



Working Paper

# Public-Private Partnerships in Early Childhood Development: The Role of Publicly Funded Private Provision

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## Introduction

Collaboration between the public and private sector in development is growing and public-private partnerships (PPPs) are increasingly being utilized as a way to address challenges and gaps in traditional education and health delivery, with the potential to accelerate progress toward the global aims of the United Nation’s Sustainable Development Goals (SDGs). With the aim of improving access to and the quality of services, PPPs have the potential to effectively target poor and marginalized populations. However, the structure, mechanisms, and form of the people and organizations—otherwise called actors—that engage in PPPs can vary widely, resulting in a diverse array of definitions, conceptualization, and models. Common elements of PPPs frequently include some type of formalized partnership between public and private actors, clearly defined outcome or performance metrics, payments tied to the delivery of services, agreed-upon quality and quantity levels, defined prices, a set long-term operation period, and shared risk across partners.<sup>1</sup> A range of mechanisms for harnessing private-sector expertise and capacity have been applied within the education and early childhood development sphere,<sup>2</sup> including for the management and operation of schools, the provision of education to a specific population through a voucher or subsidy, the training of teachers and other staff, and the development of textbooks or curricula.<sup>3</sup>

This study seeks to provide clarity on the different forms and classification of PPPs and concentrates on a subset of PPP models that are publicly-financed and privately-delivered early childhood development (ECD) services. Namely, this subset is inclusive of vouchers and voucher-like programs, education service delivery initiatives, and the private management of public institutions. Specifically, the study explores the application of PPPs for pre-primary education and parent education about early stimulation, in particular, analyzing the potential to address capacity constraints as well as the potential challenges in their use. In addition, case studies of two specific examples of PPPs for ECD in Mozambique and South Africa can be found in Appendix A and B, respectively. This is a research area that deserves greater attention given the limited robust analysis to date.

## Early childhood development—global progress and challenges

Ensuring that children have access to quality ECD services is critical to building a strong foundation of nutrition, health, and cognitive and socio-emotional development. Laying this groundwork improves children’s ability to enter school ready to learn, stay in school longer, reduce grade repetition, and achieve higher education levels that sets them on the path for success.

Increasingly the importance of high-quality ECD services is being globally recognized, and tremendous progress has been made in providing children and families with access to a range of services for the early years of childhood, which include interventions across nutrition, health, water and sanitation, education, governance, and social protection spanning from pregnancy through the first 60 months of a child’s life (Figure 1).

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<sup>1</sup> Hogan Lovells Lee & Lee (2011); Patrinos et al. (2009).

<sup>2</sup> Barrera-Osorio, F. et al. (2012).

<sup>3</sup> Ibid.

**Figure 1: Basic benefit package of ECD Services**

	Pregnancy	Birth	12 months	24 months	36 months	48 months	60 months
Nutrition	Counseling on adequate diet during pregnancy	Exclusive breastfeeding promotion	Complementary feeding		Supplemental feeding		
			Counseling on optimal feeding practices and nutrition				
	Iron-folic acid for pregnant women		Therapeutic zinc supplementation for diarrhea				
		Growth monitoring promotion (prevention and treatment for acute malnutrition)					
Micronutrients & fortification							
Health	Antenatal visit	Immunizations					
		Attended delivery		Deworming			
	Disease prevention (malaria, mother-to-child transmission of HIV, and other diseases)						
	Planning for family size and spacing						
	Access to health care (including well-child visits, screening for delays and disabilities, injury and disease treatment)						
	Prevention and treatment of maternal depression						
Water and Sanitation	Access to safe water						
	Hygiene or hand washing						
	Adequate sanitation						
Education	Parent support or training (early stimulation, growth, and development)						
		Stimulation					
						Quality early childhood and pre-primary programs	
							Transition to quality primary school
Social Protection		Birth registration					
		Parental leave and adequate child care or day care					
	Social assistance transfer programs (targeted income support, child grant or allowance, conditional or unconditional cash transfers)						
	Child protection interventions (prevention and response to child abuse or special protection to orphans)						
Governance	Governance reflecting ECD interests						
	Policy or regulation in nutrition, health, education, and social protection (child protection regulation)						

Source: Based on Tanner et al. (2015)

Nutrition and early care from birth to age 3 is the foundation for good development for the rest of a child's life, including cognitive and socio-emotional development, as well as on the overall health and rate of child survival.<sup>4</sup> Across both health and early childhood education, there has been tremendous global progress in the past several decades. Child mortality has declined significantly across most countries, having been reduced by more than 50 percent since 1990 (from 12.7 million deaths) However, this progress remains short of the target of U.N.'s Millennium Development Goals, predecessors to the SDGs, to decrease under-five child mortality by two-thirds from 1990 to 2015. In 2015, there were still around 6 million under-five deaths, many from preventable illnesses, with just under half of all children deaths due to malnutrition.<sup>5</sup>

Nutrition, as measured by the rate of stunting among children, has also improved across most countries.<sup>6</sup> However, countries in sub-Saharan Africa, despite enormous progress since the 1990s, are expected to compose just under half (45 percent) of stunted children globally by 2020.<sup>7</sup> Nutrition is dependent on food consumption, but also linked to the degree of available health services, clean water, and sanitation. Research has shown that nutrition could be dependent on early stimulation and learning<sup>8</sup> and that interventions aimed across these areas have the ability to counteract the impact of poor food intake.<sup>9</sup> In addition to poor health outcomes, children that are malnourished have lower learning levels and have less school attainment.

While impressive progress has been made, serious challenges remain in improving the lives of young children globally. Box 1 illustrates the SDGs related to ECD that articulate the aims of the international community to be achieved by 2030.

**Box 1: Sustainable Development Goals (SDGs) directly related to Early Childhood Development (ECD)**

- 2.2** By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age.
- 3.2** By 2030, end preventable deaths of newborns and children under 5 years of age.
- 4.2** By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.
- 16.2** End abuse, exploitation, trafficking and all forms of violence against and torture of children
- 16.9** By 2030, provide legal identity for all, including birth registration.

This study focuses on two types of ECD services that require particular attention in the next decade: (i) parent education regarding early stimulation, growth, and development (particularly in the earliest development stages from age zero to 3), and (ii) early childhood education and pre-primary programs (targeted for children ages 3 to 5) as highlighted in Figure 1.

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<sup>4</sup> UNESCO (2015).

<sup>5</sup> United Nations (2015).

<sup>6</sup> UNESCO (2015); see Grantham-McGregor et al. (2007).

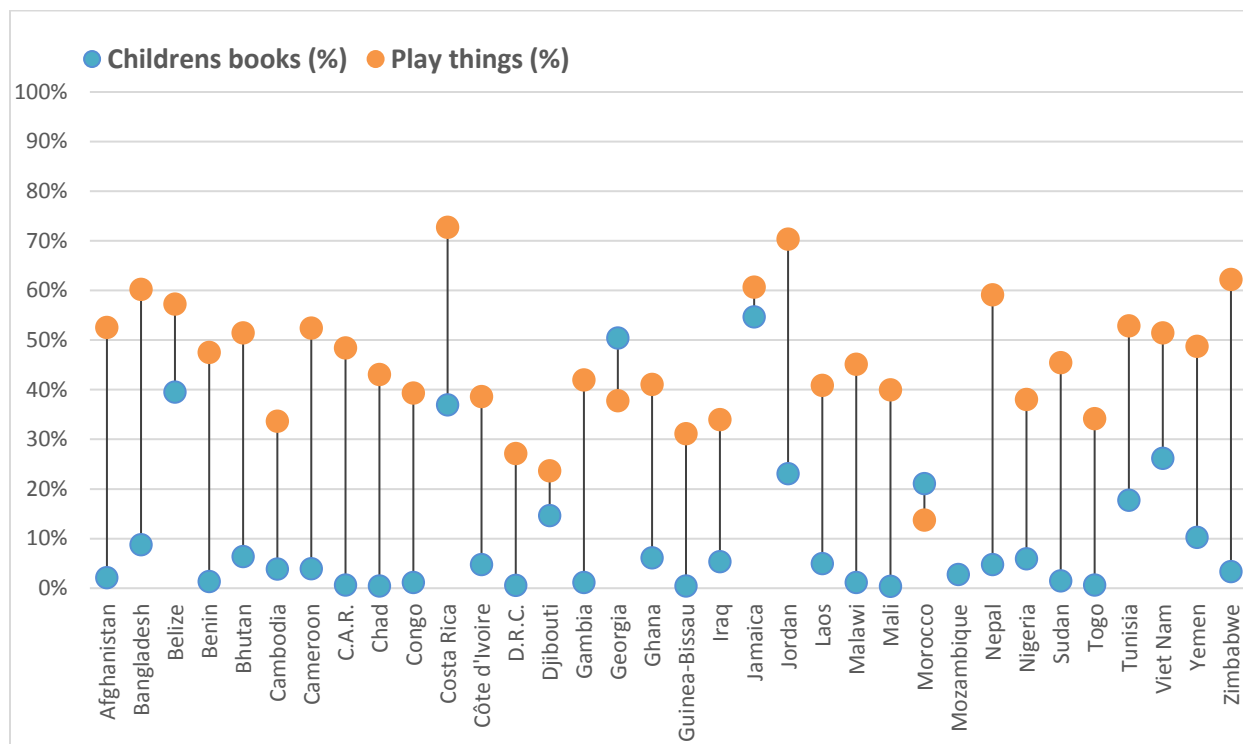
<sup>7</sup> UNESCO (2015); de Onis et al. (2012).

<sup>8</sup> UNESCO (2015); see Walker et al. (2011); Yousafzai et al. (2014).

<sup>9</sup> UNESCO (2015).

