

# Public Policy in Early Childhood Education and Care

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The paper has two main objectives. First, it presents an analytical framework for examining and developing policies for early childhood education and care (ECEC) in advanced industrialized countries. This framework highlights the link between the fundamental determinants of ECEC policy in terms of society's view of childhood and their implications for the respective roles of the family and the state, on the one hand, and the relative importance accorded to education versus care, on the other. Second, the paper applies this analytical framework to the policy experience gathered from two rounds of the *Thematic Review of ECEC Policy* conducted by the OECD in 20 countries. Policy questions of *what* (types and quality of provision), *for whom* (access and participation trends), *how* (level of investment and governance mechanisms), and *who pays* are examined. The analysis is supplemented by data (mostly referring to 2005) drawn from the second round of the *Review* and published in *Starting Strong II*.

Key Words : early childhood education and care, policy framework, governance, access and quality, investment

## Introduction

This paper draws upon the work conducted by the OECD under my supervision for two rounds of thematic reviews of early childhood education and care (ECEC) policy involving 20 member and non-member countries. The OECD work has been published, principally, in *Starting Strong* (2001) and *Starting Strong II* (2006). These represent findings from the reviews in a comparative perspective. In addition, readers can find reports for individual participating countries - a background report prepared by the reviewed country and a Country Note prepared by OECD experts' teams after their study visit to the reviewed country.

My paper does not summarise the rich findings from these sources. Rather it sets out my personal interpretation of the policy framework for assimilating and interpreting the findings.

I begin by describing a policy framework, which consists of five sets of policy questions and what may be described as their underlying determinants (Section 2). Sections 3 through to 7 review available international experience and discuss in turn each of the five sets of questions.

## ECEC Policy Questions and Determinants of Choice: A Conceptual Framework

Figure 1 illustrates the major policy questions and choices all governments face in the early childhood education and care (ECEC) area. All governments must

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confront five sets of questions: *What*: what types of ECEC services, of what quality, and what content and pedagogy should be provided? *For whom*: who should benefit from the services? *How much*: what should be the scale of provision and investment of resources? *By whom*: who should pay - the government, the private sector, the individual parents - and in what proportions? *How*: how should the services be structured, organised and delivered? The first two sets of questions cover the issues of access to types of programmes, their quality and the profile of participation by age and other socio-economic categories the third covers the question of overall commitment of resources, or investment, while the fourth raises the question of sharing of the burden of this investment. How much should it be by the private sector, how much by governments; what contributions should be made by parents and by from different socio-economic groups, etc?

A basic point I would like to emphasise is that these questions are always present even if they are not explicitly taken into account by governments. No matter what actions are taken or not taken by governments, the resulting experience does answer these questions in one form or another. My plea, therefore, is that it is important for governments to consider these questions explicitly so that they have a better understanding of the actions they

do or do not undertake and they are better aware of the consequences of particular action or inaction.

Figure 1 portrays the fundamental determinants of policy choices. It makes the point that the policy decisions regarding the five sets of questions posed above stem, in a fundamental way, from some basic value judgements societies make about the child and childhood. These views, in turn, shape (i) the views in regard to the division and the nature of the respective roles and responsibilities between the state and the family in regard to ECEC, and (ii) the division between the role of education in relation to the roles of care and development considerations related to the child. Together, these two blocks shape the nature of choices in respect of the key parameters of ECEC policy as described in Figure 2. This has meant that ECEC policy has been beset with two types of tensions: (i) the role and responsibilities of parents vs. those of government and states; (ii) the role of education vs. care and development of children.

