Childonomics
Measuring the long-term social and economic value of investing in children

Introduction to the conceptual framework and methodology

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This paper is published as a preliminary output on the occasion of the 2017 World Biennial Conference 2017 of the International Foster Care Organisation, Malta, 1 – 4 November 2017.

It presents a summary of the conceptual framework and methodology used to measure the long-term social and economic value of investing in children. The final deliverables, expected to be published early 2018, will include:

- Conceptual Framework
- Methodology
- Malta case study
- Romania case study
- Toolkit on data gathering & analysis

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Project scope

The Childonomics project has developed an instrument that can help to reflect on the long-term social and economic return of investing in children and families. The instrument provides an approach to economic modelling that can be used in a number of ways to inform decision-making. It enables consideration of the different types of costs of services and approaches that support children and families (particularly those in vulnerable situations) and links them to the expected outcomes of using these services.

The project uses a rights-based foundation and has a particular focus on supporting children, families and communities in order to prevent and reduce any form of developmental delay, harm and, especially, the unnecessary separation of children from their parents. It is anticipated that governments and/or non-governmental organisations can use the instruments developed through the Childonomics project in a variety of ways as part of wider policy and strategic planning processes.

When is it useful?

The Childonomics methodology is based on two underpinning principles.

- The rights of the child are the foundation of this work. A rights-based approach recognizes the indivisibility and interconnectedness of children’s rights. It emphasizes that children should grow up in family environments, in an atmosphere of love, nurture and understanding, and that States’ efforts should primarily be directed at helping parents and guardians in their child-rearing responsibilities. The UNCRC and its General Comments also offers clear guidance to States on public budgeting, stating that States should invest in children to the ‘maximum extent of available resources’ and that those resources should be spent well.

- The added-value of Childonomics is its ability to convene stakeholders around the complex issue of child welfare and protection system reform. It provides a conceptual framework for categorizing different types of investments: universal, targeted, specialized, highly-specialised services and alternative care services both financial and in-kind and taking into account issues of accessibility and quality. It helps build bridges between government departments, local authorities and other statutory bodies responsible for different areas of public policy and services. It brings together non-governmental organisations, charities, academic and other experts and policy makers around a common goal of improving outcomes for children and families, especially those in vulnerable situations. Importantly it puts emphasis on involving the children and families who use the services to ensure their perspective also informs the choice of outcomes and the value attributed to those outcomes.

Two Pilots

The draft methodology has been developed building on elements of social return on investment methods and models for appraising economic return on investment. It has been tested as far as possible in Malta and Romania. The countries were selected by Eurochild because both recently embarked on policy reforms, which emphasize the need to invest in prevention and early intervention.

Malta

Malta’s national children’s policy launched for consultation in 2016 proposes 4 long-term goals and short-term outcomes.

Romania

The government has set specific objectives aimed at breaking the cycle of inter-generational poverty. It has adopted policies that aim to target social transfers and social services at particularly vulnerable geographic areas, communities and population groups including children and families, people with disabilities, children without parental care and Roma communities.

The measures should improve access to education, employment, housing and lead to better health outcomes. The measures complement the National Strategy for the Promotion and Protection of Children’s Rights 2014-2020, which focuses specifically on deinstitutionalization and aims to reduce by 25% the number and rate of children entering the special protection system by 2020.
Draft Childonomics Methodology

The draft Childonomics methodology is divided into a 5-step analysis, followed by an assessment of the strength of evidence, and a summative narrative describing what the findings mean and for whom — the final two exercises being informed by an in-country validation workshop.

**Figure 2. Draft Childonomics Methodology**

### CONDUCT ANALYSIS / PART 1

**Step 0: Assess Context**
Understanding the policy context, existing objectives, programmes and interventions as well as the underpinning political climate and availability of data sources. Defining the purpose of the study. This assessment will guide decisions on the scope of the methodology.

**Step 1: Establish Scope**
Clarifying the boundaries of the analysis, to understand which services are being compared and the extent of comparability, the time horizon, and the nature of the economic analysis — financial or socio-economic.

### CONDUCT ANALYSIS / PART 2

**Step 2: Specify and Determine Outcomes**
Defining an outcomes matrix with expected outcomes at four levels: the individual child, family, community, and society. Under each, domains are selected informed both by existing data and consultation with professionals and service users. Structured dialogue with those using and delivering services ensures their needs and expectations are taken into account, and helps understand how a system is experienced in ‘real-life’. Data (both qualitative & quantitative) then needs to be gathered to give a value to the outcome indicators identified for relevant services defined in step 1. The exercise should assess the extent to which the data actually constitutes evidence that the outcomes are reached (complemented by an assessment of the strength of evidence carried out at the validation stage).

**Step 3: Specify and Determine Costs**
The choice of cost indicators is informed by the scoping exercise in step 1. Will the services / interventions be costed using a financial model (direct costs of service provision) or using a broader socio-economic perspective that calculates broader costs and benefits?

