A toolkit for improving financial sustainability of early childhood and childcare centres in emergencies





#### **EXECUTIVE SUMMARY**



#### THE CHALLENGE:

Childcare and early childhood education and development (ECED) centres are critical in emergency contexts. They provide safe spaces for children, support psychosocial well-being, and nurture early learning. For parents, especially women, the centres free up time to pursue employment, access essential services, or engage in recovery efforts. Many women also find work within these centres, turning care into a source of livelihood. In doing so, ECED centres contribute not just to individual well-being, but to broader household and community stability.

However, despite their vital role, accessing high-quality childcare/ECED services in emergencies remains a significant challenge. A large number of centres struggle to cover their operational costs, pay staff, and maintain facilities. Many centres rely on donations, subsidies, or grants sources that are often unreliable or unsustainable. Others charge high fees, which may exclude many refugee families. Operational challenges such as overcrowded classrooms, inadequate infrastructure, and a shortage of trained staff further exacerbate the limitations on access and quality.

#### THE TOOLKIT:

Given these challenges, addressing financial sustainability is essential to ensure that more families and communities can benefit from quality childcare/ECED services in emergency settings. Without a sustainable financial model, many centres risk closure or scaling back their services, limiting the reach and impact of their vital work.

Recognising this, the Global Schools Forum (GSF) has developed a practical toolkit to offer guidance on revenue generation, financial planning, and management practices to strengthen the financial sustainability of ECED/childcare centers in emergencies. It includes actionable tools, templates, and real-world examples designed to make the toolkit accessible and useful for practitioners working on the ground.

It is purpose-built for both finance teams and for non-finance staff (e.g. programme managers, centre leads, and M&E officers) enabling them to better align day-to-day programming decisions with financial realities and strengthen operational resilience. The toolkit has been developed through an iterative process that combines desk research with close collaboration from practitioners across emergency settings- through interviews, co-creation workshops, and communities of practice- ensuring its relevance and grounding in real-world solutions.

#### HOW WE DEVELOPED THIS TOOLKIT



#### The toolkit was developed using a multi-pronged approach:

Past learnings



Drew on insights from six Communities of Practice sessions on ECED and childcare in crisis contexts, conducted by GSF in 2024, along with lessons from implementing an earlier version of the module in low-resource settings through GSF's Impact at Scale Labs programme.

Desk research



Reviewed existing literature, reports, and case studies related to financial sustainability, childcare, and emergency-affected settings.

Practitioner interviews



Held in-depth conversations with six practitioners working in emergencies to gather practical insights on financial challenges, revenue models, and cost management strategies.

An in-person cocreation workshop



Conducted in Uganda, the workshop engaged 14 organisations who provided in-depth feedback on the templates and concepts developed for this toolkit to improve its relevance, clarity, and usability.



#### WHO IS THE TOOLKIT FOR



While the toolkit is primarily designed for ECED and childcare practitioners working in **emergency settings**, it can be tailored to meet the real-world needs of organisations in **low-income contexts**. It supports both:



**Finance staff** such as CFOs and finance leads who manage budgeting, financial planning, and sustainability strategies.



**Non-finance staff** such as programme leads and ECED managers who support planning and decision-making and may not have technical background in financing.

#### How different roles can engage with the toolkit

Role	How this role can engage with the toolkit	
CEO / Executive director	Use the toolkit to guide strategic decisions on sustainability, growth, and financial resilience, especially when resources are limited.	
CFO / Finance lead	Lead budgeting and forecasting using the toolkit, interpret financial data for decision-making, support cost structures that maximise impactors to ach teams on financial literacy.	
Programme manager	Work with finance to cost programme plans and use projections to guide decisions on scale, focus, and resource allocation.	
M&E specialist	Align programme outcomes with financial indicators and strengthen feedback loops on financial performance.	
Education specialist	Translate education-specific activities into realistic financial inputs, and apply cost-benefit thinking to staffing, materials, and services.	
Programme officers / Specialists	Develop and test assumptions for new projects, validate costs, and assess feasibility based on field realities.	

#### LINK TO GSF'S MEL TOOLKIT



We recommend using this financing toolkit alongside GSF's earlier Monitoring, Evaluation, and Learning (MEL) Toolkit for ECED in emergencies.

While each can be used independently, aligning them helps organisations:

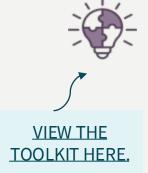
- Use programme data to guide financial decisions, tradeoffs, and resource allocations.
- Monitor cost-effectiveness and outcomes.
- Ground financial planning in delivery realities and align teams around common metrics.

Examples of useful financial variables you can integrate into your MEL framework:



- 1. Cost per beneficiary
- 2. % of budget spent vs. planned
- Revenue diversification ratio
- 4. Admin costs as % of total budget
- 5. Projected vs. actual income





#### HOW TO USE THE TOOLKIT



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Go to INTRODUCTION

To learn why financial sustainability matters in emergency or low-resource settings, key financing concepts and how the right financial tools support long-term resilience and impact.

Go to REVENUE GENERATING ACTIVITIES

To explore how to identify income streams, refine payer profiles, and align revenue models with your programmatic mission and operational realities.

Go to FINANCIAL PLANNING

To learn how to use the Income Statement Projection tool to create financial forecasts, test strategies, and plan for growth and change.

Go to FINANCIAL MANAGEMENT

To explore a practical template that supports essential processes such as budgeting, expense tracking, and cost optimisation.

There are **embedded case studies** within each section offering practical examples of revenue generation, financial planning and sustainability strategies in action.

### **KEY TERMS**



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**BUDGETING:** The process of estimating and planning income and expenses over a specific period to manage finances and support decision-making.

**CAPITAL EXPENDITURES (Cap-Ex):** Long-term investments in assets such as infrastructure, equipment, or technology, aimed at sustaining and expanding operations.

CASH FLOW: The movement of funds in and out of an organisation, indicating its ability to meet short-term financial obligations.

**COST STRUCTURE:** The breakdown of expenses into categories such as direct costs (e.g. programme delivery) and indirect costs (e.g. administration), which are essential for pricing and sustainability.

**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT (ECED):** Encompasses formal and informal learning, care, and nurturing of children from birth until they enter primary school (typically around ages 7 or 8). This includes childcare.

**EMERGENCY:** A macro situation that affects the safety, security, and well-being of a large population due to armed conflict, generalised violence, natural disasters, pandemics/endemics, or environmental degradation. It results in the displacement of children and caregivers within their own country or across international borders for safety and protection. This also includes affected host communities.

**FINANCIAL SUSTAINABILITY:** The ability to generate sufficient revenue or to consistently attract funders to cover costs over time while maintaining impact.

**INCOME STATEMENT (PROFIT AND LOSS STATEMENT):** A document summarising an organisation's revenue, costs, and net profit or loss over a specific period, providing insights into financial performance.

**OVERHEAD COSTS:** Indirect expenses such as rent, utilities, and administrative costs necessary to support overall operations.

**REVENUE:** Income generated through various sources such as grants, service fees, donations, or government support to fund operations and activities.

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# FINANCING IN ECED CENTRES IN EMERGENCIES



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What does it mean to be financial sustainable?

Financial sustainability in ECED centres means securing consistent, long-term funding that allows them to operate reliably, grow, and adapt to crisis contexts.

#### Why financial sustainability matters for ECED centres

To ensure children have access to reliable and quality education when they need it the most.

Without sustained financing, ECED centres risk shutting down or scaling back, directly impacting access to learning and safe spaces for children, while limiting caregivers' ability to work and recover.

2 To reduce reliance on shortterm, fragmented and unreliable donor funding.

eceptores only a small share of education funding in humanitarian settings. When funding is available, it's often restricted to specific activities and delivered in short cycles. This creates ongoing uncertainty making it difficult to retain staff, plan services, or respond to the shifting needs of the community.