The debates around these two tensions have shaped how countries have gone about making their choices, which are deeply embedded in societal values, national context, etc. The value judgements societies make could, again, be explicit or implicit. My point here, and a plea, is that governments and societies would do better to be

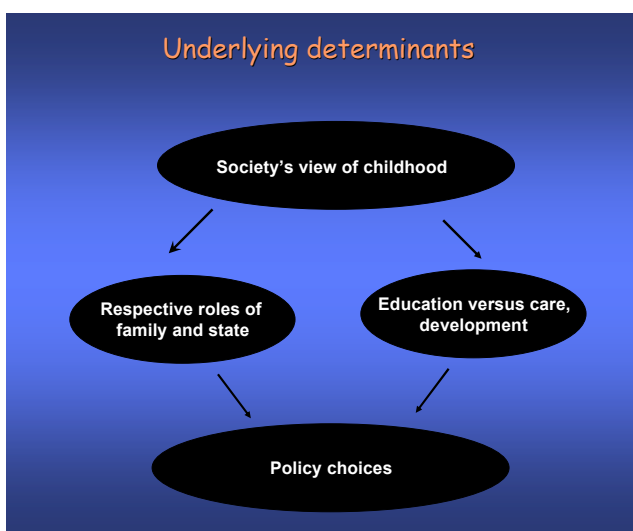


Figure 1. Fundamental determinants of ECEC policy choices

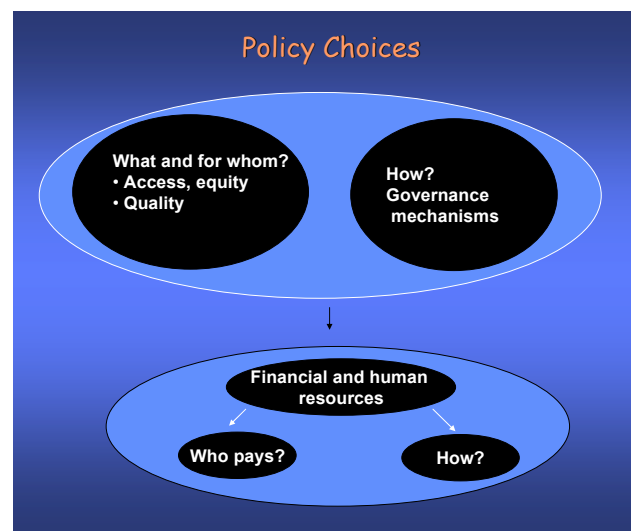


Figure 2. Main ECEC policy questions facing governments

explicit about the value judgements they have regarding childhood and other factors shown in Figure 2.

The policy framework described by these two figures provides a good point of departure for reviewing the existing profile of provision of ECEC services in OECD countries. I will take the five sets of questions in turn but will consider “What” and “For Whom” together in one section, as each refers to access by the type of services.

## **What: Types and Quality of ECEC Services?**

### ***Type of Services***

There is an enormous variety of types of ECEC provision, both within and across countries. Provisions range from family care, day care, centre-based arrangements, pre-primary provision and arrangements for after-school care. There is, equally, a great many variations of these arrangements, especially in terms of hours per day, days per month or over the year and in terms of quality and the pedagogy used. Countries differ in how much they rely on different modes of delivery, including the variety of suppliers both public and private.

Some of these patterns are discussed below when the question of access is taken up. However, one point ought to be made here, regarding out-of-school provision. Most school-based ECEC systems do not cover full working day, and this represents a major deficiency, particularly for the for the 30% or so of parents who, data show, work non-standard hours. Another aspect of this relates to the period of summer vacations: only Denmark and Sweden, among the countries surveyed in Starting Strong II, provide enough places during the summer holidays.

### ***Quality of Services***

The quality of ECEC provision is absolutely critical: evidence shows that poor quality ECEC can do more damage to children than an absence of provision.

But there is considerable philosophical disagreement on what is ultimately meant by quality, though there is agreement on some common measures for assessing quality of provision.

