Republika Srpska, using the city of Bijeljina as a case study. The ultimate conclusion of this report is that significant changes are required to rapidly make ECEC services universal in the city. These changes are complex and often inter-related, spanning considerations around the financial, operational, and political feasibility. A few headline statistics are illustrative in summarising the broad nature of these challenges:

- A significant **funding gap** will emerge from 2024 and continue to grow. If current expenditure on ECEC is held constant (only adjusted for inflation and economic growth), when compared to the estimated costs of scale up to universal levels by 2030, his funding gap will amount to **28 million BAM**
- **Fiscal space** to meet these funding demands is **limited**. There are growing constraints on budgetary room as a result of the COVID-19 pandemic, the Ukraine crisis, and subsequent inflation. However, under this model:



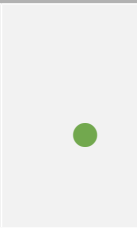


⁸⁶ J. Heckman (2011). 'The Economics of Inequality: The value of early childhood education', *American Educator*, (Spring 2011), pp. 31-47.










⁸⁷ A. Reynolds and J. Temple (2019). 'Economic returns of investments in preschool education', in *A Vision for Universal Preschool Education*, eds. E. Zigler, W. Gilliam and S. Jones, (Cambridge University Press: New York, USA), pp. 37-68.

⁸⁸ UNICEF (2023). *Investment Case for Early Childhood Development in Republika Srpska* (UNICEF Bosnia and Herzegovina: Sarajevo, Bosnia and Herzegovina).

- The **city administration** would spend **over 36 million BAM** on ECEC over the next eight years – annual spending will be projected to almost triple between 2022-2030. The city administration's budget surplus could be used to finance this additional spend
 - The **MOEC** and **RS Public Fund for Child Protection** at entity level would spend over **4 million BAM** over the same period
 - **Strategic planning** processes **can be improved**. Policies, including the *Law on Preschool Education*, are implemented without sufficient planning or **costing** processes. Monitoring, as well as mid- and end-line evaluations are also not being routinely undertaken meaning that comparisons between the impact, effectiveness, or cost-effectiveness of initiatives is not possible.
 - **Quality oversight** and **regulation** of ECEC service provision could be strengthened. Spot checks, inspections, and the quality assurance mechanisms already in place should be further expanded to ensure that the quality of services being provided is maintained. The benefits of ECEC will only be felt if quality services are provided. Despite legislation entrusting the Pedagogical Institute of Republika Srpska as the body responsible for the quality of services rendered in preschool institutions, research undertaken for this study found that there was still limited clarity around the roles and responsibilities of different actors in regulating service providers. Further, ECEC centres must also be adapted to provide quality and inclusive services for CwD (including through the provision of teaching assistants if needed). These concerns around quality are of particular note in private facilities, especially as it is estimated that...
 - By **2030, 1 975** of Bijeljina's children would be enrolled in **private preschools** in which the regulation of quality is particularly weak
 - Current levels of **human resources** will be **insufficient** to provide high-quality services for all children. Well-trained and skilled ECEC teachers underpin quality programmes; however, the sector must ensure it is prepared to meet expanding requirements...
 - By **2030**, an additional **195 teachers** will be required
 - **Infrastructure** is **not ready** to absorb the number of additional children who need to be enrolled. If current ratios of students to classroom are held constant...
 - On average, **8 additional classrooms** will need to be **built each year** between 2023 and 2030
- Meeting these challenges is key to positively developing the ECEC sector.** A set of recommendations have been put together to guide stakeholders (Table 14). They are categorized disaggregated to provide an indication of the likely time horizon of successful reform or action, and the most important stakeholders in implementing each recommendation has been highlighted.

TABLE 14: RECOMMENDATIONS

Recommendations	Time Horizon	MOEC	City administration	The Fund	Public providers	Private providers	Civil society	
Financing								
<p>Adopt a Financing Strategy</p>	<p>This analysis contains insights into the nature of costs associated with preschool coverage scale-up, and include a variety of assumptions. Work closely with such estimates of costing and financing requirements to understand these assumptions, and, where relevant, to adapt them. Once validated, these cost and financial estimates can feed into the Implementation Plan and turn into a Financing Strategy at city level.</p>							
<p>Increase productive public spending on ECEC exploring:</p>	<p>Reforming the tax system Tax policies should be reformed towards a personal income tax-based system. If income and profit tax rates were higher, and set progressively according to income, a significant increase in revenues (and the equity with which they are raised) could be achieved.</p>					<p>This is an activity beyond the scope of the stakeholders outlined; however, all stakeholders can call on relevant government leaders and ministries to engage in this reform.</p>		
	<p>Redesigning fiscal transfer arrangements Modifying the system for allocating public finances from entity level to municipality/city level to align better with population size and need. This would mean larger municipalities/cities (such as Bijeljina), or those with higher levels of vulnerability or need, would receive larger fiscal transfers</p>						<p>This is an activity beyond the scope of the stakeholders outlined; however, all stakeholders can call on relevant government leaders and ministries to engage in this reform.</p>	