3 To cover the real cost of delivering safe, quality ECED in emergencies.

Emergencies sharply increase the cost of care. Centres must invest in safer spaces, bettertrained staff, and reliable supplies, all while navigating unstable conditions. Yet most funding models fail to reflect these realities, putting children's safety and learning at risk.

# KEY PLAYERS IN THE ECED FINANCING ECOSYSTEM IN EMERGENCIES



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The ECED financing ecosystem consists of multiple stakeholders, including

#### **Governments**

Set policies, regulate operations, and provide funding for public ECED centres

Donors & development partners

Provide grants and capacitybuilding support to implementing partners Non-governmental organisations (NGOs) & refugee-led organisations (RLOs)

Act as service providers

#### **Parents & caregivers**

Contribute limited financial and inkind support



Refugee children

Financial service providers (FSPs)

Have the potential to provide loans and financial products to ECED providers

# CURRENT STATE OF FUNDING FOR ECED CENTRES IN EMERGENCIES



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Parental fees and in-kind support are minimal, offering little financial cushion for centres. Donor funding is shortterm and fragmented, making it hard for centres to plan or sustain services.

#### Funds flows are top-down

from international NGOs or agencies to refugee-led/ local institutions weakening long-term financial capacity.

#### BRIDGING THE FINANCIAL GAPS



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with strategies that can be grouped under three core financial pillars:

**Revenue Generation** 

Diversifying sources of income beyond traditional donor funding.

**Financial Planning** 

To move towards a more sustainable ECED financing model, organisations are experimenting

Forecasting, allocating, and aligning resources to priorities and risks.

Tracking, controlling, and optimising the use of funds

**Financial Management** 

already available.

Examples

E.g Setting up village savings and loan groups to help parents build livelihoods and enable contributions to ECED centre costs; or explore results-based financing as an alternative funding source.

E.g. Strengthening partnerships with financial service providers (FSPs) to increase access to credit options for ECED centres and families.

E.g. Building financial literacy and capacity of ECED centres to improve budgeting, accountability, and governance.

The remaining modules will each focus on one pillar helping you take practical steps toward financial sustainability

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#### WHY DIVERSIFY FOR FINANCIAL SUSTAINABILITY?



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### Reduces overreliance on donors

Diversifying income helps cushion programmes against shifting donor priorities, rising inflation, and ongoing disruptions caused during emergencies.



### Supports innovation and scale

Alternative income streams can give organisations room to test new ideas, scale proven models, and bridge gaps between project-based funding, which is often time-bound and restricted.



### Strengthens community ownership

Revenue models that involve families create shared responsibility and foster local commitment to sustain ECED services.

#### In this section, we explore:

- Practical strategies to diversify revenue streams
- Approaches to assess and test potential income sources
- Strategies for designing pricing models
- Lessons drawn from real-world case studies

# MOST COMMON STRATEGIES FOR REVENUE GENERATION



**Take note:** Executive directors/

CEOs, Programme managers and

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Charging nominal tuition fees

Charging parents or caregivers a fee for their children's enrolment and participation in ECED programmes.



Selling complementary products and services

Offering additional goods or services to families at ECED centres to generate extra revenue.



Integrating livelihood programmes

Introducing
initiatives to
improve economic
prospects of
parents to
improve
household income
and ability to pay
tuition or other
related costs for
ECED centres



specialists

Leveraging cross subsidisation

Utilising profits from services or centres in more affluent areas to support ECED centres in underserved regions.



Alternative funding models

Expanding fundraising efforts beyond traditional grants to include various innovative approaches.

# DESIGN CONSIDERATIONS FOR COMMON STRATEGIES



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### Charing nominal tuition fees

based on the income patterns of families.

Offer flexible payment options like daily, weekly, monthly plans, and sliding-scale or tiered pricing based on household income.

Align programme to family needs by offering extended hours, setting sites close to where families live or work, and providing services during holidays.

### Selling complementary products or services

Offer add-on services that respond to families' actual needs, preferences, and ability to pay such as learning kits, meals, or vocational training.

Partner with microfinance
 providers or establish
 community savings
 schemes to help families
 afford complementary
 products or services over
 time.

### Integrating livelihood programmes

- Map existing skills, economic activities, and market demand in the communities to shape relevant, feasible, and culturally appropriate income-generating activities.
- Prioritise livelihood initiatives that indirectly strengthen ECED outcomes by increasing household income or freeing up caregiver time.
- Collaborate with local government, NGOs, or vocational institutions to offer business trainings or startup capital and reduce own implementation burden.

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#### Leveraging crosssubsidisation

choose locations
strategically in
economically developed
areas where higher fees
can be charged, using the
surplus to subsidise the
centres in less advantaged
communities.

**Use organisation's ECED** 

expertise to offer paid services like running childcare centres for companies or training other NGOs and government staffgenerating additional revenue streams.

### Alternative funding models

- Tap into individual giving by running targeted crowdfunding campaigns.
- partnerships with universities, NGOs, or corporates to co-finance ECED efforts.
- consider corporate social responsibility (CSR) opportunities by aligning ECED goals with CSR priorities.
  - Mobilise in-kind support through local donations of time, space, or materials to reduce costs and build ownership.

#### **DESIGNING PRICING MODELS**



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Setting fees for ECED services is rarely straightforward. In our conversations, we have gained two key insights:



**Pricing is not just a financial decision but a design choice.** It shapes who can access ECED services and how sustainably a centre can operate. Providers described using a wide range of pricing approaches. For example, some use flat fees while supporting families through livelihood initiatives to offset costs. Others adjust fees based on household income-using sliding scales or discretionary waivers.





**There is no one-size-fits-all model.** Pricing needs to be grounded in the local economic context, responsive to household realities, and sensitive to prevailing social norms. In emergency settings, pricing decisions are especially complex, shaped by precarious livelihoods and sensitive social networks of parents.

The following slides introduce three core pricing models that ECED organisations have adopted-often in combination-to respond to these realities. Use them as a starting point to reflect on what might work best in your own context.

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### Capacity-to-pay pricing

Fees are adjusted to each family's financial situation-through flat rates for similar groups or individual assessments based on household size, job status, and financial hardship

- Ensures accessibility
- Fosters trust
- Reflects families' actual financial realities
- Requires significant admin effort to assess families
- May not fully cover costs unless paired with subsidies or grants

Most ECED providers in emergencies rely on this model

### Cost-based pricing

Prices reflect the full cost of service delivery-including staff, materials, operationswith optional margins for contingency or surplus

- Offers a clear path to financial sustainability
- Easy to explain and justify
- Risk of excluding lowincome families unless offset by external support

### Benchmark-based pricing

Fees are set by comparing the prices of similar services in the local market

- Helps maintain competitiveness and meet local expectations
- Easy for families to understand and compare
- Doesn't always reflect your actual cost structureespecially for community- or refugee-led centres

Best suited when offering complementary products or services to families in the same community or to higher-income groups

# ASSESSING AND TESTING POTENTIAL REVENUE SOURCES



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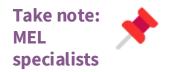
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Having explored different pricing and revenue models, the next step is to assess which options are most viable for your context. This section outlines a simple process to assess and test new revenue sources:





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Listing and evaluating possibilities

Brainstorm revenue streams

Select evaluation criteria

Score revenue sources

Organise a workshop or internal meeting to map all possible revenue streams.

Use previous discussions or documents as a starting point to generate a comprehensive list.

Select a set of criteria to assess all options, focusing on those most relevant to your context.

A detailed list of suggested criteria is provided in the next slide to support your evaluation.

Use a simple 1–5 scoring system to rate each option against your chosen criteria.

Then, review the results as a team to identify the top 1–2 ideas to take forward.



