

Presentaton to the Standing and Select Committees on Appropriations on the 2023 Division of Revenue Amendment Bill

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Securing an *equal start*
for all Children



Background

- Ilifa Labantwana was established in 2009, and aims to secure an equal start for all children living in South Africa through improved access to quality early childhood development services.
- We believe in the power of investment in early childhood development to build human capital* and address economic and gender inequality.
- We design evidence-based solutions to improve and expand ECD, premising our work on a deep understanding of the socio-economic issues facing South Africa, with a focus on women and children.
- A primary objective is to unlock a range of financing opportunities that will stimulate sustainable growth and improvement of ECD access and quality in the country.
- We do this through research, advocacy and partnerships with government, civil society and the private sector to strengthen the ECD ecosystem.

What is early childhood development (ECD)?

- Early childhood development (ECD) refers to the period from conception to five years of age when children experience considerable physical, emotional and cognitive development.
- To “Thrive by Five”, five components of ECD must be in place:
 1. maternal and child health;
 2. nutrition;
 3. social protection;
 4. early learning stimulation, and;
 5. support for caregivers.

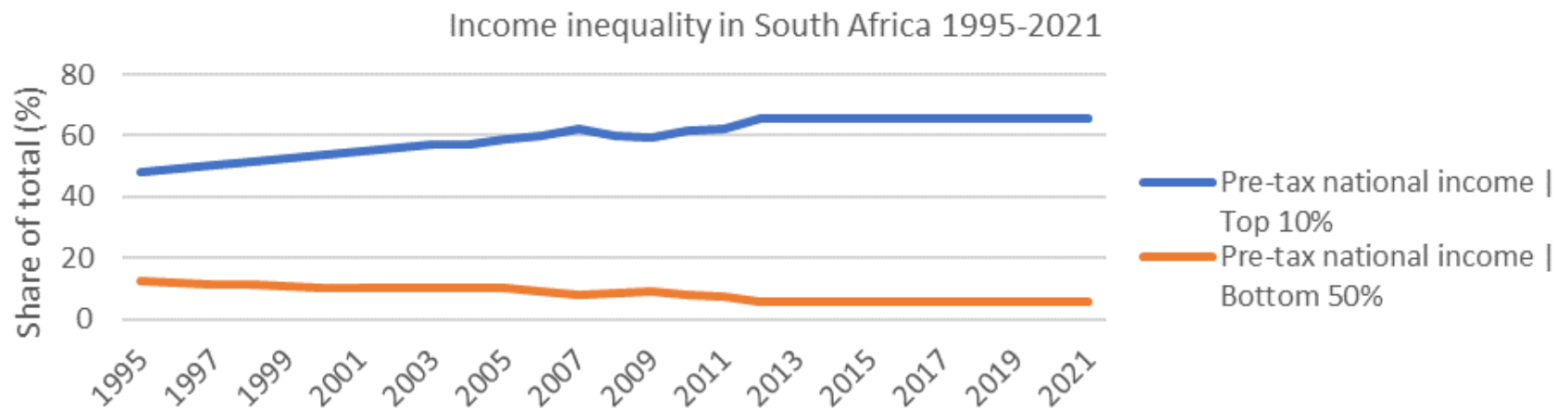
What is human capital?

- Human capital consists of the knowledge, skills and health that people accumulate throughout their lives.
- Investing in people through nutrition, health care, quality education, jobs and skills helps develop human capital.
- At an individual level, investments in human capital result in significantly higher income over a lifetime, among other benefits.
- At a macroeconomic level, investments in human capital are associated with higher levels of economic growth and, when targeted at low-income groups, reductions in inequality.

