



Learning Brief No. 1

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Government funding for early childhood development





Government funding for ECD

In 2011 Ilifa Labantwana funded research which investigated the extent to which Early Childhood Development (ECD) service providers are able to access government funding for ECD. The research explored: government ECD funding sources; prescribed procedures, systems and requirements for funding; actual procedures for accessing state funding; support from local government for ECD services within selected municipalities; and factors that enable and inhibit access to state funding for ECD service providers.

A multi-method approach was adopted. This included a desk review of previous research and other data sources, a policy review of government obligations and prescribed requirements and procedures, and analysis of budgets within national and provincial spheres of government.

Primary research was undertaken in one municipality in each of three provinces, namely: Mbashe in the Eastern Cape, Ratlou in the North West, and Stellenbosch in the Western Cape. Interviews were conducted with 61 local ECD practitioners and 37 government officials.

What are the sources of government funding for ECD in South Africa?

The overwhelming bulk of ECD-related budget allocations are made at provincial level by the Departments of Social Development (DSD) and Education (DOE). The Expanded Public Works Programme (EPWP) and Community Works Programme (CWP) also play a role in supporting ECD although much of this funding is not “new” funding as such. Some funding for ECD is also available from the National Development Agency (NDA). There was, however, little evidence from this research of financial support from local government for ECD.

Department of Social Development

Funding from the DSD is available through two main channels:

- A subsidy provided to registered ECD centres – the subsidy is calculated per child per day for children 0-4 years whose caregivers pass an income means test.
- Programme funding for non-profit organisations (NPOs) in respect of ECD programmes, most of which are not centre-based.

Both channels are difficult to track within government budgets because they are “hidden” within the child care and protection services budget sub-programme. Tracking expenditure is complicated by the fact that ECD-specific reporting in budget books and to National Treasury on budgets and performance indicators is not standardised across provinces. Indeed, some provinces do not seem to report on ECD budgets and indicators at all.

Despite these challenges, it is clear that subsidy funding for ECD centres has increased over the past decade from less than R335 million in 2003/04 to more than a billion rand in 2011/12. Programme funding for ECD is even more difficult to track than the subsidy. The one thing that is clear is that much less is allocated for non-centre based ECD than for centre-based.

Within the research sites, approximately one third of the known ECD centres in Mbashe in the Eastern Cape reportedly received the DSD subsidy at the time of the research. In the North West about 16 of the 74 ECD centres on the DSD database in Ratlou were

receiving the subsidy and in the Western Cape approximately 130 of the 306 ECD centres on the DSD database for the Stellenbosch district were receiving the subsidy. These proportions give an over-optimistic picture of actual reach because many ECD centres are not recorded on the DSD databases.

The Western Cape reported funding to non-governmental organisations (NGOs) for a range of non-centre based activities. There was less evidence of ECD programme funding in the North West and almost no evidence of DSD support for non-centre-based ECD in the Eastern Cape.

Department of Education

The DOE has several provincial flows for ECD funding. The most important of these are:

- Funding for Grade R in schools (which was not covered in this research).
- Subsidies for community-based Grade Rs registered as ‘independent schools’. This may take the form of a per-child subsidy or a salary for

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a Grade R practitioner. The amount of the per capita learner subsidy is based on the number of Grade R learners and the income quintile ranking of the school.

- Funding of training fees and stipends for those on learnerships under the social sector EPWP.

Unlike in DSD, the provincial DOE budgets have a distinct programme, with several sub-programmes, devoted to ECD. This makes it simpler to track ECD allocations. The ECD programme accounts for a small share of the overall provincial education budgets but the share has increased markedly over time, from only 0,7% in 2006/07 to about 2% in 2012/13. However, the main focus of the budget programme is on Grade R in public schools.

There are large variations across provinces in the funding allocated to community-based Grade R. Allocations to community-based Grade R in the Western Cape and North West increased between 2008/09 and 2012/13. The Eastern Cape's annual allocations to community-based Grade R vary markedly from year to year.

Contrary to the evidence from the budget books, research participants in all three sites reported that funding support for community-based Grade R had declined. Several ECD centres noted that their Grade R funding had stopped in 2009, while DOE officials who were interviewed acknowledged a move away from community-based Grade R with an emphasis on promoting Grade R within ordinary public schools.

There was, however, strong evidence that training is reaching many ECD centres across the provinces. Twenty-eight of the 52 ECD centres in the sample had staff enrolled in training at National Qualification Framework (NQF) levels one, four or five at the time of the research or reported that staff had recently completed NQF training or were due to begin training within the next few months. Most of this training is funded via the DOE as part of the EPWP.

The Expanded Public Works Programme

The EPWP was first introduced in 2004, with two components related to ECD, namely: (1) increasing the number of registered ECD centres and subsidi-

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dised children and the subsidy value, and (2) training of ECD practitioners servicing the 0-4 age group. EPWP II, which started in April 2010, brought several important changes relevant to ECD. These included the introduction of a minimum stipend, a new category of EPWP not managed by government, and training for ECD practitioners beyond the 0-4 year age group.