As can be seen from Figure 1, the notions of quality differ across countries according to the views they hold of the child. To understand the quality issue, it is important to inquire into the underlying view of the child held by different societies and stakeholders within them. As one example, some countries emphasise childhood as important “here and now”. Some others emphasise the child as “a future citizen”. In the first case, the image of children is as rich, strong and powerful. This view calls attention to their developmental concerns. Countries (Denmark, Finland, Norway and Sweden) with the tradition of integrated care and education emphasise child’s development and well being. In this view, quality is equal to holistic development of the child. An implication of this approach for ECEC pedagogy would be to co-construct programme aims and objectives for the child at the local level by engaging a range of stakeholders in the process.

The second case may be characterised as viewing children as a “tabula rasa” or as an “empty vessel” to be prepared, for example, for tomorrow’s school. This view would emphasise skills children should master before entry into primary school (Belgium, Italy, UK and the US). This approach puts more emphasis on output based measures of quality and leads to evaluation-based models (Australia, Belgium, Italy, the Netherlands, Portugal, UK and the US), as a basis for pre-school curriculum and as a guide to teacher preparation.

### ***Useful Approaches to Quality***

The data gathered by Starting Strong II reveals a great variation in quality across and within countries, which can be said to match the growing diversity of children. Quality is generally lower for the welfare and care services, for children under age 3, and for the children from poor families. The staff in the care sector has generally lower status and qualifications and training,

especially in family day care. There is high turnover of staff in the ECEC sector in general but is much higher for the care staff. The pedagogical setting is poorer for children under 3 and for children from poor families, especially for family-based care-givers. Majority of children under-3 are looked after by unregistered child minders and providers.

Much can be done to improve the current situation. Steps can be taken along some commonly agreed measures of quality that relate, for example, to staff/child ratios, group size, dimensions and features of facilities and conditions, and staff qualification and training.

A first crucial step is to discourage unlicensed provision and to improve staff qualifications and training. It is essential to raise the status of the staff. Much advantage can be gained by having a unified profession that deals with children in both care and education settings and different age groups. There are several common training gaps that need to be filled. ECEC staff needs more training in working with parents; with infants and toddlers; in bilingual and multilingual settings; for children with special education. Secondly, broad consultation is essential to develop national ideas about what constitutes quality and to translate them into national goals with national quality guidelines. These national guidelines need to be broad and flexible to allow individual setting to respond to the developmental needs and learning capacities of children. The flexibility is essential to allow ownership by staff; inspection and advisory bodies for structured self-evaluation programmes. Thirdly, research on learning processes needs to be expanded and research findings need to be widely disseminated including at the local level. Staff and parents should have expanded responsibility for pedagogy for individual centres. Fourthly, the link between national quality goals need to be clearly articulated in terms of national pedagogical frameworks that identifies core elements. The core needs to focus on the holistic development of children across the age groups. The framework should provide largest freedom possible for the centres, teachers and children within the direction of overall common goals, values and norms.

## **For Whom: Access and Participation?**

The patterns of access and participation show even more clearly how they are shaped by the societal values identified in Figure 2. The data on access by age and income groups illustrates the point.

### ***Age Groups***

In Europe, the concept of universal access is generally accepted. Most countries provide all children with at least two years of free, publicly-funded provision before they begin primary school.

Access patterns differ significantly for children at 3 years or older compared to the under-3. For the latter group, coverage is generally sketchy. The age at which young children have a legal right to attend free school-based ECEC varies considerably across countries: it is 2½ years in Belgium; 3 in Italy; and 4 in the Netherlands and the UK. There is a variety of providers including informal arrangements. In several countries majority of young children remain for at least part of the working day in the care of unregistered childminders or providers. In most cases, parents pay some a part of fees. Coverage is highest in Denmark and Sweden.

At age 3, the picture for centre-based information is far from universal in many countries such as Belgium, France and Italy (See Figure 3). In several other countries it is over 50 per cent: the Czech Republic, Germany, Hungary, Iceland, Portugal, Slovenia, Spain, Sweden and the UK. But coverage is negligible in several other countries such as in Canada, Greece, Ireland, Korea, Mexico, Switzerland and Turkey. At age 5, there is still considerable variability in coverage among countries but it is not as large as at age 3 (See Figure 4).

