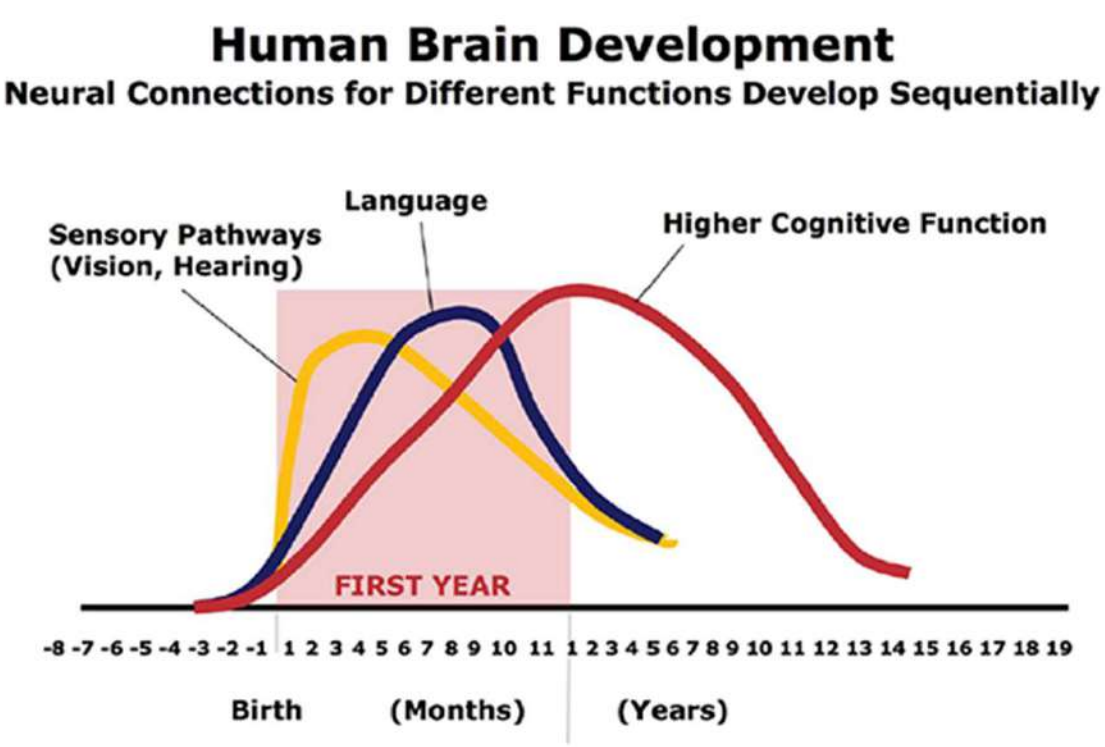
# Surmonter le « trilemme » du financement de l'éducation à la petite enfance pour garantir l'équité et la qualité

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# Brain Development




The brain develops most rapidly in the first years of life, where neurons form new connections at the astounding rate of up to ***1,000 per second.***

The science underlines that while genes provide the blueprint for the brain, it is a ***child's environment (nurture)*** that shapes brain development.