Parent and caregiver education surrounding early cognitive and emotional stimulation is an essential component of comprehensive childhood development. Parent education activities almost always include interactive activities and games tailored to the age of the child as well as broader nutrition, child development, and health education.<sup>10</sup> Children spend the majority of their time in the early years with their parents and their brains are developing at the fastest rate during this period. Equipping parents and caregivers with the often simple skills, support, and resources to enhance the early development of their children can therefore have tremendous effects on a child's development.<sup>11</sup> However, as Figure 2 below demonstrates, there are wide variations in access to children's playthings across countries, and particularly limited access to children's books.

**Figure 2: Learning materials at home: children's books and play things (%), (most recent year 2006 – 2014)**



Source: MICS (2016)

Parent education programs can be delivered through home-visiting, in locations outside the home such as health centers, schools, or community centers, and through various forms of media.<sup>12</sup> Parenting education and support programs have demonstrated comprehensive improvements, including on stunting, education attainment and learning, and cognitive and emotional development. There are also documented improvements in parent awareness, knowledge of child development, and improved parenting.<sup>13</sup> The most widely documented initiative, the Jamaica home-visiting parenting program, focused on interactions between children and mothers, and has resulted in large

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Baker-Henningham and Lopez Boo (2010).

<sup>13</sup> UNESCO(2015).

improvements in parenting skills and childhood development. The program involved weekly home visits to families impacted by poverty in Kingston with children between the ages of 9 and 24 months old that were stunted. The aim of program was to use positive interactive play with mothers to enhance development. The program has been heavily researched and found to have long-term positive results. For instance, after a span of two decades, the participating children demonstrated around 25 percent higher income levels than the control group.<sup>14</sup> Other countries are replicating the program and experimenting with different variations of intervention dosage and frequency. Apart from these interventions, there are limited similar “parent education” initiatives at scale that are well-documented and have explicit targets.<sup>15</sup>

Once a child has reached 3 years of age, enrollment in more complex pre-primary education with other children outside of the home can help to further their socioemotional and cognitive development. Increased emphasis on early childhood education has resulted in expanded enrollment in pre-primary education to 184 million children as of 2012, a 64 percent increase from enrollment levels in 1999.<sup>16</sup> Unfortunately, as attendance in early learning expands, this is often coupled with increased inequality. The significant increase in enrollment in pre-primary education masks the continued inequality in access to high-quality early childhood development services, particularly for poor and marginalized children, who are typically most disadvantaged in terms of access , which can further exacerbate life-long inequity. A significant share of the progress made in expanding pre-school has benefited wealthier families, in some cases expanding the income gap and increasing disparities between rural and urban populations (see Figures 3 and 4). In particular, inequity of access and the low and inconsistent quality of early childhood education services are primary issues facing the sector.<sup>17</sup>

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<sup>14</sup> Ibid.

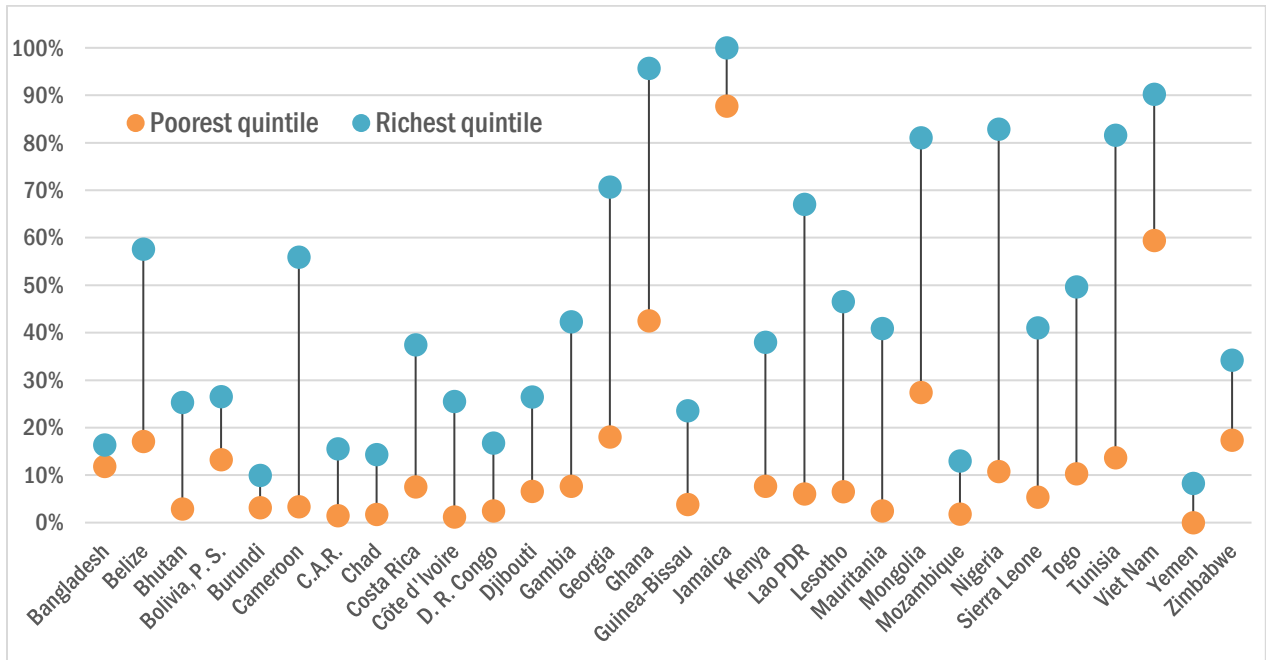
<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

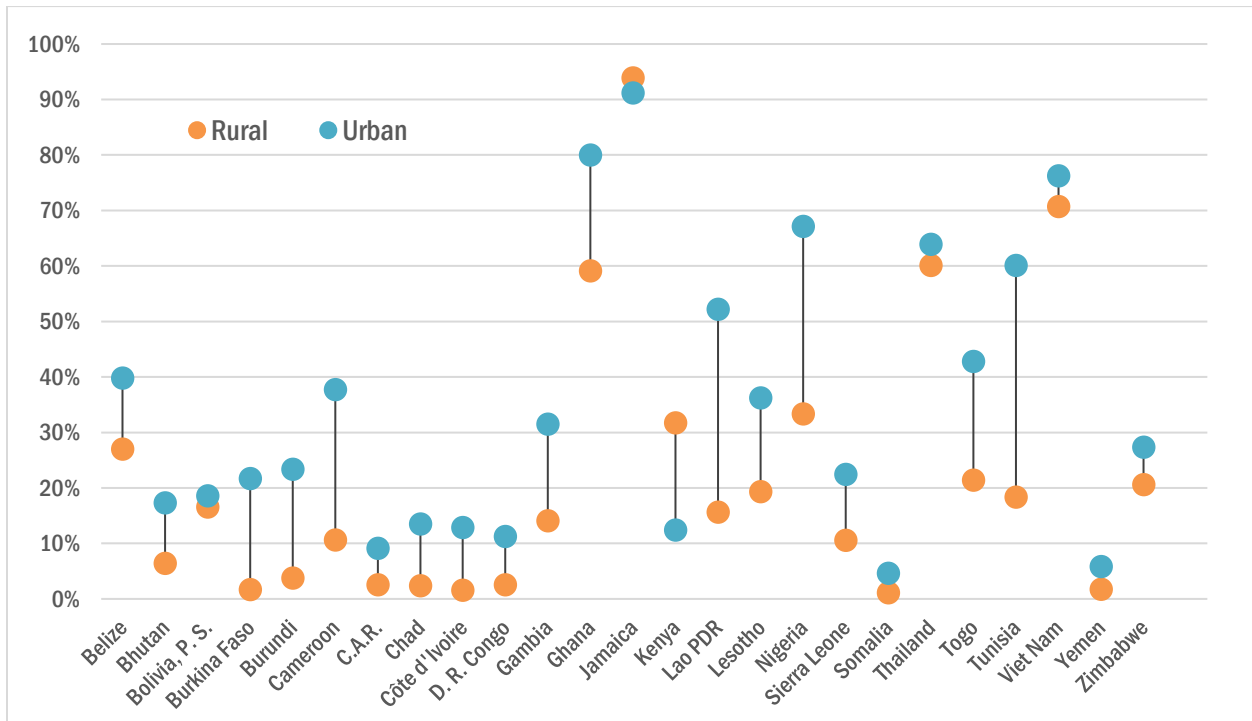


**Figure 3: Share of children age 3-4 attending any type of pre-primary program, by richest and poorest households in selected countries (most recent year, 2006-2014)**



Source: UNESCO (2016)

**Figure 4: Share of children age 3-4 attending any type of pre-primary program, by urban and rural households in selected countries (most recent year, 2006-2014)**



Source: UNESCO (2016)

With increasing evidence of their effects on children’s development, there is a growing demand from families for parent education and pre-primary services, increasing incentives for governments to fund and implement programs. However, government capacity to provide ECD services is often limited, particularly for the hardest to reach communities, and the quality of services can often be low. In this context, private ECD providers, which can include non-state actors that are either non-profit or for-profit, have emerged worldwide to fill the demand for services. These non-state actors can span a range of providers, including commercially-oriented private schools, nongovernmental organizations (NGOs), faith-based organizations, philanthropic associations, and spontaneous community-based organizations. However, private engagement in education and early childhood development are often associated with fees for services that can exclude poorer families and cater to wealthier households leading to heightened inequality. However, private actors may also be able to provide access to hard-to-reach communities and strengthen program quality through innovation and flexibility. Partnerships between the government and private sector could be an effective means of bridging the gap between education goals and limited public budgets and institutional capacity, without government loss of ownership and accountability over service delivery. Publicly-financed, privately-provided arrangements could help to alleviate some of these challenges in pre-primary and parent education provision by capitalizing on the strengths of the various stakeholders, as long as the arrangements are well designed. However, the inherently complex nature of these partnerships, as well as the range of potential challenges and barriers to designing and implementing these mechanisms, could result in exacerbated inequalities.

