



EU Policy Webinar on the implementation of the European Care Strategy | COFACE Families Europe

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Importance of ECCE

Early years critical for acquisition of 21st-century skills for globalized societies.

Empirical evidence about long-term effects of ECCE.

- o Lower dropout rates, access to higher education,
- o Increase employability, productivity and income opportunities.

Address intergenerational poverty and inequality

(by reducing gaps during childhood (between children and families)

- o Women's access to the labor market. Achieving gender equality.
- o Increased household income and reduced risk factors for children.

Effective ECCE

- ▶ **Quality (process and structural)**
- ▶ **Equity (equal access to all children)**

....following the EQF (European Quality Framework) as well as Care Strategy, CG...

- ▶ **Coordination (systemic level, also with other sectors and policies):**
 - Social Protection (income support)
 - Family friendly policies (family friendly workplaces, parental leaves)
 - Support to parenting (home visits, parental programmes etc.)

Macro-economic returns on ECCE investment

- **Long-term returns (Heckman):**
 - \$1 investment = \$7-\$8 societal return.
- **Short-term returns:**
 - Bruegel Institute study: higher monetary returns within 4-7 years.
 - Driven by increased employment and economic growth.

Economic Returns (short term)

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

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

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

Funding Challenges

Insufficient funding:

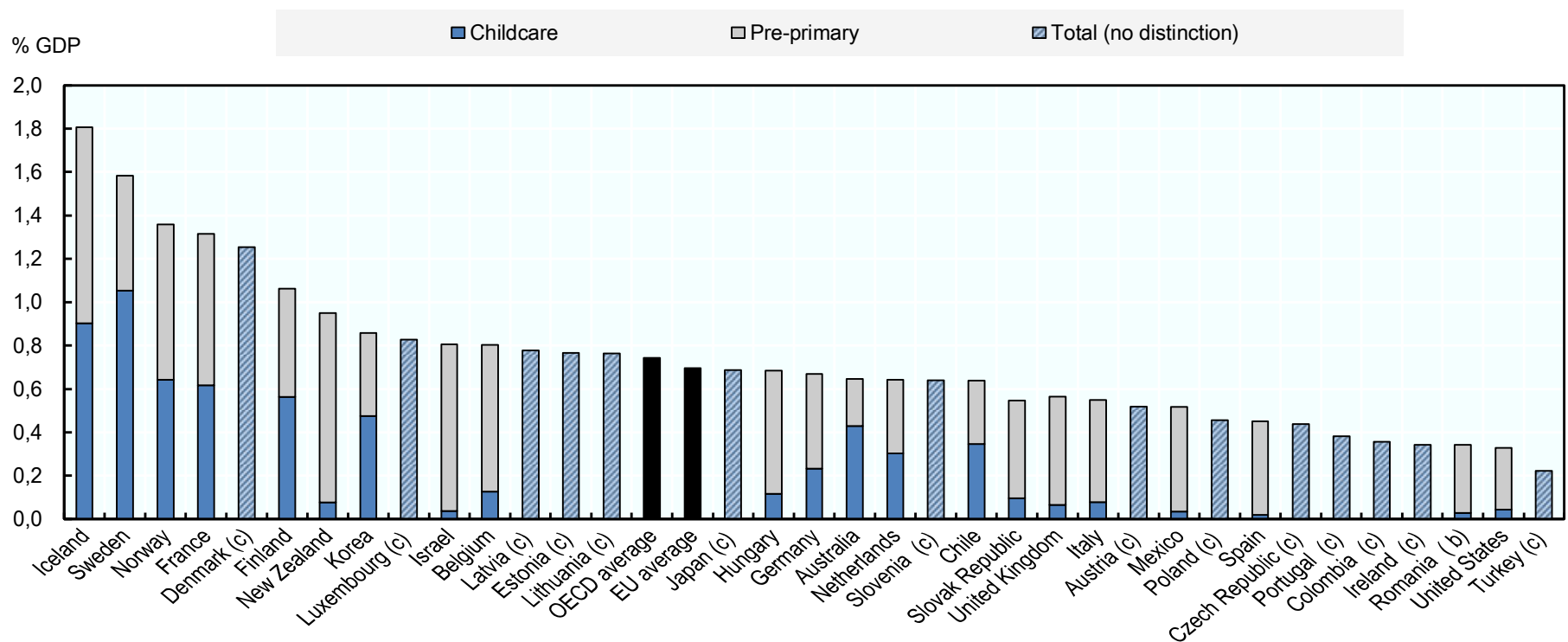
- o Most countries allocate <1% GDP to childcare
- o Nordic exceptions: Iceland (1.7%), Sweden (1.6%).

Poor resource distribution:

- o Decentralized implementation (sub-national authorities, communities).
- o Sub-national authorities and communities face unfunded mandates.