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# ASSESSING AND TESTING POTENTIAL REVENUE SOURCES



#### Possible set of criteria for assessing revenue options

		Criteria	Key Questions
	Strategic fit	Mission alignment: Measures how closely the revenue source supports your organisation's purpose and values.	<ul> <li>Does this revenue stream contribute to our long-term mission and can create tangible benefits for the community?</li> <li>Could it create tension with your identity or stakeholders?</li> </ul>
		Market alignment: Evaluates whether the revenue stream responds to actual needs, preferences, and context of your target community.	<ul> <li>Is there clear demand for this offering?</li> <li>Does it align with local culture and community expectations?</li> </ul>
	Operational feasibility	Capacity to execute: Assesses whether your organisation has (or can acquire) the staff, expertise, systems, and time to deliver effectively.	<ul> <li>Do we have the operational bandwidth and know-how to do this well?</li> <li>What would it take to close any capability gaps?</li> </ul>
		Profitability potential: Estimates the financial viability - comparing expected income to required investments and ongoing costs.	<ul> <li>Will this generate a meaningful surplus or only break even?</li> <li>Are there risks of hidden or rising costs?</li> </ul>

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Refining and validating most feasible options

Engage potential customers

Conduct informal interviews
with 5–10 people in your
target audience to explore
their needs, pricing
expectations, and willingness
to pay- even before the
product or service is
developed.

Develop a preliminary plan

For each shortlisted revenue idea, draft a basic plan to assess its feasibility and market fit. Include key risks, your target audience and value proposition, and how you'll reach potential customers.

A complete template is provided on the next slide.

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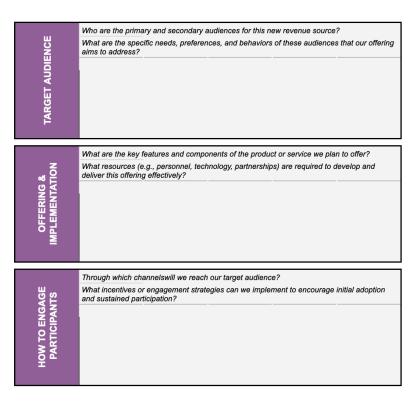
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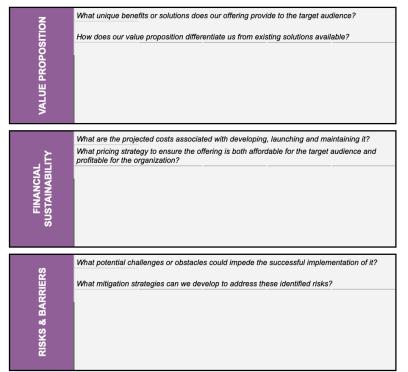
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Use this template to assess feasibility, audience fit, and implementation readiness for each shortlisted revenue stream.







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# ASSESSING AND TESTING POTENTIAL REVENUE SOURCES



Testing one revenue stream

Choose ONE revenue stream to test

Launch a lean version

Conduct a controlled test

Develop a preliminary plan

Select the most promising option based on validation feedback and alignment with organisational goals and current possibilities.

Design a minimal, costeffective, and simplified version of the service or product that addresses the most critical needs. Deploy this pilot to a small, manageable group or within a limited timeframe. Prioritise rapid prototyping and testing.

Track participation, revenue, and satisfaction to identify key insights and inform necessary lessons and improvements.

If the test succeeds

If the test doesn't succeed

Refine and expand the offering gradually

Revisit other validated options from Step 2

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#### **OVERVIEW**



**Location:** Kalobeyei integrated settlement, Kenya (Rural)

**Type:** Refugee-led organisation

**Population** 

served:

Refugee families

Key focus
area(s):

- Directly runs education programmes for early and primary years
- Youth leadership support
- Livelihood programmes
- Community support through integrated health, nutrition, and cultural support service

# ABOUT ECED PROGRAMME FOR REFUGEE FAMILIES



Direct reach:

ECED centre

~230

children



Indirect reach:

5 ECED centres

children



Average cost per child:

\$10/month

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Key challenges to revenue generation:

- Refugees in Kenya face legal barriers to formal employment, business registration, and access to credit or banking services-limiting both individual and institutional income-generation capacity.
- 2 Limited market access:
  The remote location of the Kalobeyei settlement,
  combined with weak digital infrastructure, restricts access
  to broader markets for goods and services limiting income
  generation ability of families.
- Low disposable income with families:

  Most families rely on humanitarian aid or low-paying informal roles with minimal, irregular compensation due to restrictions on formal refugee employment. This leaves little disposable income, making even small school fees unaffordable.

The estimation distribution of the revenue model looks as follows...



of KI4-BLI's operating costs are covered through **donor funding.** 



of KI4-BLI's operating costs is generated through modest school fees (US\$1-2/month) paid by parents



### NOTE THE COST BURDEN ON FAMILIES:

- Not all families are able to pay the school fees.
- For families that pay, the fees represents 20–30% of their household income.

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In addition to its ECED programme, KI4-BLI has introduced several income-generating initiatives that draw on the skills of the refugee community—aimed at addressing financial challenges and reducing reliance on donor funding.

#### A summary is below:

E-commerce platform

A simple online store where parents can sell handmade products to earn income that helps cover school fees.

Youth incubator programme

A 10-week programme that teaches young people how to start small businesses. About 60 youth complete it each year and many start selling through the online store.

Job linkage support

Helps refugee job seekers and youth access employment opportunities by supporting job placements.

Textile production hub

A group of women make and sell items like bags and school uniforms. They share the profits to support their families.

#### CASE STUDY: KALOBEYEI INITIATIVE FOR BETTER LIFE



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More on KI4-BLI's services: Who they reach and how revenue is generated.

Programme/Service	Customer Segment	Revenue model	Fee Structure
E-commerce Platform	Refugee job seekers	Paid	2% of sales
Youth incubator programme	Refugee youth	Unpaid	N/A
Job linkage Support	Refugee job seekers/ refugee youth	Nominal fee for successful candidates	Up to US\$10/month for successful placements
Textile production hub	Refugee job seekers (women)	Paid through revenue sharing	Based on shared profits from items sold
ECED Centres	Refugee children	Paid	US\$2-3/month per child
Primary school	Refugee children	Paid	US\$2-3/month per child

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#### **OVERVIEW**



**Location:** 

Colombia (including rural/frontier areas affected by Venezuelan migration); expanding to Mexico & Panama

Type:

National organisation/ a social enterprise

Population

served:

Supporting migrant and refugee populations

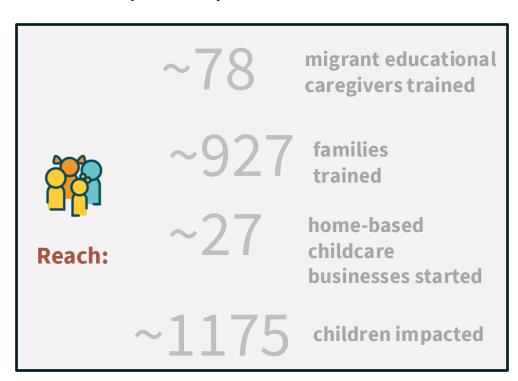
Key focus
area(s):

- Private provision of ECED for children under 5
- Consultancy services for governments and partner
- Advocacy and social mobilisation
- Development of digital tools and platforms for ECED

# ABOUT ECED PROGRAMME OFFERED TO MIGRANT AND REFUGEE FAMILIES

In emergencies, aeio TU primarily focuses on:

- training informal caregivers from affected communities in its high-quality early childhood approach.
- supporting caregivers and families to establish community-based daycare centres and nurseries



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Key challenges to revenue generation:

Hidden costs of ECED provision for families: Although early childhood education is publicly funded and legally guaranteed in Colombia, there are small incidental costs—like transport or meals, which increases the financial burden on providers and limit opportunities for sustainability.

Limited household earning: While Colombia's Temporary Protection Statute grants Venezuelan migrants legal rights to work and access services, the vast majority remain in informal, low-paying jobs. Structural barriers-such as non-recognition of credentials, discrimination, and lack of social protection limit economic security of caregivers.

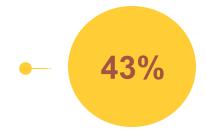
As a result, the estimation distribution of the revenue model looks as follows..



of costs are covered through **government contracts**, leveraging Colombia's strong public investment in ECED.



is generated by operating its own daycare centres, both in high-income areas and via partnerships with companies that offer childcare as an employee benefit.



comes from grants and consulting services to other ECED-focused organisation

They are also piloting a B2C digital platform for caregiver training to test viability for future revenue generation.