## **Definition and potential role of public-private partnerships**

The coupling of growing demand, lack of government capacity, and the large scale of remaining development challenges have been largely responsible for an increased role of private actors in development, with many innovative models and mechanisms gaining momentum. The recent growth of private engagement is characterized by more complex and sophisticated arrangements, specifically in the form of public-private partnerships (PPPs).<sup>18</sup> The partnerships are increasingly being considered for their potential to accelerate progress toward development goals.

PPPs can be applied across development sectors and issues and provide governments with the opportunity to “leverage resources...[they] cannot easily access [that] can be used to bring market-based solutions to public-goods problems...that can catalyze further development.”<sup>19</sup> While the application of PPPs has been largely concentrated on infrastructure and energy, there is growing use in social sectors, including health and education. In addition to addressing issues of capacity, PPPs are increasing being utilized to improve quality, enhance equity, and target poor or marginalized populations. By harnessing the capacities, technical expertise, approaches, and networks of developing country governments, private-sector organizations, nongovernmental actors, and donor agencies, PPPs can provide new and innovative mechanisms, promote collaboration, and leverage a range of stakeholders to address development challenges that are limited by traditional development resources and competing priorities.<sup>20</sup>

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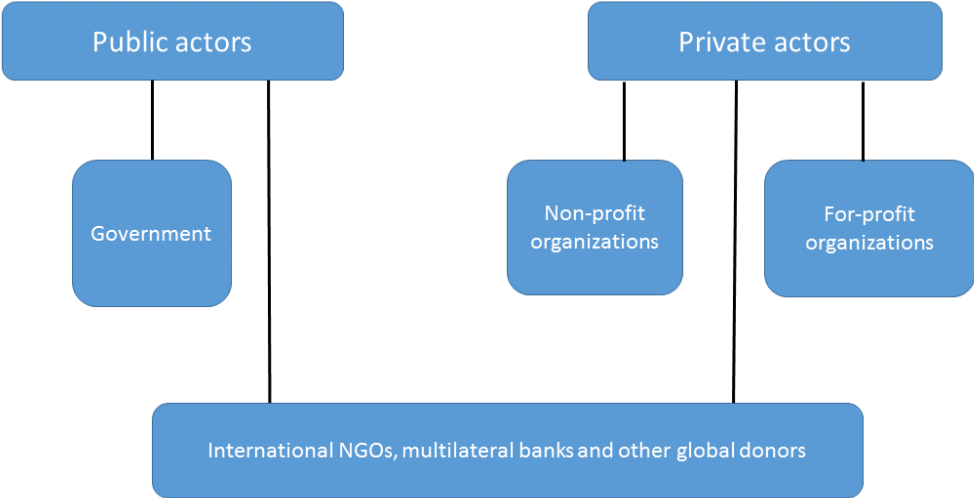
<sup>18</sup> LaRocque, N. (2008).

<sup>19</sup> Runde (2011).

<sup>20</sup> Runde and Zargarian (2013).

While the collaboration between private and public actors is a defining feature of PPPs, the type of actor as well as manner of engagement varies. For these purposes, we understand *public* actors to be primarily developing country governments (at the national or sub-national level). *Private* actors can fall broadly into for-profit and not-for-profit categories and can be inclusive of private or commercially-drive organizations, philanthropic associations, local or international NGOs, faith-based organizations, and community-based organizations. PPPs are frequently cooperative relationships between governments and the private sector, particularly in developed countries. However, in the context of development activities, there is frequently a third tier of partnership, with aid agencies and international NGOs often engaging in PPPs in developing countries. Tri-sector partnerships are generally considered to be a cooperative agreement between an “international NGO, a for-profit company or private foundation, and a bilateral donor” but could also include World Bank or U.N. agencies, contracting or consulting firms, or other actors.<sup>21</sup> In this study, PPPs will be examined by the type of both public and private actors to strengthen the understand of how these mechanisms work in practice (Figure 5).

**Figure 5: Scope of actors engaged in public private partnerships**



Source: Authors' elaboration

Within public-private partnerships, actors can be broadly engaged in the provision or financing of service delivery initiatives, or both (Figure 6). Depending on the type of partnership, private and public actors can perform a range of roles and tasks, including providing funding, implementation, training of staff, producing curriculum and materials, and providing technical assistance. Traditionally, the bulk of private engagement in education and ECD has been philanthropic contributions from individuals and corporate organizations, often in the form of sponsoring a program or paying children’s fees to attend public programs.<sup>22</sup> However, there is a shifting trend toward arrangements where the public sector provides financing and private actors are responsible

<sup>21</sup> Runde and Zargarian (2013).  
<sup>22</sup> LaRocque (2008).

for the delivery of services.<sup>23</sup> This study focuses on this type of publicly-financed, publicly-delivered PPPs (highlighted in Figure 6).

Despite increased prevalence and wide usage in the international development sphere, PPPs do not have a universally accepted or agreed upon definition and can take a wide range of forms and dramatically different models and mechanisms. Most broadly, PPPs can be roughly understood as a “cooperative institutional arrangement.”<sup>24</sup> The objective, sector focus, and type of actors engaged in PPPs can influence the definition and application utilized when forming partnerships. A report examining the use of PPPs in development describes the arrangements as “an approach to solving development problems through a coordinated and concerted effort between government and nongovernment actors, including companies and civil society, leveraging the resources, expertise, or market efforts to achieve greater impact and sustainability in development outcomes.”<sup>25</sup>

**Figure 6: Framework for private and public engagement in Early Childhood Development**

		Provision	
		Private	Public
Finance	Private	<b>Privately-financed and privately-provided:</b> Traditional fee-based private pre-primary schools and ECD services.	<b>Privately-financed and publicly-provided:</b> Tuition, user-fees, student loans, scholarships and in-kind donations for public ECD programs.
	Public	<b>Publicly-financed and privately-provided:</b> Private delivery and management of ECD services.	<b>Publicly-financed and publicly-provided:</b> Traditional public ECD services.

Source: Adapted from Steer et al. (2015).  
 Note: Highlighted area is the focus of this research.

Even within the sphere of international development, a these arrangements can look very different and can manifest in a variety of ways. A frequently used definition among development professionals, for instance, describes PPPs as the government establishment of a contract with a private-sector service provider, where the services are of a determined quality and volume, for agreed upon costs over a set period.<sup>26</sup> The Organization for Economic Co-operation and Development (OECD) utilizes a similar definition, describing PPPs as government and private entities entering an agreement, which could include both financing and operations, where the private actor is responsible for service delivery that meets defined government objectives as well as the private-sector profit aims.<sup>27</sup> Further, a more narrow definition utilized describes PPPs as “a long-term contract between a private party and a government entity, for providing a public asset or service, in

<sup>23</sup> Ibid.  
<sup>24</sup> Roberston et al. (2012).  
<sup>25</sup> Runde and Zargarian (2013).  
<sup>26</sup> Barrera-Osorio et al. (2012).  
<sup>27</sup> Roberston et al. (2012); OECD (2008).

which the private party bears significant risk and management responsibility, and remuneration is linked to performance.”<sup>28</sup>

Despite a wide array of definitions, some common elements of PPPs could include a formalized partnership between public and private actors—typically through contracts—clearly articulated aims, payments tied to the delivery of services, agreed upon quality and quantity levels, defined prices, a set long-term operation period, and shared risk across partners.<sup>29</sup> However, while these elements are frequently present in development-focused PPPs, they are not necessarily prerequisites, and given the range of models and definitions, these components vary depending on the arrangement and context. Specifically, while contracts are often used in PPPs, in many cases, particularly in developing countries, PPPs are seen as a framework for cooperation between actors, resulting in a more flexible agreement or other arrangement rather than an explicit contract.

### **Box 2: The role of international NGOs and aid agencies in PPPs**

As private-sector engagement in development has grown, there is increasing recognition among aid agencies that development efforts need to extend further than traditional aid. In this context, aid agencies are utilizing tools such as PPPs, deepening interactions with the private sector, and expanding the application of development finance instruments. Within development, there is thus an increased emphasis on the role of investment and trade in foreign assistance.<sup>30</sup> A report examining the relationship between development agencies and private corporations found that the public and private sectors are increasingly being utilized as an “important strategy for emerging market development,”<sup>31</sup> as many development agencies see the organized collaboration between public and private actors as pivotal in reaching development aims. To date, development agencies partner with the private sector in two main ways, through providing “strategic” guidance, and through public-private partnerships.<sup>32</sup> Ten of the major development agencies globally are engaged in some type of public private partnerships.<sup>33</sup> However, it is difficult to determine the level of financial investment development agencies are making to these partnerships, as many agencies do not publish these figures and those that do use a range of different formats.<sup>34</sup>

The U.S. Agency for International Development (USAID) has led the use of PPPs in development, and a OECD review of U.S. assistance notes that the agency adopts a comprehensive framework to development that “recognizes the importance of private-sector flows to development countries, and the ways in which official aid can be used as a lever to maximize development benefits.”<sup>35</sup> In 2001, USAID started the Global Development Alliance that focuses on the use of PPPs in developing countries, and by 2014 USAID had 1,481 registered and signed partnerships.<sup>36</sup>

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<sup>28</sup> World Bank et al. (2014).

<sup>29</sup> Hogan Lovells Lee & Lee (2011).

<sup>30</sup> Runde (2011).

<sup>31</sup> BCLC (2009).

<sup>32</sup> BCLC (2009).

<sup>33</sup> USAID and Mission Measurement (2010).

<sup>34</sup> OECD (2011).

<sup>35</sup> OECD (2011).

<sup>36</sup> Ingram et al. (2016).