Recommendations	Time Horizon	MOEC	City administration	The Fund	Public providers	Private providers	Civil society
<p>Reprioritisation of budgets</p> <p>The city and RS level budgets should increasingly prioritise and earmark budgets for ECEC. Whilst this prioritisation may require budget cuts in other areas, the city of Bijeljina should also look to use its substantial budget surplus to plug the financing gap for ECEC. Stakeholders at each level must make clear commitments to ECEC (to improve coherence in this multi-level financing structure) and seek to increase the resource envelope for young children.</p> <p>Other government stakeholders should also be approached to support multi-sectoral financing for ECEC. This includes the Fund, who should look to expand their support of vulnerable children from CwD and those without parental care to other groups of children at risk of exclusion from ECEC, such as those from households with low-income or those in rural areas. Further, other sectors such as health, might also be encouraged to co-finance initiatives (owing to the impact of ECEC on their strategic goals).</p> <p>Ensuring that financing and delivery channels are clear in this decentralised context, and that they are well communicated to all stakeholders, will be important to ensure efficiency and adequacy in spending on ECEC. Across RS, 10% of education budgets should be spent on ECEC – in line with international benchmarks.</p>							
<p>Increase efficiency of spending</p> <p>Undertake research into the current efficiency of public spending on education, including at pre-primary level to identify potential areas for efficiency savings. This might include, for example, reprioritising existing resources, such as teachers, to pre-primary level to make efficient use of trained staff.</p>							
<p>Mobilising external finance</p> <p>Additional sources of public financing could be used to finance this scale-up in the form of debt or ODA. These are less sustainable forms of financing and should only be drawn on as a last resort.</p>							

Recommendations		Time Horizon	MOEC	City administration	The Fund	Public providers	Private providers	Civil society
Lower the household contribution for ECEC, particularly for vulnerable groups	<p>Private contributions should continue to be utilised a mechanism for financing ECEC; however, government stakeholders should look to proportionately increase their spending on ECEC services for children 3-6 by reprioritising their budgets, finding additional budgetary room (such as through tax reform), or making efficiency savings.</p> <p>Household contributions should be eliminated for the poorest and most vulnerable children. Programmes targeting support at these groups (such as full fee exemptions) should be piloted. This will include children from Roma households, low-income backgrounds, single-parent or unemployed parent backgrounds, rural areas, and those with disabilities. It will be important to ensure targeting mechanisms for exemptions and subsidies are robust and expansive, so as not to exclude vulnerable children.</p>		●	●	●			
Target additional public financing at vulnerable groups	<p>To achieve equity in ECEC financing, some groups of vulnerable children, such as CwD or Roma children, will require additional public resources. Such children might face additional difficulties in accessing care owing to a lack of education and training for staff, as well as private providers receiving insufficient support from the government to provide adequate quality of care for them. Public resources (ideally from the Fund or the MOEC) should be used to stimulate demand and supply for vulnerable groups. This might include providing full fee subsidies for children from vulnerable households, making transportation arrangements for children in rural or isolated areas, or rolling out targeted information campaigns. Preschools should also be incentivised to improve the quality of care for vulnerable children, including through receiving subsidies for support (in the case of CwD).</p>		●	●	●			
Improve public budgeting processes and systems	<p>The complexity of budgeting, and lack of disaggregated data, make it difficult to assess if enough or how well public expenditure on ECEC is being spent. Training on public financial management would be beneficial for many actors in the ECEC ecosystem, particularly related to fiscal space, budget cycles, decentralisation, costing, as well as cost-effectiveness. Further, analysis, such as budgetary analysis, would be of value to support governments in making better financing decisions and reforming the way they conduct budgeting.</p>		●	●				