Source: World Bank [*The Human Capital Project*](#)

The importance of investing in ECD

- Income inequality has not shifted since 1994

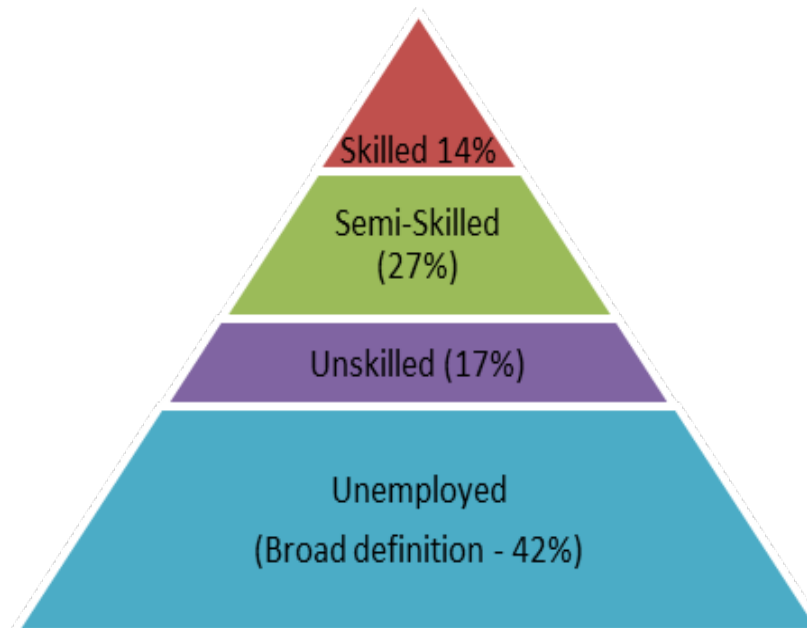


Source: World Inequality Data

- Half of SA population have negative net wealth (their debts exceed the value of their assets)

The importance of investing in ECD

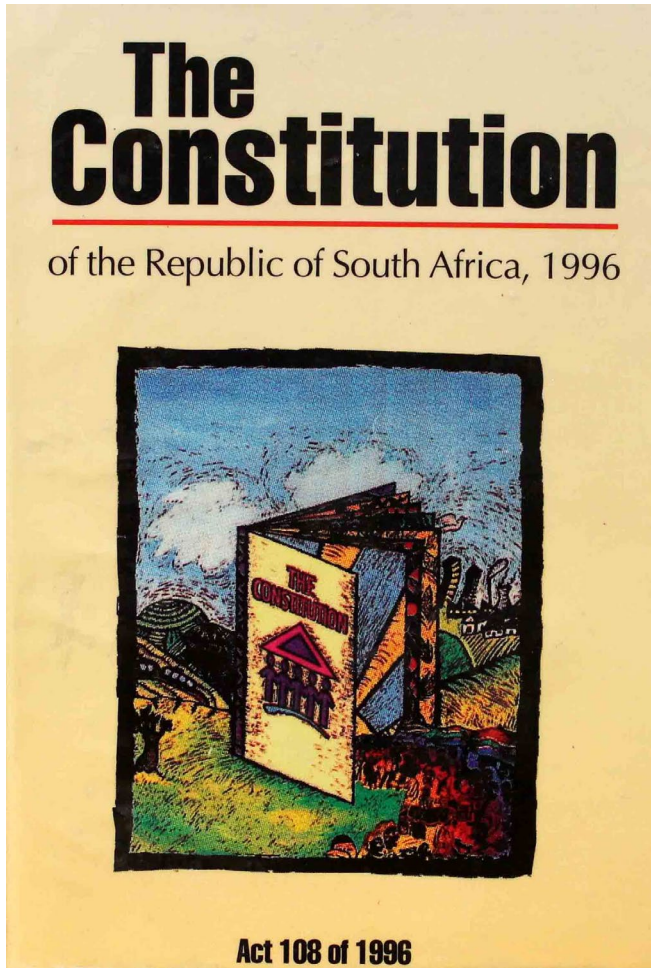
- A key driver of inequality is our pyramid shaped labour market



Data source: Statistics South Africa (2023)