The Asian Development Bank, which has been exploring innovative approaches to expanding education initiatives through its Strategy 2020, recently conducted an assessment of their education projects that could be considered PPPs. They focused on four types of delivery-oriented PPPs, namely: private management of public schools, education delivery contracting, voucher and voucher-like programs, and capacity development services. The study found that around 38 percent of the bank's projects could be classified in one of these four types. However, of these projects nearly 79 percent were limited to two types—capacity development services and service delivery contracting. Voucher programs composed just 13 percent of the total, while private management was just 8 percent.<sup>37</sup>

Publicly-financed, privately-provided services are one of a number of ways that the public and private sector collaborate in ECD and in education more broadly, many of which are considered public-private partnerships. Private organizations can contribute funding or in-kind support to public entities, such as Coca-Cola's work with USAID to protect watersheds.<sup>38</sup> Within ECD, private organizations often provide technical support to government programs (with or without reimbursement for services), invest start-up costs in developing programs that are then taken over by government, provide services on behalf of government based on agreements, or provide services in conjunction with public services.<sup>39</sup>

The concept of combining private providers and public finance is becoming increasingly popular in the education and international development realms more broadly. While their usage is also growing within ECD, they are not as widely utilized as within the education sector.<sup>40</sup> As such, much of the framework presented here for PPPs in early childhood education draws from the more prevalent education literature. Interestingly, relative to the rest of the education sector, ECD may be particularly well-suited to this financing arrangement. Non-compulsory education subsectors, including early childhood education, where the government is often not able to provide education services at scale, are considered to be well-matched to PPPs.<sup>41</sup> These mechanisms can also be effectively applied in cases of high costs or user fees, or of extreme inequity in access to high quality education, which often characterizes early childhood education systems. Private actors are more likely to be engaged in education subsectors when the government is unable to scale up effectively, and the government would be more likely to support private involvement in these cases.<sup>42</sup> As attention on the importance of ECD services is growing, and governments are seeking ways to scale-up ECD programs, private actors that have been engaged in ECD provisions may be well situated to complement government efforts. The potential of PPPs to accelerate progress toward ECD, as well as the relative lack of research in this area, is a primary motivation for this study.

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<sup>37</sup> Malik (2010).

<sup>38</sup> Coca Cola (2016).

<sup>39</sup> Interview with Sara Poehlman, Save the Children, August 9, 2016.

<sup>40</sup> Sriramet al. (2014).

<sup>41</sup> Results for Development Institute (2016).

<sup>42</sup> Ibid.

## A variety of PPP models

Where PPPs broadly bring together private and public actors in collaboration to address pressing development challenges, depending on the arrangements, PPPs can be funded by private or public actors, and partnerships can be based on financial arrangements, experience and knowledge, or on market-based solutions.<sup>43</sup>

As discussed previously, there are many models of PPPs, including for education and health sectors specifically. Governments can engage private-sector actors for a range of education and education-related services, resulting in a wide range of contract types for PPPs. Each model is faced with different constraints, hurdles, and advantages. Based on a World Bank report focusing on the education sector, which has been adapted for ECD services in Figure 3, PPP services are categorized based on partnerships focused on inputs, outputs, and processes.<sup>44</sup> In addition, actors can engage in PPPs through the provision of technical assistance, which is often the role of international NGOs and donors.

As mentioned, this report focuses on a subset of PPPs where funding is publicly provided and projects are delivered by the private sector, which can be inclusive specifically of service delivery initiatives, voucher and voucher-like initiatives, and private management or operation of ECD services (see Figure 7). In these types of PPPs, the public sector maintains control, responsibility, and oversight of services while incorporating the private sector, which may enhance sustainability and quality of projects.<sup>45</sup> This report explores the potential of this subset of PPPs to address the serious challenges facing the expansion of ECD services. In particular, insufficient access, inequity, and inadequate quality are prominent issues facing the sector. These funding-based PPPs may encourage the scaling-up of programs at a faster pace than more traditional models.<sup>46</sup> ECD differs from other education and health subsectors in a variety of ways, though specific differences depend on the type of ECD intervention. Pre-school, for instance, is distinct from other subsectors of education in that it is typically not compulsory and thus is not always seen as the responsibility of the state. This has implications for both funding and provision and can often lead to the more frequent and substantive involvement of the private sector in early childhood education services.

These three types of PPPs considered to be publicly-financed and privately-provided have varying structures and aims:

### *(i) Service-delivery initiatives*

Service-delivery initiatives or subsidies are typically structured such that the government, usually the ministry of education, ministry of social protection, or other similar agency, provides financing for student placement in existing private programs. In cases of limited or restricted access, financing places in private programs can be more cost-effective than establishing or expanding public institutions. These initiatives are often utilized when public programs either do not exist or do not have sufficient space to accommodate demand,<sup>47</sup> which is frequently the case in poor or hard-to-reach communities. While the structure of service-delivery PPPs varies, there are several key

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<sup>43</sup> Runde (2011).

<sup>44</sup> Patrinos et al. (2009).

<sup>45</sup> LaRocque (2008).

<sup>46</sup> Ibid.

<sup>47</sup> LaRocque and Lee (2011).

elements that are typically present in these models. First, a contract or more flexible agreement, which can vary in complexity, exists between the private initiative and the government agency. Second, private programs receive per-student or per-child payments that are often driven by levels of demand. Depending on the context, the contract may specify fixed payment amounts, or payment may be linked to targeting specific groups by gender or other indicators. In some cases, this payment covers the full cost of the service, while in others parents are required to pay additional fees. Third, in order to be eligible to receive subsidy payments, private programs need to meet specific requirements or criteria set by the government, which could include set standards around teacher quality and infrastructure.<sup>48</sup> Fourth, contracts or formal agreements must set out clear metrics for student or child achievement, and programs are held accountable to these outcomes. Finally, most programs accept both non-profit and for-profit private initiatives.

The Junta Nacional de Jardines Infantiles, or the National Board of Day Care Centers, is the primary provider of public child care in Chile and is an example of a service delivery initiative. The program, first established in the early 1970s, includes nursery as well as preschool and has expanded to provide a comprehensive range of services inclusive of childcare, education, and nutrition, as well as stimulation and alternative services. While program centers target around 55,000 children, the reminder—close to 97 percent of the 172,900 children served by the program—attend private or independent centers subsidized by the government.<sup>49</sup> The CAIF Centers in Uruguay are also an example of a service delivery PPP initiative. The CAIF (Centros de Atención Integral Familiar) Centers target vulnerable families, and services include center-based care, parenting classes (on topics including nutrition and development), and nutritional monitoring for children aged 0-5<sup>50</sup>.

The Development of Pre-School Aged Children program (*Desenvolvimento Integral da Criança em Idade Pré-Escolar* - DICIPE) in Mozambique and the Community-based ECD program in South Africa are also examples of this type of PPP. In the case of Mozambique, the program was an expansion of an existing ECD program for the rural poor. While the majority of the funding for the program comes from the Ministry of Education (via a World Bank loan), service provision is led by three “third-party” providers (TPPs)—ADPP, Aga Khan Foundation, and Save the Children. The TPPs were required to build preschools and to establish an ECD Community Committee in each community as well as maintain the preschool and provide learning materials. After providing services for four months, the TPPs transfer responsibility for maintenance, training and management to the ECD Community Committee (Caillaud & Heinzl-Nelson, 2016, personal interview). The South Africa model, being implemented on a large scale, is ECD provision for children aged 3-5 (though certain centers also accommodate children 0-2) in centers run by NGOs and funded through a per-child-per-day subsidy. Appendices A and B provide further detail of these two very different programs predicated on the same concept of publicly-funded and privately provided services.

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<sup>48</sup> Ibid.

<sup>49</sup> Araujo et al. (2013).

<sup>50</sup> Ibid



## ***(ii) Voucher and voucher-like initiatives***

Voucher and voucher-like programs are another type of publicly-financed and privately-provided PPPs that are frequently utilized in both developed and developing countries, and in education.<sup>51</sup> Voucher programs fall on a broad spectrum and can have a diverse range of elements, which include eligibility criteria, registration, and fees. While in many cases government vouchers cover full costs, in other instances non-state schools may charge additional fees.<sup>52</sup> Schools and ECD programs that fail to meet defined criteria and performance standards set by the government will be removed from the program, though they may face fewer risks than single-buyer contracting systems.<sup>53</sup>

Vouchers can also provide opportunities for governments to rapidly expand access, without having to construct and establish additional schools. They can effectively target disadvantaged and poor students by providing them directly with greater schooling options, which would be difficult to achieve within the traditional public system.<sup>54</sup>

For pre-primary programs, school vouchers provide parents with a certificate that can be applied to their children's education either at a public school or private school, in contrast to limiting attendance to the closest public school. Models of voucher programs can either be transferred directly to parents or to schools based on the request of parents. While voucher programs are similar to education contracting in that they provide per-student education payments, they are distinct from education contracting in that the government does not purchase student places in bulk at designated schools. The two schemes are similar in that attendance in programs is determined by parents and families rather than based on government assignment.<sup>55</sup>

The Pre-primary Education Voucher Scheme in Hong Kong is an example of a voucher program for pre-school provision.<sup>56</sup> Pre-primary education is currently not a component of the compulsory and universal education system in Hong Kong, and all services are operated by either non-profit institutions or private organizations. The Voucher Scheme aims to enhance quality of pre-school services and improve the effectiveness of coordination between service operators and the government.

## ***(iii) Private management or operation of public programs***

The final category of initiatives involves government contracting of private or non-state providers to either manage or operate public schools. In these cases, private actors are responsible for managing or operating existing public ECD programs, publicly-owned facilities, and institutions, with governments having the final responsibility for performance. As mentioned, private actors can include for-profit and non-profit institutions, as well as community organizations.<sup>57</sup>

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<sup>51</sup> Ibid.

<sup>52</sup> Ibid.

<sup>53</sup> Ibid.

<sup>54</sup> Ibid.

<sup>55</sup> Ibid.

<sup>56</sup> Poon (2008).

<sup>57</sup> Ibid.