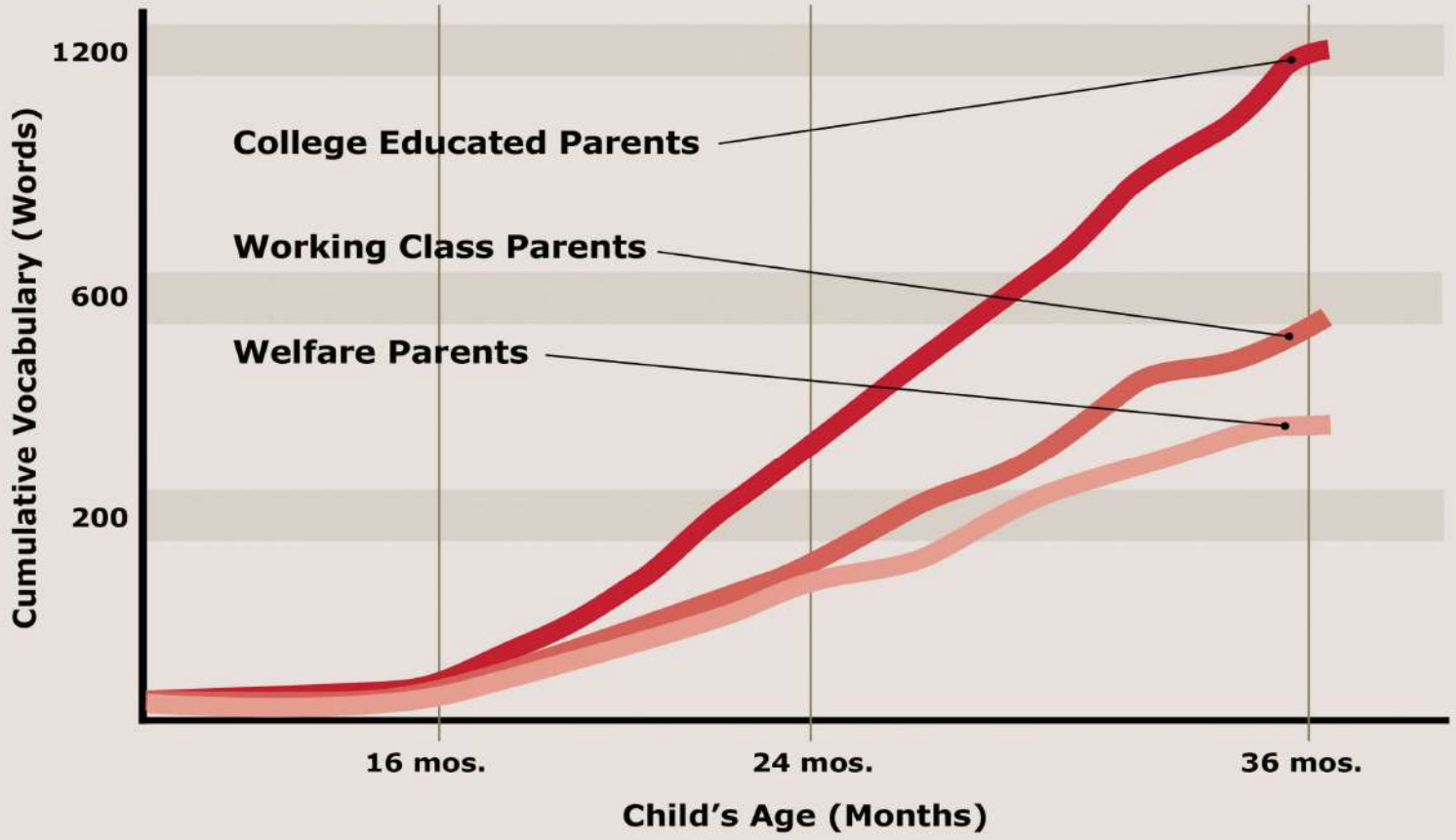
# Learning, Competencies

- Early years is a sensitive time where ***cognitive skills*** start to form and cumulate….

- as well as ***socio-emotional skills***: problem solving, sociability, cooperation, stress management, motivation, adaptation etc. essential to grow up and live in globalized economies and societies.

*(OECD estimated that 65% of children entering primary school today will be employed, when adults, in jobs that do not yet exist)*

# …so are Inequalities



# Children inequalities….adults' inequalities

- Gaps which are formed in early years, cumulate and widen throughout childhood, adolescence (to higher school drop out and early living, less competencies), leading to adults' inequalities (unemployment, and lower earnings), perpetrating the inter-generational transmission of disadvantage.