EPWP reporting is even more unreliable (and contradictory) than reporting for other sources of government funds. Some of the existing ECD-related funding (for example, centre subsidies and funding for community-based ECD assistants) has been "re-labelled" as EPWP achievements. There is therefore a serious danger of double-counting which means that the ECD activities reported as EPWP do not necessarily reflect "new" funding.

Since 2010, EPWP funding is also available via the CWP, which is recorded in the budget of the Department of Cooperative Governance and Traditional Affairs. This programme pays a stipend to community members for work on projects that address needs identified by the communities in which the project operates.

The programme cannot fund ECD centres directly, but ECD-related activities can be included in work done by community members. There is evidence of this happening in about 20 of the 55 CWP sites nationally including one of the research sites, if one uses a very broad definition of ECD. Access to CWP funding is dependent on the existence of an implementing partner within the area that is willing to take the risks associated with short-term contracts and is able to manage complicated administrative systems.



The National Development Agency

The NDA is another potential source of government funding for ECD, although the researchers were unable to obtain much information on this funding source. The NDA is funded from the national DSD budget with an allocation of R161,4 million in the 2011/2012 financial year. However, the NDA has seriously under-spent its allocations in past years and the total number of projects funded has remained constant or declined over time. In the Eastern Cape site practitioners reported receiving NDA funding for ECD, with most funds being allocated for infrastructure.

Local Government

Municipalities are responsible for ensuring that ECD centres comply with municipal health and safety by-

laws. Municipalities may include ECD within their integrated development plans but local government is under no obligation to fund ECD activities.

The research found varied levels of support from municipalities for ECD. There was no evidence of local or district municipality funding for ECD in the Eastern Cape site. In Ratlou, the municipality provided no financial support for ECD activities but reportedly assisted with land and infrastructure. In contrast, a range of support was available for ECD from the better-resourced Cape Winelands District Municipality in the Western Cape. This included training of ECD practitioners, assistance with registration and provision of (limited) funding. While grant amounts were typically small and once-off, requirements for accessing these grants were less stringent than the requirements for accessing provincial funding.

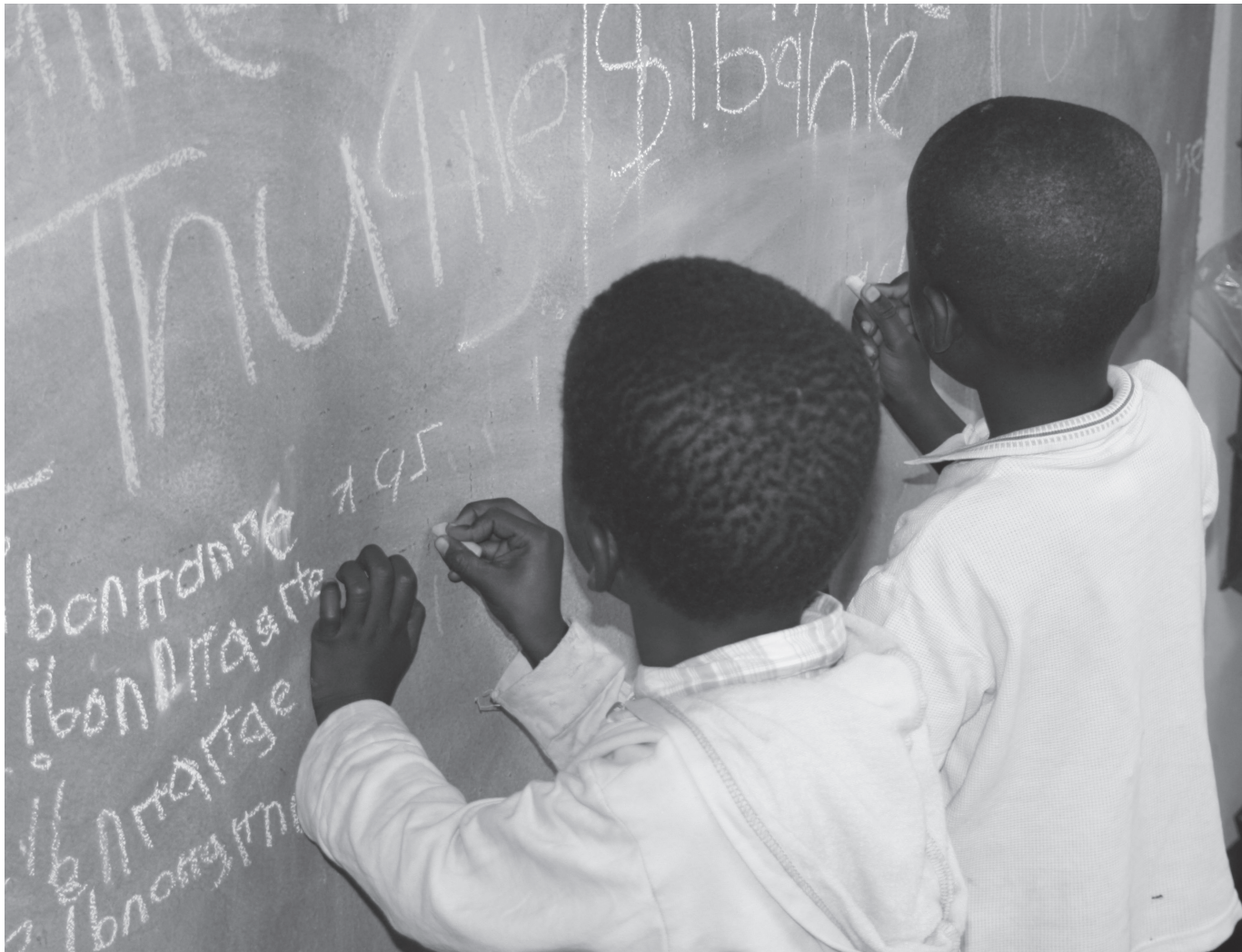
How easy is it to access ECD funding?

