Towards a stronger economic evidence base to support child protection reform: from institutions to family based care and community level services.


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1. Institutional care violates children’s rights

Worldwide, an estimated 8 million children live in institutional care (Pinheiro/UNICEF, 2006). Institutional care is care taking place in often large residential settings that are not built around the needs of the child nor close to a family or small-group situation, and displays the characteristics typical of institutional culture: depersonalisation, rigid routine, block treatment, social distance, dependence, lack of accountability, etc. (Eurochild, 2012, p 6). Research has amply demonstrated how harmful institutional care is for all individuals, but for children in particular (OHCHR, 2011, p. 6). The long term negative effects of institutional care on children’s health and psychosocial development are considerable (Browne, 2009, p5; Schoenmaker et al., 2014) and in some cases irreversible. A study found that every 2.6 months spent in an institution before the age of three stunts a child’s growth by one month and significantly lowers their IQ (Bucharest Early Intervention Project, 2009).

The human rights case for a transition from institutional care to family care and community based services for children is clear. The UNCRC explicitly recognizes that the ideal setting for a child to grow up is within a family environment that provides an atmosphere of happiness, love and understanding. “The family should be afforded the necessary protection and assistance so that it can fully assume its responsibilities within the community”(UNCRC, preamble). The UNCRPD safeguards the rights of children with disabilities to live in the community, to inclusion and participation in the community (UNCRPD, article 19) and to respect for their home and family life (UNCRPD, article 23).

The Guidelines for the Alternative Care of Children (welcomed by the UN General Assembly in 2009) represent an essential reference, clarifying that “States should develop and implement consistent and mutually reinforcing family-oriented policies designed to promote and strengthen parents’ ability to care for their children.” The Guidelines also clearly call on states to adopt a strategy of deinstitutionalization, developing in particular alternatives to large residential care facilities with clear goals and objectives to ensure their progressive elimination (§23).

Research has shown that four out of five of children in childcare institutions across the world today have parents who could care for them and the vast majority of children who have lost their parents are in the care of their families, in kinship care. Not being orphaned, but poverty and lack of access to basic social services are recurring factors in children’s placement by their families in institutional care. (Browne 2009; Better Care Network and Every Child, 2012; Save the Children, 2014).

By its nature, institutional care violates children’s right to family life and family care, privacy and autonomy. “The quality of the care environment is an important predictor of quality of life and health outcomes. Disruptive care, harsh parenting, and household poverty tend to be associated with a higher incidence of substance abuse and chronic diseases, in addition to mental and behavioural problems. Such negative effects can be prevented; failure to do so places a financial burden on individuals as well as the public health care system, thus hindering human development.” (SOS Children’s Villages, 2014). The impact of institutionalisation on children’s wellbeing and development therefore interferes with their right to health and education. The high risk of abuse and neglect in institutions (Pinheiro/UN, 2014, pp.183-190) moreover, exposes children to violations of their right to integrity. The extremely high mortality figure (above 75%) in Sudan’s Maygoma institute (cited in Pinheiro/UNICEF, 2006, p14) and the case of Valentin Campeanu (CLR on behalf of Valentin Campeanu v. Romania, ECHR, 17 July 2014) show how institutions violate the right to life.

Even though the evidence clearly demonstrates grave violations of children’s rights, levels of institutionalisation remain high in many countries, and are increasing in some, according to certain reports (UNICEF, 2010; Browne, 2009). Despite the evidence showing that prevention and alternative family care are more cost-effective in the long term, vested interests and short-sighted financial considerations often tend to prevail. This creates disincentives to investing in quality care and perpetuates a system that violates children’s rights and is not cost-effective. In order to tackle deinstitutionalisation, the economic argument for deinstitutionalisation and for strengthening the capacity of parents and families to care needs to be better understood.
2. Multiple financial barriers to investing in deinstitutionalisation processes

Article 3 of the UNCRC states that the best interest of children must be the primary concern in decisions that affect them. When adults make decisions, they should think about how their decisions will affect children and this particularly applies to budget, policy and law makers. Why are billions in tax money and charity donations being drained into a system that violates children’s rights?