In this model, programs receive either a management fee or a per-student fee and are held to performance or outcome indicators. This type of PPP differs from service delivery models in that the infrastructure and facilities remain public. Teacher hiring models vary and can be through central government contracts or through more flexible contracting. The private management of public schools is typically utilized to reach students in poor or hard-to-reach areas.<sup>58</sup>

The Early Childhood Care and Education Centers in Trinidad and Tobago, which provide all pre-school services, are an example of a private management PPP. The program is designed for universal coverage and does not include specific target populations or processes.<sup>59</sup>

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<sup>58</sup> Ibid.

<sup>59</sup> Araujo et al. (2013).

**Figure 7: Publicly-financed and privately-provided ECD services: types of PPP models**

Type of engagement	Type of service contract	Ownership of ECD facility	Target of Payments	Scope of private actor responsibilities	Activity types Initiative description
Inputs	<b>Private management of public programs</b>	Public	Facility-based	Management activities only	Private financial and human resources management of public ECD programs. Private actors receive a set fee for management responsibilities or a child-based fee. Non-management personnel and wider operations are not covered by these contracts. Private actors are responsible for outcomes or determined performance measurements.
	<b>Private support services for public programs</b>	N/A	N/A	Support activities only	ECD support services for public ECD programs including meal provision and transportation to facilities, and facility maintenance
	<b>Professional services</b>	N/A	N/A	Support activities only	Staff training, curriculum and program design, textbook delivery, quality assurance, and supplemental services
	<b>Facility availability</b>	N/A	N/A	Support activities only	Infrastructure and building maintenance
Outputs	<b>Voucher and voucher-like initiatives</b>	Private	Recipient-based	Comprehensive management and service delivery	School-level contracting to enroll and secure placement of specific children in existing private ECD programs. Voucher and voucher-like initiatives are distinct from service delivery initiatives in that the public sector does not purchase 'bulk' or large-scale placements for children at determined schools. The structure of voucher programs varies, and some provide the option for private providers to charge user-fees in addition to the cost covered by government provided vouchers. [Voucher and voucher-like programs can particularly be utilized to target marginalized or disadvantaged populations.]
	<b>Service delivery initiatives</b>	Private	Facility-based	Comprehensive management and service delivery	Contracting with private providers for the delivery of ECD services. Government/public sector purchases bulk placements for children in private ECD programs. Demand-based payments linked to the level of enrolment. Programs cannot charge recipients above the determined subsidy level. Private providers are held accountable for program outcomes.
Process	<b>Private operation of public programs</b>	Public	Facility-based	Comprehensive management and service delivery	Private sector contracted for broad responsibilities for comprehensive operation of public ECD programs, including education of students, program delivery for children, financial and human resource management, professional services, and building maintenance. [Operational programs are used to target marginalized or disadvantaged populations.]

Source: Adapted from Patrinos et al. (2009); LaRocque and Lee (2011).

Note: Areas highlighted in orange are focus of research

## **Theoretical framework through which PPPs can affect ECD service delivery**

In order to explore the potential of PPPs to improve pre-primary and parent education service delivery, it is critical to articulate the characteristics that constitute improvements or success. In particular, we define and measure success in ECD service delivery as increased equity, expanded access, and enhanced quality of ECD services.

As discussed above, the rise of PPPs in education and early childhood development is largely seen as a means to harness the particular skill sets of private organizations to overcome gaps in ECD service provision and quality, as well as to address barriers in government financing and institutional capacity. PPPs are particularly appealing for their potential ability to effectively target poor and marginalized children, which are typically underserved by traditional public sector models. Expanded local accountability through PPPs is particularly crucial in areas that are traditionally underserved by government, and in fragile and conflict-affected regions.<sup>60</sup>

The effectiveness of PPPs in meeting these aims and improving the delivery of services can vary in practice. There are several potential characteristics of PPPs, which can play a large role in determining the extent to which they are effectively designed and implemented and thus improve service delivery. These characteristics provide a framework to explore the structure and application of PPPs that can be essential in dictating the degree of success.

### **Potential characteristics and associated benefits of PPPs in ECD**

The primary mechanisms for improving efficiency through PPPs can be summarized into several categories (Figure 8). First, contracting the private sector to deliver specific services has the potential to provide flexibility in the management and delivery of education and is a major driver for utilizing PPPs.<sup>61</sup> Rigidity and restrictions, particularly around teacher hiring practices and the allocation of budgets, often exist in the public sector. Private-sector management and delivery of education may allow for more flexible hiring and firing of education personnel, increase freedom around school-level management decisions, and provide independence around budgetary choice, which may lead to stronger alignment between the demand and provision of education and, in turn, improve effectiveness.<sup>62</sup> Increased flexibility can be seen to varying degrees across service delivery partnerships, voucher initiatives, and management and operation of programs.

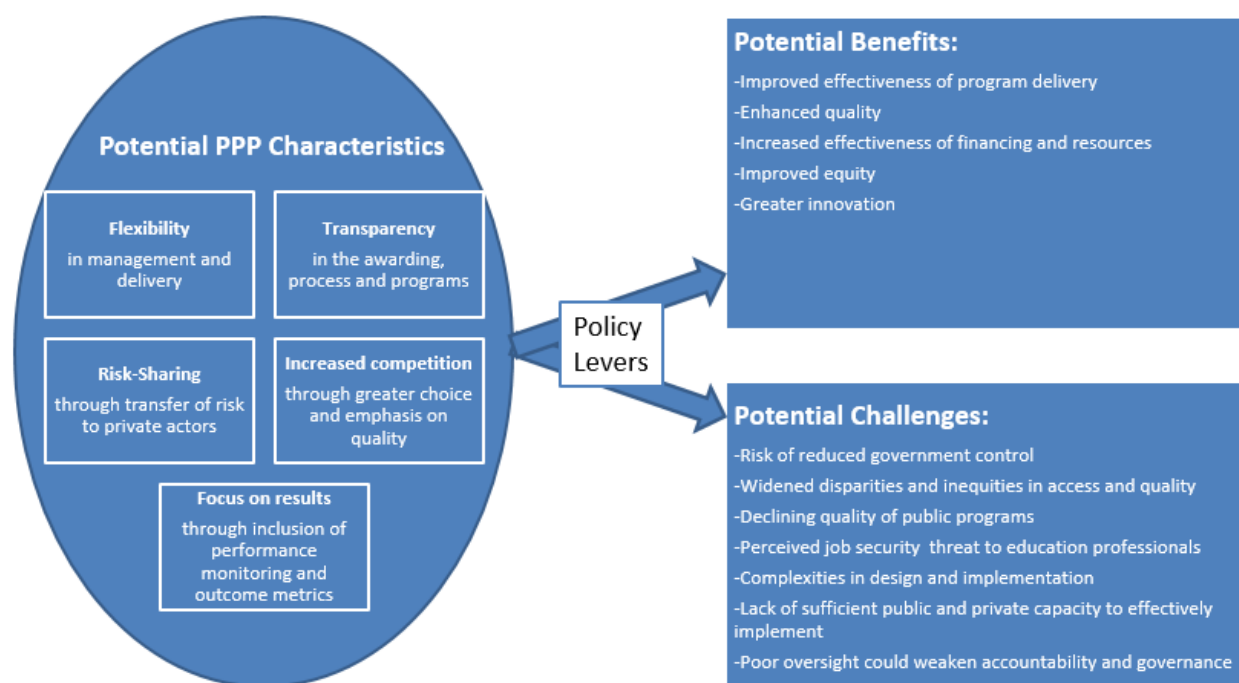
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<sup>60</sup> LaRocque (2007).

<sup>61</sup> Patrinos et al. (2009).

<sup>62</sup> Barrera-Osorio et al. (2012).

**Figure 8: Potential characteristics of PPPs and potential impacts on quality and access**



Source: Authors drawing upon Barrera-Osorio et al. (2012) and Patrinos et al. (2009)

Second, PPPs can facilitate increased transparency and enhance quality through a focus on results. The inclusion of performance indicators, or quality targets, in contracts allows for the monitoring of programs and performance and may lead to improved outcomes.<sup>63</sup> Since contracts are typically awarded to private actors through a transparent and open process based on cost information and performance thresholds, critical outcome variables can serve as the foundation for close monitoring and are a main mechanism for improved quality.<sup>64</sup>

Third, PPPs can lead to improved efficiency of financing and delivery of education through a risk-sharing arrangement among government and non-state actors. The success of this arrangement hinges on the transfer of a minimum level of risk to the private actors and could, in turn, lead to a better use of existing resources and an expanded funding base for education. However, the ideal degree of risk sharing between government and private actors is dependent on context and can be

<sup>63</sup> It is worth noting that the increased utilization of PPPs with performance metrics is reflective of increased emphasis on results in development aid; where a rise in results-based financing is intended to improve effectiveness of financing, enhance accountability, produce concrete outcomes, and limit inefficiencies. Major donors and other development actors have had a growing focus on the wider field of results-based financing, with the World Bank pledging to expand their results-based financing for the education sector alone to \$5 billion by 2020, doubling their 2015 figure. See Results for Development (2016).

<sup>64</sup> Barrera-Osorio et al. (2012); Patrinos et al. (2009).

challenging to determine, with proxy indicators typically used to assess the degree of risk sharing that use a range of quantitative financial data including ratios of revenue-to-student, cost-to-student, and revenue-to-cost.<sup>65</sup>

PPPs also have the potential to provide greater choice and can encourage market competition. Greater competition could trigger increased emphasis on quality within the public sector, so that programs continue to be able to attract families within the context of greater choices for ECD programming. A common example are voucher schemes, which can encourage choice and competition and subsequently enhance quality, innovation, and efficiency at both public and private institutions. However, information on program quality needs to be widely accessible in order for competition to be effective.<sup>66</sup>

Finally, PPPs have the potential to lead to improved quality and better outcomes due to the potential for increased emphasis on monitoring and evaluation.

