Better Jobs and Brighter Futures: Investing in Childcare to Build Human Capital

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The importance of childcare for building human capital

Access to quality childcare has the potential to unlock pathways out of poverty, build human capital and increase equity.

These are the cornerstones of a country’s economic growth and productivity.

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<thead>
<tr>
<th>Benefits</th>
<th>Short-term</th>
<th>Long-term</th>
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<tbody>
<tr>
<td>BETTER WOMEN’S EMPLOYMENT</td>
<td>Higher female labor force participation</td>
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<td>Better quality employment (higher income and productivity, better job security, more formal sector opportunities)</td>
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<td>INCREASED FAMILY WELFARE</td>
<td>Increased confidence and empowerment for women</td>
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<td>Increased family income and investments that improve family welfare</td>
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<td>Increased school attendance of older siblings, especially girls, with reductions in early marriage and adolescent fertility</td>
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<td>IMPROVED CHILD DEVELOPMENT OUTCOMES</td>
<td>Improved school readiness</td>
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<td>Better nutrition outcomes</td>
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<td>Better education outcomes and lifelong learning</td>
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<td>Improved employment prospects and earning</td>
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<td>INCREASED PRODUCTIVITY AND ECONOMIC GROWTH</td>
<td>Increased economic growth and business productivity</td>
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<td>Increased tax revenue</td>
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<td>Reduced burden on government systems (crime, health, etc)</td>
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Benefits: Better women’s employment

Higher female labor force participation

Better quality employment (higher income and productivity, better job security, more formal sector opportunities)
Benefits: Improved child development outcomes

- Improved school readiness
- Better nutrition outcomes
- Better education outcomes and lifelong learning
- Improved employment prospects and earning
Benefits: Increased family welfare

- Increased confidence and empowerment for women
- Increased family income and investments that improve family welfare
- Increased school attendance of older siblings, especially girls, with reductions in early marriage and adolescent fertility
Benefits: Increased business productivity and economic growth

- Increased economic growth and business productivity
- Increased tax revenue
- Reduced burden on government systems (crime, health, etc.)
Global estimates: Substantial gaps in access to childcare

We estimate, conservatively, that over 40% of the world’s children – 350 million children worldwide - need childcare but do not have access.

<table>
<thead>
<tr>
<th># of children</th>
<th>% of children</th>
<th>Key assumptions / data</th>
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<tbody>
<tr>
<td><strong>Total number of children worldwide</strong></td>
<td>819 million</td>
<td>100% of all children below primary-school-entry age</td>
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<tr>
<td><strong>Children that need access to childcare / preschool</strong></td>
<td>593 million</td>
<td>72% of all children below primary-school-entry age (593 / 819 million)</td>
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<td><strong>Children who need childcare / preschool but do not have access</strong></td>
<td>349 million</td>
<td>In total this means that 43% of children below primary-school-entry age need childcare and do not have access (349 / 819 million)</td>
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The childcare challenge disproportionately impacts families in low- and lower-middle-income countries.

Worldwide, 7 out of 10 children need childcare but 4 out of 10 do not have access.

3 out of 10 children do not need childcare

7 out of 10 children need childcare
4 of them do not have access (this is 43% of all children - 349 million - who are below primary-school-entry age worldwide)

8 out of 10 children that need childcare but do not have access live in low- and lower-middle-income countries.

2 out of 10 children without access live in HICs and UMICs

8 out of 10 children without access live in LICs and LMICs
Too many families do not have a real choice between earning an income and maximizing their child’s development.

Public policy needs to ensure families have meaningful choices.
Even when childcare is available, other barriers limit uptake and reduce the potential benefits.

- High costs
- Low quality
- Inconvenient services
- Cultural norms
We suggest 5 policy goals to enable governments to ensure that childcare is available, affordable, of decent quality and meets the needs of all families

1. Expand access to childcare by promoting diverse types of provision
2. Prioritize childcare coverage for the most vulnerable families and ensure low-cost and free options are available
3. Allocate sufficient financing to make quality childcare affordable for families
4. Define clear, workable institutional arrangements and build system coherence
5. Ensure that children are in safe and stimulating environments through a robust quality assurance system and a supported and capable workforce
Goal 1: Expand access to childcare by promoting diverse types of provision

Diverse types of service provision are important to meet diverse family needs.

