

Private Funding of Early Childhood Development in South Africa: A Snapshot!

A review of private funding of early childhood development (ECD) was conducted in 2013 to better understand current funding sources, drivers and areas of focus. The survey targeted the largest corporates listed on the JSE, local and international foundations and non-profit organisations (NPOs) operating in the ECD sector.

While investment in preschool programmes is shown to produce high returns in terms of education, it receives comparatively less funding than formal schooling, with only one third of young South African children exposed to ECD services. Support is needed for crèches, pre-schools, home visiting programmes and community playgroups. ECD NPOs are currently largely dependent on private funding, with only 10–20% of required funds coming from government.

Key findings from the survey:

- Corporate funders tend to support formal school or tertiary education, while most of the foundations surveyed are funding ECD.
- 58% of ECD funders have been supporting ECD for more than five years and intend to continue, while 88% claim that ECD is an integral part of their funding strategies.
- ECD funding tends to favour centre-based rather than other forms of provision.
- Considerably less funding is provided for parenting, caregiver support programmes, learners with special needs, and support in pregnancy.
- Ante-natal support to vulnerable women is the least-funded category.

Recommendations arising from the survey:

- A better understanding of the expanded definition of ECD is needed
- The geographic imbalance in the spread of ECD funding needs to be corrected.
- Parents need to be involved and included in their children's education.
- Vulnerable children, in particular, need access to ECD.
- Provision for monitoring and evaluation of project impacts is required.
- Accreditation processes need to be improved.

Notably, 85% of donor respondents expressed interest in collaborating with other funders to expand the reach and impact of ECD.



INTRODUCTION

In November 2012, a forum of private funders of early childhood development (ECD) commissioned Tshikululu Social Investments NPC to conduct a review of private funding of ECD in South Africa, in order to better understand the current sources of funding, strategic drivers behind it and its geographic spread, as well as trends and areas of funding focus. The study looked at local, foreign and corporate social investment.

The review was conducted early in 2013, using three research questionnaires: one to 150 of the largest corporates listed on the JSE, another to 91 local and international foundations, and the third to 33 Non Profit Organisations (NPOs) operating in the ECD sector. As the initial response rate was very low, non-respondents were followed up telephonically to encourage participation, and a number of one-on-one interviews were conducted.

The information contained in this report is based on a response rate of 29% (n=43) from corporate funders, 11% (n=10) from foundations, and 75% (n=24) from NPOs. Within the category of corporate funders, the majority of responses were from the financial services and manufacturing sectors.

Limitations of the review include the low response rate, particularly from the private foundations, as well as a self-selection bias in the responses – many of the respondents are already funding ECD and their views are thus those of the ‘converted’ rather than of those still to be converted. In particular, many of the foundations who responded are members of the ECD Donor Forum and are therefore already supporters of ECD services.

The importance of ECD in South Africa

Early childhood is the period of most rapid development in human life, and successful stimulation during this time not only prepares a child for entry into the formal educational system, but can positively impact on his or her developmental trajectory for life. Although individual children naturally develop at their own pace, all children progress through an identifiable sequence of stages of physical, cognitive and emotional growth and change.

Economists in both developed and developing countries have shown that preschool programmes give the highest returns of all investments in education. Yet, we spend far less on each child attending a registered preschool or crèche than we do on formal schooling. Furthermore, children who attend pre-schools are the lucky ones, as most South African children are still excluded from any form of preschool education. Despite an increase in the number of subsidies to ECD centres, only a third of our young children are exposed to formal child care or education outside the home. Among the poorest 40% of the population, that proportion drops to 20%.

Given the importance of ECD, and the low levels of access, we need to look at support for existing forms of delivery (such as crèches and pre-schools) but also at ways of opening up new opportunities for access through, for example, home visiting programmes and community playgroups.





Definition of ECD used in this review

For the purposes of the review ECD is defined as those services that provide for the mental, physical, emotional, and educational well-being and development of young children. ECD is delivered through some or all of the following services:

1. **Nutritional and health support** to pregnant women, babies and young children. This includes the provision of antiretroviral treatment, maternal nutritional supplementation, education on the effects of alcohol and drug use during pregnancy, mental health screening, and psychosocial support for vulnerable parents; and growth monitoring, de-worming, and disability screening of young children.
2. **Social services**, including assisting pregnant women and new mothers to access birth certificates and social grants.
3. **Parenting programmes**, including child behaviour management, encouragement of bonding and sensitive care, and provision of stimulation for development, as well as programmes that provide psychosocial support to vulnerable caregivers.
4. **Stimulation for early learning**, including motor, emotional, and cognitive development; literacy; and numeracy.

This definition of ECD calls for expanded modes of delivery, including health facilities, home-visiting programmes, group parent education programmes, community playgroups, and ECD centres, which may also deliver outreach programmes to local communities.

Overview of the ECD landscape

The first four years of a child's life are absolutely critical to its development. This is a period of rapid physical, mental, emotional, social and moral growth and development – a crucial time when young children build the foundation for lifelong learning. The provision of appropriate stimulation, nutrition, care and health services during this important developmental period will invariably result in increased primary school enrolment, enhanced school performance, lower repetition and drop-out rates, reductions in juvenile crime rates, reduced remedial medical and welfare costs, and improved economic and social productivity indicators. The 2001 Nationwide Audit of ECD Provisioning in South Africa argued that the return on economic and social investment in ECD would far outweigh the returns on any other form of human capital investment.

According to Statistics SA, there were more than five million South African children under four years old in 2011, with another five million aged between five and nine. This means that, in 2011, nearly 21 per cent of the country's population was under ten years of age.

