




## Financing Investments in Young Children Globally: Workshop in Brief

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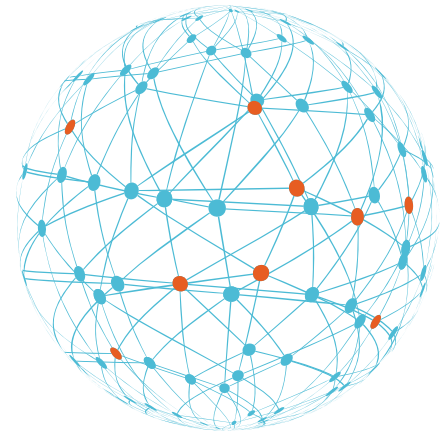
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# Financing Investments in Young Children Globally— Workshop in Brief

On August 26-27, 2014, the Forum on Investing in Young Children Globally of the Institute of Medicine and National Research Council, in partnership with the Center for Early Childhood Education and Development (CECED), Ambedkar University, Delhi, held a 2-day workshop titled “Financing Investments in Young Children Globally.” The purpose of this workshop was to identify some current issues in financing investments across health, education, nutrition, and social protection that aim to improve children’s developmental potential. Session participants explored issues across three broad domains of financing:

1. costs of programs for young children;
2. sources of funding, including public and private investments; and
3. allocation of these investments, including cash transfers, micro-credit programs, block grants, and government restructuring.



Additionally, a set of research presentations highlighted the links among sources of funding, types of funding mechanisms, and the pathways through which they operate with respect to maternal and child health, education, and social protection outcomes. Presentations addressed how to incorporate the issues of access and quality into costing models of early childhood programs and the impact of alternative models of financing on child outcomes.

This brief summary of the workshop highlights topics raised by panelists and moderators and includes possible directions for further discussion. It represents the viewpoints of session participants and should not be viewed as the conclusions or recommendations of the workshop as a whole. A full summary of the workshop will be available in February 2015.

**Framing for an investment portfolio in early childhood development.** Pia Rebello Britto, Chief of Early Childhood Development at UNICEF, and Lorraine Sherr, Professor of Psychology and Head of the Health Psychology Unit at University College London, argued that now is the time to invest in early childhood development. They recommended that stakeholders develop an investment portfolio for early child development through collaborations of the public sector, private organizations, and civil society. In addition to identifying the key investors and investment tools that are available, Britto and Sherr said that the principles of efficiency, justice, and sustainability should guide all actions and decisions surrounding child development.

Speakers found that short-term payoffs with “immediate and visible returns” had traction with investors, as they feed into the short-term funding and result cycles. Long-term payoffs, however, take much more time to achieve and are difficult to fund. For example, Britto and Sherr stated that investors with children as a priority are much more readily able to assess the returns on outcomes, while those with economic growth as their main platform are slow to monetize the development of psychosocial skills in young kids. Moreover, presentations throughout the

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workshop highlighted the costs of *not* investing in early childhood development, links among sources of funding, types of funding mechanisms, and the pathways through which they operate with respect to maternal and child health.

**What are the barriers to investment and financing?** Commonly, risk is understood as a possible compromise of profitability, but Britto and Sherr found that potential risks to investment in child development include circumstances such as political instability and inadequate institutional infrastructure. As child development initiatives are multisectoral, limited costing information is available, making it difficult to calculate risk. More than risk, however, Britto and Sherr proposed that investors are not investing in early child development because of values. Their willingness to pay corresponds to the value they attach to the benefit. Similarly, competing priorities often take money away from early childhood initiatives. Understanding these complexities, they said, is critical for engaging investors.

**A set of priorities for an essential package of services for young children is needed,** said Chris Desmond, Chief Research Specialist in the Human and Social Development research program at the Human Sciences Research Council. He recommended that stakeholders identify a set of interventions defining an essential package of services for young children. For him, researchers tend to focus on single interventions and on one outcome at a time. The child development community as a whole, each with its own outcome, however, is unwilling to exclude any outcomes or groups. He suggests that they focus on sets of interventions and evaluate them across a range of outcomes. Desmond suggested a holistic approach to evaluation, the “cost of inaction,” rather than a cost-effective approach, which he finds to be a narrow view, or one of benefit-cost analysis, which can be controversial. Finally, he said that framing matters. In his experience, Desmond achieves greater positive response when illustrating the consequences of *not* investing in young children, highlighting that maintaining the status quo is a choice.

Enakshi Ganguly, co-founder of HAQ: Centre for Child Rights, asked whose concern is the young child, and who takes the main onus for the development of children. In India, services for young children are funded across a series of ministries, including the Ministry of Health, Women and Child Development, Human Resource Development, and Labor. She urged participants to think about how governments should provide funding for cross-cutting issues such as nutrition and social protection when funding streams remain separate.

Adding to the discussion about the importance of providing cross-sector services to young children, Amarjeet Sinha, Principal Secretary, Department of Social Welfare, Government of Bihar, called for a common institutional and governance platform for human development. In his view, current practice compartmentalizes children. As things stand, he argued, with seven committees for each area of development, governments will have to manage seven programs. A common platform, however, would facilitate inter-sectoral thinking and a focus on linkages. Common platforms allow for communities to converge on the child and create interventions to address all aspects of their development.

