

Costing Framework and Principles for Responsive ECCE Models

It is important to have an estimate for the cost of services by any provider, irrespective of whether the provider is a public or a private entity. An accurate estimate of costs for providing any particular service can help in more efficient planning, judicious use of resources and better decision-making regarding subsidies and cost-recovery mechanisms to make the provisions sustainable in the long run. We study the economic cost of 17 ECCE interventions in this study to arrive at an understanding of the total cost incurred, including the opportunity costs of resources which are not compensated monetarily. Using these estimates and our understanding of what constitutes a responsive model from an ethnographic study conducted in Tamil Nadu and Bihar, we identify costing principles that should form the basis for provision of public resources for ECCE models. We argue that development of responsive models on a large scale calls for adoption of an enabling institutional framework and facilitative costing principles.

Background

- Although it is important to have an understanding of the cost of service being provided, it is rare to find any rigorous cost estimates of public services being provided in India.
- Instead, we often see only overt and recurrent expenses being taken into consideration while provisioning for public services.
- In addition, the costing patterns and principles remain highly centralised and homogenous in India despite the size and diversity of contexts and status. While the policy statements recognize the need for integrating local needs, this remains a rhetoric in absence of an enabling conceptual framework and costing principles that allow the state mechanisms to be more responsive.
- In this Brief, we present the main messages from an analysis of the costing patterns of 17 ECCE models (public, private and NGO managed). The costing analysis takes the literature on 'good ECCE practices' into account.
- The ethnographic study conducted in Tamil Nadu and Bihar inform our understanding of the principles of a responsive model.
- Using the cost analyses undertaken, we propose a conceptual framework for costing of public interventions and outline some emergent guiding principles that can be adopted for costing of large scale public interventions.

Key Arguments

- It is important that public service delivery models are responsive to local contexts, needs, cultures and knowledges, especially in a diverse country like India; here we use ECCE as an illustration but this could apply to other stages of education and a few other social services as well.
- Development of responsive models on a large scale calls for existence of an enabling institutional framework and facilitative costing principles, which also have implications for both the costing guidelines and size of the public budgets meant for respective services.
- It is important to estimate economic costs of service delivery taking quality parameters into account for public services as well, because it helps in public policy decision making in the areas of budgets, subsidies and cost-recovery.
- The economic costs need to be estimated considering the alternative costs of fixed assets, and also taking all the desired processes of a 'good' case into account by unpacking the dimensions of quality.

Data

- We use data from two main sources: 1) the cost analysis of ICDS centres, NGO managed centres as well as private ECCE centres on the sites of the ethnographic study conducted in Tamil Nadu and Bihar; and 2) a recent study conducted by CBPS in the states of Odisha, Telangana and Delhi and funded by Save the Children, which analysed the costs of several ECCE centres with public, private and NGO managements.
- The detailed paper will soon be available on the CBPS website (www.cbps.in)

Methodology for Cost Analysis

- In order to arrive at the economic costs which includes costs of resources which are not overtly charged, we devised a process / component matrix which lists all the activities undertaken at an ECCE centre and identified the resources required to conduct these activities
- A quality framework was derived from a critical survey of literature which listed all the desirable processes
- Using the process/component-cost heads matrix, data was collected from all the ECCE models studied to arrive at an understanding of costs of ECCE service provision
- We monetized the non-monetary processes/costs using respective price indexes