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In addition to its ECED programme, aeioTU has introduced several income-generating initiatives that draw on the skills of the refugee community—aimed at addressing financial challenges and reducing reliance on donor funding.

#### A summary is below:

### Enabling women to start own childcare business

This approach taps into existing caregiving strengths in the refugee and migrant community, equipping women with the tools to:

- Provide quality childcare in underserved areas
- Build dignified and self-sustaining livelihoods for self
- Contribute to local ECED infrastructure

#### Core support involves:

#### Professionalisation of childcare work

- Hybrid training formats (online + in-person)
- AI-powered guidance and support tools
- Weekly planning tools for structured delivery

#### Child development monitoring

- Regular milestone tracking and alerts
- Tools and techniques to address developmental challenges
- Caregiver support to strengthen early learning outcomes

#### Formalisation and financial sustainability

- Business and operations training
- Guidance on regulatory compliance
- Linkages to financial services for inclusion

### CASE STUDY: aeioTU



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More on aeioTU's services: Who they reach and how revenue is generated.

Programme/Service	Customer Segment	Revenue model	Fee Structure
State-funded ECED provision (aeioTU runs 7 centres)	Low-income, refugee or migrant families	Publicly funded	Funded by govt., no fees paid by families
Private ECED centres (aeioTU runs 6 centres)	High, middle, and low-income families	Paid	Varies
Licensing model	Other private providers	Paid (licensing fee)	% of revenue or fixed licensing fee
Consultancy services	Education orgs, government entities	Paid	Customised based on project scope
Special projects (Childcare solution for migrant and refugee families is covered under this)	Education orgs, donors, government entities	Paid	Customised based on project scope
Advocacy and mobilisation	Government- national, state and local	Philanthropic and government funds	Depends on the project scope period
Digital network	Educators	Paid	Depends on the project scope period

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#### LEARNINGS FROM OTHER PROGRAMMES



Prioritise income-generating support for families with children already enrolled in ECED programmes.

Linking income-generation to families already enrolled in ECED centres leads to better fee recovery and stronger caregiver participation than targeting the wider community.



Kulea Watoto is an initiative focused on improving access to quality early childhood care and development for children under five in refugee and host communities across Uganda.

It found that income-generating projects targeting the broader community often boosted household income but did not increase participation in ECED centres.

In contrast, when livelihood activities were tailored to families of children already enrolled in ECED programmes, it led to higher fee contributions and stronger caregiver engagement.

Launch livelihood projects with families using profit-sharing models which can help fund ECED programmes.

By partnering with families to design and manage income-generating activities, organisations can create shared revenue streams that support both family livelihoods and their own operations.

Retaining a portion of this profit can act as a revenue stream for ECED centres.

Makasi Rescue Foundation is a refugee-led NGO in Uganda supporting early childhood education and livelihoods for vulnerable communities through skills training and micro-enterprises.

They launched a farming project, taking the lead in securing land, conducting market research, and equipping refugee families with training and tools. This generated income for participating families while allowing Makasi to retain a portion of profits, creating a direct revenue stream to support its ECED operations.

This is an innovative way to generate revenue in contexts where a traditional fee is not viable.

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### WHY FINANCIAL PLANNING AND FORECASTING MATTER



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# Helps with scenario planning and responsive service delivery

Financial planning helps organisations model different scenarios (e.g. delayed grants, inflation spikes, population surges) commonly associated with emergencies and develop strategies that maintain service delivery, despite unpredictability.



# Surfaces funding gaps and guides diversification

Financial planning enables organisations to evaluate their funding portfolio, identify over-dependence on single sources, and strategically diversify revenue streams through new partnerships or incomegenerating activities.



# Informs decision for scale with realistic cost projections

Financial planning reveals the true costs of growth-across staff, logistics, and infrastructure-so teams can phase expansion and allocate resources where impact-perdollar is highest.

#### In this section, we explore:

 How to build an income statement projection Lessons drawn from real-world case studies

### AN INTRODUCTION TO INCOME STATEMENT



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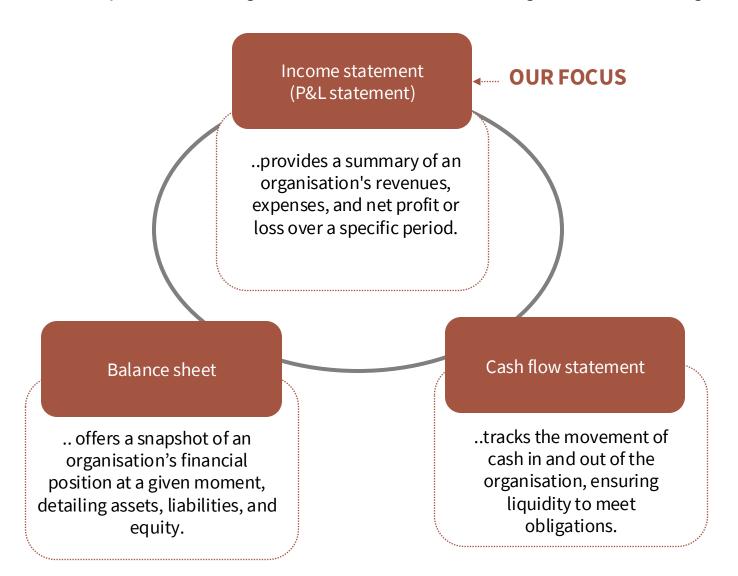
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Organisations commonly use the following financial documents for accounting and decision-making



### WHAT AN INCOME STATEMENT IS NOT:



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1

## It's not: Your annual budget!

Your budget captures operational details and year-specific nuances. More details in the next section.

An income statement focuses on the broader financial patterns and expense relationships that matter for multi-year strategic planning.

2

## It's not: A list of every single expense

Don't include every line item. Focus on major revenue streams and cost categories that drive your financial performance and strategic decisions.

3

## It's not: A fixed plan over time

It is your financial GPS, instead of a set-in-stone plan. Update it regularly to reflect programme changes and maintain alignment with your financial goals.

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# KEY CONSIDERATIONS WHEN WORKING IN EMERGENCIES



Organisations working in emergencies face unique financial pressures. Here are some key considerations to keep in mind while developing your income statement projections:



Forecast for various funding scenarios. In emergencies, organisations often rely heavily on external funding, such as grants and humanitarian aid, which can be inconsistent or tied to short-term priorities.



Make realistic assumptions about revenue generation from families. Families affected by emergencies often cannot pay.



Plan for infrastructure cost. Mobile classrooms, temporary sites, or security may be essential in emergencies-budget for both CapEx and OpEx.



Budget for price volatility. Inflation, disrupted supply chains, and crisis-related demand spikes can drive costs up suddenly.

vou serve.



Account for volunteer and Inkind contributions from community. These are common but note that these may be unreliable. Budget for essentials in case this support is unavailable.



Budget for staff transitions.

Frequent onboarding, retention, and training costs should be built in due to high staff turnover in emergencies.



