



# 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.*



# Benefits: Better women's employment

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**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

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### 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

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**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

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**INCREASED  
PRODUCTIVITY  
AND ECONOMIC  
GROWTH**


Increased economic growth and business productivity

Increased tax revenue

Reduced burden on government systems  
(crime, health, etc)

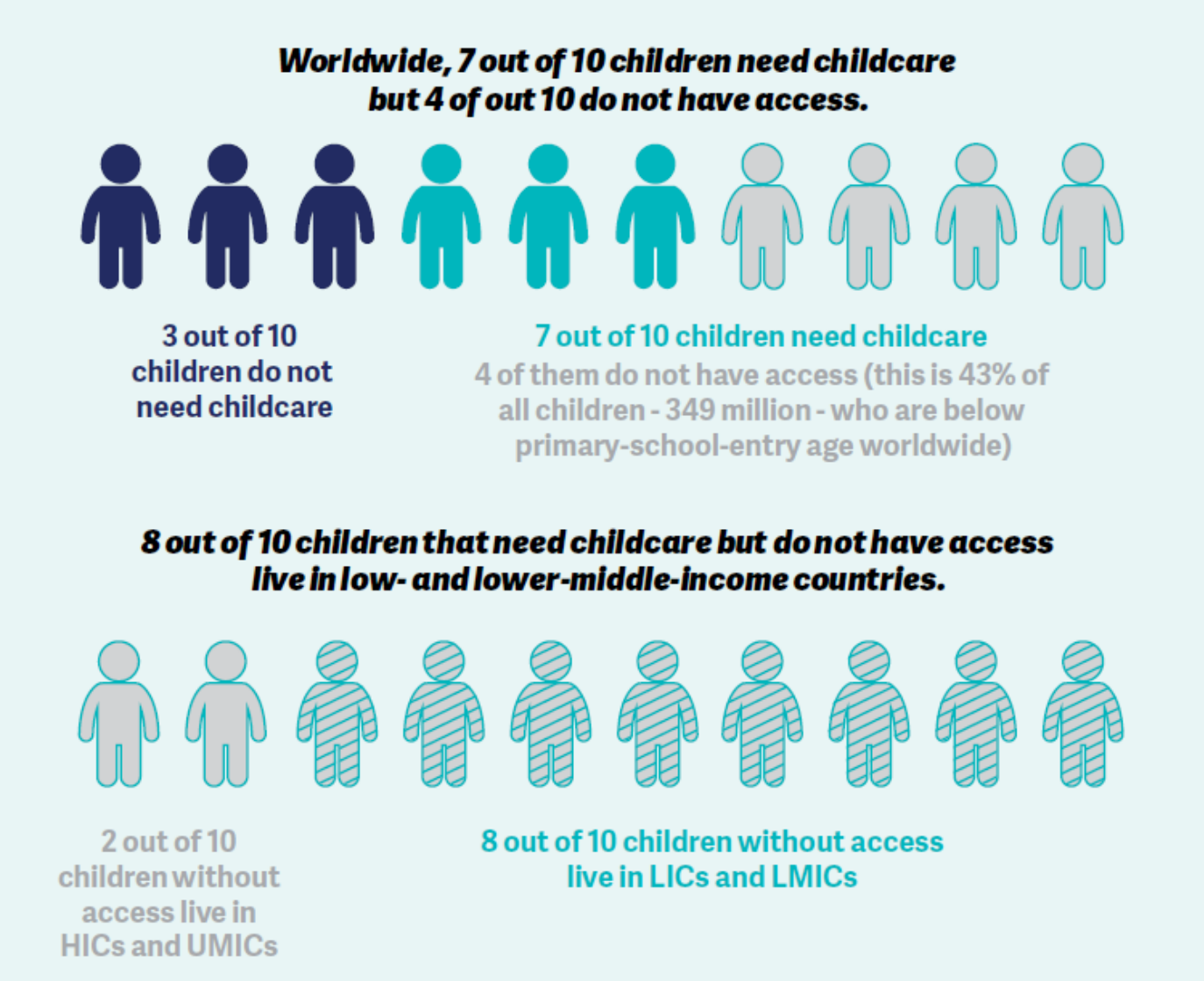


# Global estimates: Substantial gaps in access to childcare

<div>  <p>Age 0 to primary- school- entry age</p> </div>		# of children	% of children	Key assumptions / data
	Total number of children worldwide	819 million	100% of all children below primary-school-entry age	Country-specific population numbers (WB HNP statistics) for all children below primary-school-entry age
	Children that need access to childcare / preschool	593 million	72% of all children below primary-school-entry age (593 / 819 million)	Includes children under 3 with working mothers (ILO FLFP rates) and all preschool age children
	Children who need childcare / preschool but do not have access	349 million	In total this means that 43% of children below primary-school-entry age need childcare and do not have access (349 / 819 million)	Supply subtracted from need. Supply estimates are based on country-specific preschool enrollment rates and estimations of childcare enrollment rates for children below preschool age, based on countries with available data