In order to fully support deinstitutionalisation, it is key to understand the financing frameworks underpinning the institutional system. “Special attention must be paid to developing funding models for alternative care settings that will promote, rather than hinder, efforts to keep placements at a minimum, and encourage a shift in placements away from institutional forms of care” (SOS Children’s Villages, 2013). A good financing framework for children’s services provides incentives for the best possible care (UNICEF, 2003). Sadly though, many current child care financing systems directly or indirectly favor institutions, and in changing those systems, there are multiple hurdles to overcome.

i. The myth of the low cost of institutions

There is a common misperception that large residential settings are much cheaper than family and community based alternatives. The concept of economy of scale is often recalled in this regard, with scarce consideration for children’s rights and quality standards. Worldwide and in a diversity of national contexts, a growing number of studies comparing the costs of different forms of care indicate that the cost of institutional care is in fact multiple times higher than most other forms of alternative care. Such evidence has emerged, among others, from Tanzania (World Bank 1997), Romania (Tobis/World Bank, 1998), the US (Courtney 1998), South Africa (Desmond 2001), Benin and Eritrea (Prywes et al, 2004), Moldova (Larter & Veverita 2005) Rwanda and Zambia (Dougherty 2005), Serbia, Montenegro and Slovenia (as cited in Browne 2009), Estonia (National Audit Office, 2007), the UK (Ward 2009, Holmes & Soper, 2010), Latvia, Lithuania, and Romania (UNICEF (Norberg et al) 2010), Armenia (UNICEF 2010) and Finland (Heinonen 2014).

Even if institutions were cheaper, a comparison purely based on costs is unacceptable from a human right perspective. High quality family and community based care can be expensive, particularly for children with complex and special needs. Yet in any assessment, the quality of life and best interest of the child should be recognized as an essential component in comparing the costs of different services, and their effectiveness (i.e. the outcomes for children). There are national examples of studies which compare costs for different services to provide a certain minimum quality level of care. These studies are available from Romania (Tobis 2000), South Africa (Desmond 2001), Romania, Ukraine, Moldova and Russia (Carter 2005), Western and Central European Countries ( Browne et al 2005a), Tajikistan (Garcia et al, 2009), Bosnia and Herzegovina (Hope and Homes,2012) and Nepal (Pradhan, 2012)

Cost comparisons and cost-benefits analyses provide economic substantiation to strengthen arguments against the use of institutional care for children. Recently developed tools containing guidelines on how to carry out cost analyses and cost projections, specific to the field of child protection (Gross 2009, Mulheir & Browne 2007, UNICEF 2010, EC/WHO/UoBirmingham 2010, Desmond et al 2012, Stanley & Rome, 2013), should help solidify the cost side of our economic arguments for deinstitutionalisation. Understanding better the real costs of children’s care will also encourage better accountability and challenge some of the practices that have led in some contexts to vested interests that keep these institutions in business despite the evidence of harm to children (Save the Children, 2014)

ii. Transitional costs or “hump” costs

Despite the growing evidence that institutionalising children is a very cost-ineffective way to spend both public and private funds, many countries have failed to initiate the urgently called for process of transforming their child protection systems for children in care towards family and community based
care services. This is, for a large part, because deinstitutionalisation does not just mean closing institutions. It is a process requiring full child care system reform and during the initial phase, before any institutions can be closed, new services will have to be set up and both systems will be run in parallel for some time. These ‘double running costs’ account for the initial increase of expenditure when a process of deinstitutionalisation has been initiated. (EveryChild, p 35). Very few cost(effectiveness) comparisons account for the additional expenditure or “hump” costs (examples are Holmes & Soper 2010 and UNICEF Armenia2010) in transforming child protection systems for children in care.