## A SNAPSHOT OF THE TEMPLATE



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#### NCOME STATEMENT PROJECTION

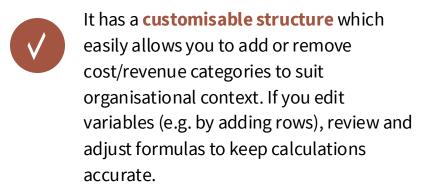
An early-stage projection to antipate revenue, expenses, and net income to support strategic reasoning and plan for financial sustainability

Category	Variables	Year 1	Year 2	Year 3
	Nursery: Number of Studentes served, per yer	50	60	72
	Primary School: Number of Studentes served, per yer	50	60	72
	Secondary School: Number of Studentes served, per yer	50	60	72
REACH				
	Other Programs #1: Number of Participants, per year	100	120	144
	Other Programs #2: Number of Participants, per year	100	120	144
	Other Programs #3: Number of Participants, per year	100	120	144
	Increase in the number of people reached by Other Programs, per year (%)	20%	20%	20%
	Revenue (Local Currency)			
	Nursery: Average Student Fee, per year	5	5	(
	Primary School: Average Student Fee, per year	5	5	(
	Secondary School: Average Student Fee, per year	5	5	
	Actual Student Fee Payment Rate, due to discounts and non-payment	70%	70%	70%
REVENUE	Other Programs #1: Fee per Participant, per year	5	5	
	Other Programs #2: Fee per Participant, per year	5	5	(
	Other Programs #3: Fee per Participant, per year	5	5	
		80%	80%	80%
	Actual Programs Fee Payment Rate, due to discounts and non-payment	80 78	80 /8	007
	Actual Programs Fee Payment Rate, due to discounts and non-payment  Other Sales, per year (only Revenue, not Donations or Grants)	100	100	100



≡ How to Use It Assumptions Consolidation Proportion Analysis

#### **KEY FEATURES:**





Financial summaries are **auto-generated** using embedded formulas manual editing needed.



Key Information to Validate +

Ideal for organisations experimenting with **diverse revenue streams**-such as school fees, income-generating activities, or strategic partnerships-while continuing to rely on grants or donations to sustain their operations.

### HOW THE TEMPLATE WORKS



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### There are 4 sections in the template:

### **Assumptions**

Start by entering key inputs like expected revenue, unit costs, and operational details. These form the backbone of your projections.

Input data in the **green cells** only. Sample values are pre-filled as examples. **Do not edit grey cells**, as they contain automated formulas.

#### Consolidation

Next, review this sheet which automatically compiles a full financial summary-showing your income, expenses, and net results all in one place.

#### **Key information to validate**

Use this sheet to review assumptions, flag uncertainties, and improve the reliability of your projections.

Prioritise refining estimates for high-cost items flagged in the 'proportion analysis' sheet

### **Proportion analysis**

Automatically breaks down costs by category, showing the percentage each one contributes to the total. It helps identify major cost drivers and highlights where efficiency gains could be most impactful.

The template is built without indicating any currency, so feel free to indicate your local one if needed. In the end, the results are presented in USD.

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### **CATEGORIES OF DATA**



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INCOM	IE STATEME	NIPROJ	ECHON

An early-stage projection to antipate revenue, expenses, and net income to support strategic reasoning and plan for financial sustainability.

Category	Variables	Year 1	Year 2	Year 3	Year 4	Year 5
Category						
	Secondary School: Number of Studentes served, per yer	50	60	72	86	104
REACH						
	Other Programs #1: Number of Participants, per year	100	120	144	173	207
	Other Programs #2: Number of Participants, per year	100	120	144	173	207
	Other Programs #3: Number of Participants, per year	100	120	144	173	207
	Increase in the number of people reached by Other Programs, per year (%)	20%	20%	20%	20%	20%
	Revenue (Local Currency)					
	Nursery: Average Student Fee, per year	5	5	6	6	6
	Primary School: Average Student Fee, per year	5	5	6	6	6
	Secondary School: Average Student Fee, per year	5	5	6	6	6
	Actual Student Fee Payment Rate, due to discounts and non-payment	70%	70%	70%	70%	70%
REVENUE	Other Programs #1: Fee per Participant, per year	5	5	6	6	6
	Other Programs #2: Fee per Participant, per year	5	5	6	6	6
	Other Programs #3: Fee per Participant, per year	5	5	6	6	6
	Actual Programs Fee Payment Rate, due to discounts and non-payment	80%	80%	80%	80%	80%
	Other Sales, per year (only Revenue, not Donations or Grants)	100	100	100	100	100.00
	Growth Rate of Fees, each year (%)	5%	5%	5%	5%	5%
	Facilities & Administration (Local Currency)					
	Maximum number of Students accomodated in each Facility, on average	200	200	200	200	200
	Rent costs of each Facility, per year	10	10	11	11	11
	Utilities costs (electricity, water, sanitation, garbage and others) of each Facility,	10	10	11	11	11
SCHOOL	Maintenance and Repair costs of each Facility, per year	10	10	11	11	11
OPERATION	Transportation costs, on average, per year	10	10	11	11	11
costs	Communication and Airtime costs, on average, per year	10	10	11	11	11
	Other Programs #2 costs (Local Currency)					
	Materials costs, per Participant, per year	10	10	11	11	11
	Average Catering&Venue costs, per Participant, per year	10	10	11	11	11
	Number of people served by each Implementation Officer	50	52	53	55	56
	Average Salary&Benefits costs per Implementation Officer, per year	10	11	11	12	12
OTHER	Average Communication&Transportation costs per Implementation Officer, per ye	10	10	11	11	11
PROGRAMS'	Average Salary&Benefits costs of Leadership dedicated to the project, per year	10	11	11	12	12
costs	Average Promotion&Implementation Materials, per year	10	10	11	11	11
	Other costs (please describe them)	10	10	11	11	11
	Other costs (please describe them)	10	10	11	11	11
	eenmanaanonananomig managar eanarjaseenoma par jaar	.,	.,	.,	.,	.,
	MEL Manager Salary&Benefits, per year	1,000	1,050	1,103	1,158	1,216
	Average costs involved in MEL activities, per year (Materials, transportation and	1,000	1,030	1,061	1,093	1,126
OVERHEAD	IT costs: internal softwares and licences, per year	100	103	106	109	113
	HR/Administrative costs, per year	100	103	106	109	113
	Average cost of Institutional Communication and Materials, per year	100	103	106	109	113
	Investments needed (Local Currency)					
	Furniture, per year	10,000	0	20,000	0	0
CAPEX:	Equipments, per year	0	5,000	0	0	10,000
REQUIRED	Building Improvements, per year	0	0	20,000	0	0
INVESTMENTS	Play materials, per year	0	10,000	20,000	0	0
		0			_	10.000
	Other costs (please describe them)	, and the same of	0	0	10,000	10,000
	Other costs (please describe them)	5,000	0	0	0	0

How many students and other people participating in your projects, in 5 years.

Your income from the different services provided.

The main costs involved in the school operation.

The core costs of running other initiatives - such as parenting programmes or incomegeneration/livelihood activities

The shared, cross-cutting costs needed to run your organisation

Costs associated with long-term investments in physical assets

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### STEP 1

### Sense check your big financial numbers



Look at the results section within 'consolidation' template.

KEY
METRICS TO
REVIEW:

- **Total costs per year:** These may increase over time based on factors like planned scale-up, shifts in delivery model, or changes in funding availability. A 10–50% increase is common during growth phases.
- **Cost per user:** Calculate per child, school, or caregiver-to assess efficiency and plan for scale.
- **Net cash flow:** Estimate the funding gap you'll need to close through external support or new revenue streams.
- Operating margin / revenue coverage
  - o In for-profit models, you're typically aiming for a positive operating margin, often around 20% or higher—meaning you're earning more than you're spending.
  - o In non-profit models, especially those experimenting with earned income, it's common to cover only 30–60% of total costs through revenue. The rest is usually covered by grants or donations.

#### Before you proceed, reflect on:

- Are these numbers aligned with our strategy?
- Can we realistically fundraise this amount?
- Is cost per user decreasing with scale?

- Does it align with local or sector benchmarks?
- Does it align with our internal expectations?

Seeing something unexpected? This is exactly where you should be spotting red flags and taking corrective action.

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#### STEP 2

Zoom in on your key cost and revenue drivers



Look at the 'proportion analysis' sheet.

- High-percentage items
- Variables that are growing unusually fast
- Cost categories that don't reflect your intended delivery model



**specialists** 

Focus on:

### Before you proceed, reflect on:

### If total implementation costs are high

- Are your assumptions realistic? E.g., how many schools can one trainer support?
- Can you tweak your delivery approach, like reducing in-person visits or shifting materials online?