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

# The childcare challenge disproportionately impacts families in low- and lower-middle-income countries





## 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

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**High costs**



**Low quality**



**Inconvenient services**

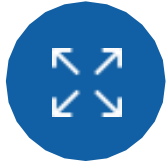


**Cultural norms**



# 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





# 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

TABLE 3.1 DIFFERENT TYPES OF NONSTATE CHILDCARE AND EARLY LEARNING PROVIDERS

Center-based ECE and childcare providers	
Type of provider	Description
	Privately managed preschools and childcare services, ranging from high-end to low-cost

TABLE 3.2 SUMMARY OF DIFFERENT GOVERNMENT APPROACHES TO INCREASE ACCESS

Approach	Policy rationale	Implementation considerations
(I) Direct government provision <i>This refers to services that are managed and implemented by the government.</i>	One way to ensure accessible and affordable childcare for the most disadvantaged families, if there is strong political commitment and government capacity for free or highly subsidized services.	<ul style="list-style-type: none"><li>Requires significant financial and human resources. Implementation capacity and political commitment.</li><li>This policy may result in spending more money and effort than necessary, given that other approaches may be possible.</li></ul>
(II) Financial support for families	Important way to alleviate the costs of childcare and	<ul style="list-style-type: none"><li>Widespread provision needs to be already available or with accompanying supply-side strategies to encourage the provision.</li></ul>

TABLE C.1 EXAMPLES OF GOVERNMENT STRATEGIES TO SUPPORT ACCESS TO CHILDCARE, BY AGE GROUP

Note: The approaches indicated here are not an exhaustive listing of the full spectrum of initiatives relating to childcare in these countries but rather give an overview of the main policies and approaches relating to government support for childcare provision.

Country	Age	Enrollment rate*	Employer-supported childcare (mandated or incentive-based)	Incentives for non-state sector provision	Financial support for families	Direct government provision
EUROPE	Denmark	0-2: 62% 3-5: 98%				Highly subsidized Free services
	France	0-2: 57% 3-5: 100%			Allowances and tax breaks	Means-tested creche places Free services
	Netherlands	0-2: 56% 3-5: 95%			Childcare allowance (ages 0 to 4) for working parents	Some targeted provision age 2-3 Free preprimary from age 4
	Turkey	0-2: 0.3% 3-5: 37%	>150 women	Tax breaks for 5 yrs		
	Sweden	0-2: 47% 3-5: 96%				1-3 (highly subsidized) 525 hours a year free
	UK	0-2: 32% 3-5: 100%			15hrs/wk (age 2) low-income families 15-30 hrs/wk (age 3-4)	KG only (age 5)
	Brazil	0-2: 23% 3-5: 81%	>30 women	Subsidies		Free but limited coverage 4-5 mandatory and free
	Chile	0-2: 20% 3-5: 80%	Until children are 2	Subsidies for community models - low coverage		Some free places for low-income families Free services
	Colombia	0-2: -20%* 3-5: 84%*		Funding community models for low-income families		Grade 0 mandatory (age 5)
	Jamaica	0-2: 12%* 3-5: 99%*		Subsidies & teachers (but revising policy)		Starting to increase/ make free Free but low coverage
LATIN AMERICA	Mexico	0-2: 2.5% 3-5: 83%		Grant and subsidies (2007-2019)	Cash transfers**	Provision for those with social security Mandatory and free
	India	0-2: Unknown 3-5: 73%*	>50 employees in formal sector	Funding creches run by NGOs for low-income families		Free services (Anganwadis)
	South Africa	0-2: 38% (0-4)* 3-5: 85% (age 5)*		Subsidies for provision for low-income families		Grade R (age 5-6)

If financing should be realistic to make the cost for parents and to allow childcare providers to rent quality service. Where resources are limited, financing should prioritize low-income families as the contribution is large enough to drive uptake families.

is required to administer a scheme and to regulate a quality.

additional costs and complications of providing especially for younger children (ages 0-3), some intns, subsidies, or other government contributions providing staff or land) may help encourage to enter the market and maintain quality. If conditions attached to subsidies / inputs may ensure that this provision serves lower-income

tying government policies on accreditation, insurance, and the childcare and early learning that include the private sector are essential to implementation.

mandated employer-supported childcare is often large, formal-sector companies, this should not be strategy deployed by governments, especially for with a large informal sector.

vod business rationale, companies may need to be recognizing the business case.

ould be based on a minimum number of s, rather than on the number of female employees, under-based discrimination.

ould offer employers different options to meet the o meet employee needs (e.g. provision of on-site or childcare, stipends, vouchers, consortia with other , etc.).

nts could offer incentives to encourage employers eaks, land and other PPP arrangements).