The research identified many factors that affect access to funding for ECD services:

- Neither the DSD nor the DOE is under any obligation to fund ECD services, even those services serving the poorest communities.
- In order to qualify for DOE funding for Grade R, ECD centres offering Grade R must first be registered with the DOE as an independent school. Registration requirements differ across provinces. Knowledge of registration is poor and access to registration processes is severely limited.
- ECD services are legally required to register with the DSD. Non-centre based ECD services must be registered as an “ECD programme”. ECD centres must register both as an “ECD programme” and as a “partial care facility”. This dual registration is both a legal requirement and a prerequisite for DSD funding. It is also a source of confusion.
- The DSD registration processes require compliance with a set of stringent norms and standards which are impossible to achieve for many centres, particularly those serving poor and rural communities. While well-intentioned, these norms and standards prejudice centres serving the poorest communities, hence reinforcing inequalities in early childhood care and education.
- DSD registration is also dependent on centres’ compliance with health and safety by-laws of the relevant municipality. Municipal environmental health inspectors are responsible for determining compliance. Municipal capacity constraints mean that inspection visits may be delayed for months, holding up the registration process.



- Many ECD centres are established on private land. Registration with DSD requires that private land be zoned appropriately. Rezoning can be costly and time-consuming. This is a further barrier to registration and hence access to funds.
- There is strong resistance on the part of some officials to registering ECD centres because of the perception that individuals are establishing centres as money-making ventures. The reality is that most ECD centres generate very little income for the individuals who run them. In some instances running a centre may even deplete household income.
- When implementation of the Children's Act began in April 2010, it became illegal for an ECD centre to operate without being registered with the DSD. The complicated processes involved in registration and the large numbers of historically unregistered facilities have resulted in bottlenecks and backlogs.
- Once registered with DSD or DOE, access to funding is dependent on the centre's meeting additional department-specific criteria, including registration with the NPO directorate. The delay in obtaining NPO certificates presents a further barrier to accessing funds.
- ECD centres may only claim the DSD subsidy in respect of children who are eligible in terms of a means test based on the income of the child's parents. The onus lies on centres to obtain the necessary supporting documents to prove eligibility.
- ECD centres may only claim DOE funding for Grade R learners if they have a minimum number of learners within the centre. In rural areas the number of Grade R learners is often insufficient to qualify for a DOE subsidy.
- ECD centres reported being unable to access funding for children aged five who are not yet old enough to proceed to Grade R. These children are no longer eligible for the DSD subsidy and cannot yet qualify for Grade R support.



The research also identified numerous instances of inequity in provisioning for ECD across provinces and between municipalities. This is evident, for example, in the different income thresholds used in the DSD means test to determine eligibility for the subsidy and in the number of days of the year for which the subsidy is paid in each province.

Inequity in remuneration of practitioners is also a concern. Disparity in remuneration between Grade R practitioners and those working with younger children means that the better trained practitioners are lured into training and teaching posts for older children where remuneration is better. The quality of ECD services for the youngest children is then compromised.

Recommendations

The following recommendations arise from the research:

- Systems be put in place to enable better tracking of ECD allocations and expenditure.
- A review and simplification of processes for ECD registration, funding application and claims.
- “Relaxing” of the norms and standards for ECD registration, while still ensuring minimum acceptable levels.
- Improved linkages between the different departments and between provincial and local government to improve effective use of resources, avoid unnecessary duplication of administrative processes and address funding gaps.
- Greater equity across provinces and municipalities in terms of ECD provisioning.
- Better training and access to information for ECD practitioners and officials on legislation governing ECD provision and on funding sources and application processes.

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Ilifa Labantwana is a multi-donor partnership which supports integrated early childhood development (ECD) in South Africa. The donor partners include the ELMA Foundation, the UBS Optimus Foundation and the DG Murray Trust. Ilifa Labantwana aims to increase access to, and improve the quality of integrated early childhood development services for children in under-served communities; and to support South African policy implementation of integrated ECD interventions in a sustainable manner.