**Step 4: Estimate Net Costs and Outcomes**
The final step of the analysis is to present net costs and outcomes in a results matrix. The table describes the outcome indicators and values ascribed to different services and interventions (the comparator and alternatives), the validity of the data and strength of evidence available to measure the indicators and values.

### ASSESS STRENGTH OF EVIDENCE

A final validation workshop presents the analysis back to stakeholders in order to both validate the selected outcomes, values and interpretation of data, and to explore implications of the findings and the potential for informing decision-making. The result is a summative narrative, informed by a range of available quantitative and qualitative data as well as stakeholder perspectives.

### CONSTRUCT NARRATIVE

**KEY ACTIVITIES**
- Stakeholder Consultation
- Policy analysis
- Literature review

**OUTPUT**
- OUTCOME MATRIX

**KEY ACTIVITIES**
- Stakeholder consultation
- Literature review(s)
- Primary data collection
- Economic modelling
- Other modelling forms

**OUTPUT**
- RESULTS MATRIX

**SUMMATIVE NARRATIVE**
- Validation workshop
Conceptual Framework

Childonomics offers a theoretical framework through which to reflect on the long-term social and economic return on investing in children and families. It aims to capture the full range of services that children and families can access that may impact on outcomes at individual, family, community and societal level. It offers a way of mapping services and programmes in any given national or sub-national setting. It does not aim to create a rigid classification or typology of services and measures that support children and families, but rather aims to encourage a reflection on how different investments are inter-connected and all contribute to a range of outcomes. Broadly speaking, more individuals are being served by high quality services in the top rows in figure 3 and the costs per person are likely to be lower. The further down in the diagram, the fewer the number of individuals using the service and the higher the costs per person. Examples of the types of services are summarised in each row.

The model takes a broad view of the types of services that can be the subject of inquiry and approaches them from several perspectives:
- **availability** – the extent to which various types of services exist in the given setting;
- **accessibility** – the extent to which services that exist are used by the target population;
- **impact** – the extent to which various degrees of investment in such services generate quality and impact.

Figure 3. Draft conceptual framework with examples of services, outcomes & indicators based on literature review

**INVESTMENT**

**AVAILABLE SERVICES**

**Universal services**
Services available to all regardless of income levels or other characteristics: birth registration; access to basic health, education & social welfare services; early childhood development; family strengthening such as pre-natal and post-natal parenting courses, home visits, family centres.

**Targeted services**
Those targeting groups with specific characteristics such as low income; minority group, civil status (e.g. single parent), age (e.g. teenage parent); geographic area (e.g. deprived community or neighbourhood); social assistance & conditional cash transfers; helping parents re-enter the job market – training or employment services, parenting programmes.

**Specialised services**
Those services requiring specialised personnel usually through referrals. Services that help particular population groups access universal services such as Special Educational Needs services or teaching assistants; disability services including community-based rehabilitation, respite services and day care; kinship care; occupational-, physio-, speech and language therapies; support for independent living (e.g. individual budgets).

**Highly specialised services**
Highly-specialised services include at least an initial social work assessment so the intervention targets specific issues. It may address social issues faced by the family, or community-based crisis intervention; drug and alcohol programmes; violence and abuse prevention programmes; therapeutic family therapies including multi-systemic therapy or functional family therapy; child protection interventions aimed at preventing harm to children and preventing them from entering formal care, rehabilitation and reintegration services for children in connection with the law or victims of trauma.

**Alternative care services**
Services caring for children outside the home of the immediate biological family, usually following a court order to protect the safety and well-being of the child. They include: emergency foster care; long-term foster care; family-type residential care; reintegration services; supported independent living services for young adults transitioning out of care services.

**OUTCOMES**

**Impact**

**Child**
Improved cognition, education, health and improved well-being, employment/ livelihoods in adulthood

**Parents/family**
Strengthened families; competent parents and carers able to meet the individual needs of children; parents and carers taking better decisions in relation to their children’s developmental needs

**Community**
Lower rates of juvenile offending; fewer children requiring alternative care; more young people in education, employment or training

**Society**
Reduced inter-generational poverty

**Indicators**
(national, community level and disaggregated for users of specific services/programmes): poverty rate; NEET rate (disaggregated for care setting, different types of disability, gender and other exclusion factors); rate of children in different types of out of home care; rate of early and unwanted pregnancies (disaggregated); juveniles offending rate (disaggregated); education achievement (scores/cognition levels - disaggregated); rate of children in bonded or domestic labour; rate of abuse/violence neglect of children; child mortality rate by age and cause (disaggregated)

- Assessment/triage/gatekeeping/referral
- Border for alternative care services
- Children living with their parents and families in the community
- Children living apart from parents/family
**Conceptual Framework (continued)**

Once the overall system in a country or region has been mapped out it is easier to make choices about the specific services or interventions to be costed and evaluated. The services to be compared can be taken from any of the rows as long as factors affecting comparability are given due consideration.