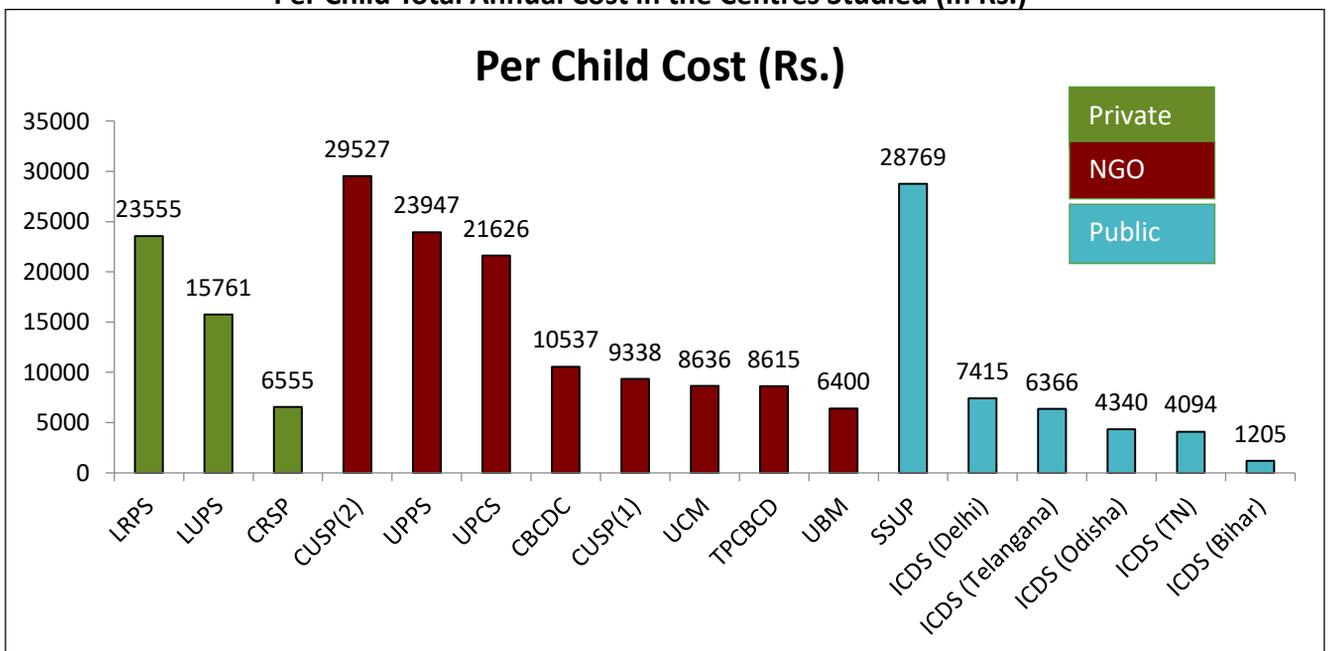
Centres Studied for the Analysis

- From the states of Delhi, Telangana, Odisha, Bihar and Tamil Nadu
- Out of 17 centres studied, 5 are publicly funded ICDS centres from each of the five states, 1 is state-sponsored – public university based centre, 3 are privately managed and 8 are NGO managed
- For the sake of comparison, costs were annualised and then normalized by estimating per child per year cost for each model. This includes capital and recurrent costs.

Process/ Component – Cost Heads Matrix

Processes / Components	Indicative Cost Heads
Teaching	Building, Furniture, Salary, Learning Materials
Playing	Playground space, Play materials
Sleeping	Space, Bedding
Nutrition	Space, Cooking materials, Food items, Utensils
Health	Nutrition Supplements, Auxilliary services
Teacher Training	Space, Salary, Travel costs, materials
Monitoring	Salary, Travel Costs
Managing	Space, Furniture, Salary
Community Mobilisation	Salary, Food, Travel

Per Child Total Annual Cost in the Centres Studied (In Rs.)