### ***By Income***

Publicly provided services are offered through centres and family day care homes. But nearly all countries charge parental fees, which are means-tested in only a few countries such as Sweden. This means that

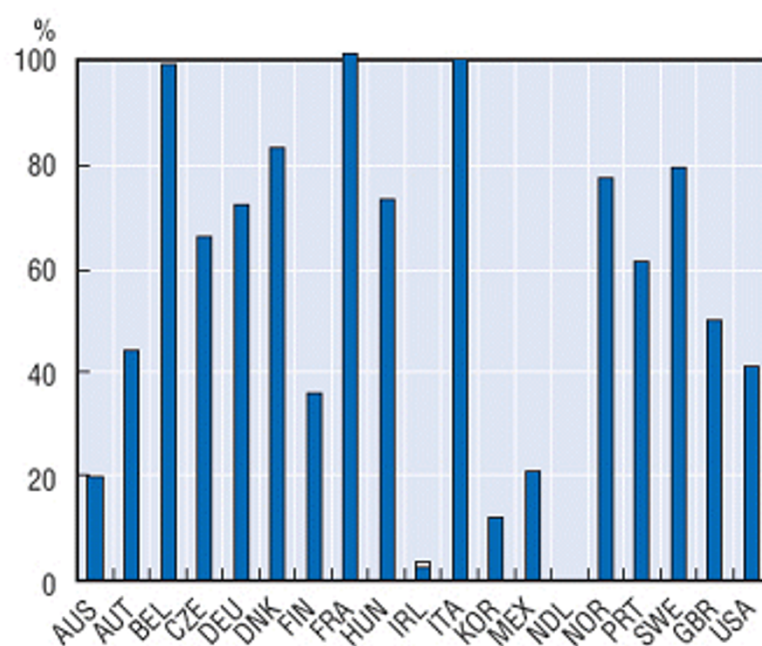


Figure 3. Enrolments rates in regulated ECEC: Children at age 3

Source: Starting Strong II, Figure 4.1, p. 78.

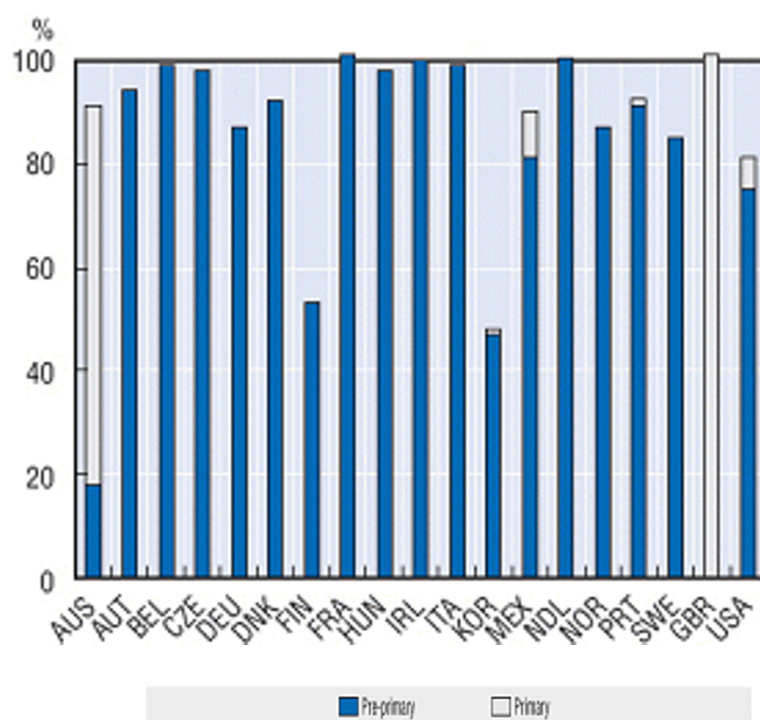


Figure 4. Enrolments rates in regulated ECEC: Children at age 5

Source : Starting Strong II, Figure 4.1, p. 78.

