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ECD DONOR DIALOGUE

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A NOTE FROM THE EDITOR

Welcome to our first edition for 2026 of the ECD Donor Dialogue - the Centre for Early Childhood Development's tri-annual publication tracking ECD developments through an investment and funding lens.

This edition focuses on two of the biggest developments on South Africa's national calendar; our President's State of the Nation Address (SONA), and the Finance Minister's Budget Speech. In particular we focus on how ECD in South Africa might be affected, and should be supported, in light of government's promises and budget.

We hope you find this edition to be an interesting and informative read. You are welcome to reach out to us at the Centre for Early Childhood Development if you have any questions or need any early childhood development (ECD)-related information.

Michaela Ashley-Cooper
- CECD Research Manager

INFRASTRUCTURE OVERHAUL ESSENTIAL FOR THE FUTURE OF EARLY CHILDHOOD DEVELOPMENT IN SOUTH AFRICA

South Africa's future hinges on the wellbeing of its children, but too many learn in unsafe spaces. The writer makes an urgent call to improve early childhood development facilities to fulfil the vital role they play in nurturing the nation's youth.

At this year's State of the Nation Address on February 12, President Cyril Ramaphosa reaffirmed an important principle: strong communities are built on how well we care for our children, and the early years demand our greatest attention. He committed to ending child stunting by 2030, expanding early childhood development access through the Bana Pele mass registration drive, making Grade R compulsory and ensuring that every child has a fair chance at life.

These commitments matter. They recognise that the early years shape everything that follows. But one critical issue received too little attention: the condition of the spaces in which young children spend their earliest years.

Across South Africa, thousands of early childhood development centres (ECDs) operate in structures that were never designed for learning. Informal buildings, overcrowded rooms, unsafe sanitation, makeshift kitchens and limited access to running water remain common realities. In many centres, children of different ages share a single classroom because there are no separate learning areas. In others, boiling water for meals is prepared in the same space where children play, creating daily risks of burns. Poor wiring, unstable structures and the use of paraffin or open flames increase the risk of fire.

These are not marginal concerns. They are structural barriers to quality early learning. The government has rightly prioritised registration and compliance. Yet principals cannot secure registration without the correct infrastructure, and they cannot afford that infrastructure without support. This leaves many ECD operators, most of them women running small community centres, trapped in a cycle: unable to upgrade because they are unregistered, and unable to register because they cannot upgrade.

If we are serious about strengthening the foundation phase, infrastructure must be treated as a prerequisite, not an afterthought. The Thrive by Five Index has already shown that too many children enter formal schooling without the developmental foundations they need. Only 42% of pre-schoolers are developmentally on track as they approach Grade 1. Children in low-fee centres are half as likely to thrive as those in high-fee facilities. Only 29% are on track in fine motor and visual motor skills essential for writing and early literacy, and 7% of enrolled four-year-olds show signs of stunting, placing them up to five months behind their peers before school even begins.

Learning outcomes do not exist in isolation from environment. A child cannot concentrate in an overcrowded classroom. A practitioner cannot deliver age-appropriate learning if toddlers and older children are grouped together in one space. A centre cannot meet health and safety standards without a separate kitchen area and safe sanitation. Early childhood development infrastructure is not peripheral to the education agenda; it is central to it.

Breadline Africa works with hundreds of ECD centres each year. The pattern is clear. When stable classrooms replace makeshift structures, attendance improves. When classrooms are properly separated by age group, learning becomes more focused and effective. When safe kitchens and compliant sanitation are installed, health risks decline and centres are able to move toward registration. Infrastructure enables quality. Without it, policy ambition cannot translate into practice. Three actions require urgent attention.

First, a national focus on ECD infrastructure as part of foundation phase reform. Infrastructure investment must be explicitly included in implementation plans linked to ECD expansion.

Second, a streamlined approval process. ECD operators currently navigate multiple departments to secure permissions for building upgrades, sanitation or kitchens. A simplified, co-ordinated process with defined timelines would remove a significant barrier.

Third, dedicated infrastructure funding. A ring-fenced funding mechanism, drawing on public and private resources, should prioritise safe classrooms, compliant sanitation, separate kitchen facilities and secure play areas, particularly in high-need provinces.

This is not about aesthetics. It is about safety, dignity and readiness to learn.

We cannot expect improved literacy, reduced stunting or better developmental outcomes if children spend their earliest years in environments that compromise their wellbeing. We cannot demand compliance from principals without providing the means to achieve it. And we cannot speak about opportunity while neglecting the physical foundations on which that opportunity depends. If early childhood development is the foundation of our education system, then safe, compliant infrastructure must be the foundation of early childhood development.

The promise made at SONA will only be realised when the spaces in which young children learn are stable, safe and fit for purpose. Every child deserves to begin their learning journey in an environment that supports their growth and protects their wellbeing.

Written by: Warren Povey. Published by the Sunday Independent and available at: www.sundayindependent.co.za/ios/opinion/2026-02-25-infrastructure-overhaul-essential-for-the-future-of-early-childhood-development-in-south-africa

2026 BUDGET CUTS R800 MILLION FROM ECD SUBSIDIES

Following a historic R10 billion investment in ECD in the 2025 Budget, which has allowed approximately 100 000 more children to access subsidised early childhood development (ECD) services, the 2026 Budget cuts planned investment in ECD subsidies by R800 million in 2026, from R5.1 billion to R4.3 billion.

