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INVESTING IN THE EARLY YEARS

A Global Technical Financing Forum

KIGALI, RWANDA



In support of **actFOR**
Early Years



Investing in the Early Years: A Global Technical Financing Forum Concept Note

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1. Background

In a context of tightening fiscal space, competing priorities, declining official development assistance (ODA), and limited public resources, governments face difficult choices about where to invest for maximum impact. Across all sectors, early childhood development (ECD) remains one of the most strategic and cost-effective investments—delivering immediate and long-term economic and social returns.

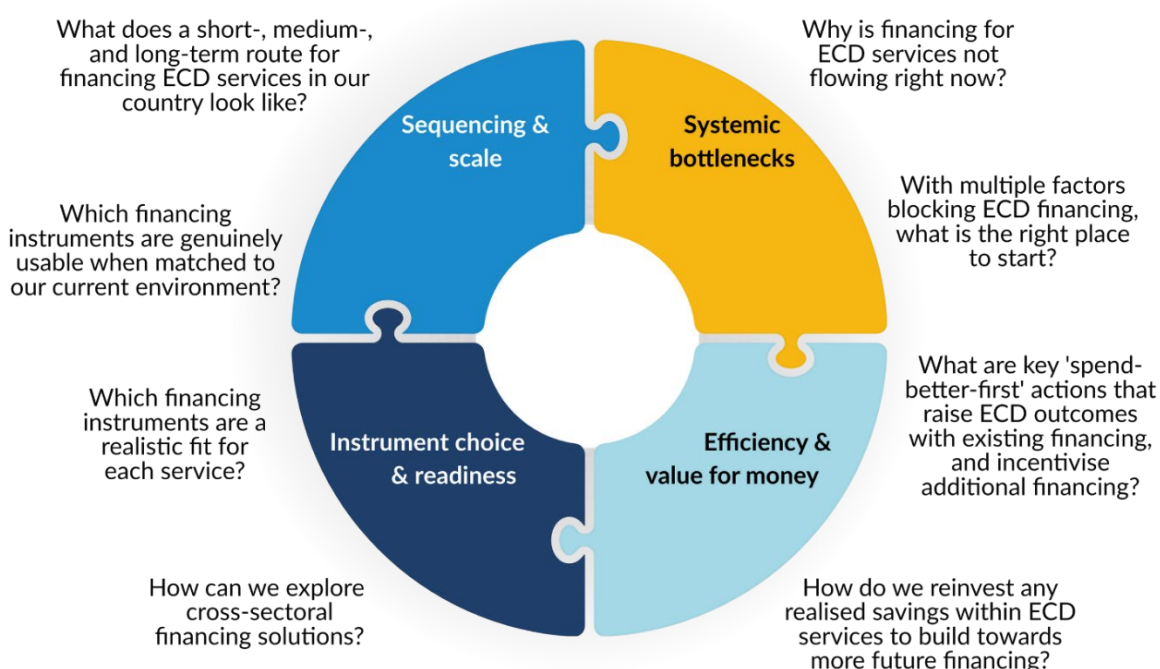
The early years form the foundation for lifelong health, learning, and well-being, yet financing for ECD remains inadequate, inequitable, inefficient, and fragmented. Low- and middle-income countries allocate less than 2% of education budgets to pre-primary education and care, despite decades of evidence showing that high-quality ECD investments generate:

- Immediate economic gains through increased parental labor force participation.
- Long-term productivity growth through stronger human capital.
- Significant public savings in special education, criminal justice, and health care.
- Strengthened economic competitiveness through a more skilled workforce.

Although global frameworks such as SDG 4.2 and the Nurturing Care Framework have built momentum and elevated political commitment, financing arrangements remain fragile. Services for young children are spread across sectors, delivered through multiple platforms, and financed by a patchwork of domestic budgets, household spending, and external support. The result is uneven coverage, short planning horizons, and limited protection for essential operating costs.

Figure 1 summarizes the recurrent bottlenecks: limited visibility on who finances what, weak value for money, poor alignment between services and financing instruments, and weak links between system reforms and service-level improvements. Without addressing these issues, countries continue to face fragmented programs, stop-start funding, persistent inequities, and difficulty convincing ministries of finance that investing in the early years is an effective use of scarce resources for individual and societal progress.