equity of access is not achieved in other countries. A picture of inequity emerges from the available data. In the United States, for example, only 45% of 3-5 years olds from low income groups participate in ECEC compared with 75 % coverage of children from high income groups. In Canada, only 20% of lone parents and 5% of disadvantaged groups are covered. The one clear conclusion emerges: inequity is far greater system where the private sector plays a larger role. In Europe, 25-30% of costs of ECEC services are borne by parents. This percentage is much larger in private sector dominated systems such as in the Anglo-Saxon countries.

### **How Much Investment?**

Recent research, summarised in Starting Strong II, offers a compelling case for investment in ECEC. The arguments are based on the contribution ECEC can make to personal, cognitive and social development of the child; to social benefits for the individual and the society; and to economic and fiscal returns for the individual and the society.

In regard to child's development, neurological studies provide important evidence that a developmentally and emotionally stimulating environment for children in their early years can even increase the physical size of the brain in addition to improving different capacities of the brain. This potential is especially high around age 3.

Longitudinal studies testify to long term cognitive gains for children who participated in quality ECEC programmes. They benefit, as well, from better social and emotional adaptation and smoother transition to school. The cognitive improvements from early childhood programmes can lay the groundwork for lifelong learning.

Longitudinal studies that have examined children over long periods stretching into adulthood and working life have documented other social benefits in the form of better health and lower incidence of anti-social behaviour including crimes. Based on these social benefits, studies have shown that early quality ECEC

intervention for children from low socio-economic and disadvantaged backgrounds in the United States can pay for itself through reduced costs of remedial social and health programmes in later life.

A wide range of economic benefits from early ECEC intervention has also been documented, ranging from economic rewards to the child, labour market benefits in the form of higher productivity, greater participation of women in the labour market, higher fiscal returns to the government, and a higher rate of economic growth.

Taking these wider social and economic benefits into account, the overall rate of return to investment in ECEC is calculated to be anywhere from \$2 for every one invested to \$14 or more for each dollar invested. These calculations are clearly sensitive to specific conditions of the studies undertaken but the overall conclusion remains robust: investment in ECEC pays for itself.

The level of the investment required can be estimated on the basis of cost per child of the required quality of provision and the number of children of different ages to be covered - for all parents who want such services for their children. Even though good estimates of the per unit cost of quality provision are not available, nor a good estimate of the proportion of parents who want ECEC provision for their children, it is safe to say that the estimated resource figure would be quite large as a proportion of the GDP.

One indication of how large the resource requirements could be can be gauged from the actual expenditure on early years (0 to 6 years), as a proportion of GDP, which is depicted in Figure 5. Denmark, at the top end, spends close to 2 per cent of the GDP. There may still be gaps in provision and in quality in Denmark. But if the country was taken as a benchmark, some 2% of the GDP would be needed to be invested in early years. As can be seen from the table, there is a large variation across the countries; some countries like Canada and Italy spend only 0.2% and 0.4% respectively. The table also shows that different societies have chosen very different levels of investment. We have also seen