### **Potential challenges of PPPs in ECD**

There are also a number of mechanisms through which PPPs may negatively influence service delivery quality and students' access to quality ECD services. Despite the growing enthusiasm around PPPs, there is resistance among many in the development community around the private provision of public services, including in cases of publicly-financed education activities. Opposition to PPPs largely centers on an assumed risk of a reduction in government control, potentially leading to the privatization of education. In PPPs, the government sets the scope, targets, and outputs of the partnership and establishes incentives and rewards based on deliverables, while the private actor is responsible for delivery within set outcomes over a determined period. In this sense, public-private partnerships are distinct from privatization, which involves a complete shift in control to private actors. The government maintains regulatory and monitoring control, while transferring some degree of risk to private actors. As PPPs do not shift the "balance of control," they may be less controversial than privatization in education.<sup>67</sup> However, there can be a risk that the use of PPPs and greater private-sector involvement will reduce the government responsibility for service provision.

Some argue that increased choice from PPPs may exacerbate gaps in ECD services in both access and outcomes by socio-economic status. Further, PPPs may result in declining quality of public schools that are catering to an increasing share of poorer students. Additionally, education professionals may perceive PPPs as a threat to job security and as diluting the influence of teacher unions.<sup>68</sup> PPPs may also negatively influence the equity of service provision if private schools are permitted to be selective in their admissions requirements or charge substantial fees beyond what is covered by the public-sector funding.<sup>69</sup>

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<sup>65</sup> Barrera-Osorio et al. (2012).

<sup>66</sup> Ibid.

<sup>67</sup> LaRocque (2007).

<sup>68</sup> Barrera-Osorio et al. (2012).

<sup>69</sup> Boeskens (2016).

While PPPs could provide concrete improvements in pre-school education and parent education programs, the process of effective design and implementation of PPPs can itself present significant challenges. The inherent complexity of PPP design, contracting, implementation, and monitoring is a significant concern. While challenging in any context, governments without extensive private-sector and contracting experience face increased risks in ensuring the effectiveness and quality of ECD service delivery using PPPs. PPP implementation by governments with weak or limited capacity, and insufficient policy and regulatory environments, may struggle to design and implement PPPs, leading to weak accountability for service delivery.<sup>70</sup> As the effective design and contracting of PPPs are keys to success, PPPs require significant capacity on the part of both government and private actors. A lack of metrics and other outcome measurements that are standardized can also limit effective monitoring and project evaluation.<sup>71</sup> The degree of policies and regulations that encourage private actor engagement and lay the groundwork for PPPs may vary by education subsector as well. In many Asian countries, for instance, pre-primary policy is welcoming to private actors, while it is less so at the primary level.<sup>72</sup>

In many cases, particularly in low-income contexts, the private sector may not be adequately developed to be effective in PPP arrangements.<sup>73</sup> In addition, while private actors could be effective at a local level, they may lack the capacity to deliver education programs at-scale, particularly with sufficient quality and within cost-effectiveness parameters.<sup>74</sup> A disconnect between aims and interests of private and public actors, such as in rural and urban environments, may also inhibit success, particularly without a needs-based matching instrument. In addition, another restriction is the stipulation, typically within contracts, of a continued source of financing that would be able to close potential gaps in financing from government or donor sources, as well as account for delays in payment disbursements.<sup>75</sup>

The diversity within this subset of PPPs results in a range of corresponding contract types, including based on the framework for inputs, implementation, and results, which vary significantly by the type of support and activity. The effectiveness of PPPs relies on the matching of independently assessed methods, approaches, and components effectively. However, lack of capacity in both the public and private sector in many developing countries may limit the number of available contract options and models.<sup>76</sup>

While efficient use of resources is a key argument in favor of PPPs, in practice, PPPs may not always be a cost-effective option. For instance, facility construction and management through private provision may cost more than through traditional public sector means.<sup>77</sup> Additionally, poor oversight and management of contracts can exacerbate already weak governance and accountability of the

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<sup>70</sup> LaRocque and Lee (2011).

<sup>71</sup> Sriram et al. (2014).

<sup>72</sup> Ibid.

<sup>73</sup> LaRocque (2007).

<sup>74</sup> Sriram et al. (2014).

<sup>75</sup> Ibid.

<sup>76</sup> Barrera-Osorio et al. (2012).

<sup>77</sup> Ibid.

public sector. For private actors, there are also a range of risks associated with PPPs in education, including around shifts in law, risk of termination, damage of infrastructure, late delivery, sustained demand levels, and other risks.<sup>78</sup>

## Evidence of PPP effectiveness in ECD

With a limited number of publicly-financed, privately-financed ECD programs, there is a lack of impact evaluations and research to draw on, particularly in terms of providing a robust comparison to purely public programs. However, while limited, there is a small base of research within the education sector on the effectiveness PPP arrangements, which can help inform the understanding of effectiveness of similar programs for ECD.<sup>79</sup>

The bulk of the relatively limited rigorous evidence on PPPs in education is focused on the use of vouchers. Research on voucher programs reveals mixed results. In Colombia, for instance, voucher programs for primary school show positive impact on a number of education indicators, including attendance, years of schooling, repetition rates, and test scores, both in the short and long term.<sup>80</sup> Evaluations of vouchers for secondary school in the Netherlands and Sweden indicated both increased competition as well as student achievement. However, the national voucher program implemented in Chile had mixed results. Additionally, the Punjab education voucher initiative in Pakistan found, based on an independent evaluation, that the program improved learning, increased teacher attendance, raised teacher salaries and workplace conditions, and enhanced the management and administration of schools.<sup>81</sup>

Lessons from existing PPPs clearly illustrate that they can be effective in expanding access and enhancing quality, particularly when robust means of quality assurance are in place.<sup>82</sup> While more rigorous evidence on the effectiveness of PPPs in ECD is needed, global research indicates a positive correlation between private education provision and quality indicators, which is worth examining in the context of ECD.<sup>83</sup> Available studies point to potential elements of PPPs that could be beneficial, particularly in reference to poor or marginalized populations,<sup>84</sup> specifically the effectiveness of partnering with the private sector to expand education under short timelines, and that successful application of implementation of PPPs can assist the public sector in closing gaps in provision and meeting education demands. Existing studies in education point to potential benefits associated with PPPs, including expanded school choice, greater access, enhanced efficiency of resources, and better targeting of poor and marginalized children.<sup>85</sup> In particular, a scoping study of education achievement and public private partnerships across a range of countries found that publicly-financed education is associated with higher student achievement, while privately-operated schools correlate

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<sup>78</sup> Hogan Lovells Lee & Lee (2011).

<sup>79</sup> Some note that this lack of evidence could in part be linked to wider difficulties in determining quality and education outcome (see LaRocque, 2007).

<sup>80</sup> Ibid.

<sup>81</sup> Ibid.

<sup>82</sup> Barrera-Osorio et al. (2012).

<sup>83</sup> Ibid.

<sup>84</sup> LaRocque and Lee (2011).

<sup>85</sup> Barrera-Osorio, F. et. al (2012)



with higher student learning than publicly-operated schools.<sup>86</sup> The study found that PPPs structured with public financing of privately-provided schooling is the optimal arrangement in terms of student outcomes. Further, the benefits of private provision are strongest in cases with significant shares of public funding.<sup>87</sup> Thus, public-private partnerships where the public sector provides financing for a privately-operated school could result in expanded access to high-quality education, with efficient use of the budget. However, only a limited few studies are rigorous enough to demonstrate clear results, and not enough robust research is available to determine the wider effectiveness and scalability of this subset of PPPs.<sup>88</sup>

## Key factors and policy levers for effective PPPs

The degree of effectiveness and realization of potential benefits of PPPs in the delivery of ECD services is dependent on the partnership design between public and private actors. A number of design factors are critical to the success of PPPs, including the regulatory framework and environment, government capacity to effectively implement, manage, and regulate contracts, and the strength of private-sector partnerships (Figure 9).<sup>89</sup> While PPPs have the potential to expand access and quality, a poorly designed and implemented initiative could equally have a negative impact on services.

**Figure 9: Factors that contribute to potential success of PPPs**

Enabling factors for successful PPPs
Detailed and clear guidance on the role of private actors in policy documents, appropriate to the country context
Equitable funding between public and private systems
Transparent provider selection processes
Government capacity to establish policy frameworks and evaluate providers' selection
Regulatory frameworks with clear standards
Monitoring based on clear and achievable outcomes
Government capacity to monitor providers and manage contracts
Stable and timely funding for private providers
Autonomy of private providers in management decisions

*Source: Authors*

The effectiveness of public-private partnerships necessitates a strong policy environment and regulatory framework. While policy and institutional environments vary, ensuring that the comparative advantages of PPPs are realized requires that some key enabling factors be in place. Governments should articulate detailed guidance and legislation on the role of non-state actors,

<sup>86</sup> Woessmann (2006).

<sup>87</sup> Woessmann (2006).

<sup>88</sup> Barrera-Osorio et al. (2012).

<sup>89</sup> Ibid.

preferably within policies and national education strategies.<sup>90</sup> In many cases, governments need to adjust policy environments and strategy documents to create clear guidance and an enabling environment for public-private partnerships. Legislation could assist in clearly defining the role of the private sector, including through laws on tuition fees and school operations as well as entry requirements for private companies.<sup>91</sup> Strong guidance and regulatory frameworks are critical for both motivating private participation as well as to ensure the quality of PPP implementation. In addition to including guidance on PPPs within education strategies, governments can provide create an enabling environment for private engagement in a range of activities, including the reduction of the complexity of school registration.<sup>92</sup> While close to 120 countries have enacted some type of PPP or PPP-related legislation or guidance (Figure 9), in a large number of cases the existing laws are catered to infrastructure projects and may not be inclusive of or tailored to social service delivery.

