The Early Childhood Development Systems Evaluation Study

Policy Brief

Strengthening Financing for Early Childhood Education in Kenya: Closing the Gap towards Global and Regional Financing Benchmarks

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Target Audience: *National and County Governments, Development Partners, Civil Society Organizations, and ECD Practitioners.*

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Executive Summary

Early Childhood Education (ECE) is one of the most effective investments governments can make to improve children's learning, health, productivity, and future economic outcomes. Global evidence demonstrates that quality early childhood programs generate annual returns of between 9% and 13% through improved educational attainment, productivity, and reduced social costs. Yet despite these benefits, ECE remains one of the most underfunded education subsectors globally, particularly in low and middle income countries.

Globally, governments are encouraged to allocate at least 1% of Gross Domestic Product (GDP) and 10% of national education budgets to pre-primary education. However, global median investment remains only 0.4% of GDP, while most African countries including Kenya invest less than 0.2% of GDP and approximately 2% of education budgets, well below internationally agreed benchmarks. Furthermore, Sub-Saharan Africa accounts for USD 11 billion of the global annual financing gap for pre-primary education, representing more than half of the financing deficit among low and lower middle-income countries.

A national review of Kenya's financing between 2020 and 2024 found that although county governments allocate an average of 34% of county education budgets to Early Childhood Education, substantial disparities persist in budget allocation, per capita investment, and expenditure across counties. Budget absorption averages between 65% and 72% with some counties spending less than half their allocations, indicating that a significant proportion of allocated resources remains unspent. These financing gaps undermine equitable access to quality early learning services and compromise children's developmental outcomes.

This policy brief calls for increased public investment, improved financial management, equity-based financing, and stronger national-county coordination to enable Kenya to progressively attain global financing benchmarks and ensure every child has access to quality Early Childhood Education.

Introduction

Early Childhood Education lays the foundation for lifelong learning, human capital development, and national economic growth. Research consistently shows that investments made during the first years of life yield the highest returns of any education investment, improving school readiness, educational attainment, labor productivity, and long-term economic growth. Quality early childhood programs also contribute to women's labor force participation, poverty reduction, and intergenerational equity.

Recognizing these benefits, international organizations including UNESCO, UNICEF, the International Labour Organization (ILO), and the OECD recommend that governments substantially increase public investment in Early Childhood Education and Care. The 2022 Tashkent Declaration, adopted by 147 countries, further commits governments to allocate at least 10% of national education expenditure to pre-primary education, while international financing benchmarks recommend investment equivalent to at least 1% of GDP.

In Kenya, the Constitution (2010) devolved responsibility for Early Childhood Education to county governments, while the national government retained responsibility for policy development, standards, curriculum, teacher training, and quality assurance. Although devolution has increased county investment in ECE, financing remains uneven and insufficient to meet growing demand for infrastructure, teachers, learning materials, and inclusive early learning services.

<u>Objective</u>

This policy brief aims to present evidence on the status of financing for Early Childhood Education

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in Kenya within the context of global and regional financing benchmarks. Specifically, it seeks to:

- Examine trends in national and county government financing for Early Childhood Education between 2020 and 2024;
- Compare Kenya's investment with internationally recommended financing benchmarks;
- Identify financing gaps and disparities in budget allocation and utilization; and
- Propose evidence-based policy actions to strengthen equitable, sustainable, and efficient financing of Early Childhood Education.

Methodology

The policy brief is based on evidence synthesized from a quantitative desk review of national and county financing documents, covering the fiscal years FY2020/21 to2023/24. The review analyzed Programme Based Budgets, Budget Implementation Review Reports, County Fiscal Strategy Papers, Annual Budget Estimates, and other public financial documents to assess budget allocation, expenditure, budget absorption, and per capita investment in Early Childhood Education across the national government and Kenya's 47 counties. Standardized data extraction tools and quality assurance procedures were used to ensure consistency and reliability of the findings.

The brief further integrates evidence from international literature, including the UNESCO and UNICEF Global Report on Early Childhood Care and Education (2024), the International Labour Organization (ILO), the OECD, and the 2022 Tashkent Declaration, to compare Kenya's financing performance with global and regional benchmarks and identify policy options for strengthening public investment in Early Childhood Education.

Findings

1. Kenya's ECE Financing Remains below International Benchmarks

Despite growing recognition of the importance of early learning, Kenya remains significantly below internationally recommended financing levels.

International benchmarks recommend:

- Allocating at least 1% of GDP to Early Childhood Education and Care;
- Dedicating at least 10% of national education expenditure to pre-primary education;
- Allocating 10% of total education aid to pre-primary education.