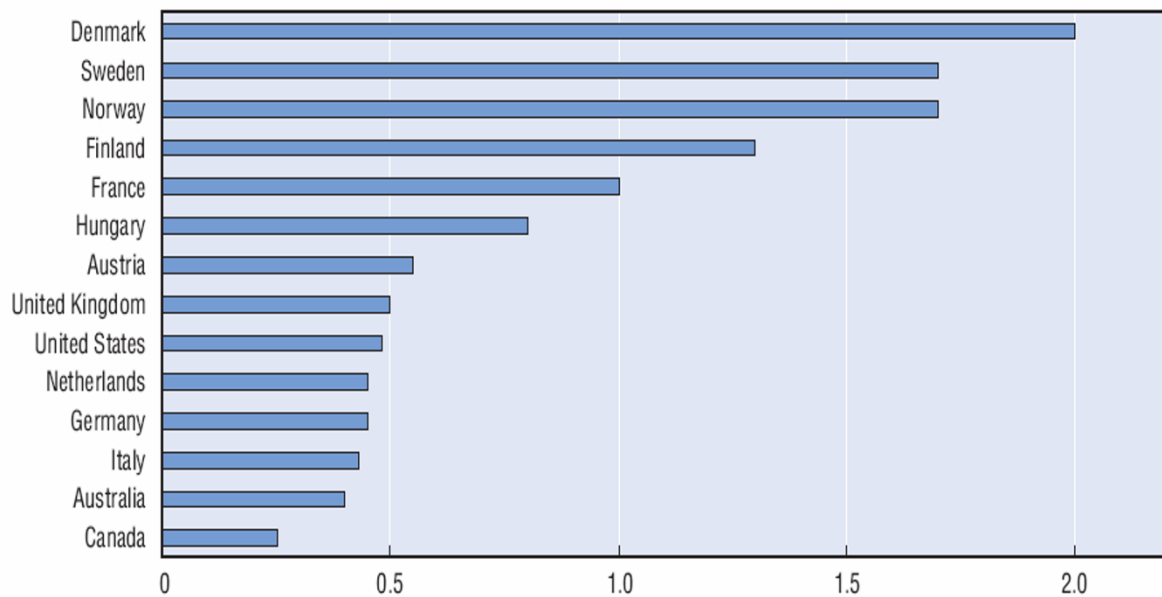


Figure 5. Public expenditure on ECEC service(0-6 years) in selected OECD countries (%)

Source : Starting Strong II, Figure 5.3, p. 105.

*Note.* This figure is comprised of expenditure estimates, based on replies provided by country authorities to an OECD survey in 2004. The figures provided suggest that Denmark spends 2% of GDP on early childhood services for 0-to 6-year-olds, and Sweden 1.7%. These countries - and Finland - also allocate an additional 0.3% (approximately) to the pre-school class for children 6 to 7 years.

that the levels of investment have resulted in differentiated levels of coverage across countries and within countries across different age and income groups. There is no political consensus across countries on devoting the resources needed to provide universal ECEC services to all parents who want it.

### Who Should Pay and Through What Mechanisms?

If the case for higher levels of investment in ECEC is accepted, where should the resources for such investment come from? This raises two further questions: first, what should be the contribution from public sources; and second, what mechanisms are most effective for allocating public resources?

The answer to the first question is, in part, based on the argument that, just as for compulsory schooling, the

social and economic benefits of early childhood education are for all society and therefore ECEC should be publicly provided. However, as depicted in Figure 2 above, the relative roles of the government and the private sector are value judgements of societies. We see the differing nature of choices made by different societies in this regard: In general liberal countries argue that governments should intervene only if there are instances of market failure. The views about the strong role of parents in this tradition (US, Canada, Australia) also argue for a larger role of the private sector. There are also corporatist models among the OECD countries where ECEC was provided in the past by corporate entities (Germany, Austria, Italy and France). The social democratic tradition, on the other hand, proposes ECEC as universally available to all citizens linked to the individual's attachment to the labour force (the Nordic countries).