This reduces the investment planned for the 2025 – 2027 period to R9.2 billion. Importantly, the 2026 budget does not roll these funds over to the 2028 financial year.

In Parliament, National Treasury officials advised that the slow pace of expenditure predicted for the coming 2026 financial year was the reason behind the cut.

This budget cut therefore serves as a warning to ECD stakeholders, and in particular, all three spheres of government that registering more ECD programmes is crucial to ensure there are more eligible children to subsidise with additional funding.

Subsidy value could have been increased

The President's commitment to ending child stunting and the Department of Basic Education (DBE) goal of ensuring universal access to quality ECD by 2030 require more, not less investment in young children. The 2026 budget is a missed opportunity to increase the value of the ECD subsidy, which remains at R24 per-child per-day for a second year in a row.

According to data collected in the ECD Baseline Audit of 2021, the median cost of provision at registered ECD programmes serving low-income communities that are "more compliant" with the government's registration framework was R93 per child per day—almost 4 times the current subsidy value.

2025 investments are paying off but access to ECD needs to grow much further

The first R2 billion of the R10 billion investment allocated in 2025 has resulted in an estimated 100 000 more children accessing the ECD subsidy, increasing the total number of subsidised children to around 900 000. We applaud this progress and see it as a demonstration of how investment can lead to an increase of children accessing the subsidy.

However, the reality is that an additional 1.4 million children still need to be subsidised to reach the goal of universal access by 2030 where 2.3 million children access subsidised, quality ECD.

The majority of these 1.4 million children are currently attending unregistered early learning programmes, or are not attending any programme at all. These are the children who need subsidised access the most, and the additional R10 billion allocated in 2025 is a runway to bring them into the subsidy net.

Innovative way to support unregistered programmes to register is key

Many of the estimated 20 000 unregistered ECD programmes in South Africa require significant investment and support to comply with registration standards, complete the registration process and ultimately access state funding.

Given the slow pace of implementation of the ECD infrastructure grant, innovative ways of supporting "bronze" registered ECD programmes to meet the "silver" registration requirements in which they receive infrastructure support needs to be explored.

Enhancing the role of local government in enabling ECD centres to register and provide reliable, quality services is also a massive challenge that we call on the DBE and all stakeholders to mobilise around in this local government election year.

Given their constitutional mandate for ECD, municipalities should be required to waive or reduce municipal rates, fees and tariffs imposed on ECD programmes. The revenue forgone could be claimed back by adding a dedicated ECD component to the municipal infrastructure grant, or from the ECD infrastructure conditional grant, both of which are known for chronic underspending.

Two steps forward, one step back

While there are some wins in the 2026 Budget, such as the increase in ECD infrastructure funding by R100 million in 2026 and a retention of the R772 million over the medium-term for piloting a nutrition support programme at low-income ECD programmes, we caution against taking two steps forward and one step back.

Funding to pilot an ECD nutrition support programme was already allocated in 2024, but no pilot has yet materialised, leaving some of South Africa's most vulnerable children without access to nutritious meals.

Real Reform for ECD calls on the National Treasury and political parties to protect the full additional R10 billion investment in ECD for 2025 – 2027, by adding at least R800 million to the 2028/29 ECD subsidy baseline in the October Medium Term Budget Policy Statement (MTBPS). The DBE and all stakeholders should work together to ensure that this money is spent effectively and transparently accounted for.

The 2024 Thrive by Five survey found that only 39% of ECD programmes receiving the subsidy get it on time and at the right value. The DBE and National Treasury should consider how to monitor, incentivise or hold officials accountable for the on-time payment of subsidies, particularly in provinces like KZN where persistent late and underpayment of subsidies places the survival of many ECD programmes at risk.

Real Reform for ECD calls for:

- An annual, above-inflation increases in the value of the ECD subsidy to ensure it keeps up with inflation, and gets closer to the real cost of quality ECD provisioning in low income communities.

- More transparency and accountability around the expenditure of the allocated R772 million for the ECD national nutrition pilot programme.

- A speeding up of ECD infrastructure support for ECD centres in vulnerable communities to ensure that they comply with regulations and children are kept safe while they learn.

Realising universal access to quality ECD will require more, not less investment in our youngest generation and the women who care for them.

The 2026 Medium Term Budget Speech in October should announce plans to increase the ECD subsidy value to at least R27 per-child per-day, and provide funding to boost the Bana Pele Mass Registration drive efforts to bring more ECD programmes into the registration net.

Investment in young children and the women-led care economy addresses our greatest challenges of unemployment, poverty, and inequality - in the short and long term - through improved education and health outcomes, gender equity, and inclusive economic growth.

We reiterate President Ramaphosa's words at the 2026 Basic Education Sector Lekgotla: "If we invest early, we invest wisely".

"Investment in young children and the women-led care economy addresses our greatest challenges of unemployment, poverty, and inequality..."

Statement Issued by Real Reform for ECD.
Published by Real Reform for ECD and available at:
www.ilifalabantwana.co.za/2026-budget-cuts-r800-million-from-ecd-subsidies/