Governments need a push towards spending wisely on child protection. It is imperative to demonstrate to decision makers how a comprehensive reform of children’s services – with a strong focus on early intervention, family support and re-integration – can allow public authorities to make substantial savings in the long term. Institutional care of low quality can be cheaper than family and community-based care of high quality. Not acting on the evidence of the harmfulness of institutional systems but instead upholding the status quo could be seen as much cheaper than initiating a reform process. Nonetheless, it will be more costly to public authorities in the long-term due to social welfare, health and public –security costs. “Supporting families and communities so that they can look after their children themselves might seem more complicated in the short term. But in the long term, it pays enormous dividends. Not only are individual children more likely to thrive and go on to be better parents.[These children] are more likely to contribute to their communities and to their country’s development.” (Save the Children, 2009, iv). Likewise, investing in social protection for families that are at risk of breakdown and ensuring quality alternative care for children who cannot live with their parents are two of the most efficient and effective ways to break the cycle of poverty and inequality, protect children’s rights, prevent violence, and enable families and children to be resilient and healthy contributors to society. (SOS Children’s Villages 2014) States are the primary responsible for spending wisely on child protection. However, not all countries have the necessary resources – particularly the additional funds needed to finance the transition. This is not a justification for inaction – it is important to argue that DI can take place also in resource-scarce contexts (see example of Moldova or Rwanda). Much can be done through international cooperation and assistance.

The recent commitment by the European Union to make deinstitutionalisation a priority for the use of its Structural Funds and Regional Development funds and the EU Member States using these funds to finance comprehensive deinstitutionalisation reforms, constitute a positive example.

iii. Austerity.

The global economic crisis and the resulting budget cuts that many states are currently having to implement, brings with it a few risks that are inherent in any systems reform, but which become particularly acute in the context of rationalising funds, particularly in social services. Poverty remains as the primary overriding factor as to why children are placed in alternative care. The impact of the austerity measures together with the systematic cuts to social protection and services has resulted in more children being placed at risk of losing parental care. Research conducted by shows that 88% of children in alternative care have at least one living parent and that 70% of children could actually be reintegrated if adequate family support services were provided (SOS Children’s Villages, 2013)

One risk is that the language of deinstitutionalisation will be abused to close institutions, and save money, while not investing in the buildup of an alternative family based system. Wild closures where no alternative services have been prepared can leading to homelessness, or disappearance of children into private institutional care systems where there is no government control and no accountability. Another risk is that funding is not reallocated to the more devolved level of government at which community services operate as compared to institutional systems (usually run more centralised by national governments or larger private organisations). Communities shoulder a big share of the
burden of austerity: a shift by which they become responsible for organising social services that is not paired with a shift in income streams, often so that national governments can reduce their budgets, runs counter to the goal of developing financing frameworks to support and provide incentives for deinstitutionalisation. The principle ‘the money follows the child’ should be implemented.

Finally, when reforming child protection and care services towards more cost-effective spending on non-residential alternative forms of care, there is a significant risk, particularly during times of austerity, that the overall budget for child care provisions would be reduced. Children at risk of separation would still be eligible for community services and allowances, but the additional demand created when creating new services would not be accounted for. After all, one of the advantages of a lower cost per child for a service is that, provided budgets are being ringfenced, a larger amount of children can be served, benefit from the service, and contribute to society.

3. The need for evidence on long term social return on investment.

We need to understand better how financial frameworks can support and provide incentives for deinstitutionalisation. Models are needed that will allow for the mapping of funding streams that go into the child care system, and to calculate the economic value of the broader social outcomes of that spending on the mid to longer term: a piece of work on the social return on investment, in other words. A study led by Eurochild within its Opening Doors campaign for deinstitutionalisation with Hope and Homes for Children, and with funding support from the OAK foundation 2014-2016 (http://www.oakfnd.org/node/5133) is an important example of such an initiative.

We need to go beyond a pure cost-effectiveness comparison, as it is not sufficient to grasp the financial complexity of child protection reforms. Deinstitutionalisation implies a transition from a system based uniquely on institutions towards a system based on prevention (= much less children in need of alternative care) and a range of quality alternatives matching children’s needs. While some specialised services will be more expensive, great savings can be done from a systemic point of view by preventing children from going into care and by ensuring institutions are replaced by more cost-effective services.