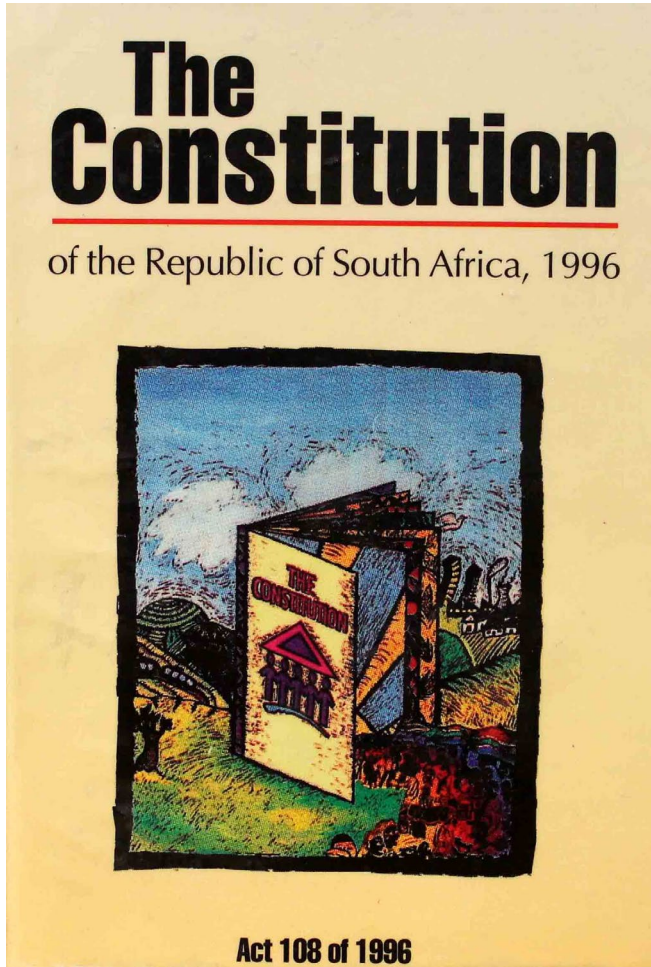
- Investments in ECD could be the most catalytic and cost-effective way to reshape the pyramid

The importance of investing in ECD



- Investing in ECD is urgent and critical to protect and fulfil children's rights
- Sections 28 and 29 of the South African Constitution recognise children's fundamental rights to, among others:
 - ❖ basic nutrition
 - ❖ health care
 - ❖ social services; and
 - ❖ education.

Most children's rights are not respected



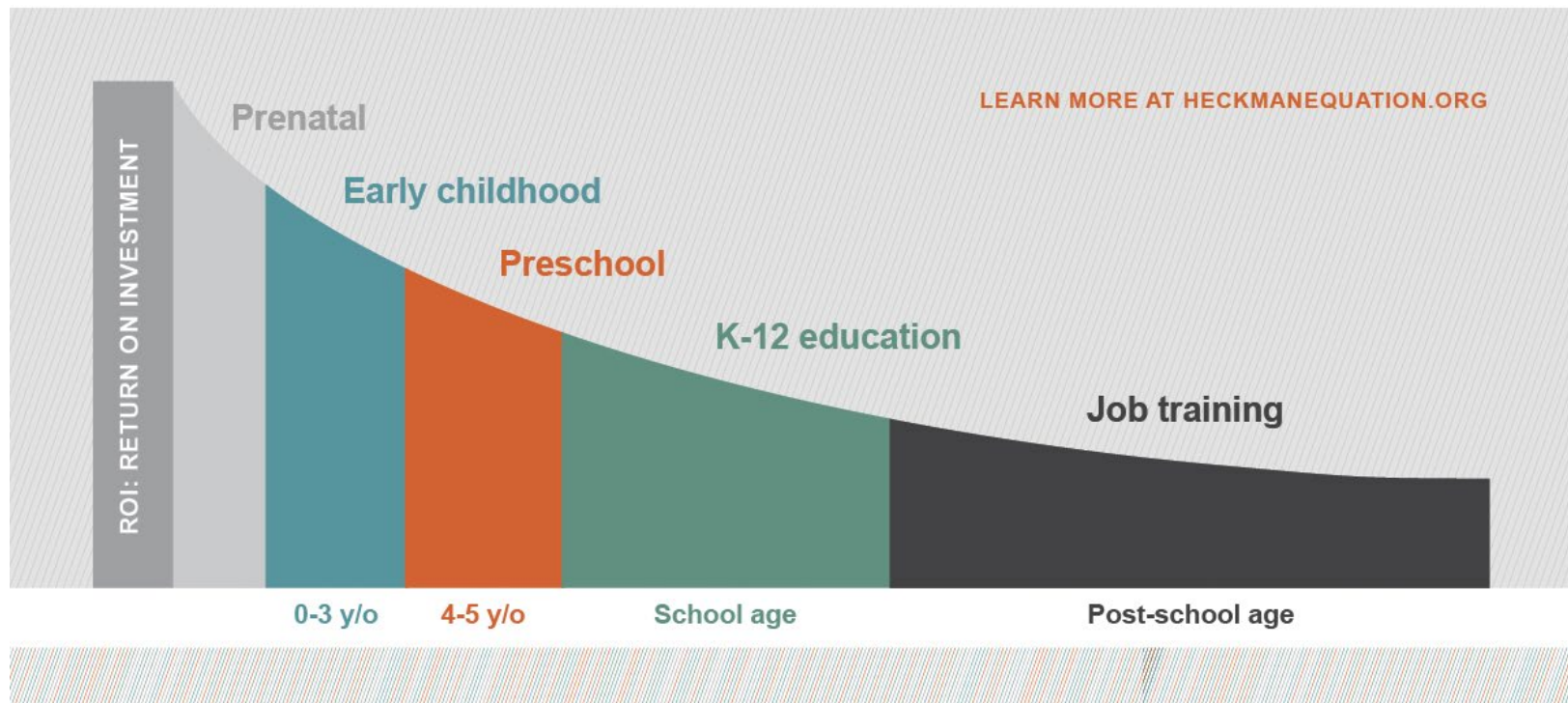
- 70% of children live in poverty
 - Household income less than R1 558 per person per month
- One in four children under 5 are stunted
 - Impaired cognitive, physical and emotional development due to long-term malnourishment
- Two thirds of 3-5 year old's do not attend any early learning programme