### If your cost per user isn't falling with scale

- Are you benefiting from economies of scale?
- Can you spread fixed costs further or increase reach without increasing cost?

### If revenue isn't growing as expected

- Are your retention and growth rates on track?
- Is there space to adjust pricing or test new revenue models?

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#### STEP 3

Refine your assumptions on high-cost or high-impact variables



Some examples you may be seeing:

- If your trainer-to-school ratio is driving up costs, consider setting a goal to improve operational efficiency-such as increasing the number of schools each trainer can support.
- If learner dropout is affecting your revenue, it may signal a need to prioritise retention strategies as a core objective for the year.
- If increasing your price isn't feasible-and even your best-case pricing scenarios show limited gains-shift focus to reducing delivery costs or improving cost-efficiency instead.

#### Before you proceed, reflect on:

- Where did this assumption come from: historical data, a quick estimate, or another organisation's experience?
- Does it reflect what we're actually seeing on the ground or is our assumption an early guess?

- Can we model a few different scenariosrealistic, conservative, and best-case and see how the numbers shift?
- Which assumptions are both critical and uncertain? Can we turn them into operational goals?

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#### STEP 4

Validate key assumptions and fill information gaps



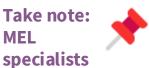
Look at the 'key information to validate' sheet

- Assumptions that feel uncertain or untested
- Cost estimates based on external benchmarks, not your own data
- Ratios or projections that feel optimistic or hard to track
- Market behaviours you haven't validated (e.g., retention, willingness to pay)

Focus on:

#### Before you proceed, reflect on:

- We've assumed one trainer can cover 50 schools, but that might be unrealistic in remote areas. Worth validating before expansion.
- We're projecting an 80% learner retention rate, but it's based on just a 1year pilot. Let's test a more cautious version too.
- We're assuming kit costs will drop from \$5 to \$3 at scale, but haven't confirmed this with suppliers yet.



## INCOME STATEMENT PROJECTION IS A DYNAMIC TOOL



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Revisit the steps regularly for continuous refinement.

1. Sense check your big financial numbers

(Are they in line with reality and your goals?)

4. Validate key assumptions and fill information gaps

(What still needs to be tested or backed with data?)

2. Zoom in on your key cost and revenue drivers

(What's driving those big numbers?)

3. Refine your assumptions

(Focus on high-cost or high-impact variables)

Plan for continuous improvement:

#### Ask:

- ☐ Do we revisit and update our income projections regularly?
- ☐ Are we clear on when and how to adjust based on new data?
- ☐ Are we aligned on who leads this work and how it gets shared?
- ☐ Are we treating this tool as a living document-not a one-off?

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#### **OVERVIEW**



**Location:** Kampala (urban)

**Type:** Refugee-led organisation

**Population** 

Refugee and host families

served:

**Key focus** 

- Directly runs education programmes for children aged 3-6 years
- area(s): Skills training
  - Financial literacy and business training
  - Sexual reproductive health and rights services
  - Mental health and psychosocial support programme

## KEY STATISTICS ABOUT ECED CENTRE



Direct reach:

1

ECED centre

~200

children



Average cost per child:

\$52/month



Family contribution towards school cost:

11.3% of household income per month

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#### **CONTEXT ON UGANDA**

- Uganda hosts the largest number of refugees in Africa and is the third-largest refugee-hosting country in the world.
- Progressive policies allow refugees to work, move freely, and access services.
- Despite this, refugees struggle to find employment due to limited job opportunities, language barriers, and xenophobia.
- Many refugees are relocating to urban areas like Kampala to seek better livelihoods and social integration.
- This often means losing access to regular humanitarian aid, creating a need for targeted livelihood support, skills training, and access to capital.

Makasi demonstrates disciplined financial planning through four key approaches:

- Integrated planning tools: Makasi has a 5-year strategic plan linked with its operational workplan and financial projections, which ensures programme goals are costed and time-bound.
- Decentralised financial ownership: Makasi works through local leadership structures, such as school committees and parent-teacher associations, that contribute to budgeting and expenditure tracking. These help ensure financial decisions reflect community priorities and the needs of the centre.
- Quarterly financial reviews: Makasi uses this to adjust assumptions (e.g., inflation, coverage) and track progress against actuals. The reviews involve both finance and programme teams.
  - Improved parent communication strengthens cash flow: Makasi embeds regular, transparent communication with parents to ensure families understand payment expectations, fee policies, and how funds are used.

### CASE STUDY: MAKASI RESCUE FOUNDATION



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How periodic financial reviews have translated into actionable improvements:

Strategic approach	Real world example of change			
Integrated planning tools	Makasi's integrated planning approach helped communities see that higher learner enrollment leads to increased tuition income — and that maintaining enrollment is essential for financial sustainability. Since 2023, this has driven school committees and local leaders to initiate community-led learner mobilisation, boosting enrollment and tuition inflows.			
Decentralised financial ownership	<ul> <li>Since 2024, CMCs and PTAs have co-developed an ECD Emergency Fund that supports families during hardship by providing continued access to essentials like uniforms and scholastic materials.</li> <li>Feedback from parents has influenced budget allocations for ECED centers like more allocation towards feeding programmes and play materials.</li> </ul>			
Quarterly financial reviews	Faced with tuition shortfalls, Makasi drew on financial review insights to activate parent leaders, who followed up with families for timely payments, and helped restore cash flow to sustain core ECED services.			
Improved parent communication strengthens cash flow	After clearly introducing a 50% upfront termly fee policy through CMC and parent meetings, on-time payments increased to start each term smoothly.			

### CASE STUDY: CHANGIA AFRICA ORGANIZATION



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#### **OVERVIEW**



**Location:** Nakivale Refugee settlement and Kampala (Uganda)

**Type:** Refugee-led organisation

**Population**Served:
Mainly refugee families with some integration of host families

Key focus
area(s):

- Operates nursery and primary schools
- Vocational programmes for caregivers
- Financial literacy and entrepreneurship
- VSLA management for caregivers

## KEY STATISTICS ABOUT ECED CENTRE



1 ECED centre

Children



Indirect reach:

6 ECED centres

- 120 children



Average cost per child:

\$5-10/month\*



Family contribution towards school cost:

40-60% of household income\*

\*Varies based on delivery to settlements vs urban areas.

## CASE STUDY: CHANGIA AFRICA ORGANIZATION



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Changia maintains structured financial planning through three strategic mechanisms:

1

Community-led financial governance:

Each ECED centre is overseen by a Centre Management Committee (CMC) composed of 5–10 parents who are trained in budget planning, income tracking, and consolidated fund management. This ensures transparent, and local ownership of financial decisions.

2

## Community-embedded financial safety nets:

CMCs establish savings associations that serve dual purposes:

- personal savings for members and
- pooled contingency funds for the ECED centre.

These funds support families during temporary financial difficulties and maintain operations during emergencies, while loan mechanisms and social funds strengthen mutual support and community stability.

3

## Mixed revenue strategies at centre level:

ECED centres fund themselves through two main sources:

- contributions by parents in time, kind and money and
- money earned from small business activities run by the centre.

They use both income streams to create yearly budgets and cover all their operating costs. This combined approach allows most centres to become completely self-sufficient financially.

4

## Supporting parental income generation:

They actively encourage and support parents—especially mothers—to start small businesses.
These initiatives help boost household income and enable more regular contributions to the centre, even if modest.

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### WHY IT MATTERS AND WHO SHOULD MANAGE IT



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#### 3 reasons to build financial management processes:



**Builds credibility and trust** by promoting financial transparency and demonstrating responsible use of funds.



**Supports strategic decision-making** by providing a clear picture of income, costs, and available funds, helping leaders align spending with organisational goals.



**Strengthens long-term sustainability** by helping organisations manage costs carefully, respond to unexpected financial challenges, and plan for future growth.



While external accountants and consultants can offer valuable support, internal ownership is critical.