## childcare providers

Description
of children in a caregiver's home (registered or
/ someone employed to provide care



## 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

<b>Colombia</b>	Hogares Comunitarios de Bienestar ICBF (HCB) is a home-based childcare program, established in 1972, 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 (Díaz and Rodríguez-Chamussy, 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 per-cent of the daily minimum wage (Bernal and Fernández 2012).
<b>India</b>	The government's Rajiv Gandhi National Creche Scheme for Working Mothers (RGNC) provides childcare facilities for children between the ages of 6 months and 6 years for families in the bottom income quintile (MWCD 2015). 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.
<b>New Zealand</b>	Additional equity funding is available to services that cater to low socio-economic communities and children with special needs and non-English speaking backgrounds. Monthly grants are also provided to ECE services in isolated communities.
<b>Rwanda</b>	In 2017, the government of Rwanda allocated government-owned space in a marketplace for a childcare service, which was implemented by UNICEF, Action Pour le Développement du Peuple (ADEPE), and the mothers working in the marketplace. The model is intended to be replicated across other market sites in Rwanda (UNICEF 2019).
<b>Singapore</b>	The Anchor Operator (AOP) scheme provides funding to selected preschool operators for children from lower-income or otherwise disadvantaged backgrounds. The intention is to support operators to keep fees to an affordable level and invest in quality, including professional development.
<b>South Africa</b>	The Department for 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 (Giese and Budlender 2011). Many ECD centers, however, do not access the subsidy, even though they have eligible children enrolled, partly because the budget is insufficient and partly because the barriers to formal registration of the centers are too high.
<b>United States</b>	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.



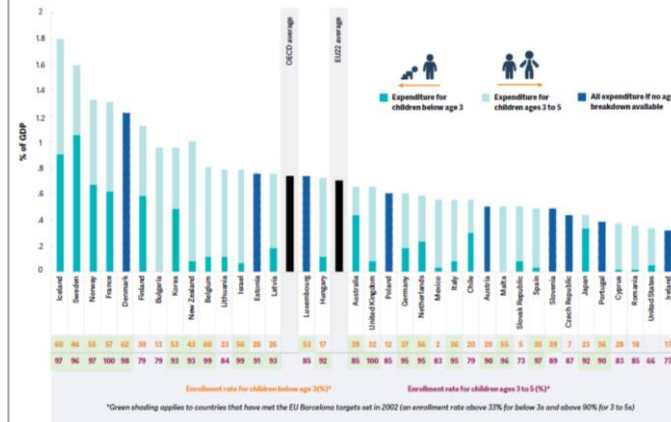


## Goal 3: Allocate sufficient financing to make quality childcare affordable for families

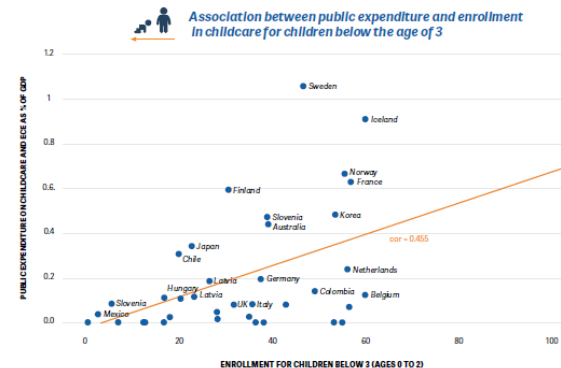
Public financing is essential to make childcare affordable and to support systems needed for quality

New funding will be needed but short term there may be opportunities to leverage existing programs across different sectors