Figure 1: Problems in financing for services for the early years.



Source: Developed by ECDAN's Early Years Technical Financing Working Group.

Each budget cycle often begins anew. Sector teams struggle to present coherent, prioritized financing options; ministries of finance receive disconnected requests; and development partners default to project-specific interventions that sit outside national systems. Without a structured way to organize financing choices, opportunities to protect ECD services, expand equitable coverage, and link system reforms to real improvements are repeatedly missed. As fiscal pressures intensify, countries need a disciplined method to prioritize and sequence ECD financing reforms.

Additional financing challenges include:

- **Donor dependency:** In low-income settings, reliance on external support raises concerns about sustainability and continuity.
- **Inequitable distribution:** Financing often benefits urban or wealthier populations, widening disparities in early childhood outcomes.
- **Sectoral silos:** Fragmented budgeting across ministries undermines integrated, multisectoral approaches.
- **Limited private-sector engagement:** Opportunities for private investment and innovative financing remain underutilized.
- **Weak data systems:** Many countries lack the expenditure and outcome data needed to track investments and assess the efficiency and effectiveness of investments.

- **Short-termism:** Funding tends to prioritize immediate needs over long-term system and workforce development.
- **Insufficient advocacy funding:** Civil society lacks predictable resources for sustained advocacy, public demand generation, or accountability efforts.

These gaps carry substantial economic costs. Every dollar not invested in early childhood represents an estimated loss of \$8-19 in future returns. UNESCO estimates that failing to increase investment will cost the global economy over US\$20 trillion by 2030—vastly outweighing the relatively modest investment required now. Providing one year of early childhood care and education for all children would cost less than 0.15% of GDP in most countries.

In a world where human capital drives economic competitiveness, investing in the early years is one of the smartest and most urgent choices governments can make.

ECDAN, in partnership with the Government of Rwanda, the Africa Early Childhood Network (AfECN), UNESCO, UNICEF, and WHO will convene Investing in the Early Years: A Global Technical Financing Forum. The Forum is guided by ECDAN's Early Years Financing Technical Working Group, which brings together leaders and experts across the field and builds on a broader global roadmap and ongoing efforts by UNICEF, UNESCO, OECD, the World Bank, Grand Challenges Canada, Theirworld, and others to unlock financing for ECD. These efforts include the Act for Early Years Campaign, the G20 agenda, and the UNESCO/UNICEF/OECD Global Report on Financing for Equitable and Inclusive Access to Early Childhood Care and Education. These efforts, along with the Global Technical Financing Forum, will culminate in first ever International Finance Summit for Early Childhood planned for 2027.

2. Objectives and Outcomes

The Global Technical Financing Forum is designed to take a practical, systems-focused look at financing for the early years. Its purpose is to identify barriers and gaps, surface opportunities for reform, and explore innovative, sustainable financing mechanisms that support comprehensive whole-child services. Above all, the Forum will address the concrete financing challenges that countries face in tracking and translating high-level policy commitments into scalable, equitable arrangements that work within real public financial management (PFM) constraints.

As global attention to ECD grows, there is an urgent need to collectively address constraints. The Forum will provide a platform for joint strategy development and will generate practical recommendations that will be compiled together in a **Financing Toolbox for the Early Years**. The Toolbox will be a collection of practical methods that link existing PFM systems and financing instruments to service-level decisions under real constraints countries face. It will support countries to develop realistic financing options in the short, medium, and long term by identifying and exploring solutions to system bottlenecks.

The Forum will:

1. **Raise awareness:** Highlight the economic and social returns of ECD and the critical financing gaps that hinder progress.
2. **Contribute to global processes:** Provide input to the UNESCO/UNICEF/OECD Global Monitoring Report on Early Childhood Care and Education and the Act for Early Years Campaign.

3. **Facilitate policy dialogue:** Convene government, academic, civil society, private-sector, and development partners to discuss barriers and opportunities in ECD financing.
4. **Promote cross-country learning:** Share lessons on effective financing across the public-private spectrum.
5. **Catalyze action:** Develop practical tools and recommendations to increase and improve financing for ECD.