*It is a matter of….*

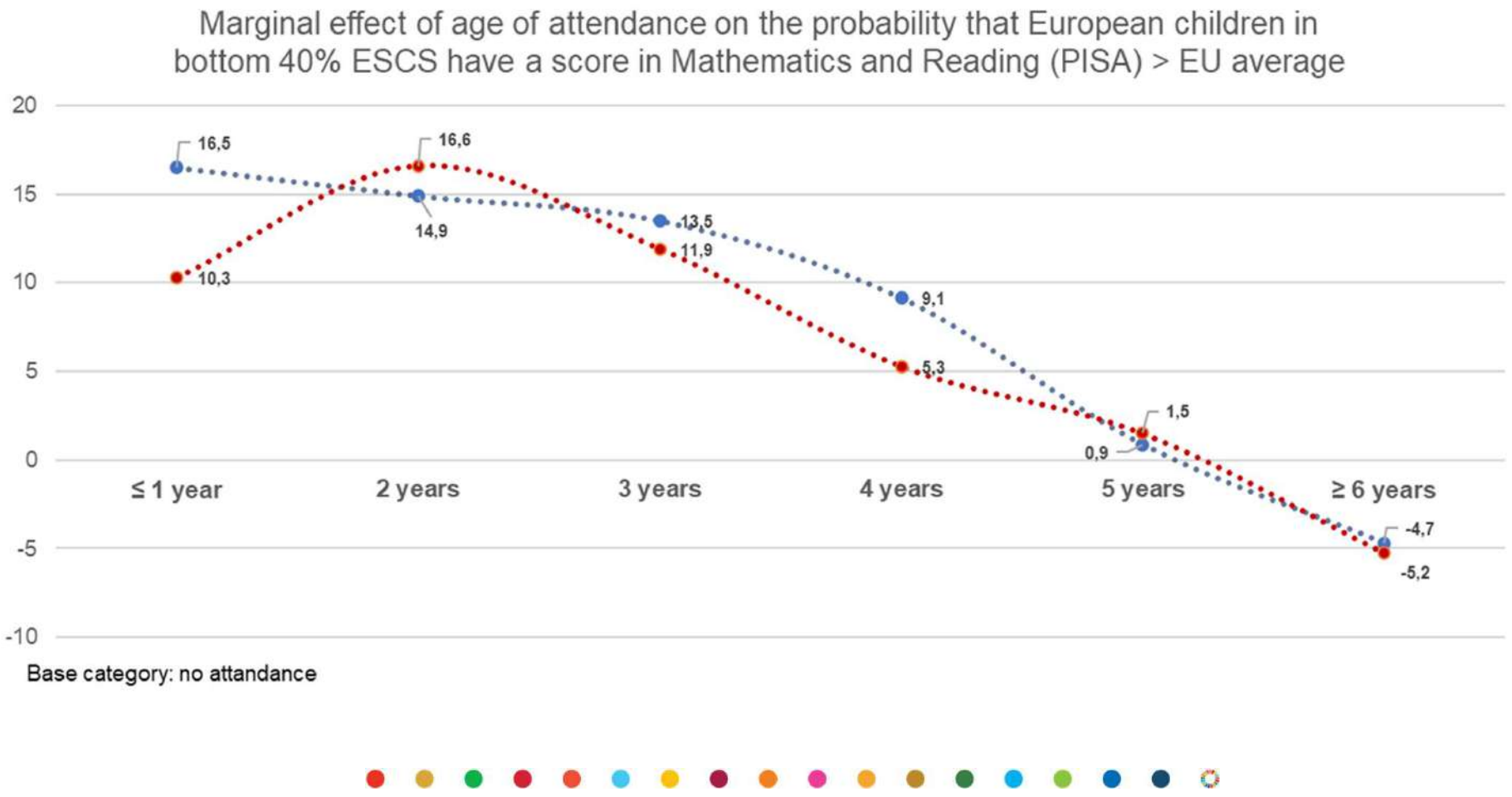
- ***Social Justice***: inequalities determined by inheritance are particularly odious, determined by factors for which individuals are not responsible
- ***Stability*** and cohesion of societies and democracies, because rage from excluded, forgotten, alignment populism and radical right
- ***Economy:*** prevent talents to emerge, and contribute to progress