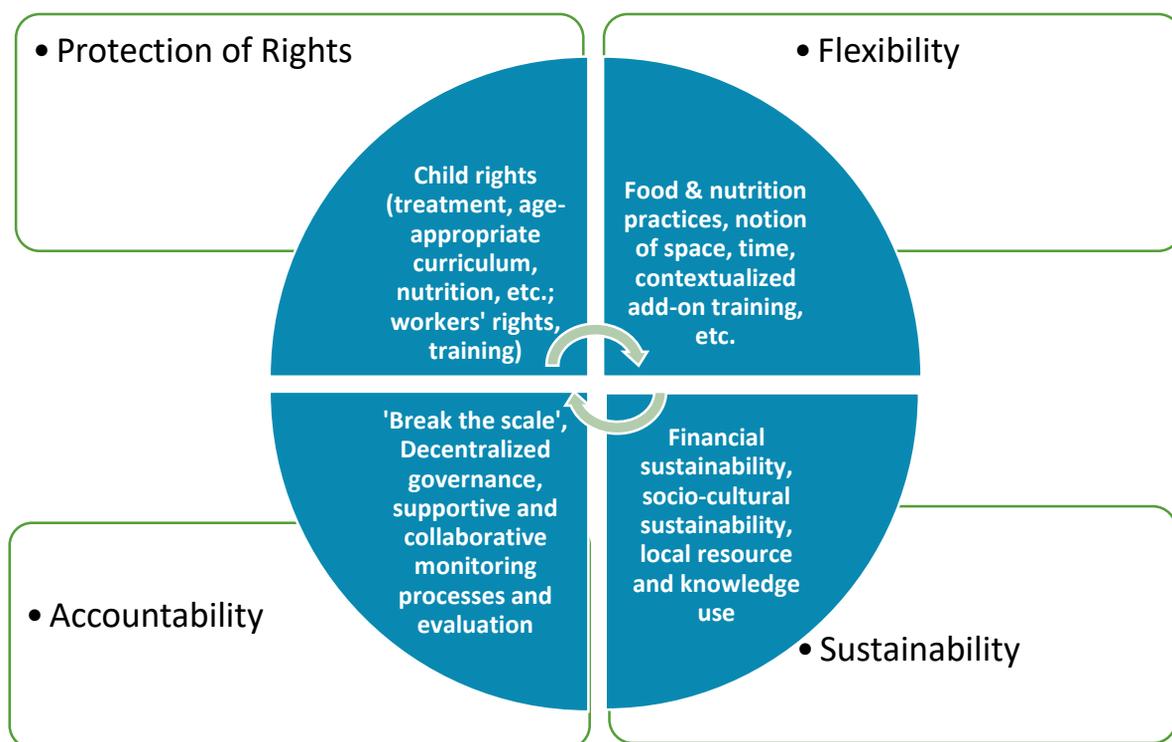
Key Findings from Cost Analysis

- Wide range of costs across models; starting from the lowest of Rs. 1205, in case of an Anganwadi in Bihar, to Rs. 29527 in case of an NGO managed model
- There is also variation within models of the same management type. For instance, cost in case of an ICDS centre in Delhi is much higher than the cost in case of an ICDS centre in Bihar.
- Cost is generally higher in urban models; plausibly due to higher rents and higher human resource costs
- Infrastructure, equipment and learning materials costs are higher in private run models
- None of the private run models have a nutrition component thus bringing down their overall costs; focus is on school readiness rather than child wellbeing
- Anganwadi centres have comparatively lower expenditures inspite of having a significant nutrition component. This indicates substantially lower investments on the pre-school education component.
- Training of teachers / caregivers and development of curriculum hardly features among the investments across most of the studied models.

Main Messages

- One key message that emerged from cost analysis exercise is that there are no short-cuts to quality delivery of public services. Quality delivery is linked with high expenditure on space, teachers, training, curricular materials and support and it is important to have a minimum threshold of expenditure and costs to ensure delivery of quality ECCE services.
- Another key message that emerged from the study is that (i) uniform cost norms do not work towards enabling responsiveness, (ii) in the context of large-scale interventions, there needs to be consideration of cost implications as well as accountability norms and processes. In order to address this tension of flexibility (responsiveness) and accountability (Scale), we propose that fundamental basic norms should be decided at the programmatic level while allowing for local variations taking the local needs as well as knowledge / resources and capabilities into account. This could have implications for the nature of guidelines and norms presently in practice.

Conceptual Framework



Guiding Principles

- **Presence of a quality framework** that defines the compulsory and desirable components for ECCE services and the **linked cost heads**: for instance, specific provision for teacher training and curriculum development will help ensure quality
- **Ranges rather than uniform cost norms**: To allow for contextual and programmatic differences to have a place thus facilitating responsive planning
- **Ensuring minimum wages & social security** for teachers/ caregivers; linked to price index
- **Adjusting space & infrastructure norms to needs**: Per child need-based space norm as the basic estimate; building on the context specific needs
- **Linking nutrient expenditure to context specific food and nutrition standards**: Defining a minimum standard and then allowing for local variations taking into account local needs and knowledges
- **Location specific partnerships** for training and monitoring: To decentralise the accountability mechanisms and allow for a large number of stakeholders to contribute
- **Regulation of private ECCE institutions** on similar principles: To harness the presence of private sector in ECCE, it is important to ensure the provision of essential and desired processes

Nature of Current and Proposed Norms / Guidelines for Responsive ECCE schemes

Head / Processes	Current norm/guideline	Proposed norm/guidelines
Teacher / worker salary	Fixed at a low rate and revised only periodically, the period of revision not being fixed or regular	Pegged to minimum skilled wage rate per hour, and therefore automatically revised if there is any change
Teacher training	No or varied allocations – generally very low and only at the time of induction in resource poor states; slightly higher in resource rich states	Compulsory allocation for induction and regular training on fixed periodicity;
		A range per centre/per teacher or worker annual allocation (with a ceiling)
Curriculum and teaching learning materials	No or a small amount for new centres; periodic additional amount in some states – periodicity not fixed	A range per new centre and a range for per-child allocation annually (with a ceiling); with space for varied usage based on collective decision at decentralised levels
Nutrition	Wide inter-state variation depending upon specific state's priorities; central norms minimalistic and not based on any standards	A range based on universal standards with space for local variations based on collective decisions at decentralised level
Space and infrastructure	Per centre specification; variation only for tribal and non-tribal or hilly areas	Per child space norm based on the range of activities (eating, sleeping, playing, leaning activities, mothers' activities) into account; cost range rather than fixed norm linked to local prices; rent norms pegged to space need and prevalent market rents into account
Health	Wide inter-state variations; varied practices with good coordination with the Department of Health in certain states and none of that in others for immunisation and regular health checkup	Incentivising active coordination with the Department of Health for immunisation and regular health checkup; based on 'good practices' adopted by states where the coordination is successful
Management and monitoring	No separate allocation in scheme in most states; the Women and Child Welfare Department (WCD), where the schemes is generally located, take care of this through the department's budget	Provision for periodic local management and monitoring by a multi-stakeholder group (government, civil society, panchayats, professional) with an in-built mechanism for providing feedback to community through a small allocation



Project Details

This policy brief was prepared by Jyotsna Jha and Archana Purohit. Insights presented here are drawn from 1) a British Academy funded study on 'Examining Contexts, Costs and Practices of Early Childhood Care and Education in India', undertaken by CBPS and University of Cambridge and 2) a Save the Children funded study on Early Childhood Care and Education undertaken by CBPS.