Major Themes

- **Investment case for ECD:** Making the economic and social argument for increased investments, supported by evidence from Lancet's Series on Early Childhood Development (2017 and 2024).
- **Shared diagnosis of system bottlenecks:** Developing a common understanding of the unique systems challenges blocking effective financing for early childhood.
- **Strategies to improve value-for-money:** Exploring how countries can increase and improve existing financing by highlighting strategies like reducing waste, improving cash flow, aligning funding sources, and improving budget execution, among others.
- **Investment needs for ECD services:** Establishing a shared understanding of the universe of ECD services that require financing and determining the unique financing needs of the sector.
- **Spectrum of financing models and instruments:** Exploring financing mechanisms across the public to private spectrum and generating examples of successful implementation across country contexts.
- **Governance for cross-sectoral financing:** Improving governance mechanisms for cross-sectoral approaches that align, coordinate, and leverage health, education, and social protection funding.
- **Equity and inclusion:** Ensuring financing strategies prioritize the most vulnerable children and families.

Expected Outcomes

1. **Global processes:** Inputs on global processes (e.g., global monitoring report, financing for ECD in primary health care, Act for Early Years campaign).
2. **Innovative financing models and solutions:** Documentation of successful financing strategies and mechanisms.
3. **Financing Toolbox for the Early Years:** A co-constructed toolbox (including clarity on scope and contents as well as tools to increase and align financing for the early years).
4. **Post-Forum action agenda:** Defined priorities and action to take forward at the national, regional, and global levels to advance coordinated equitable financing for the early years and contribute to the Act for Early Years campaign.

3. Structure and Format

The Forum will be an in-person event that includes:

- **Plenary sessions:** High-level discussions on global ECD financing trends and challenges.
- **Panel discussions:** Thematic sessions featuring diverse perspectives and case studies.
- **Workshops:** Interactive sessions for stakeholders to co-develop strategies and solutions.
- **Networking opportunities:** Spaces for collaboration and partnership building among participants.

Target Audience

The Forum will involve 150 participants from the following stakeholder groups:

- Government officials
- International and regional organizations and networks
- Private-sector leaders and philanthropists
- Civil society and advocacy organizations
- Academics and researchers

Timeline: The Forum will take place May 6-8, 2026, in Kigali, Rwanda.

Preparatory activities, including stakeholder consultations, resource mobilization, and agenda development, commenced in 2024.

This Forum is currently being supported by the Conrad N. Hilton Foundation, Grand Challenges Canada, Echidna Giving, and the W.K. Kellogg Foundation.

Annex: Financing Toolbox for the Early Years

Although there is now substantial global evidence on why early childhood development (ECD) matters and a wide array of tools on public financial management (PFM), budgeting, and sector planning, countries still lack a practical way to connect these high-level frameworks (such as the Nurturing Care Framework) to day-to-day decisions about how to finance specific ECD services at scale. This is the “missing middle”—where commitments, systems, and service realities intersect and where governments often lack a structured, repeatable method to identify, compare, and sequence financing options.

Because of this gap:

- Some ECD services receive adequate funding while others are consistently left behind.
- Project-based or off-budget arrangements proliferate, often lacking continuity or equity.
- Debates over financing instruments (e.g., input- vs. results-based, supply- vs. demand-side) are not grounded in the realities of service delivery.

The Toolbox is designed explicitly to fill this gap, in addition to PFM or budget tools. The Toolbox adds the missing analytical layer between sector plans, investment cases, and instrument design—focusing on matching services to feasible financing instruments within existing PFM rules.

It provides a structured approach to:

- Identify where financing is blocked and where small fixes could yield large gains.
- Improve value for money, protecting and expanding fiscal space for ECD.
- Map and profile the full universe of ECD services so smaller or politically marginal services are not overlooked.
- Match each service to the most feasible financing instruments today, while identifying more ambitious options for the future.
- Convert these choices into a credible, sequenced financing pathway that can be endorsed by ministries of finance and development partners.

Rather than promoting a single solution, the Toolbox enables countries to compare options, weigh trade-offs, and build a financing portfolio that is both technically sound and politically feasible.