You need someone inside your team who:

- Tracks income and expenses regularly
- Maintains visibility over available funds
- Flags risks and opportunities early

#### In this section, we explore:

Systems, processes, and best practices in financial management

 Budgeting and tracking tools for strategic planning and day – to-day decision making  Lessons drawn from real-world case studies

### **KEY PROCESSES AT A GLANCE**



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YEARLY BUDGETING

Develop an annual plan that allocates resources strategically across programmes, operations, and contingencies.

BOOK KEEPING

Maintain accurate and up-to-date financial records to inform better decisions on where to cut, expand, or invest.

RECONCILE AND ADJUST BUDGET

Compare planned vs. actual income and expenses and make timely budget adjustments to stay on track.

APPROVAL AND REPORTING

Share regular financial reports with leadership or boards to build transparency and meet accountability requirements.

YEARLY WRAP UP

Review financial performance at year-end to identify lessons, bridge gaps, and strengthen planning for the next cycle

### **KEY PROCESSES: YEARLY BUDGETING**

Step 4

Step 5



A SAMPLE TEMPLATE FOLLOWS IN

THIS SECTION...

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YEARLY BUDGETING

Develop an annual plan that allocates resources strategically across programmes, operations, and contingencies.

#### **IMPLEMENTATION STEPS**

Step 1 List key areas of spending and create categories which will form the backbone of your budget. In this section, you'll find a simple template to guide you.

Step 2 Gather input from project leads and their teams to ensure the budget reflects real priorities; some back-and-forth is normal and helps build alignment.

Step 3 Break down annual totals into monthly expenses to track spending patterns and manage cash flow effectively.

**Build in a contingency buffer** for unforeseen costs and regularly revisit your assumptions to adjust as needed.

**Share the draft budget with leadership or the board** to ensure alignment and secure formal approval.

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### **KEY PROCESSES: BOOK-KEEPING**



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BOOK KEEPING

Maintain
accurate and
up-to-date
financial
records to
inform better
decisions on
where to cut,
expand, or
invest.

#### **IMPLEMENTATION STEPS**

Step 1

**Decide on an internal expense management model**. (A) On-demand system that requires prior approval for each expense, OR (b) a pre-approved budget model that allocates fixed amounts to teams with regular tracking and receipt submission, or a combination of both.

Step 2

**Designate an officer from the finance team** to consolidate expenses weekly and reconcile any differences.

Step 3

**Use accounting software or spreadsheets** to record income and expenses using the same categories as your budget. This streamlines the process and builds team familiarity with a consistent budgeting and tracking model.

Step 4

**Collect receipts for all expenses** and maintain organised records to ensure accountability and ease of audits or reviews.

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# KEY PROCESSES: MONTHLY BANKING RECONCILIATION AND BUDGET ADJUSTMENT



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RECONCILE AND ADJUST BUDGET

Compare planned vs. actual income and expenses and make timely budget adjustments to stay on track.

**IMPLEMENTATION STEPS** 

....<u>.</u>

Step 1

**Compare cash records with monthly bank statements**, resolve any discrepancies, and document all adjustments.

Step 2

**Conduct a monthly variance analysis** by comparing actual income and expenses against the budget, highlighting significant variances and investigating their causes.

Step 3

Revise upcoming budgets to reflect real income and spending patterns, and take corrective actions-like renegotiating supplier rates or adjusting operational plans to control costs as needed.

Step 4

**Share monthly financial findings with leadership and relevant teams** to ensure transparency and collectively agree on any necessary course corrections.

### **KEY PROCESSES: APPROVAL AND REPORTING**



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4 APPROVAL AND REPORTING

Share regular financial reports with leadership or boards to build transparency and meet accountability requirements.

#### **IMPLEMENTATION STEPS**

....<u>.</u>

Step 1

**Prepare a simplified monthly report** comparing budgeted and actual figures, highlighting key variances and fund use, and present it in a clear, consistent format that all stakeholders can easily understand.

Step 2

Use monthly records and reconciliations to compile the final income statement, and ensure it aligns with external reporting requirements.

Step 3

**Submit financial reports to leadership or the board for review and approval**, ensuring they meet any statutory requirements, if applicable.

### **KEY PROCESSES: YEARLY WRAP UP**



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YEARLY WRAP UP

Review
financial
performance
at year-end to
identify
lessons,
bridge gaps,
and
strengthen
planning for
the next cycle

**IMPLEMENTATION STEPS** 

....<u>.</u>

Step 1

Conduct an annual review by comparing actual financial outcomes to the original budget to identify key trends and insights and use these learnings to refine next year's budgeting process.

Step 2

**Review your annual financial processes** and tools to identify areas for improvement-such as automation opportunities or streamlined workflow-for greater efficiency in the next cycle.

Step 3

**Prepare an annual financial report**-typically a slide presentation with Income Statement data-that highlights key insights from the annual review, to present to the board, leadership, or stakeholders and align on priorities for the coming year.

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### CHOOSING THE RIGHT ACCOUNTING SYSTEM



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#### Cash or accrual?

Start simple with a cash-based accounting system. It tracks income and expenses when money is actually received or paid, making it easy to manage day-to-day finances.

As financial operations grow in size and scale, consider shifting to accrual-based accounting.

This records income and expenses when they are incurred, offering a fuller picture of obligations and financial health.

Organisations considering accrualbased accounting may benefit from engaging external accounting experts.

### **Building team capacity**

It is important to promote financial fluency among leaders and staff through basic training in accounting and financial statements.

One of our suggested recommendation for a course is below:

Acumen's financial statement course.

### INTRODUCING THE BUDGETING TEMPLATE



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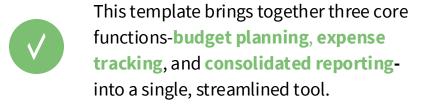
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#### **KEY FEATURES:**





It is especially useful for organisations experimenting with diverse revenue streams-such as school fees, incomegenerating activities, or strategic partnerships-while continuing to rely on grants or donations to sustain their operations.

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### HOW TO USE THE TEMPLATE



#### THE SECTIONS

#### **Budget assumptions**

Outlines critical financial assumptions, such as projected revenue, programme fees, grant income, and cost estimates.

#### **Budget consolidation**

An annual budget summary that includes total revenue, expenditures, net operating results, and cash flow projections.

#### **All transactions**

A detailed ledger of all income and expenses, organised by category for accurate and transparent tracking.

### **Actual vs planned**

Monitors financial performance by comparing planned figures with actuals to identify variances and adjust course as needed.

#### **Dashboard**

Provides quick insights through visual summaries of income, spending, net cash flow, and overall financial health.

#### **Classifications**

Sets up income and expense categories that auto-update across the template to streamline reporting and maintain consistency.

### STEP BY STEP GUIDE



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#### STEP 1

Input data in the 'budget assumptions' tab

Enter projected revenue sources (e.g., tuition, grants, donations) and key expense items (e.g., salaries, rent, programme costs)

Note: This is an iterative process during the budgeting cycle.

#### STEP 2

Use the 'budget consolidation tab' to analyse the annual budget

This autopopulates and
calculates total
revenue, expenses,
and net results
based on your
inputs in the
Budget
Assumptions tab

Note: Grey cells have built-in formulas - do not edit.

#### STEP 3

Register transactions in the 'all transactions' tab

> Record every revenue and expense transaction with proper categorisation

Note: Ensure all transactions are correctly classified and recorded

#### STEP 4

Conduct monthly and yearly reviews using the 'actual vs. planned' and 'dashboard' tabs

Compare planned vs. actual figures and use the dashboard to track spending trends and revenue flow, and make course correction

Note: Encourage programme and finance teams to review trends together

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### MAKING THE TEMPLATE YOUR OWN



This template is flexible. You can adapt it to suit your organisation's specific cost and revenue structure. If you plan to make changes, keep the following in mind:

### **Renaming variables**

If you are renaming variable for cost or revenue categories, make sure you make updates in both of the following tabs:

- Budget tabs
- Classifications tab

The Transactions, Actual vs. Planned, and Dashboard tabs will automatically update.