# Childcare as a potential equalizer

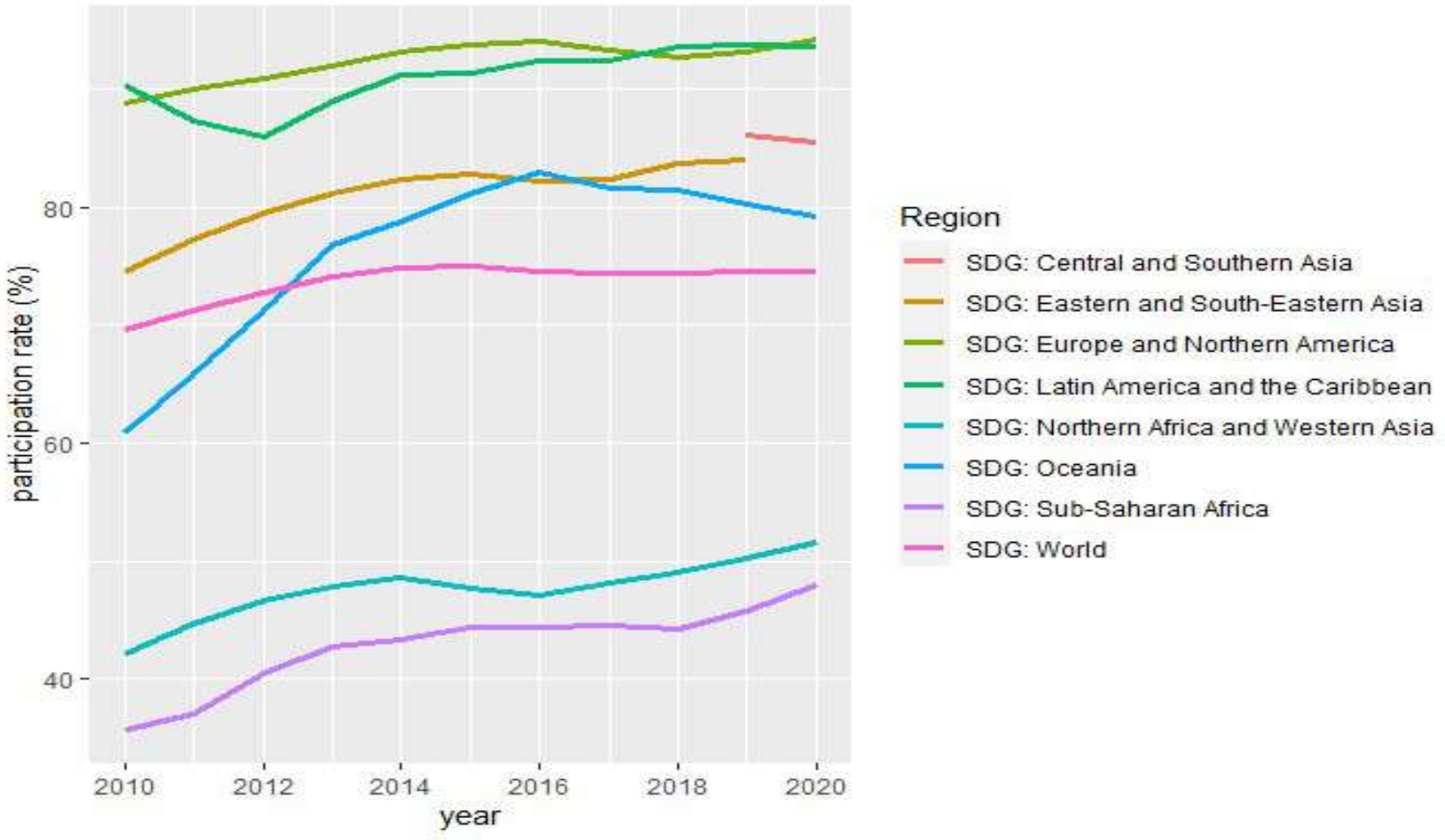
- Participation in quality childcare programs leads to positive gains, particularly for the most disadvantaged children, in the acquisition of abilities and skills whose benefits can be seen beyond childhood into later educational and life achievements.

- Availability, intensity, reliability and affordability of childcare plays a key role in promoting full time employment, especially for women, and reduce inequalities by increasing revenues of low-middle income households.