The importance of investing in ECD



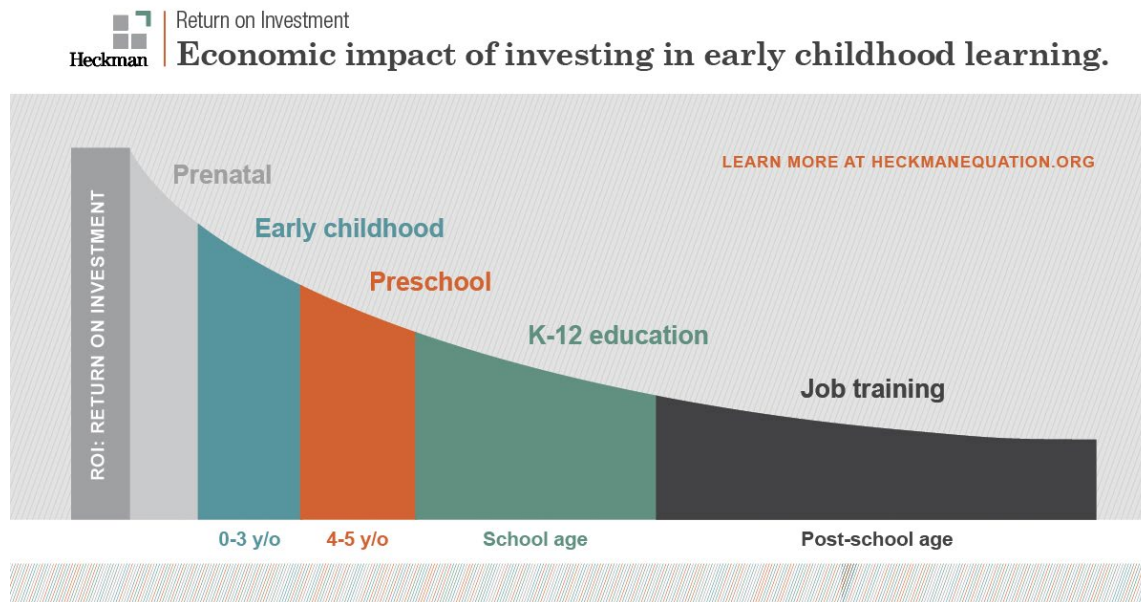
Return on Investment

Economic impact of investing in early childhood learning.