**FIGURE 2.3** PUBLIC EXPENDITURE ON CHILDCARE AND EARLY LEARNING AS A PERCENTAGE OF GDP IN OECD COUNTRIES (2015)

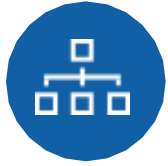


**FIGURE 2.4** ASSOCIATION BETWEEN PUBLIC EXPENDITURE AND ENROLLMENT IN CHILDCARE / ECE ACROSS OECD COUNTRIES



**TABLE 4.1** POTENTIAL SECTORAL ENTRY POINTS TO INVEST IN CHILDCARE

SECTOR	EXAMPLES OF WAYS TO SUPPORT CHILDCARE
 <b>EDUCATION</b>	<ul style="list-style-type: none"><li>Increasing early childhood education and preschool programs with consideration as to how they also serve a childcare function (hours, location, etc)</li><li>Developing and implementing regulation and quality standards for all early learning provision, including childcare (in collaboration with other sectors)</li><li>Offering childcare to facilitate participation in skills and training programs</li><li>Using skills and training programs to build the childcare workforce</li></ul>
 <b>HEALTH AND NUTRITION</b>	<ul style="list-style-type: none"><li>Using childcare facilities to reach children with services to address malnutrition and reduce stunting, especially during the critical first 1,000 days</li><li>Leveraging health and nutrition programs to support childcare</li><li>Using childcare facilities as referral points and to improve the efficiency of community health workers</li><li>Taking into account the burden of childcare placed on older female siblings, with implications for adolescent girls' enrollment in school and ultimately for delaying marriage and reducing adolescent pregnancy</li></ul>
 <b>GENDER</b>	<ul style="list-style-type: none"><li>Expanding childcare to improve women's employment</li><li>Supporting women entrepreneurs to provide childcare services</li><li>Promoting complementary policies around maternity / paternity leave and breast-feeding at work</li></ul>
 <b>SOCIAL PROTECTION AND JOBS</b>	<ul style="list-style-type: none"><li>Establishing childcare provision to maximize participation in and completion of active labor market and empowerment programs, including skills and training programs and public works schemes (e.g. mobile creches)</li><li>Encouraging childcare to increase female labor force participation</li><li>Promoting cash transfers or child assistance grants, which could be used for childcare and / or maternity benefits</li><li>Promoting complementary policies and regulations around maternity / paternity leave</li><li>Expanding coverage of complementary benefits, such as maternity/paternity leave, to workers in both the formal and informal sectors (e.g. through establishing voluntary contribution to social security)</li></ul>
 <b>AGRICULTURE</b>	<ul style="list-style-type: none"><li>Establishing childcare to ensure children are safe and increase agricultural productivity</li></ul>
 <b>URBAN DEVELOPMENT</b>	<ul style="list-style-type: none"><li>Establishing childcare facilities for women workers in industrial zones and urban public spaces (e.g. markets and waste dumps)</li><li>Investing in childcare facilities as part of "slum upgrading" programs</li></ul>
 <b>PRIVATE SECTOR</b>	<ul style="list-style-type: none"><li>Encouraging childcare to increase female labor force participation and business productivity</li><li>Establishing childcare to maximize participation in training programs</li><li>Supporting childcare expansion through innovative financing mechanisms</li><li>Prioritizing childcare sector in funding for Micro, Small and Medium Enterprises (MSME)</li></ul>



## 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**

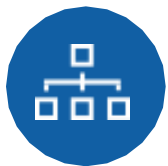
**There is no single correct approach - countries use a variety of institutional arrangements for childcare**

**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

**TABLE C.5** OVERVIEW OF INSTITUTIONAL ARRANGEMENTS FOR CHILDCARE

	Country	Split or integrated system	Lead ministries
EUROPE	Denmark	Integrated	Ministry of Family and Consumer Affairs
	France	Split	Ministry of National Education Ministry of Social Affairs and Health
	Germany	Integrated	Federal Ministry of Family Affairs, Senior Citizens, Women and Youth
	Netherlands	Split	Ministry of Social Affairs and Employment Ministry of Education, Culture and Science
	Norway	Integrated	Ministry of Education and Research
	Sweden	Integrated	Ministry of Education and Research
	Turkey	Split	Ministry of National Education Ministry of Family and Social Policies
	United Kingdom	Integrated	Department for Education
LATIN AMERICA + THE CARIBBEAN	Chile	Integrated	Ministry of Education
	Jamaica	Integrated	Ministry of Education, Youth and Information
	Mexico	Split	Ministry of Public Education
			Mexican Institute for Social Security Ministry of Welfare System for the Integral Development of the Family
ASIA + AFRICA	India	Split	Ministry of Women and Child Development Ministry of Human Resource Development
	South Africa	Split (but planning to move to integrated model under the Department of Basic Education)	Department of Social Development Department of Basic Education Department of Health
	Vietnam	Integrated	Ministry of Education and Training
	Zambia	Integrated	Ministry of Education



## 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

**TABLE C.6.2** COMPARISON OF QUALITY STANDARDS AND MONITORING ARRANGEMENTS FOR SELECTED COUNTRIES (CONT.)

Note: these are examples of key quality standards but this table is not a comprehensive list of all aspects of quality that are essential or should be regulated.