However:

- Kenya invests less than 0.2% of GDP in pre-primary education;
- Approximately 2% of the national education budget is directed to pre-primary education;
- Foreign assistance to pre-primary education represents only 0.28% of total education aid, well below the recommended donor benchmark.

These figures indicate that Kenya remains considerably below internationally accepted financing targets.

2. Global and Regional Financing Gaps Highlight the Need for Greater Investment

The financing challenge is not unique to Kenya but reflects broader regional and global underinvestment.

UNESCO and UNICEF estimate that:

- Achieving universal access to one year of pre-primary education across 79 low and lower-middle-income countries requires approximately USD 44 billion annually;

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- Current financing leaves an annual shortfall of USD 21 billion, representing 47% of the total investment required;
- Sub-Saharan Africa alone accounts for USD 11 billion of the annual financing gap.

These findings demonstrate that increased domestic resource mobilization and sustained public investment are essential for achieving Sustainable Development Goal 4 on inclusive and equitable quality education.

3. County Governments Carry the Largest Financing Responsibility

Because Early Childhood Education is devolved, county governments finance the majority of service delivery.

Between FY2020/21 and FY2023/24:

- Counties allocated an average of 34% of their education budgets to ECE;
- County investment increased from KES 8.27 billion in FY2020/21 to KES 11.12 billion in FY2023/24;
- Per-child allocation increased to KES 5,138 by 2023/24.

While these trends demonstrate growing commitment, financing remains highly unequal across counties.

4. Budget Absorption Remains a Major Challenge

Although county allocations have increased, expenditure remains below optimal levels.

Average budget absorption was:

- 65% in FY2020/21;
- 72% in FY2021/22;
- 72% in FY2022/23.

Delayed disbursement of funds, procurement bottlenecks, and limited financial management capacity continue to reduce the effectiveness of public investment.

Policy implications

The findings suggest several important policy implications for Kenya's education financing agenda.

First, Kenya's current investment in Early Childhood Education remains substantially below internationally recommended financing benchmarks. Unless public investment increases progressively toward the recommended 1% of GDP and 10% of education expenditure, the country will struggle to expand equitable access to quality early learning services.

Second, persistent disparities across counties indicate that devolved financing alone cannot guarantee equitable service delivery. Counties with weaker fiscal capacity continue to lag behind, reinforcing inequalities in children's learning opportunities.

Third, improving budget execution is as important as increasing allocations. Raising investment without addressing low budget absorption will have limited impact on service delivery.

Finally, the limited allocation of development assistance to pre-primary education highlights the need for Kenya to diversify financing through stronger partnerships with development partners, the private sector, philanthropic organizations, and innovative financing mechanisms such as conditional grants, results-based financing, and public-private partnerships.

Policy recommendations

1. Progressively increase public investment towards internationally recommended benchmarks of 1% of GDP and 10% of the national education budget dedicated to Early Childhood Education.
2. Establish ring-fenced ECE financing mechanisms at both national and county levels to protect early childhood allocations from budget

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reallocations and ensure predictable financing.

3. Adopt equity-based financing formulas that allocate additional resources to marginalized counties based on child population, poverty levels, infrastructure deficits, disability prevalence, and teacher shortages.
4. Improve budget absorption through timely release of funds, strengthened procurement systems, enhanced financial management capacity, and routine expenditure monitoring.
5. Strengthen national support to counties through technical assistance, conditional grants, standardized financing guidelines, and national performance monitoring systems.
6. Mobilize additional financing through development partners, employer-supported childcare initiatives, innovative financing mechanisms, and public-private partnerships to complement domestic public investment.
7. Institutionalize annual financing reviews that monitor county performance against global benchmarks, including budget allocation, expenditure, per capita investment, and equity indicators.

Conclusion

Kenya has made encouraging progress in financing Early Childhood Education through increased county investment under devolution. Nevertheless, current financing remains significantly below internationally accepted benchmarks. While county governments allocate approximately one-third of their education budgets to ECE, national investment remains below 0.2% of GDP, far short of the recommended 1% of GDP, and only about 2% of education expenditure is directed to pre-primary education compared to the global target of 10%. At the same time, persistent disparities across counties and low budget absorption continue to undermine equitable access to quality early learning services. Aligning Kenya's financing strategy with global and regional benchmarks will require increased domestic investment, stronger financial accountability, equitable resource allocation, and sustained collaboration between national and county governments. Investing adequately in Early Childhood Education is not only an educational priority but also a strategic investment in Kenya's future human capital, economic growth, and sustainable development.

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