The importance of investing in ECD

- Only 0.3% of government expenditure goes to early learning, nutrition and support to caregivers.
- R4 billion on early learning programmes vs R310 billion on basic education and R136 billion on higher education.
- The returns to our essential investments in basic and higher education are severely limited by our underinvestment in young children.



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- MTBPS and Minister Enoch Godongwana’s budget speech did not speak once to the lives or needs of children.
- Minister also did not mention ECD in relation to the government’s growth agenda, despite President Ramaphosa recognising in successive State of the Nation Addresses that:

“The social economy, including early childhood development ... has significant potential, not only to create jobs, but to provide vital services that communities need.”

President Cyril Ramaphosa, 2022 State of the Nation Address.

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- As a result of this invisibility, **vulnerable children and caregivers were not protected** from the budget cuts proposed to “stabilise the public finances”.

PROVINCIAL EQUITABLE SHARE

- PES funding is essential for the provision of health care services, basic education and social services
- In real terms, DoRAB proposes to reduce the PES by R27 billion this financial year, 2023/24, compared with FY2022/23.

Provincial equitable share, constant 2023/24 Rands

R billions	2022/23	2023/24	2024/25
Provincial equitable share	R 612.0	R 585.1	R558.3
Growth		-4.4%	-4.6%

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PROVINCIAL EQUITABLE SHARE

- In 2022/23 provincial accruals (unpaid invoices) were R18.2 billion
- Social services provided to children, caregivers and victims of gender based violence are required to bear the brunt of fiscal consolidation
- Health services to pregnant and lactating mothers and young children will be placed under even greater strain
- Tight budgets and hiring freeze proposed by National Treasury means education departments cannot fill posts necessary to manage any increase to ECD funding to improve access or quality of ECD services
- PED subsidies to early learning programmes under threat

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PROVINCIAL EQUITABLE SHARE - RECOMMENDATIONS

- National Treasury, NDoH, DSD and provincial departments must commit to ensuring that any impact of budget cuts on human rights and especially children's rights are minimized or avoided.
- Parliament may require evidence from National Treasury that due regard was given to the impact of the proposed cuts on the rights of the vulnerable – for example, human rights impact assessments
- Provincial education departments must be capacitated with the appropriate human resources to manage improvements in quality and access to ECD
- Members of Provincial Legislatures to apply proper scrutiny to provincial adjustments budgets

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ECD CONDITIONAL GRANT: infrastructure component

- Infrastructure component cut by R58 million
- This will mean further delays to fixing the central problem facing the expansion and improvement of early learning programmes – access to resources and registration costs and processes
- Delays to improving health, safety and standards at 25 000 unregistered ELPs attended by children in low-income communities

	2023/24 Original	Adjustments made	2023/24 Adjusted	2024/25	2025/26
ECD conditional grant: subsidy component	R1.1 billion	R0	R1.1 billion	R1.7 billion	R2.2 billion
ECD conditional grant: infrastructure component	R102 million	- R58 million	R44 million	R157 million	R161 million

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ECD CONDITIONAL GRANT: subsidy component

- Subsidy component unchanged and budget set to increase in 2024/25
- ECD subsidy value of R17 per child per day provided to registered early learning programmes, has not been increased since 2019
- Far too low to provide adequate nutrition, safe and stimulating environments, or ensure decent conditions for ECD workers – 90% of whom earn less than the minimum wage

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ECD CONDITIONAL GRANT - RECOMMENDATIONS

- DBE and PEDs consult ECD sector on a plan to effectively spend ECD infrastructure funding to ensure there are no further cuts in 2024/25
- ECD subsidy should be increased to R20 per child per day in 2024/25 and to R45 by 2030, to meet the National Development Plan commitment to achieving universal access to quality ECD.