**Figure 10: Countries with PPP and PPP-related Laws**



*Source: Based on PPPIRC (2016)*

Contract design and structure are central to the success of PPPs. Contracts, the means of government procurement of education services, are an agreement with a private provider to deliver a

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<sup>90</sup> Ibid.  
<sup>91</sup> Ibid.  
<sup>92</sup> Sriram et al. (2014).

defined quality of services, of specified quality, with a determined price over a set period.<sup>93</sup> In particular, the incorporation of accountability mechanisms and quality instruments, as well mechanisms for monitoring and enforcement are critical elements of a robust contract design. Contracts are indicative of risk-sharing between public and private actors, and are a defining feature of PPPs.<sup>94</sup> As mentioned above, particularly in conflict-affected situations, PPPs may have a more flexible contractual arrangement, such as an memorandum of understanding. The effectiveness of contracts is critical in establishing strict accountability across public and private partners, and designing a framework for clearly defined and measurable improvements in education.<sup>95</sup> Contracts can have a direct impact on service delivery through outlining clear roles and responsibility of public and private actors, detailing objectives and desired outputs, monitoring and assessing progress and performance of partners, and regulating and enforcing provision of services.<sup>96</sup> Effective PPP contracts should establish long-term relationships between partners that provide stability as well as the wider aim of spurring stronger private-sector engagement and investment within education.<sup>97</sup> The range of contract options, and the flexibility of PPP instruments, allows PPPs to be specifically tailored to meet the demands and needs of specific populations, particularly communities that have not been well-served through traditional education systems. Contracts for education can cover a range of services, with varying depths of complexity, including the construction and maintenance of schools, the management of schools, and the provision of education services, including through vouchers.

Objectives and outcomes defined in public-private partnerships need to be realistic, achievable, measurable, clear, and objective. Further, agreed indicators for private education within the national framework could be better focused on outputs, rather than inputs, and should be consistently applied at both national and subnational government levels. The initial accreditation process is often the most important mechanism of quality regulation. Quality indicators and outputs should be clearly defined, with incentives and rewards for performance outcomes, including penalties for low-quality delivery. Establishing well-defined criteria for private education delivery could set quality baselines, provide quality assurance, and guard against inadequate education services.<sup>98</sup> However, overly restrictive entry requirements may also discourage private-sector engagement in education. Particular care should be taken with the accreditation process of for-profit providers to ensure the use of public subsidization is justified.<sup>99</sup>

The design of financing mechanisms for public-private partnerships varies widely depending on context and should be matched to the environment. Financing structures can range from a one-time transfers to ongoing financing to private actors, including through vouchers. However, integrating PPPs in the wider education system should include a funding structure that is equivalent for public

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<sup>93</sup> Patrinos et al. (2009).

<sup>94</sup> LaRocque (2007).

<sup>95</sup> Barrera-Osorio et al. (2012).

<sup>96</sup> Patrinos et al. (2009).

<sup>97</sup> Sriram et al. (2014).

<sup>98</sup> Barrera-Osorio et al. (2012).

<sup>99</sup> Boeskens (2016).

and private actors, designed to respond to needs based on per-capita outputs, and both transparent and accountable.<sup>100</sup>

Frameworks that ensure ECD quality should equally account for independence and accountability.<sup>101</sup> Private-sector actors need to have sufficient autonomy to ensure flexibility in the design and delivery of education programs.<sup>102</sup> PPP cases where service providers have greater autonomy are associated with higher effectiveness. While governments set the outcomes and performance indicators, the manner of delivery and process for achieving these aims should be delegated to the private actors.<sup>103</sup> Innovation, a key draw of PPPs, is dependent on the autonomy and flexibility provided to private-sector actors. These include program operation, curriculum and pedagogy, the recruitment and dismissals of teachers and education professionals, and performance management.<sup>104</sup> Flexibility in staffing management is particularly important to the effectiveness of PPPs. The New Zealand Partnership School model and Hong Kong DSS schools, for example, provide private actors with the flexibility to set teacher qualification, design recruiting processes, and determine school-day length and the delivery of curriculum.<sup>105</sup> Though expanded flexibility is a defining feature of PPP, strong accountability is central to effective delivery of education services. Service delivery for poor and marginalized populations has been shown to be most effective when there is strong accountability across government, beneficiaries, and other stakeholders.<sup>106</sup> A robust, standardized assessment and measurement of outcomes is central to promoting strong accountability within PPP frameworks.<sup>107</sup>

Another key component of effective PPPs is the incorporation of sustainable and clearly articulated funding models. Projects linked to successful outcomes typically have mechanisms that ensure sustainability and predictability of financing, as well as government established metrics on financing that articulate details of funding mechanisms, including on volume, frequency, and monitoring. An analysis of value-for-money can be used to lay the foundation for sustainability and should be incorporated into government and donor funding models for PPPs.<sup>108</sup>

While effective design is critical, the success of PPPs also relies on the process of implementation. Ensuring the public-private partnerships are implemented effectively requires that private partners are identified through a transparent and open process.<sup>109</sup> In particular the competitive and open bidding process should include a high standard and quality of selection criteria, which incorporates both quantitative and qualitative measures and will encourage the recruitment of highest caliber partners. For example, both the United States and the United Kingdom have established government bodies that are specifically responsible for identifying and selecting private actors.<sup>110</sup> Such agencies

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<sup>100</sup> Ibid.

<sup>101</sup> Ibid.

<sup>102</sup> Sriram et al. (2014).

<sup>103</sup> LaRocque (2007).

<sup>104</sup> Sriram et al. (2014).

<sup>105</sup> LaRocque (2007).

<sup>106</sup> Patrinos et al. (2009).

<sup>107</sup> Sriram et al. (2014).

<sup>108</sup> Ibid.

<sup>109</sup> Barrera-Osorio et al. (2012); LaRocque (2007).

<sup>110</sup> Sriram et al. (2014).

must have both the human resource skills and capacity, as well as robust information and financial management systems in place, to manage this process.<sup>111</sup>

Finally, evaluation and monitoring of PPPs is key to ensuring that PPPs are successful. A robust, independent evaluation of private-sector outcomes in relation to the performance indicators is critical and would ideally be conducted by an external actor to guarantee impartial assessment.<sup>112</sup> Setting quality standards and regulation for child care service providers are critical, particularly where public funding is used for private or external provision of services.<sup>113</sup>

## Conclusion

While equitable access to quality ECD has risen over the last decade, enormous gaps still remain and the achievement of the ECD-related SDGs will require a concerted effort among a multitude of actors globally. Increasingly, the role of private actors and, in particular, public-private partnerships in this effort has been explored. Thus far, however, little research has examined the variety of PPP models that exist in ECD, the potential benefits of those models, or their possible challenges. Even less research has been conducted on the evidence of PPPs to achieve improved access, equity, and quality of services relative to pure public models. In this report, drawing in part upon an existing literature from the education sector, we sought to illuminate the variety of models and arrangements that exist, some of the potential characteristics of PPPs, the benefits and challenges associated with them, as well as the key levers which could impact their success. We conclude that PPPs are neither beneficial nor detrimental to policy aims by definition, rather their success depends on the policy levers identified. Government capacity is at the core of each of these policy levers. Overall, contracting PPPs requires a substantial change in mindset for both government and providers, the significance of which should not be discounted. Workshops to train all actors in new contracting processes will likely be needed for successful implementation. Despite the added complexities of utilizing PPPs in ECD, they have the potential to resolve some of the critical barriers preventing children from reaching their full development potential worldwide. The case studies of PPPs (appendix A and B) in Mozambique and South Africa explore the challenges and opportunities for specific examples of publicly funded, privately provided ECD.

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<sup>111</sup> LaRocque (2007).

<sup>112</sup> Ibid.

<sup>113</sup> Araujo et al. (2013).

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## Appendix A: Mozambique Case Study<sup>114</sup>

In 2012, the Government of Mozambique embarked on the Development of Pre-School Aged Children program (*Desenvolvimento Integral da Criança em Idade Pré-Escolar - DICIPE*) an expansion of early childhood development (ECD) services for the rural poor. These ECD services included 15 hours of instruction per week for children aged 3 to 5, monthly parenting meetings and, in some cases, nutrition supplementation. While the majority of the funding for the program comes from the Ministry of Education (via a World Bank loan), service provision is led by three “third-party” providers (TPPs)—ADPP, Aga Khan Foundation, and Save the Children.

Poverty in Mozambique has declined in recent years, but remains high (at 52% in 2009), with higher rates in rural areas (World Bank, 2016). Children in Mozambique frequently enter school late and present developmental delays (Martinez et al., 2012). By 2012, only 4 percent of the 4.5 million children under 5 in Mozambique were enrolled in an ECD program (World Bank, 2012). The Ministry of Education was interested in implementing an early education program to address low access to early education, improve children’s on-time enrollment in primary school, improve learning in first grade, and ultimately reduce drop out and grade repetition.

The primary motivation for the use of the PPP structure was the lack of implementation capacity at the Ministry of Education (World Bank, 2012). In planning the program, the World Bank and Ministry of Education selected five provinces (Cabo Delgado, Nampula, Tete, Gaza, and Maputo) in which to expand the program based on the following criteria: vulnerability and potential impact, local capacity, and representativeness (World Bank, 2012). The funding for the TPPs was to be disbursed over time through a (later revised) Results-Based Disbursement Framework (RBDF) based on the delivery of a list of specifications, because it was determined that this would simplify the contracting process. This was the first time that the Ministry of Education had used an RBDF or a PPP.

The TPPs were required to build preschools with two classrooms, with capacity for 35 children in each, and to establish an ECD Community Committee in each community. TPPs are responsible for maintaining the preschool and for providing learning materials (Caillaud & Heinzl-Nelson, personal interview, 2016). The ECD facilitators are paid a 650 Meticais (USD 13.78<sup>115</sup>) per month by the Ministry of Education. The TPP must provide the service for four months with 80% of enrolled children attending, before transferring responsibility for maintenance, training and management to the ECD Community Committee (Caillaud & Heinzl-Nelson, 2016, personal interview).