For example in Malta, for the purposes of testing the methodology, the services selected to be compared included: family support (which can be considered under specialised services) and residential and foster care services (under alternative care services).

In Romania two family support services for children with disabilities (both can be considered as specialised services) from urban and rural locations were selected for comparison thereby enabling testing of the methodology at more macro and micro levels of detail and across different socio-economic contexts.

**Calculating costs**

The draft Childonomics methodology proposes the following cost indicators:

- **total costs** of delivering the service/implementing the policy scenario;
- **total average costs** per beneficiary;
- **marginal cost** per beneficiary, e.g. cost of delivering the service to one additional beneficiary once the overhead costs have been accounted for.

Obviously this is indicative, and other types of cost may be relevant depending on the services to be evaluated. Gathering of cost data can take either a top-down or bottom-up approach: the former based on expenditure data provided by the service provider or authority, the second based on identifying the types of resources (staff, equipment, consumables, buildings etc.) and then assigning them monetary value.

**Calculating net costs and outcomes**

Table 2 is an illustrative example of a results matrix which is the final step in the Childonomics analysis. It seeks to show the net costs and outcomes and differences between the comparator and alternative services. Obviously this exercise is easier when outcomes are measured through quantitative indicators. However the methodology proposes that where net impact cannot be quantified, qualitative judgements can be made based on the available evidence. For example, a given intervention has a beneficial impact on the sense of independence and self-confidence of the beneficiaries.
Preliminary reflections from testing the draft methodology

Childonomics offers a step-by-step approach to reviewing specific child and family services contextualised in a broad understanding of an overall child welfare and protection system.

The approach emphasises the need to consider qualitative outcomes for different services and interventions in addition to using available quantitative data sets. This necessarily means that the net costs and outcomes will require some level of value judgements to be made during the analysis.

The added-value of the approach is primarily in its ability to bring researchers and stakeholders together to get a comprehensive view of child and family services and the likely outcomes of different types of interventions and their respective costs. The methodology should help guide decision-makers make better informed and economically-sound judgements on what works and how to achieve better long-term outcomes for vulnerable children and families. Applying this methodology also raises awareness of the knowledge gaps and can help inform future data collection.

The Childonomics approach cannot crudely compare inputs and outcomes of residential care with family support, but it can help to organise information to support informed projections of costs and outcomes for populations when planning changes to the balance between different types of service provision. It is important to note, however, that these projections will never be value neutral. The use of the tool will always be based on the nature of the perceived problem(s) in a system and this is always subjective, hence the importance of capturing multiple stakeholder perspectives. The Childonomics instrument can inform different forms of policy debate depending on the situation and the stage of the strategic planning process.

Considering strength of evidence

Any assessment of net impact needs to be accompanied by a distinct process of evaluating the strength of evidence. In the field of child and family services, the validity of costs and outcomes is complicated by the multiplicity of influencing factors. For some estimations modelling assumptions are required, for example by choosing distant proxy indicators. For others the current level of knowledge may not go beyond demonstrated association, which makes it difficult to say with certainty whether something works or not. The extent to which evidence has been generated in similar cultural contexts is also important and is referred to as the ‘generalisability’ of evidence.

<table>
<thead>
<tr>
<th>DOMAIN</th>
<th>INDICATOR</th>
<th>COMPARATOR – FAMILY SUPPORT</th>
<th>ALTERNATIVE 1 – RESIDENTIAL CARE</th>
<th>ALTERNATIVE 2 – ACCELERATED SCALE-UP OF FOSTER CARE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>IMPACT</td>
<td>IMPACT</td>
<td>DIFFERENCE FROM COMPARATOR</td>
</tr>
<tr>
<td>COSTS</td>
<td>Total cost</td>
<td>Total cost of programme per year</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td></td>
<td>Total cost per beneficiary</td>
<td>Total cost per child</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total cost per family</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Marginal cost per beneficiary</td>
<td>Marginal cost per child</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marginal cost per family</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>OUTPUTS</td>
<td>Contact time per beneficiary</td>
<td>Strong</td>
<td>Strong</td>
<td></td>
</tr>
<tr>
<td>OUTCOMES</td>
<td>Child</td>
<td>Psychological well-being</td>
<td>Indicative</td>
<td>Indicative</td>
</tr>
<tr>
<td></td>
<td>Family</td>
<td>Number of prevented separations</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Community</td>
<td>% variation in homelessness</td>
<td>Indicative</td>
<td>Indicative</td>
</tr>
<tr>
<td></td>
<td>Society</td>
<td>Productivity in adulthood</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Risk of poverty</td>
<td>Strong</td>
<td>Strong</td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Illustrative results matrix
About Eurochild

Eurochild advocates for children’s rights and well-being to be at the heart of policymaking. We are a network of organisations working with and for children throughout Europe, striving for a society that respects the rights of children. We influence policies, build internal capacities, facilitate mutual learning and exchange practice and research. The United Nations Convention on the Rights of the Child is the foundation of all our work.

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