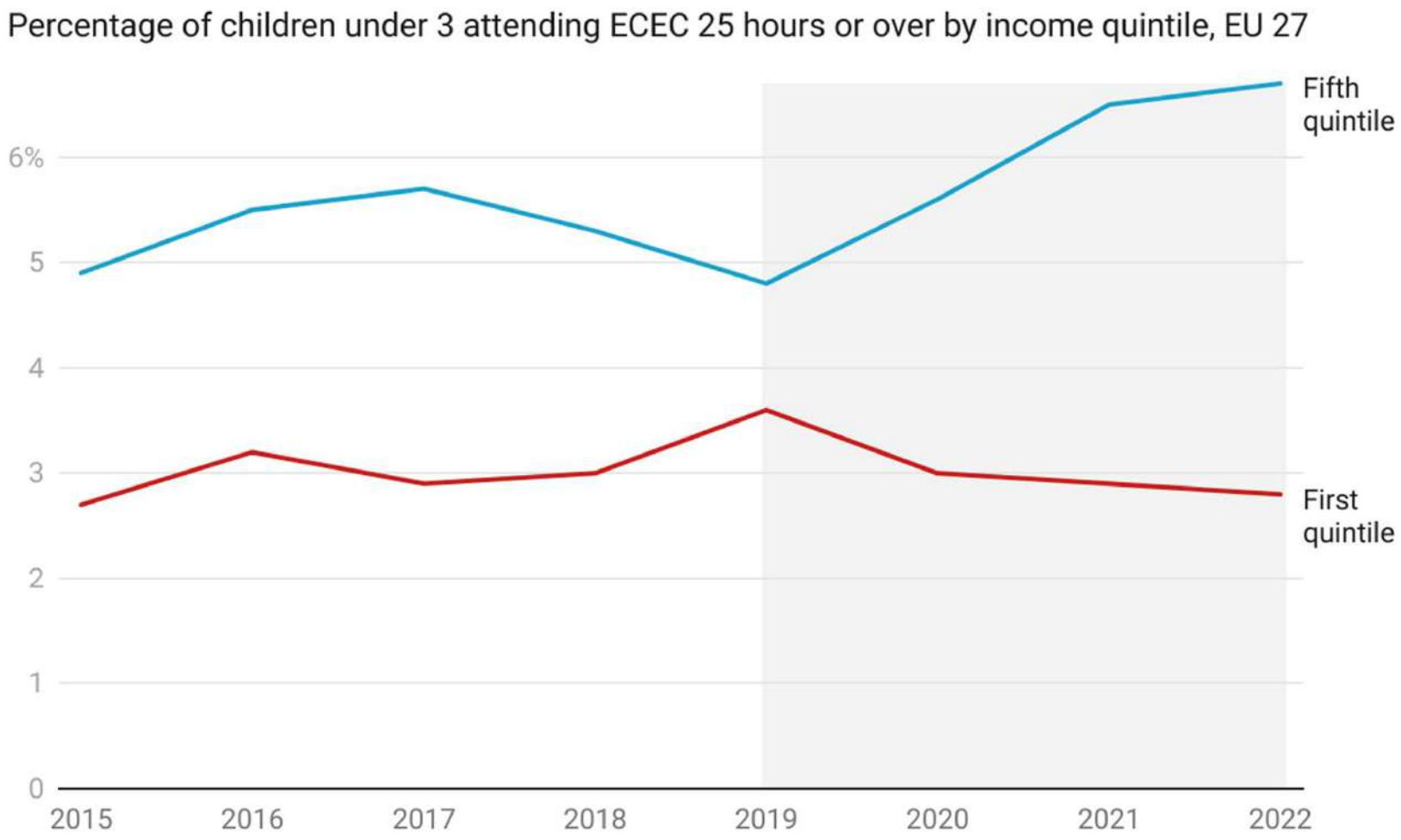
# Effects of Childcare



# Gloomy Scenario Worldwide



# ...inequality in participation by income group



# What are the obstacles preventing children disadvantaged to access ECCE?

Limited and not well distributed financing, make providers face what we call a "Trilemma":

1. Set up a programme service or not.

2. If I do, do I priviledge equity (to make services affordable and accessible for children in low economic or special needs)