Public spending

Figure 4. Public spending on ECEC as a % of GDP (2019)



Source: OECD – www.oecd.org/els/soc/PF3_1_Public_spending_on_childcare_and_early_education.pdf

Inequitable Resource Distribution

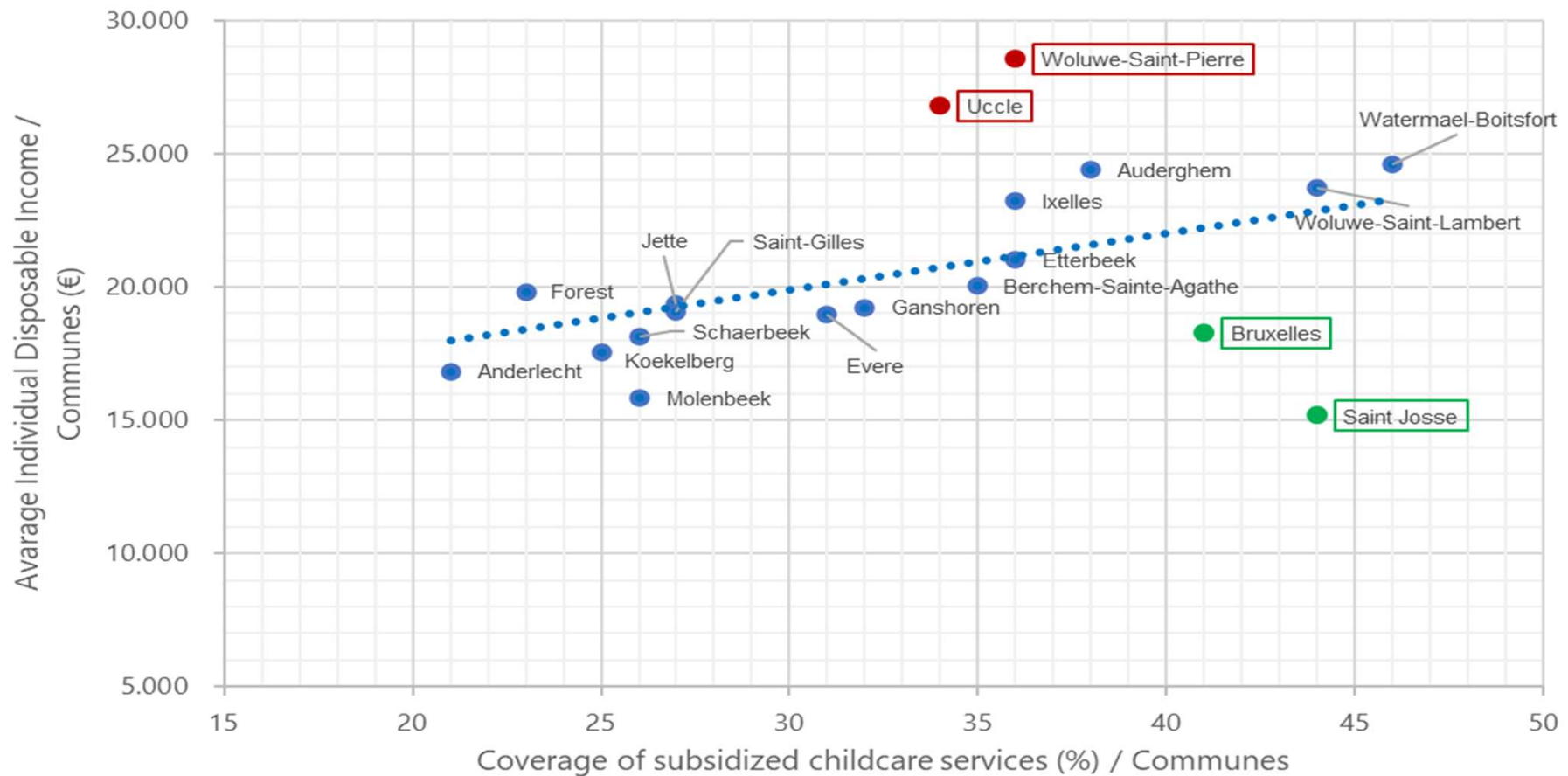
Equal per capita funding creates disparities with little equalization (standard funding modality across EU):

- o Marginalized areas have higher costs (difficulties to access, food, etc.).
- o Less affluent areas struggle to fund services (both institutions, and parents)

Trilemma for disadvantaged areas:

- o Service setup vs. affordability vs. quality.

Territorial inequalities. Bruxelles



Private Providers and Equity Issues

Countries might decide to cope with lack of funding by involving private investments/private providers.

- o Lack of economic incentives to operate in poor remote areas (high costs and low resources) might reduce offer
- o Increase inequities or reduce quality.

Solutions to Funding Challenges

- Increase national budgets. Private partnerships (including non-profit) can be also explored, along with alternative settings but must ensure equity and quality (promote private providers with social mission). Consider ECCE as investment, not spending
- Implement fiscal equalization schemes, by allocating more resources to disadvantaged areas (Poland's algorithm for equitable funding)
- Ensure quality and equity through standards and regulations (adapted for settings)
- Importance of data collection (administrative level, from providers) also to understand costing dynamics, planning (into coordinated national strategies and plans).
- Capacity building for municipalities and local authorities in organizing and delivered services

La Hulpe recommendations

- Flagship ECCE Technical Assistance Facility (to support MS in reforms that aim at increasing availability, quality, equity of services, including financial of course)
- Data initiative to explore possibilities of using administrative data, along with EUROSTAT, to measure the status of childcare in MS (coverage, inequities, quality, costs at granular level etc.).
- Connected to the data initiative, a fiscal impact analysis (to provide analytical support to MS' reforms, and investments)
- Capacity building for local authorities, through best practices/excellence hubs (present across EU, ran by cities)

THANK YOU!