These differences in societal values determine the

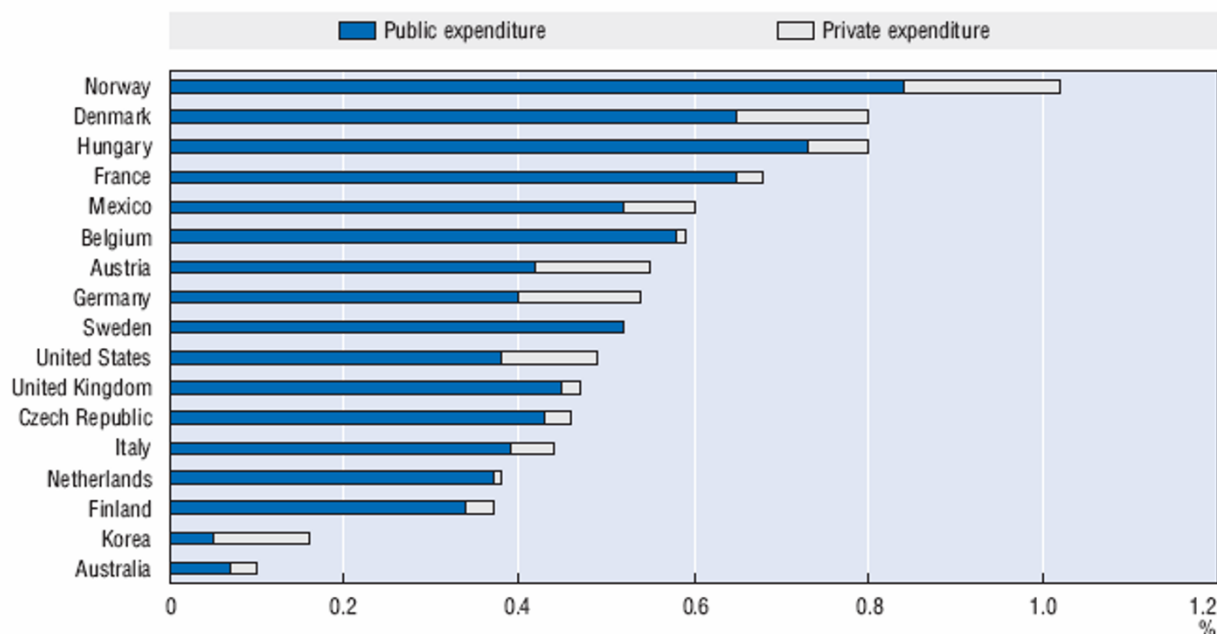


Figure 6. Public and private expenditure on pre-primary education(3-to 6 year-olds only) as a percentage of GDP

Source : Starting Strong II, Figure 5.3, p. 105.

*Note.* Early education expenditure for Belgium and France is higher than this figure indicates, and significantly higher for Denmark, Finland and Sweden. In Belgium and France, early education begins before 3 years. For Denmark, Finland and Sweden, it is probable that this figure identifies expenditure only for what is considered free educational provision, *e.g.* the Finnish figure includes pre-primary education programmes for 6-year-old children (pre-school year preceding compulsory education) and centre-based day care for 3-to 5-year-old children, based on an expenditure estimation of 50%. Canada is absent from this figure as data are not provided in OECD, *Education at a Glance*, 2005. The last data received from Canada are for the year 2000, when Canada spent 0.2% of GDP on pre-primary education, for 3-to 6-year-olds. Data for Korea cover only kindergarten education and do not include public expenditure in the parallel child care system. From OECD (2005), *Education at a Glance*.

overall level of resources devoted to ECEC. However, despite these differences, the role of public expenditure is quite prominent in all countries shown in Figure 6. Even in a country like the US, the public sector contributes a larger proportion than the private sector in expenditure on pre-primary education (3 to 6 year olds). The reason for this lies in the recognition of the wider social and economic benefits that accrue to the society as a whole. One point that needs to be emphasised is that greater investment on the part of governments makes an important contribution in contributing to equity in the provision of ECEC services: there is a clear evidence from the available data that equity in the provision of ECEC services is directly linked to how much the public

sector contributes. The benefits of private sector participation, by its very nature, go largely to children from the well to do families.

The second question concerns the mechanism of allocating the resources. For example, should governments provide the services directly? If not, should they use demand-side measures or supply-side measures to allocate investment for ECEC?