Recommendations		Time Horizon	MOEC	City administration	The Fund	Public providers	Private providers	Civil society
Operational								
Develop an Implementation Plan	Decide on concrete targets and timelines for the expansion of ECEC services. Relevant decision-makers from Republika Srpska's MoEC, as well as from the city administration of Bijeljina must collaborate on the plan. This strategic plan must cover issues including workforce and infra-structural planning, costing and budgeting (alignment with the Financing Strategy), curriculum development, and monitoring and evaluation frameworks. Inclusivity should be put at the heart of the implementation plan (through measures such as prioritisation of public funds for vulnerable groups, priority given on waiting lists to children from vulnerable backgrounds etc.).		●	●				
Set up a Working Group	Coordination and collaboration across the sector will be vital if scale-up is to be achieved. Stakeholders from public and private sector, all levels of government, as well as civil society organisations and community groups should be invited to join a Working Group, chaired by the Mayor. This Working Group would meet regularly, help to draw up an Implementation Plan, and address bottlenecks and challenges as they arise.		●	●	●	●	●	●
Roll-out the Preparatory Programme under the new Draft Law	The Preparatory ECE Programme for children in the year prior to primary school should be increased in length from 180 hours to 600 hours. This will support children in realising the developmental impacts of exposure to ECEC programmes. The coverage of this programme should also be increased to universal levels. For evidence-based planning of the increase, UNICEF cost estimate tool can be used.		●	●	●	●	●	●
Incentivise and manage expansion of ECEC workforce	Minimum salaries for ECEC teachers should progressively be increased to align with primary and secondary school teachers and clear potential career trajectories should be communication, and working hours and conditions should be standardised. Better promotion of employment opportunities in ECEC is also required, including for young people. Demographic changes should be seen as an opportunity, with the potential teachers at higher levels being retrained to support preschools. Prospective teachers should be supported through subsidised training (or re-training) programmes or the provision of stipends when undergoing training.		●	●				

Recommendations	Time Horizon	MOEC	City administration	The Fund	Public providers	Private providers	Civil society
Repurpose existing public spaces for ECEC	Existing public spaces (including classrooms for primary and secondary schools) should be repurposed, where possible, as classrooms for ECEC facilities. Examples can be drawn from Bijeljina's public preschool, which has already adopted this model. It should be noted that both public and private providers could be offered access to these facilities, depending on the willingness and capacity of different stakeholders.						
Develop close public-private partnerships	Private facilities must be supported to maintain and scale-up their capacities. This includes through rebalancing targeting of public expenditure on preschools to support children in both public and private institutions, providing additional support to private providers working with CwD, and establishing financial support for capital expenditures. Ideas for this support include providing grants or loans for capital investments in infrastructure, tax exemptions for private providers, or increasing the size of public grants to private preschools.						
Engage in demand-generation activities	Socio-behavioural information campaigns should be continued and expanded, targeted at households who currently do not utilise ECEC services, on their educational and developmental value. Community engagement will also be central to the implementation of ECEC programmes to prevent the scale-up being seen as mandatorily imposed from above. Demand-generation activities should be designed in on inclusive education principles and target vulnerable or excluded children. Activities should include financial support (such as fee exemption, modelled in the financial feasibility model), as well as non-monetary activities, such as the provision of transportation or school feeding.						
Strengthen evaluation and assessment system	Quality oversight and regulation in Bijeljina's ECEC ecosystem could be improved. The MOEC must be given a clear mandate to monitor and ensure the upkeep of standards in preschools. Monitoring services need to also link closely with practical support to improve quality. Below average inspection scores should be routinely linked to entity bodies who are able to deliver direct and implementable support to ensure a swift return to minimum standards. This additional level means that underperformance is matched with differentiated support.						

Recommendations		Time Horizon	MOEC	City administration	The Fund	Public providers	Private providers	Civil society
Embed routine data collection, monitoring and evaluation	Many of the policies and programmes advocated for in this report will be experimental, involving new arrangements of financing, service provision, and implementation. For this reason, it is critical that data and evidence are collected to assess progress towards targets and the effectiveness of different interventions. It is suggested that an annual report on evidence progress be published, in order to keep transparency and accountability.		●	●				
Political								
Advocate strongly for the need to scale up ECEC	Evidence on the power of ECEC must consistently be used to reframe the scale-up as an investment, rather than a form of consumption. The evidence generated about the value and feasibility of scaling up ECEC services must be used to lobby stakeholders across the political spectrum to support a scale-up. Those implementing the scale-up should continually revisit the political economy framework outlined in this report, constantly undertaking political analysis to keep abreast of the potential bottlenecks and challenges, as well as opportunities, which might emerge. Further, any opportunities arising from BiH's bid to join the EU should be capitalised upon.		●	●	●	●	●	●