**TABLE C.6.1** COMPARISON OF QUALITY STANDARDS AND MONITORING ARRANGEMENTS FOR SELECTED COUNTRIES

Note: these are examples of key quality standards but this table is not a comprehensive list of all aspects of quality that are essential or should be regulated.

CATEGORIES AND ELEMENTS OF QUALITY		UK	JAMAICA
		Statutory Framework for the Early Years Foundation Stage mandatory for all providers, including schools, daycare, and childminders.	Standards for the Operation, Management and Administration of Early Childhood Institutions outline 12 standards.
STRUCTURAL	Staff ratios	Centers: age < 2 = 1:3; age 2 = 1:4; age 3+ = 1:8 or 1:13 (depending on qualification). Childminders: 1:6 (or max 3 under 5 or 1 under 1)	Age 1 = 1:5; age 1-2 = 1:8; age 3-5 = 1:10. Plus minimum of two adults on premises at all times.
	Physical environment and safety	2-3 - 3.5 sqm. Guidelines on safety of indoor / outdoor space, smoking, risk assessments. Must have outdoor space and room for sleeping for children under 2 (not for childminders).	Detailed requirements for the building, facilities, and equipment. At least 1.9 square meters per child; adequate play area outside; properly fenced and gated
PROGRAM	Learning program	Must use national framework or one of 3 other approved curriculums	Must have weekly program with wide range of domains specified. Encouraged to curriculum one approved by ECC
	Health and nutrition	Child safeguarding policy required; basic requirements about medicine, food and drink, accidents or injury	Sanitation, water, food storage, child health records, institutional plans and procedures. Staff trained in first aid, child abuse.
INTERACTIONS	Including child-caregiver, child-child, and caregiver-families	Guidelines for managing behavior. Children assigned person to offer a settled relationship for the child and build parental relationship	Guidelines for interaction and positive behaviors; Regulation on corporal punishment
WORKFORCE	Staff qualification	Centers: the manager must hold relevant 'level 3' qualification. At least 50% of other staff must hold relevant 'level 2' qualification. Childminders: some relevant training required.	If child over 3 years, must have fully qualified teacher (with degree or diploma). All other staff must have had ECD training by an approved institution
SYSTEM	Child development monitoring	Must review progress of children aged 2-3 years and provide parents short written summary of their child's development	Written observations of each child's progress categorized into areas of learning.
	Quality assurance	Independent body (Ofsted) inspects for regulatory compliance and quality. Results published online.	Early Childhood Commission (ECC) oversees all institutions. Inspections twice a year

		CHILE	INDIA
		National standards for all nursery / preschool establishments as per 2015 congressional bill.	MWCD Quality Standards for Early Childhood Care and Education. 11 Non-negotiables plus wider set of standards
STAFF	Staff ratios	Educators: ratios of ~1:35 - 1:40 plus assistants at 1:6-1:16 (depending on age)	Age 0-3 = 1:10; age 3-6 = 1:20
	Physical environment and safety	Minimum standards for physical environment and sanitary conditions. Must have furniture, equipment, teaching materials and equipment	Classroom > 25 sqm for 30 Children. Outdoor space available. Structurally safe. Facilities: safe water, toilets, hand washing.
CURRICULUM	Learning program	Must use a curriculum. National curriculum exists and can be used	Must use an appropriate (but not specified) curriculum delivered in the local language. Preschool should be 4 hours duration
	Health and nutrition		First aid kit. Separate spaces for cooking nutritional meals and nap time for children
INTERACTIONS	Including child-caregiver, child-child, and caregiver-families		Broader standards include guidance on interactions with children and their parents
	Staff qualification	Educators - 5 year university degree in ECE. Support staff - technical degree.	Adequately trained staff (not specified)
SYSTEM	Child development monitoring	6 aspects of child development are formally assessed at pre-primary including through standardized tests and tasks	Broader standards include guidance on age appropriate child assessment
	Quality assurance	National body responsible for the accreditation and inspection of ECE services.	Not specified. Implemented by States. Limited roll out to data.

# 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







# Better Jobs and Brighter Futures:

Investing in Childcare to Build Human Capital

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DECEMBER 2020



Access the full paper and other  
resources at:  
[www.worldbank.org/childcarereport](http://www.worldbank.org/childcarereport)



## If you only remember five things from this presentation today:

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- **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**