There have been various implementation challenges for the program: Anecdotal evidence suggests that attendance has been low in some preschools, and there is great fluctuation over the course of the year. However, the Ministry of Education noted that there are waitlists at some preschools that are twice the school capacity. Other issues relate to optimal construction design, and the level of

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<sup>114</sup> This case study was conducted in conjunction with an analysis of program costs using the Standardized ECD Costing Tool (SECT). For more information, see Gustafsson-Wright et al. (2017). The authors would like to thank the World Bank, Save the Children, the Aga Khan Foundation, ADPP and the Ministry of Education for their contributions via interview.

<sup>115</sup> [www.oanda.com](http://www.oanda.com), conversion based on January 1, 2016 rate.



facilitators' salaries: the original Save the Children preschools were built for very low cost with local materials. Though the TPPs acknowledged the importance of quality buildings, it was argued that the eventual design was excessively high quality. Additionally, the facilitators argue that the salary is unsustainable, and they are rarely able to hold other jobs because of the time commitment of the position.

There were several challenges specifically associated with the PPP contracting structure: first, delays in signing contracts were cited as hindrances to the TPP's planning and successful implementation. Second, the initial preschools that the TPPs built were not of the quality the Ministry of Education had expected, which created tension. Revised specifications meant that the TPPs had to return to constructed preschools and rebuild. With the revision, the total budget for the project remained the same but funding was shifted to construction, reducing funding for the critical soft side of the service. A further challenge related to poor coordination and communication: While a multi-sectoral group was established, the oversight of its role and its functioning in practice was insufficient to ensure the optimal implementation of DICIPE. The lack of engagement by some ministries was attributed to no budget being allocated towards their participation. Other challenges included irregular communication between the TPPs and the Ministry of Education, delays in approval for modifications of building specifications, lack of clarity around training, furniture specifications, and the roles and responsibilities of the different actors.

Linking to the PPPs framework, stakeholders in Mozambique noted flexibility in service delivery, transparency in the selection of providers, focus on results, and risk-sharing between the providers and public sector emerging from the contracting structure. While there will be no conclusive results on the quality of the program until the impact evaluation results are released, the Ministry of Education and TPPs anecdotally noted that their effort had increased due to the RBDF component of the PPP, but also noted that efficiency was greatly hampered by revisions, and delays in approvals of changes, to specifications. The PPP arguably improved the equity of preschool provision in Mozambique, because the Ministry of Education did not have the capacity to provide services in the rural areas the TPPs were able to reach. Finally, the TPPs mentioned that the flexibility afforded by the contract helped to improve the quality of the services, but the specifications were such that there was little room for true innovation. Based on in-depth interviews with stakeholders and evidence from the implementation process, the DICIPE program did appear to suffer because of the complexity of, and the lack of private and public capacity to operate under, the contracting mechanism. Stakeholders did not feel that the mechanism reduced government control because the government maintained strict control of the providers through the RBDF.

The DICIPE case confirms some but not all of the facilitating factors of successful PPPs. For Save the Children, the internal training they had on RBDFs was an important facilitating factor of their implementation and the other TPPs noted that this would have been helpful. Institutional capacity to monitor providers was also helpful: though the Independent Verification Agents (contracted to verify RBDF deliverables) did not produce particularly high quality reports or have a strong understanding of the RBDF, the Ministry of Education would not have had the institutional capacity to monitor providers without them. Further training of the providers and public sector in the process of contracting, particularly in results-based disbursement, where applicable, would have facilitated the PPP structure. Another facilitating factor that could be improved is the quality of the design of the program. Design improvements could include further community mobilization and sensitization in

order to increase preschool attendance. Parallel programs providing food supplementation or addressing parental childcare constraints may also increase attendance. The level and timeliness of remuneration of the facilitators also has an impact on how families perceive the importance of the preschool and the quality of service provision. An additional finding from this case study was the role NGOs can play in community building: NGOs may have greater capacity to engage with the community than the public sector, which could be a particular advantage of PPPs in ECD, where the community often plays such an important role.

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## Appendix B: South Africa Case Study

The South African Government recognizes early childhood development (ECD) as a universal right and public good in the National Integrated Early Childhood Development Policy (henceforth referred to as the National Policy 2015) (Republic of South Africa, 2015). Access to Early Childhood Care and Education services in South Africa has been improving over the past ten years: in 2014, 64 percent of children aged 3-5 had access to some kind of group learning program, compared to just over 20 percent in 2002 (Hall et al., 2016, figure 14). However, one million children aged 3-5 years still do not attend any group learning program, with the majority of these children in the lowest three income quintiles (Hall et al., 2016).

In 2017, the national government introduced the ECD Conditional Grant to enable provincial governments to fund expanded access to ECD and pay for improvements in ECD infrastructure. Currently, the principal model of ECD provision is ECD centers run by NGOs. These centers are funded through a per-child-per-day ECD subsidy paid to the ECD center. These centers provide ECCE services to children aged 3-5, though certain centers also accommodate children 0-2, in which case they have separate programs for the two groups. The national Department of Social Development has issued an instruction that the amount should be R15 per child per day (about \$1)<sup>116</sup>, but the amount varies across provinces,<sup>117</sup> as does the management of the transfer arrangements. The amount has not been adjusted for inflation since 2012/13.

The current ECD subsidy has several limitations. The original intent was to subsidize childcare for children of working parents, to enable them to leave their children for some or all of the day (Barberton, 2017). There is a general agreement that, despite the small increases over the years, the subsidy is still not sufficient to ensure sustainable and quality ECD interventions for babies and young children (Richter et al., 2012). Eligibility for the subsidy has not been carefully thought through: children enrolled in non center-based ECD services, such as the youngest children and those living in the most marginalized and remote communities, are not currently eligible for a nationally recognised or standardized subsidy.<sup>118</sup> The means test for the subsidy also does not take into consideration the potentially higher expenses in the case of households with children with disabilities.

The subsidy was initially meant to provide for nutrition and other basic needs, and not for salaries. In practice, part of the subsidy is used to pay salaries of practitioners. In response, the national Department of Social Development has issued a guideline as to how the subsidy must be used: 50 percent for food, 30 percent for staff and 20 percent for materials. This does not reflect the actual expenditures on the different components, since food tends to be less costly than human resources.

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<sup>116</sup> Exchange rate as of 11/14/2017 <https://www.oanda.com/currency/converter/>

<sup>117</sup> Previously there was greater variation, but in 2017, only KZN's subsidy is R17; other provinces are all R15.

<sup>118</sup> Note that these children are eligible for the center-based ECD subsidy, but cannot access it because these services are generally not available in their areas.

There is significant variation in quality, with children in poor areas more likely to be exposed to poor quality in ECD programs. The low level of state support for infrastructure or start-up costs means provision is unlikely to develop in places without services (Richter et al, 2012). Additionally, there are several obstacles to the registration of ECD centers: service providers are subject to multiple application processes that are poorly aligned, there is little support for applicants to help them meet requirements, and applicants may be unable to meet these requirements because of resource constraints and municipal service issues.

Teacher quality is also a concern: data from the 2014 National ECD Audit indicates that 45 percent of staff in registered centers have below grade 12 qualification (Links & Samaad, 2014). Adequately trained ECD practitioners are a crucial (and arguably the most important) ingredient in the delivery of quality ECD services. However, the government has put in place appropriate curriculum requirements and registers ECD training providers and courses to ensure they are aligned to the national qualifications framework levels. The government also subsidizes the provision of training.

There are several facilitating factors in South Africa associated with the PPP contracting structure in ECD. First, all political leaders recognize the importance of education, a growing number accept that ECD is key to laying a foundation for future learning success, and ECD services are clearly defined in policies. Over the years, the government has confirmed its commitment to work with NGOs to rollout the provision of ECD services. The *National Policy 2015* reaffirms this commitment, puts in place consultative structures and sets out a range of initiatives to improve administrative processes, including requiring three-year funding agreements. The ECD subsidy is allocated to NGOs based on either a family income-based means test, or whether the child is registered to receive the Child Support Grant. Although the administration of these targeting mechanisms is cumbersome, they have proven effective in ensuring public funds allocated for ECD benefit poor children.

Many NGOs are excluded from registering to provide ECD services because their facilities do not comply with the current infrastructure norms and standards for ECD centers. This also means they cannot be subsidized. The *National Policy 2015* recognizes that the cost of upgrading facilities represents a barrier to accessing the ECD subsidy, and so requires government to provide financial assistance to NGOs to upgrade their facilities. In 2017, the government introduced an ECD grant to fund infrastructure improvements for NGO-run ECD centers serving poor communities.

The ECD subsidy model in South Africa does not fit into the classical publicly funded, privately provided PPP structure; the program is being implemented on a large scale, there is no competition for the subsidy between providers. The main benefits that have emerged have been the expansion of access (equity) and some innovation – in particular, some small NGOs doing good work. However, quality is an issue and there is much that needs to be done to improve efficiency.

Several key facilitating factors are present in the South African PPP case: there is clear and detailed guidance on the role of private actors; a transparent provider selection process; sufficient government capacity to develop policy frameworks; clear regulatory frameworks in place; and management autonomy for providers. Other facilitating factors are also present, but to a lesser extent, including outcomes-based monitoring, government capacity to monitor providers and stable and timely funding for providers. A key area of improvement for the South African case is equity of funding – the subsidy does not support children enrolled in non center-based ECD, which includes

the youngest children, and those living in the most marginalized and remote communities, where these services are less likely to be present.

The provision and expansion of ECD services in South Africa is moving in the right direction, and at a relatively rapid pace with both government and civil society including NGOs involved. PPPs can contribute to the expansion of access and encourage innovation, but efficiency and quality are also important, and perhaps more challenging, goals; particularly in a case such as South Africa, where the program is so large. The government in South Africa has demonstrated its commitment to supporting early childhood development, and the goals outlined in the *National Policy 2015* indicate a firm commitment to future progress.

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