There is a general agreement that direct provision of ECEC services by the government is not ideal in all circumstances and that there is a role for the private sector in supplying ECEC services. The arguments here are partly specialisation - governments may not be best equipped to provide the services - and partly on



incentives - with the proper incentives the private sector could be made to generate more capacity for the same level of allocation.

There is a very heated debate about the choice between demand and supply-side measures. In essence, the demand side measures - such as tax credits or vouchers, employers' subsidy to workers, income-contingent subsidies through the tax system - put money in the hands of parents and expect parents to choose the type of services they need. Economists, in general, favour this approach on the grounds that the approach provides for effective and efficient use of scarce public funds: parents choose the most attractive ECEC service and the inefficient suppliers are weeded out. The counter argument is that the underlying assumption that parents have good knowledge about the quality of services is rarely met so that the benefits of the parental choice approach are not realised. In fact, poor quality suppliers may drive quality providers out of the market. In addition, parents may divert funds for other purposes; the market is decentralised and chaotic and may not be available in the poor areas; and in general, it is extremely hard to assess the quality of provision ahead of time. The impact of a decision on the child may only be known when it is too late.

The support for supply-side measures (subsidies to private providers for meeting certain standards and regulations) comes partly from the limitations of the demand-side approaches and partly from the additional benefit the approach offers. The key one is a better guarantee of quality that the approach offers. In addition, the approach can be modelled to provide considerable choice to parents. The counter argument against supply side approaches is its high bureaucratic cost of monitoring quality.

Aside from these theoretical considerations, the actual evidence shows that demand-side measures often offer very small amounts of subsidy to parents and that the approach has failed to assure quality. The Starting Strong II report offers examples of such failures. To conclude, countries need to weigh the advantages and the disadvantages of the two approaches and decide on the

appropriate mix. The main criterion of choice should be that the quality of the service provided is not compromised.

## **How: Governance Mechanisms?**

One of the most vexing policy issues of ECEC provision is its governance mechanisms. Questions of governance include both the planning and development of strategies and arrangements for delivery of services. The complexities arise because governance ECEC lies at the intersection of several ministries (of children, education, health, welfare, labour, and finance), layers of government (national, state/provincial, local), providers and a range of interest groups.

On the planning of strategy alone, it is essential to bring various stakeholders together – since many of the decisions are based on societal value judgements (as shown in Figure 2). For example, in some countries, ECEC may be a provincial or state not national jurisdiction. Yet, questions of equity of ECEC opportunity or quality of provision, such as pedagogical and curricular frameworks, may require a national consensus. On the delivery of services, co-ordinating different ministries and diverse providers and stakeholder is a major challenge.

One approach is to provide integrated services. Nordic countries are prime examples of this approach in which all ECEC services are integrated under one ministry (usually but not always education). The advantages of a unified system are greater consistency across sectors in regulation, funding and staffing regimes. The transition from ECEC to primary school is smoother; there is improved supervision of services and exercise of public accountability. In contrast, a split system often means poorer services for children under-3.

As an alternative approach to integration under one ministry, some countries are designating a lead ministry, often education, to exercise co-ordination responsibilities. The leadership of education ministries is favoured because of the link with lifelong learning. The

disadvantages of a link with the education ministry are that it leads to a “schoolification” bias over ECEC. The curricula may become unsuitable if there is an imposition of the concerns of the primary school. Even training of teachers and caregivers, inspectors may be dominated by the primary school considerations.

A third approach is simply to set a number of co-ordinating mechanisms. Many of these are detailed in the Starting Strong II report. Their chief disadvantage is the lack of necessary authority behind the co-ordination function.

In conclusion, the issue of fragmented policy thinking as well as delivery of ECEC services is a major problem that ought to be recognised. The key is to find approaches that would avoid or minimise fragmentation in policy development, programme development and delivery, and knowledge base development for policy making, implementation and evaluation. The issue is not which ministry or level of government takes the lead and performs the co-ordinating function. The issue is that some mechanism ought to be found to avoid fragmentation.

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