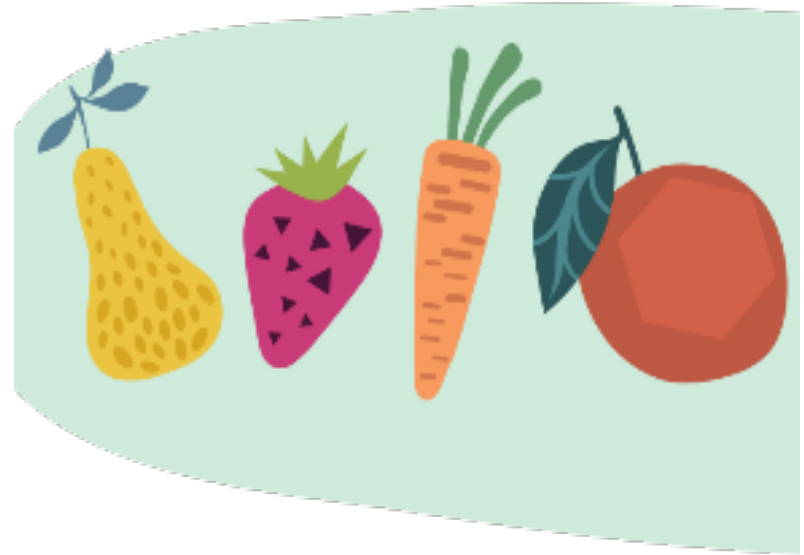
This would:

- improve the skills and working conditions of around 200 000 women already working in the sector;
- create 300,000 new livelihood opportunities for women in township and rural economies;
- relieve childcare burdens for up to 2 million caregivers.

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NUTRITION

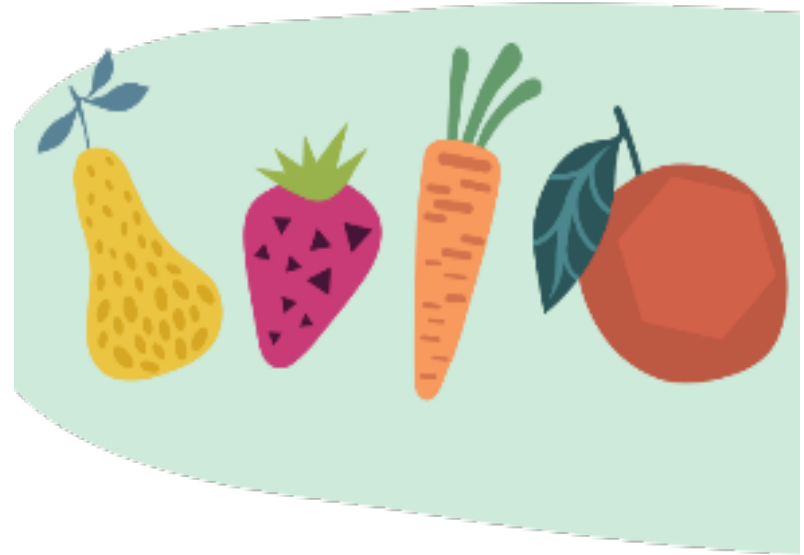
- Stunting is a national crisis that needs urgent attention
- No policies or plans to address hunger and malnutrition in MTBPS
- Concrete measures to eradicate stunting needed in 2024 SONA and Budget



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NUTRITION - RECOMMENDATIONS

- ECD subsidy is well targeted at children in low-income communities and since a portion must be spent on food, increasing the subsidy is an excellent nutrition intervention
- Introduce a national young child nutrition programme through the 43 000 ELPs (registered and unregistered) in South Africa
- Increase the Child Support Grant of R505 per month to the Food Poverty Line of R760 per month



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CONCLUSION

- Continued neglect of the ECD sector by government is incompatible with South Africa's development goals.
- Well planned and managed increases to ECD funding are necessary to tackle intergenerational poverty, economic and gender inequality and realise rights.
- **Our modelling** shows that increases in funding amounting to an initial R700 million and in time R2.9 billion per year would yield tremendous impacts:
 - ✓ Improve skills and working conditions of 200 000 mainly female ECD workers
 - ✓ Create 300 00 new job opportunities for women in low-income communities
 - ✓ Relieve childcare burdens for up to 2 million caregivers
 - ✓ Close the school-readiness gap which by age 10 results in 80% of SA children being unable to read for meaning
 - ✓ Stimulate township and rural economies through employment, higher incomes, skills, auxiliary services and infrastructure investment.

THANK YOU

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