3. Or quality (which has a cost)

# Implications

**Supply concentration**

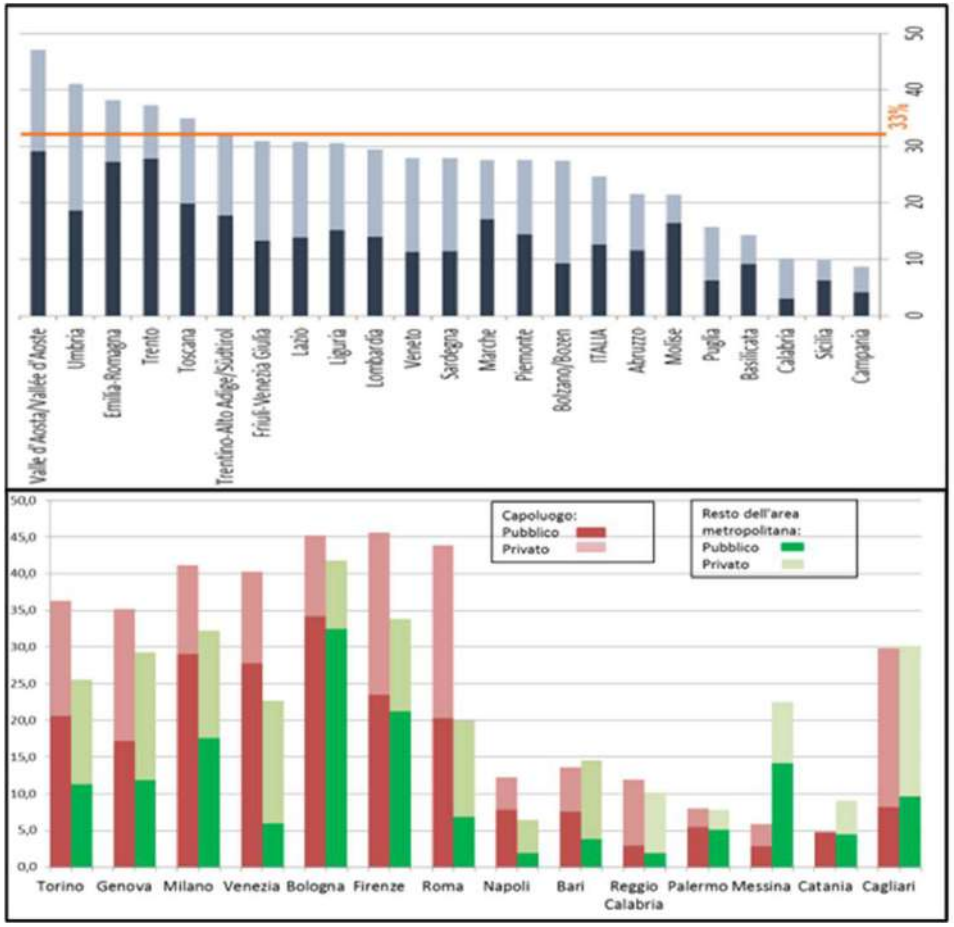
Overall supply remains limited, and services are mainly located:

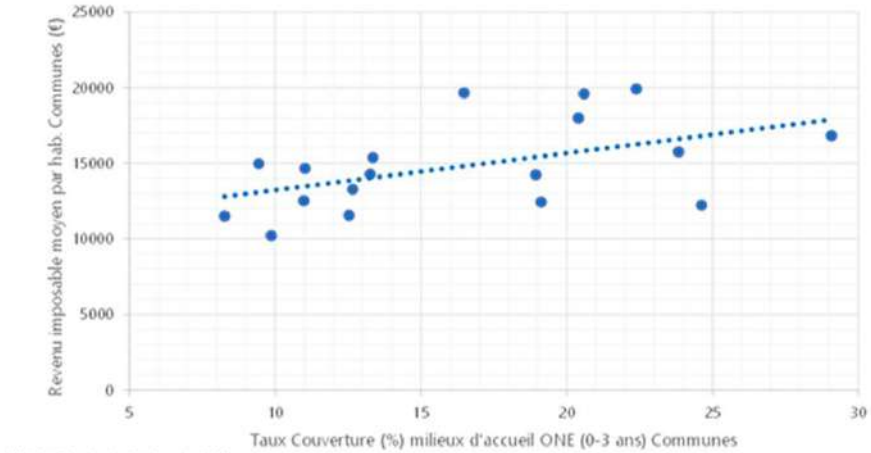
- Parents can afford fees
- Local authorities have higher budgets
- Private providers (~20% in Morocco) seek financial viability
- Higher costs in areas with children with special needs

**Implications for equity and quality**

- Unequal territorial and social access
- Undersupply in low-income and high-needs areas
- Risk of reinforcing existing inequalities
- Trade-off between rapid expansion (equity) and maintaining quality

# Territorial Inequalities




Strong territorial inequalities within countries (see left example IT, regions and cities) and, also at micro-territorial level (see example of Bruxelles, affordable places, among '*communes*').

Structural quality (educators' salaries, contracts, qualification) and process quality (curriculum, pedagogical guidelines) often missing, undermining inclusiveness of services, and effects on children's development

# What solutions to overcome this trilemma?

1. Making the Case for Increased Public Investment
2. Fiscal equalization mechanisms
3. Innovative delivery models
4. Integrated Policies and Services

# Making the Case for Increased Public Investment

**Political challenge**

- Policymakers hesitate to invest when main returns materialize only in the long term
- Importance of highlighting short-term gains

**Gains**

- Early childhood services directly generates employment, especially for youthExample: Italy — +10 percentage points in coverage → ~15,000 new jobs
- And employability of parents
- Higher household income and reduced risks for children

