WEBINAR #16: Making an Investment Case for Family Care - Recent Experience from Moldova

25 October 2023
MODERATOR

Philip Goldman
President, Maestral International
This webinar is part of a series of webinars from the Transforming Children's Care Collaborative.

The collaborative establishes more strategic sector-wide collaboration from global to local levels to strengthen children’s care and care systems.

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AGENDA

- Introduction to the investment case
- Analysis of the recent developments in government expenditure and the costs per child in family-type care and residential care
- Evaluation of financial resources in residential care institutions
- Making the case for meeting Moldova's human capital needs
Flore Rossi
Child Protection Specialist, UNICEF Moldova
Family-type Care vs Residential Care Costs:

Analysis of the recent developments in government expenditure and the costs per child in family-type care and residential care
Table 1: Number of Children in Residential vs. Family-based Care in Moldova

Source: Biroul Național de Statistică al Republicii Moldova
Government expenditure on foster care & residential care 2017 - 2021
Family-type care expenditure, 2017 - 2021
Residential care expenditure, 2017 - 2021

- Centres for children with disabilities
- Placement centres for children
- Community home service
Cost per child: family-type care vs residential care (MDL)

Cost per child (lei)

- Foster care
- Family-type children’s homes
- Residential care
Conclusions

• Total government expenditure on residential care was **1.8 times higher** than that on foster care between 2017 and 2021.

• Some of the difference in expenditure on the two services can be explained by the particular profile of the children receiving care.

• Coupled with the number of children receiving care, this difference is explained to a greater extent by **inefficiencies in adapting costs to the number of beneficiaries**.

• Whereas budget data shows that expenditure on both family-type care and residential care increased over the period under analysis, at a greater rate than inflation, **not much can be inferred from it about the adequacy of this expenditure**.

• There is no evidence that savings resulting from the transformation/closure of residential institutions have been **reallocated towards alternative family-type services**.
Daniela Mamaliga
Director, Partnerships for Every Child Moldova
Evaluation of financial resources in residential care institutions

Daniela Mamaliga, Partnerships for Every Child
Why?
Assess Financial Resources
Goal:

!!! To inform political decisions on the future of the six institutions, including transformation/reorganization plans

Cost-efficiency of funds allocated from the state budget!
Objectives:

Identify annual costs per child for the services delivered by *residential care institutions*.

Identify annual costs per child for the services in *mainstream educational institutions and alternative social services*.
Evaluated institutions

Hincești
Auxiliary School

Hincești
Placement Center for children with disabilities

Chisinau
Placement Center for young children

Bulboaca
Auxiliary School

Orhei
Placement Center for children with disabilities

Balti
Placement Center for young children
Structure and Share of Expenses

Personnel-related expenses prevail in all the institutions: 60 – 84%

Expenses for procurement of goods: 11–26%. Higher in the institutions for children with severe disabilities.
Indicators Dynamics
Annual average cost per child per services
Annual cost per child in residential services versus community-based services

- Chisinau Center: 13,591
- Balti Center: 18,833
- Orhei Center: 7,223
- Hincestî Center: 6,823
- Hincești School: 10,101
- Bulboaca School: 4,455
- Lyceum "Petre Stafanuca" Ialoveni: 4,126
- Mainstream educational institution: 1,000
- Personal assistance: 2,691
- Mobile Team: 862
- Supported living: 1,942
- Foster care: 2,541
**KEY FINDINGS**

**Placement Centers children with disabilities:**
- Rehabilitation services: 1%
- Skills development: 5-10%
- Care services: 33-47%
- Educational services: 36%

**Auxiliary schools:**
- Care services: 42-55%
- Educational services: Double cost versus mainstream school

**Placement Centers young children:**
- Rehabilitation services: 12-19%
- Care services: 33-47%
- Health services: 33-35%

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**COST EFFICIENCY ???**
KEY FINDINGS

- The **highest costs** per child are found in the institutions for young children:
  - 13,591 – 18,883 USD per child
- **Personnel-related** expenses prevail in the structure of expenditure in all the institutions: **up to 84%**
- The annual average cost per child is **increasing** in all the 6 institutions, even though in some of them the number of children and staff is decreasing.
- In some institutions, the cost of care has **grown by over 50% or has even doubled**.
REQUIRED ACTIONS!!!

- Completing the process of deinstitutionalization;
- Moratorium on new entries – especially children 0-3 y.o.;
- Optimizing expenses – reallocating resources to prevention and support services at community level, family-type services;
- Consolidating the inter-agency cooperation for primary prevention and provision of appropriate and timely support;
- Developing integrated services for children, including inter-budget financial mechanisms;
- Strengthening inclusive education.

POLITICAL COMMITMENT TO CARRY ON WITH THE REFORM!
PANEL DISCUSSION
Constantin Gudima
Head of the Finance Department, Ocnita District Council
Investing in Family Care for Moldova’s Future: The Case for Meeting Moldova’s Human Capital Needs

Presented by: Constantin Gudima
I. Evaluating the normative, macroeconomic and policy framework
II. Current children’s budget assessed
III. Reviewed the package of social services
IV. Estimated the detailed costs for each service and developed a five year projection
V. Estimated the returns on investments in the system

Investment case: approach
Minimum package of services assessed

- Family Support Service
- Foster Care
- Respite Care
- Mobile Teams
- Personal Assistance
Minimum package: expenditure trends
Residential institutions: expenditure trends

FY 2023 Budget: 8.0 million USD

- 68% increase since 2020
- Cost per child increase from USD 8,725 to USD 13,154
Institutions: inefficiency

Cost comparison of Family and CP services and institutional care for children in Moldova

- Child serviced with new proposed MPS package services: $944
- Cost per child in residential care: $1346
- Cost per child with disabilities in residential care: $18626
Determining MPS costs

- Used Moldovan budget data
- Developed an Excel-based costing model
- Identified unit costs for each service
- Separated recurrent and investment costs
- 5-year projection
## 5-year projection (USD ‘000s)

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<th>2023</th>
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<td><strong>Professional parental assistance</strong></td>
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<td><strong>Mobile team</strong></td>
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<td>974</td>
<td>1003</td>
<td>1034</td>
<td>924</td>
<td>951</td>
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<td><strong>Respite services</strong></td>
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<td>524</td>
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<td>2318</td>
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<td><strong>TOTAL</strong></td>
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<td>32832</td>
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<td><strong>% GoM budget</strong></td>
<td>1.2%</td>
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<td>1.4%</td>
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## Funding gap (USD ‘000s)

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<td>Total required</td>
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Cost savings from transitioning from institutions

USD 5.2 M in savings

Ability to reach over 33,000 children with funds saved
Net present value: education returns

Average increased lifetime earnings of USD 1397 per served child per year

USD 62.1 M in long-term returns
Net present value: health returns

- Improvements in health status and life expectancy for children served
- USD 20.3 M in long-term returns
Moldova increases its spending on a minimum package of social services by an average of 25.5% in the next 5 years.

Present value of health returns: 20.3 M USD

Present value of education returns: 62.1 M USD

Present value of the transition from high cost institutions: 5.2 M USD

Present value of other savings (justice, interior, etc.): 4.1 M USD

Internal Rate of Return: 16.6%
Thank you
Q&A
THANK YOU FOR JOINING!

Please see the chat box for a link to learn more about the Transforming Children’s Care Collaborative and find out how to join.

We will be sending you a link to the webinar recording and slides in a follow-up email shortly. If you have questions, comments or recommendations for future webinar topics, please send them to:

contact@transformcare4children.org