### Adding or removing categories

If adding or removing Categories, be sure to:

- Update all relevant formulas in the 'budget assumption' and 'consolidation' tabs
- Run control checks to ensure all formulas and dashboards work correctly

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# HOW TO INTERPRET YOUR END-OF-YEAR FINANCIAL NUMBERS?



End-of-year reviews aren't just about tracking budgets. They're an opportunity to reflect on what worked, where resources were stretched, and how spending aligned with your goals.

This section helps you interpret key variables in your budget template.

Variable / metric	What it might tell you	Ideas on what to do about it
High % on staff costs	Staff-heavy model, possible inefficiencies	Review workload, ratios, and explore hybrid staffing or training models
Rising monthly costs	Inflation, misaligned growth, or scope creep	Investigate cost categories, check how costs are being approved, adjust scope or scale
Low spend in budgeted areas	Delays, capacity issues, or shifting needs	Reassess plans, reallocate funds, improve forecasting accuracy
Irregular spending patterns	Poor tracking, reactive decisions	Strengthen monthly tracking, improve approval flows, digitise processes
High % of indirect costs	Risk of low donor coverage	Clarify cost allocations, seek general support funding, optimise admin costs
Unused funds or high reserves	Under-implementation or over- budgeting	Reinvest in priorities, or refine planning accuracy for next cycle

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# KEY QUESTIONS TO GUIDE END-OF-YEAR FINANCIAL REFLECTION?



This section offers guiding questions to help your team reflect on financial performance over the past year. Use them in a team learning session or year-end review to extract insights and strengthen future planning.

- What cost areas consistently exceeded our expectations? Why?
- 2. Were there budget lines where we consistently underspent or delayed? What blocked execution?
- 3. Which revenue streams were most reliable? Which underperformed—and why?
- 4. How did our financial management processes support or limit responsiveness this year?
- 5. Did we have enough flexibility built into our budget? Where did we need more?
- 6. Were our finance and programme teams aligned on priorities throughout the year?
- What new data or trends do we need to consider for next year's budget?

**Next step:** Use your answers above to **draft a short written summary** of financial learnings and implications. This can be useful for reporting, team alignment, and next year's strategy.

**CASE STUDY: TINY TOTOS** 



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#### **OVERVIEW**

## \* Tiny Totos

Location:

Kenya (HQ), Ethiopia, Tanzania, Rwanda, Uganda

Type:

Social enterprise

**Population** 

Informal and refugee

served:

population

 Tailored in-person training on early childhood care, nutrition, health, and basic business management.

## Key focus area(s):

- Data-driven tools and apps that provide real-time insights into service quality and child outcomes
- Access to capital to improve or expand childcare businesses.
- A peer network
- Self-paced digital training modules on ECED, business management, nutrition, and service quality.

#### **ABOUT ECED PROGRAMME**

Tiny Totos aims to support informal babysitters become profitable, quality childcare entrepreneurs addressing three global challenges:

- Childcare crisis
- Women's economic and earning gap
- Marginalisation of female entrepreneurs



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# CASE STUDY: WHY FINANCIAL MANAGEMENT MATTERS AT THE SITE LEVEL?



#### **CHALLENGES IN PRACTICE**



## Informal recordkeeping practices

Most daycare owners initially rely on informal methods-like handwritten notes or phone memos-to track finances.

These systems are often inconsistent, easily lost, and lack the structure needed for reliable financial decisionmaking.



## Social barriers to financial discipline

Providers often feel uncomfortable charging neighbours or insisting on timely payments. These social dynamics make it difficult to enforce basic fee collection systems and maintain cash flow.



## Operating on thin margins

In low-income urban settings, daycare fees typically represent just 15–20% of household income-barely covering operational costs. Providers often have to diversify income by selling meals, offering play materials, or extending hours to accommodate late pick-ups. While these strategies may boost revenue, they are also prone to increasing workload and expenses.

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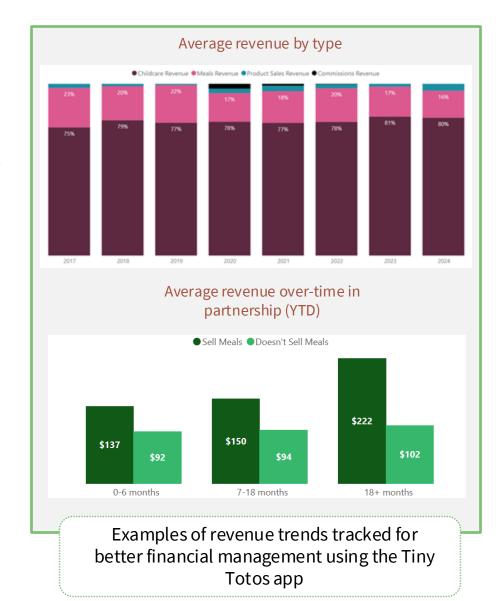
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# CASE STUDY: HOW EFFECTIVE FINANCIAL MANAGEMENT IS BUILT AT A SITE LEVEL?



At individual daycare sites, Tiny Totos support owners with financial management in the following ways:

- Shifting mindsets: Daycare owners are supported to see themselves as entrepreneurs—viewing financial tracking not as an accounting burden, but as central to sustaining their service and asserting professional value.
- Using simple, mobile-first tools: Tiny Totos equips providers with easy-to-use, phone-based apps to track revenue and expenses. These tools are complemented by hands-on training on budgeting annually, monitoring costs monthly, and reviewing performance quarterly.
- Training to build confidence and capability: Daycare owners are guided to weigh tough trade-offs. E.g. such as whether extending operating hours will generate enough income to justify the cost of hiring additional staff, or if offering meals will attract more families despite increasing prep time and expenses.
- 4. Benchmarking against network trends: Daycare owners are given access to anonymised network-level averages that serve as a reference point to compare their performance, spot red flags, and make informed decisions on pricing, staffing, and investment.



# CASE STUDY: HOW EFFECTIVE FINANCIAL MANAGEMENT IS BUILT AT AN ORGANISATION LEVEL?



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In addition to strengthening site-level practices, Tiny Totos invests in organisation-wide financial management to ensure that its network of centres remains cost-efficient, financially viable, and aligned with long-term goals.

3-year strategic plans:

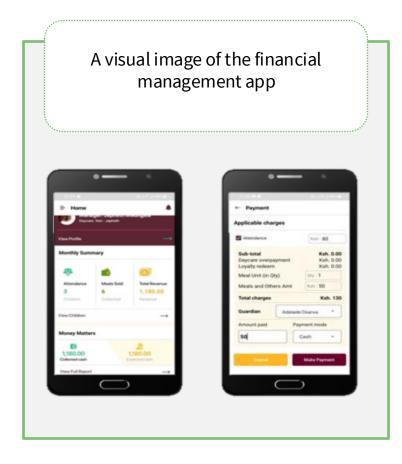
Digital financial tracking:

Standarised revenue model for financial control:

..which are reviewed quarterly and course-corrected upon, based on real-time site-level performance

.. daycares are offered microcredits to improve service quality and scale and a digital app tracks their earnings and payment patterns over time to assess creditworthiness, determine appropriate loan amounts, and set sustainable repayment rates.

.. daycares pay a franchise fee of 250 shillings monthly per site, creating predictable cash flows that enable budget planning, allow crosssubsidisation, and help maintain financial health across the network.



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FINANCIAL PLANNING: FORECASTING AND IMPROVING STRATEGY	Income statement projection template ( <u>link here</u> )
FINANCIAL MANAGEMENT PROCESSES AND BEST PRACTICES	Budgeting and financial management ( <u>link here</u> )



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#### **CONTENT WRITING**

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### **Advisory support:**

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We thank the following organisations for their valuable participation in the feedback workshops that helped strengthen this toolkit:



























With support from:



### **ABOUT GSF**



### **Our Vision**

All children can **realise their potential** through safe access to quality education.

### **Our Mission**

We are a collaborative community, innovation accelerator, and partnership builder for non-state organisations working to improve education at scale for underserved children in low- and middle-income countries.



### **Our Global Network**













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