# Short term fiscal gains

**The effects on fiscal adjustment needs of a formal childcare programme (value of thestructural primary balance at the end of adjustment period and cumulative fiscal effects)**

| | Care share, under 3 years old | Policy induced change in 2029 GDP | Baseline SPB target (stochastic) | | Baseline SPB target (all criteria) | | Policy SPB target (stochastic) | | Policy SPB target (all criteria) | | Effect on SPB target (stochastic) | | Effect on SPB target (all criteria) | | Cumulative effect (all criteria) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 4-year adj. | 7-year adj. | 4-year adj. | 7-year adj. | 4-year adj. | 7-year adj. | 4-year adj. | 7-year adj. | 4-year adj. | 7-year adj. | 4-year adj. | 7-year adj. | 4-year adj. | 7-year adj. |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| Austria | 20% | 0.16% | 1.1 | 1.3 | 1.2 | 1.3 | 1.1 | 1.3 | 1.2 | 1.3 | -0.01 | -0.01 | 0.00 | 0.00 | -0.01 | -0.05 |
| Estonia | 26% | 0.28% | -4.3 | -3.7 | -2.0 | -1.9 | -4.3 | -3.7 | -2.0 | -1.9 | -0.01 | 0.00 | 0.00 | 0.00 | -0.02 | -0.02 |
| Finland | 37% | 0.19% | 0.2 | 0.0 | 0.2 | 0.3 | 0.1 | 0.0 | 0.2 | 0.3 | -0.01 | 0.00 | 0.00 | -0.01 | -0.02 | -0.08 |
| Hungary | 5% | 0.32% | 2.7 | 3.1 | 2.7 | 3.1 | 2.7 | 3.1 | 2.7 | 3.1 | -0.01 | -0.02 | -0.01 | -0.03 | -0.13 | -0.33 |
| Ireland | 18% | 0.52% | -2.0 | -1.9 | -0.3 | -0.3 | -2.0 | -1.9 | -0.3 | -0.3 | -0.02 | -0.02 | 0.00 | 0.00 | -0.04 | -0.04 |
| Portugal | 40% | 0.09% | 2.5 | 2.3 | 2.5 | 2.3 | 2.5 | 2.3 | 2.4 | 2.3 | 0.00 | -0.01 | -0.04 | -0.01 | -0.54 | -0.11 |

Source: Bruegel based on European Commission November 2023 forecasts, Bloomberg, ECB, Narazani *et al* (2022) and Eurostat

# Fiscal Equalization mechanisms

Unequal distribution of available resources (unfunded mandates)

**Variation in service delivery costs**

- Often higher costs in marginalized areas: transportation, food delivery
- Lower ability of families to contribute financially

**Policy response:**

- Fiscal equalization mechanisms to redistribute resources based on real delivery costs, needs, economic environment (Encourage providers to operate across all regions)
- Emerging practice: Poland are developing equalization-based financing models

# Poland's Algorithm

- The allocation per commune is proportional to the share of the number of unaccompanied children in the commune in the total number of such children in the country and inversely proportional to the ratio of local government units per capita income in a given commune to the average income of local government units per capita in Poland.

- The higher the value of the coefficient, the higher the funds according to the algorithm will be received by a given municipality.

- Algorithm correction due to the need to allocate a minimum allocation to the municipality

# Innovative delivery models/1

**Reduce costs without compromising quality or inclusion**

- Alternative service models: flexible modalities, such as reduced hours, less formal settings. Currently explored by Ministries with UNICEF support.

- Evidence from Uzbekistan: UNICEF–World Bank partnership expanded rural access. Alternative services cost less while maintaining quality

- PPP but be careful about equity!

# Innovative delivery models/2

**Inclusive quality practice (e.g. Reggio Emilia Approach):**

- Focus on children's individual needs, not pre-defined standards.
- Learning through experience, play, and co-constructed projects
- Active involvement of families and communities
- Cost-effective learning environments (use of local, natural, and recycled "open-ended" materials, parks, squares, nature, food!)
- Initial investment needed for teacher trainingLong-term costs decrease.
- Highly adaptable for disadvantaged areas and inclusive education.

# Integrated Policies and Services

**Inequalities in access are not driven only by service availability**

- Children face multiple, intersecting barriers
- Key obstacles beyond ECEC supply (e.g. transportation costs, extreme household poverty, limited awareness or understanding of special needs)

**Need for cross-sectoral coordination**

- Basic health services
- Social protection and family support services
- Local-level service integration (Integration at municipal/community level is critical)
- Integrated national and local ECEC strategies: e.g. Uzbekistan, Turkmenistan, Child Gurantee in EU

# THANK YOU