Various strategies are available to governments to expand access, including:
- Direct government provision
- Financial support to families
- Incentives for non-state provision
- Mandated employer-supported childcare

Engaging the nonstate sector will be needed in most countries to expand access and meet different families’ needs.
Goal 2: Prioritize childcare coverage for the most vulnerable families and ensure low-cost and free options are available

Given scarce resources, government support should prioritize vulnerable families

Strategies that can support vulnerable families include:

- Establishing or supporting provision targeting these families
- Reserving places for vulnerable families
- Offering extra financial support to low-income parents
- Designing programs with a focus on equity and cultural sensitivity
- Identifying spaces that could be used to provide services for informal workers near their worksites / neighborhoods

**Box C.3**

**Examples of countries with incentives for the non-state sector to support childcare provision for vulnerable families**

- **Colombia**: El Programa Comunitario de Bienestar Infantil (ICBF) is a home-based childcare program, established in 1992, to provide childcare to vulnerable families and promote women’s employment. It is one of the largest programs in Latin America, serving more than a million children (Diaz and Rodriguez-Chamarro 2016). Services are delivered through a home-based childcare provider and funded through a mix of public financing and parental fees, with parents paying monthly fees that are less than 25 percent of the daily minimum wage (Bernal and Fernandez 2012).

- **India**: The government’s Right to Childcare National Policy (NRDC) provides childcare facilities for children between the ages of 6 months and 6 years for families in the lowest income quintile (MWCD 2016). The creche scheme is established in coordination with NGOs, which run the services. The government covers 90 percent of the costs, with NGOs expected to provide the remaining 10 percent.

- **New Zealand**: Additional equity funding is available to services that cater to socio-economic communities and children with special needs and non-English speaking backgrounds. Monthly grants are also provided to ECE services in isolated communities.

- **Rwanda**: In 2017, the government of Rwanda allocated government-owned space in a marketplace for a childcare service, which was implemented by UNICEF’s Action for Development in the Field (ADFE), and the mothers working in the marketplace. This is intended to be replicated across other market sites in Rwanda (UNICEF 2019).

- **Singapore**: The Anchor Operator (ACOP) scheme provides funding to selected preschool operators for children from low-income or otherwise disadvantaged backgrounds. The intention is to support operators to keep fees at an affordable level and invest in quality, including professional development.

- **South Africa**: The Department of Social Development provides a subsidy to registered ECD centers with children from low-income families. It is calculated per child per day for children 0-4 years whose caregivers pass an income means test (Glen and Blumenthal 2010). Many ECD centers, however, do not access the subsidy, even though they have eligible children enrolled because the budget is insufficient and partly because the barriers to formal registration of the centers are too high.

- **United States**: The Head Start program in the United States targets children from birth to age five who are from families with incomes below the poverty guidelines. Services are free and receive federal funding.
Public financing is essential to make childcare affordable and to support systems needed for quality.

New funding will be needed but short term there may be opportunities to leverage existing programs across different sectors.
Goal 4: Define clear, workable institutional arrangements and build system coherence

Fragmented childcare policies and service delivery exacerbate challenges - childcare often fall through the cracks

There is no single correct approach - countries use a variety of institutional arrangements for childcare

Whatever institutional anchor is in place must be able to lead effectively

- Clear mandate
- Adequate finance and capacity
- Focus on promoting child development
- Continuity and coherence across the whole age range
- Strong coordination mechanisms to bring in all stakeholders
Goal 5: Ensure that children are in safe and stimulating environments through a robust quality assurance system and a supported and capable workforce

- Registration and accreditation systems
- Quality standards
- Robust monitoring systems
- Mechanisms to engage and empower parents
- Training programs for the ECD workforce
- Professional standards and recognition for the workforce
- Data collection
COVID-19: Increasing urgency and a potential moment of opportunity for childcare

The pandemic has laid bare the deep inadequacies in the current childcare system and exposed the vulnerability of the sector. But may also offer a moment of opportunity to mobilize around this critical issue:

- Childcare is essential to the recovery efforts of countries
- Expanding childcare services could be an important source of job creation

Expanding childcare can create 43 million new jobs

#InvestInPeople
worldbank.org/childcarereport
Better Jobs and Brighter Futures:
Investing in Childcare to Build Human Capital

Access the full paper and other resources at:
www.worldbank.org/childcarereport
If you only remember five things from this presentation today:

- Childcare is a strategic investment to help countries build human capital
- More than 40% of the world’s children below primary-school-entry age need childcare and do not have access
- We can work across different sectors and policy instruments to finance and expand access to childcare
- As we expand access, we must ensure it is good quality and that we prioritize the most vulnerable families
- Childcare will be essential to the COVID-19 recovery, enabling parents to work and creating up to 43 million new jobs