Childcare Financing COP: In-person workshop key takeaways (2nd July 2026)

1 Where does the childcare system break down?

Registration & regulation: Critical for scaling a subsidy. Can leverage pilots to prove what works and build the government buy-in to push reform

Financing is a recurring constraint: The business case is missing, across private capital and for the government. Reframe from long-dated child outcomes to workforce value today

Registration ≠ Quality: Quality is a separate standard, built alongside registration, not assumed to follow it

Data as a key component: Data is scarce, siloed and fragmented, leaving government and other funders unable to track impact or justify shifting budget

Fragmentation is structural: Childcare spans health, education and social protection. Funders and government departments often have competing priorities with no one department owning childcare

Rural vs urban: Rural areas face both access and affordability barriers. In urban areas access is improving, but affordability is still a critical issue

2 What are the key design principles for a successful subsidy in a Kenyan context?

Tension	Trade-off
Scale/Depth	Depth proves impact; scaling too fast risks quality before financing, systems and data are ready
Inclusion vs Accountability	A single standard excludes informal and fragile-context providers; multiple regimes become unmanageable
Funding and Cash flow	Outcome-based payment puts financial risk on providers who survive day-to-day on parent fees
Quality and Affordability	Higher standards reduce affordability at scale; lower standards let outcomes slip
Simplicity vs Targeting	A universal subsidy is simple but poorly targeted; a targeted one is administratively heavy and slow
Public Ownership vs Flexibility	Government ownership brings legitimacy but risks slowing reform; non-state flexibility fragments delivery

Design principles for subsidy success

- **Depth first:** a minimum viable standard across all providers ensures scale doesn't undercut quality
- **Government from day 1:** even pilots should involve government early to open a path to scale
- **Tiered system eases tensions:** a minimum quality floor reduces exclusion while holding a base standard
- **Layer systems before the subsidy:** equal licensing fees per level, capitation at Level 1, pay-for-performance above
- **Fund opex and capex:** pair any outcome-based element with predictable upfront funding
- **Data & systems must be built:** verification and segmentation decisions need reliable data collection
- **Government owns the enabling environment:** intermediaries deliver training, technical input and evidence

3 What could the start of a Kenyan subsidy look like? (*Illustrative*)

	Short term	Medium term	Long term
Funder	Philanthropy	County gov't	National gov't
Delivery	Small programs	One or two county pilots	National program
Gov't role	Kept informed but not necessarily funding	Pilots and funds at local scale	Owns and funds it at national level
Subsidy type	Cash: pay for performance		
	Non-cash: Trained staff, subsidized space		
Data	Registration growth, location, attendance, quality improvement		

While this workshop highlighted some key principles and potential next steps for how subsidies can be built and operated in the childcare space in Kenya, there are still outstanding questions that will need additional stress testing. We plan to do this during our next virtual roundtable on 6th August – kindly RSVP