The highest percentages of children in both of these age cohorts were found in KwaZulu-Natal, followed by Gauteng, Eastern Cape and Limpopo. In 2011, more than half of children in the 0–9 age group – between five and seven million – were living in poverty.

ECD enrolment is highly variable by province. While 43.6% of children in Gauteng and 42% of children in Limpopo attend these centres, fewer than 27% of children in the largely rural Northern Cape do so.

Statistics South Africa's 2011 General Household Survey found that only 34.5% of children aged 0–4 attended institutions that offered ECD services, such as day-care centres, crèches, playgroups, nursery schools, or pre-primary schools. Only 20% of poor children aged 3–4 attended. In effect, this means that some 63% of South African children are not enrolled in an ECD programme, whether due to insufficient access, or to cost. The net effect is that these children are at risk of never reaching their full potential.



Key findings

Of the corporate funders who responded to the survey, 41% (n=18) do not currently fund ECD. However, many of these organisations do support education, but with a focus on the formal school or tertiary education system from Grade R onwards. By comparison, 8 out of 10 foundations fund one or more of the ECD categories defined in the survey.

Funding for ECD tends to come from the education budgets of donors rather than from their health budgets. More than 35% of respondents indicated that ECD represented 41–60% of their education budgets in 2012.

Centre-based provision is favoured over home-based provision, with 42% of funders (n=14) spending a large to very large amount of their money on this type of delivery. Only 15% (n=5) spend this amount of money on home-based programmes.

The ECD activities that receive the largest amount of funding are:

- accredited practitioner training,
- strengthening of ECD centre and school management, and
- ECD centre organisation.

While the numbers are possibly too small to be significant, private foundations tend to give larger amounts of funding for increasing access than the corporates.

There is considerably less funding for areas such as parenting and caregiver support programmes, specialised access for learners with special needs, and support in pregnancy to expectant mothers (such as with birth registration, and grant access). The least-funded programme is ante-natal support to vulnerable women. This could be taken to indicate that for many donors, ECD is seen to begin after the child is born.

Children under one year old benefit the least from the Child Support Grant (CSG), while 65% of children between the age of one and four benefit. This may be because many children under the age of one do not have a birth certificate, a requirement to apply for a grant. Providing more expectant mothers with better social support and helping them to register their babies and access social grants is a potentially impactful way to ensure that South African babies are better provided for.

Private funding into the ECD sector is concentrated in four primary provinces: Gauteng, Western Cape, KwaZulu-Natal, and Eastern Cape. Limpopo, the fourth most populous province in 2011 and the province with the highest fertility rate, has the third highest ECD enrolment in the country in the 0–4 age group, yet attracts the least amount of funding from the donors surveyed.

One of the most encouraging findings of the survey is that current ECD funders are committed to the sector. Most – 88% – state that ECD is an integral part of their funding strategies, while more than half – 58% – have been supporting ECD for more than five years, with 60% indicating that they intend to continue funding ECD for the next five to ten years. Of those who intend to fund ECD, most plan to do so at a level of R2 million or more.

The majority of donors (73%) fund ECD through service providers, with a minority implementing programmes directly. Most NPOs are still largely dependent on private funding, with only 10–20% of most organisations' budgets being provided by government sources, and very limited opportunities for self-sustaining revenue generation. Although provincial government funding represents a source of income for NPOs currently, the state at present is not legally obliged to fund ECD.

Monitoring and evaluation training is cited by both funders and NPOs as being the training area of most need.



Recommendations for the sector

1. Seek a common understanding

More knowledge about ECD needs to be available to the funding community so that donors can start to build a common definition of ECD, and a common understanding of the breadth and depth of its services.

2. Move beyond accredited practitioner training and centre support

Currently, most donors equate ECD with practitioner training and centre support. While these are key aspects of ECD, a broader understanding of ECD could possibly open up funding for important activities such as support in pregnancy (through home visiting), parenting (inclusion and education), and caregiver support.

3. Address the apparent imbalance in the geographic spread of funding

Discussions with the three lead government departments – Health, Social Development and Education – should be held to confirm this finding and consideration could then be given to extending funding to the under-funded provinces.

4. Parental inclusion is a key success factor to a child's education, starting with ECD

Parents should be encouraged to understand the value of ECD, and the disadvantage at which they will place their children if they do not expose them to important developmental opportunities.

5. Improve access for vulnerable children

“Vulnerability” in this instance extends beyond the usual definitions – children with disabilities, orphans, and victims of abuse – to include the millions of children living in remote and rural regions of South Africa.

6. Monitor, evaluate and ascertain impact created by projects

Donor funding agreements with beneficiary organisations should strategically include provision for monitoring and evaluation, i.e. establishing baselines, including monitoring and evaluation as project deliverables, and providing for training and funding to increase this capacity.

7. Seek improvement of accreditation process

The onerous process of accreditation for practitioner training should be addressed with the relevant bodies. An easier process for NPOs would encourage them to offer accredited training for practitioners.

In the review:

- 85% of donor respondents expressed interest in collaborating with other funders to expand the reach/impact of ECD

Those funders can contact the ECD Donors' Forum at sherri@dgmt.co.za

Ilifa Labantwana is a national programme which supports integrated early childhood development (ECD) in South Africa, initiated and supported by a multi-donor partnership. The donor partners include the ELMA Foundation, the DG Murray Trust, the FNB Fund and the UBS Optimus Foundation.

The aim of Ilifa Labantwana is to provide the implementation evidence, build national capacity and galvanise informed political support to provide quality ECD services at scale, with particular focus on the poorest 40 per cent of the population under six years of age.



Tel: (direct) +27 (0)21 670 9840 Fax: +27 (0)21 670 9850
www.ilifalabantwana.co.za