What is often forgotten are the long-term consequences of institutitionalisation on children, families and society. When children leave institutional care as young adults they have no support network, find it difficult to get work and often become dependent on the State or their community for basic welfare. Many fall into alcohol, prostitution and drug abuse, others become involved in crime. We should add to the equation the economic value of the broader social outcomes of a deinstitutionalised system. This means taking into account the benefits for society at large including in terms of social welfare, education, health and public —security costs, etc.

A model framework to calculate the social return on investment of deinstitutionalisation is the missing puzzle piece to be able to start convincing governments to release (additional) funding for that process, and for quality care alternatives, regardless of transition costs. Such a framework can also demonstrate to decision makers the importance and long term value added of the related initial transition costs. In this way deinstitutionalisation processes can have maximum social impact through the ring-fencing of children’s budgets, through measures which are sensitive to the needs of children, especially the most vulnerable, and through their impact on a broader number of children for a lower cost per child. Only through solid investment in adequate child protection and child care systems, which focus on the most at risk and marginalised, can all children, their families and society profit from an inclusive social investment which promotes equality, dignity and the rights of all.

A credible framework needs to be practicable as well as academically rigourous if it is to be adopted and implemented by National Governments.

There is little research available on the social return on investment of deinstitutionalisation as a particular issue, but one Romanian study calculates a significant added value (Comsa et al., 2009) of planned system reforms, and another promising practice was found in Ukraine (Bilson and Carter, 2008). Nevertheless, as deinstitutionalisation is a complex issue crosscutting a number of different
areas of investment and there is a lot of social return on investment work that we can learn from. From Heckman’s early years studies, we know that programs targeted towards the earliest years bring highest return to a unit dollar invested. He also underlines that the ‘real measure of child poverty’ is the quality of parenting (significant for institutional care), and that there is a lot of hard evidence on the importance of soft skills in economic and social life. Still, a much stronger evidence base is needed.

The wide number of studies on social return on investment in other fields, such as education and health, all discussing how investments impact either GDP or DALYs and QUALYs(Rees et al 2012, Bellie et al 2005, Marmot Review, 2009, Stenberg et al 2014) can be used to resource the rather complicated modeling crosscutting policy domains that would be needed. Frameworks developed in that context (such as Stenberg et al’s 2014 global investment framework on the health of women and children) provide important examples of approaches used in that regard. Social return on investment work concerning violence and addiction (such as Discovery House, 2013; Pereznieta et al, 2014 and Nilsson & Wadeskog’s work on the socio-economic reports) can be incredibly helpful as well, since it concerns other multidimensional issues compromising children’s rights and wellbeing in a number of domains. The socio-economic report toolkit, moreover, provides a useful example of how to model and monitor the financing streams underpinning a certain issue.

4. Recommendations towards an economic evidence base supporting child protection reform

In light of the child rights concerns associated with the system of institutional care and the growing economic evidence base supporting child protection reform outlined above, we call on all States to:

- Comply with international conventions, standards and guidelines to protect the rights of children without parental care, in particular the CRC, the CRPD and the Guidelines for the Alternative Care of Children;
- Develop tailored and costed strategies for the transition from institutional to family based care;
- Secure funding to cover the transition, including through support by international/bilateral and private donors;
- In particular, ensure national budgets provide sufficient resources for the development of services and support to vulnerable and at risk families to prevent family separation, as well as for the creation of more robust Child Protection and Child Sensitive Social Protection systems, and quality alternative care provisions in line with the UN Guidelines
- Further explore the framework of socio-economics of return on investment to create financial incentives for de-institutionalization.

In the framework of international cooperation, we call on donor countries and regional organisations such as the European Union to:

- Fund child protection reform programmes in line with the UN Guidelines;
- Resist funding any programme that reinforces the system of institutional care and therefore does not uphold the principles of the Guidelines;
- Work to prevent private initiatives from within their countries that promote institutional care
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