**Early Childhood Program (ECP): Summary Document of Portfolio Review 9th April, 2014**

**Present: Chris Stone, Dan Sershen, Daphne Panayotatos, Tracey Gurd, Laura Silber, Sarah Klaus, Hugh Mclean, Kate Lapham, Dragana Sretenov, Hollie Hix-Small, Almaz Ismayilova, Tina Hyder**

The ECP portfolio review focused on the *Step by Step Program: Past, Present and Future*. Chris Stone commended the quality of the preparatory materials and noted that he’d learned a lot about the program.

Sarah Klaus’ introductory summary highlighted how the Step by Step (SbS) program engendered democracy, skills in critical thinking and choice amongst young children in addition to strengthening parent participation. From a focus on changing the early childhood development practice of Ministries, the SbS NGOs have now evolved to promote wider issues of equity. The work has latterly influenced ECP’s technical assistance in Bhutan, Bangladesh, Liberia and Peru. Sustainability of the 29 SbS NGOs is now important but they are diverse both in terms of programming and the likelihood of sustainability. Sarah proposed three questions for exploration in the portfolio review: 1) How should OSF use Early Childhood Development to promote equity e.g. in OSIFE’s work? 2) What is the relationship of OSF entities to spin-offs and how does the 30% threshold apply? 3) How long is support needed for networks of networks?

Kate Lapham remarked that she remains impressed with the SbS network which promotes two broad themes of interest to OSF: 1) Democratic participation, equity and diversity as key priorities for education programmes with an emphasis on education quality and how this relates to inclusion. 2) The process of spin-offs with intended and unintended impacts – SbS is one of the oldest OSF spin-offs. Chris Stone commented that he would not characterise the SbS NGOs as fully spun off entities, not just because of the funding relationship but because OSF still holds the legal rights and licenses to materials essential to the NGOs and because ECP provides emergency support and asks to be informed of changes in governance. Successful spin-offs lead to organisations with separate ‘consciousness & autonomy’. They have the power to disagree and reshape their mission and can even leave the field completely. The eco-system of spin-offs requires no loyalty. Therefore it’s useful to locate SbS on a spectrum of spin-offs.

Chris Stone then asked which entities are robust and which are most disappointing and why? In response, prominent features of the most robust organisations were noted such as diversified funding and programme bases, strong Boards and good national networks, close links with key Ministries in addition to effective leadership. Weaker organisations were observed to have more problematic leaders with limited experience in managing independent organisations, and in other instances to be disconnected from national early childhood policy and reform debates. External factors such as lack of support for early childhood and poor NGO operating environments were also noted as contributory factors for weaker NGOs.

Chris Stone prompted further reflection on what was done right and how it could be repeated and what would be done differently in the less robust countries? Points noted in response included sufficient investment at the time of independence and more time to understand changes in the country context in order to assess how to help reposition NGOs in response to changing political environments.

Hugh McLean raised the issue of the role of ISSA and its success in supporting the SbS NGOs. In response Sarah Klaus noted that ISSA was set up to support the NGOs as they became independent but now appears more interested in sustaining itself as an entity. At one point there was a recommendation to set up ISSA as a Foundation with an independent Board and to include the Step by Step NGOs as advisors. However, ISSA was established as a membership organisation with primarily member organizations on the Board which was a good decision, later sequenced changes in the Board composition implemented at the request of OSF to include a majority of outside members,was a disaster. Now things have self-corrected (OSF removed the requirement for majority of independent Board members) and West European organisations are joining ISSA.

Chris Stone then asked about the lessons for new geographies (where infrastructure is often weak) from the SbS post-Soviet context when the OSF focus on ECD was about rescuing services that had once been strong. Sarah responded that although there are some transferable lessons, not all our new global work is connected to SbS, for example as in Southern Africa (although we are drawing on and adapting some resources). Often work in new countries has been started because of introductions via George Soros, given a demand for improved ECD services. What we know is that there’s a need for ECP to identify partners ready to run operating (rather than grant-giving) programs such as happened in Haiti, and which wasn’t the case in South Africa, where work ceased after several years because the NF didn’t have operating capacity on the ground.

Sarah noted that OSF may not have yet found the right mix of strategic mechanisms to support network-wide collaboration. The term *collaboration* is used for projects that involve a few Network Programs and Foundations; *shared frameworks* have very broad participation, but are limited to 3 years and address urgent issues with relatively small funding. Step by Step engaged over $100 million in 30 countries and 20 years in order to enact reforms. It isn’t clear if OSF would make this kind of commitments now.

Chris Stone questioned the phrase that ‘OSF is also dependent on the SbS NGOs’ which appeared in the paper and he described as provocative. Sarah said that she wished she had edited the phrase out! But it means that ECP relies on the strongest SbS NGOs as implementing partners (for example, for Roma projects) as they are often the best positioned in the country to do so. This pushes these NGOs over the 30% funding.

In conclusion, Chris noted that the issue of dependency has come up in another form in the concept/field discussions regarding organisations we work with in the field. Innovation is only robust if organisations are genuinely spun off and totally funded by others and we still want to work with them and they can say no. We have to then persuade them and really engage full critical capacity. The quality of a project should excite them, not the worry about losing funding if they don’t comply. This is a more honest and rigorous relationship. In addition, the 30% threshold is in place for the benefit of other organisations, not OSF. Funding reliance distorts the sector as with the Gates Foundation in the area of health. It is in the interests of an organisation to be funded no more than 30% - but there are exceptions. This is about a commitment to the health of the field and not just our own mission to run the programmes we want through the capacities of other organisations. Regarding OSF long-term commitments to Networks of Networks, endowments are less attractive than perhaps boosting reserve funds of worthy organizations.

**Next Steps**

* In order to build an effective pathway towards independence, the organisational review of the SbS NGOs and ISSA that is currently taking place will lead to individualised organisational development technical assistance, over the coming two years, with a focus on issues such as strengthening governance, business planning and fundraising.
* The materials licence issues will be addressed as these haven’t been changed since 2004.
* OSF ECP might envision and develop a continuum, taking NGOs one by one through a series of steps towards full independence from their current position. In successful instances where NGOs respond positively to OD assistance and achieve a promising level of sustainability/transparency/governance/leadership, matching for building reserve funds might be explored.
* Funds will continue to be channelled directly to the NGOs by ECP, rather than through ISSA.