**More money does not always translate to better outcomes.** In addition to establishing sets of interventions and providing cross-sector services for child development, Subrat Das and Protiva Kundu of the Centre for Budget and Governance Accountability stated that stakeholders should focus on outcomes. For them, funding can go a long way in providing services, but money does not directly translate to better results. Governments should seek to improve the quality of services. Yet services cannot be administered without staff. There is a misconception that India has a large government staff, but in fact, there is a shortage of human capital. There are not enough people to provide services, resulting in missed opportunities for children. Those staff that are available are often stretched too thin or asked to fill roles for which they are not trained, resulting in poor child outcomes. However, more money and more staff do not guarantee equity in access to services, according to Caroline Arnold, Director of Education at the Aga Khan Foundation.

During her presentation, Arnold highlighted the gaps in access to pre-primary education. She stated that while gross enrollment ratios (GERs) have increased significantly since 1997, a regional picture shows disparities. Enrollment is high in Latin American countries and the Caribbean, as well as in central and eastern Europe, but

they are very low in South Asia, the Arab states, and sub-Saharan Africa. Arnold also highlighted the gaps in education among children within countries. In Tajikistan, for example, enrollment is four times higher for urban children than rural children, and 20 times higher for rich children than poor children (as stated by Arnold in her presentation). To combat these gaps, Arnold says there must be a political will for investments. With the Aga Khan Foundation, she has worked with governments to create pre-primary education centers in unused school classrooms. Initiatives such as these, she continued, can help to close the gap.


### **Reducing corruption, leakages, and inefficient use of resources for funds to reach children.**

According to Jan van Ravens, a consultant affiliated with the Child Study Center at Yale University, in many instances, public funds are available for early childhood development, but they do not reach children. In a costing exercise for one country, he calculated the amount needed to universalize essential services across health, education, and social protection and found that the country was already spending that amount. Funds did not reach children, due to inefficient spending, leakages in the system, and poor governance. By correcting these issues, he said, public funds can go further to impact the target population.

Das and Kundu provided examples specific to India that could be applied to other countries. For example, inadequate priority is given to social sectors in India, resulting in few public investments; moreover, India ranks in the bottom ten countries in overall public spending in health and education (as stated by Das and Kundu in their presentation). They proceeded to state, however, that increased funding would not overhaul the system as needed. As it stands, resources are underutilized; there are unspent balances at the end of the year. In district headquarters, the percentage of utilization is higher, but as you move away from the center, utilization declines. This is due to programming shortages but also to mismanagement of funds. Similar to van Ravens, Das and Kundu indicated that for an overhaul of the system to occur, governments must address corruption, leakages, inefficient use of resources, and improvements to quality of services. They noted, however, that it is very difficult to prove corruption. The widespread perception of corruption is not enough to effect change in the government. Social audits, public hearings, and other actions by the court are necessary to prove wrongdoing, which often lies outside the scope of many organizations. Das and Kundu suggested that one way forward is for budget processes to become more transparent. Currently, governments collect information on funding sources and means of allocation, but do not share data with the wider public.

**Using private funds to catalyze public investment.** Sherri Le Mottee, Program Leader of Ilifa Labantwana, shared her experience with private investors and governments coming together to deliver a package of services to communities in need in South Africa. This innovative donor collaboration involves three partners who come together to develop a strategy for early childhood development and form partnerships in civil society and government. The primary goal of Ilifa Labantwana is to enable the government system and create access and leverage. Le Mottee said that significant funding from these three donors increased momentum around early childhood development, catalyzing the government and nongovernmental organizations into movement and action. By engaging the government from the outset, private funds provided the initial funding for initiatives, but governments were enabled to scale up and sustain efforts long-term.

Madhav Chavan, co-founder and CEO-President at Pratham India, used Le Mottee's program to underscore that private funds should not seek to replace public funds. Instead, he asked if private investment can help governments become more effective and efficient. Amita Chebbi, Head-South Asia, Strategy & Partnerships at the Children's Investment Fund Foundation and moderator of the panel, concluded that the role of private investment is to strengthen existing public systems. Private firms cannot create infrastructures; they must work within systems, strengthening them with an eye toward scaling up.

A few speakers at the workshop touched on the benefits and drawbacks of partnerships between governments and private organizations, promoting the catalytic effect of working in tandem but cautioning against relying too heavily on private funding. Van Ravens stated that relying on private funding threatens the longevity of early childhood development programs and removes the burden of service provision from governments, who are ultimately responsible to their citizens. 

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**REVIEWERS:** To ensure that it meets institutional standards for quality and objectivity, this workshop in brief was reviewed by **Constanza Alarcon**, Presidency of the Republic, Colombia, and **Anit Mukherjee**, Center for Global Development. **Chelsea Frakes**, Institute of Medicine, served as review coordinator.

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For additional information regarding the workshop, visit <http://www.iom.edu/Activities/Children/InvestingYoungChildrenGlobally/2014-AUG-26.aspx>.

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