



**CHILDCARE AND WORKING FAMILIES:
NEW OPPORTUNITY OR MISSING LINK?**

An evidence brief

Introduction

Childcare is a key pillar of the Family-Friendly Policies initiative, which advocates for government and business support to families in providing nurturing care for young children. This brief argues for greater investment in affordable and quality childcare, highlighting its potential to secure a ‘triple dividend’ of young children’s positive development, women’s empowerment and economic growth.

Our starting point is a global crisis of care – which is leaving millions of children without adequate support and placing severe constraints on their caregivers, who are primarily mothers, grandmothers and girls.¹ Several stylized facts underline these points.

Currently, millions of children lack access to quality care:

- In 76 low- and middle-income countries (LICs and MICs), just over one in five children under age 5 (some 45 million) lacked adult supervision for at least an hour in a given week.²
- In 67 LICs and MICs, nearly 57 million children aged 3 to 5 (69 per cent) did not attend an early childhood education programme.³
- In LICs and MICs, 43 per cent of children under age 5 – an estimated 250 million – risk suboptimal development due to poverty and stunting.⁴

Care responsibilities often compromise women’s economic empowerment:

- Across 37 countries, women took on 75 per cent of childcare.⁵
- In 2018, global female labour force participation stood at 48 per cent, compared with 75 per cent for men.⁶ Latin America is the only region where women’s participation has risen strongly since 1990.⁷
- Across 89 countries, women in their prime reproductive years (25–34) are 22 per cent more likely than men to live in extreme poverty.⁸

These statistics highlight the need for global action, as encapsulated in the Sustainable Development Goals (SDGs). In particular, the action needed relates to the targets focused on ensuring that all young children access quality early childhood programming (4.2), valuing and supporting unpaid care work (5.4) and promoting decent work for all (8.5) – amid the overriding pledge that ‘no one will be left behind’ and efforts will aim ‘to reach the furthest behind first’.⁹

Given that inadequate care provision curtails the current and future productivity of caregivers and children, it follows that providing high-quality care could yield sizeable economic gains:

- Unpaid work undertaken by women is valued at up to \$10 trillion yearly (13 per cent of global gross domestic product, or GDP) – one implication is that between 2016 and 2025, gender parity in labour markets could boost global GDP by up to \$28 trillion.¹⁰
- In member countries of the Organisation for Economic Co-operation and Development (OECD), closing the gap in female labour force participation could raise GDP by 12 per cent by 2030.¹¹
- Across 73 LICs and MICs, increasing preschool enrolment to 50 per cent in a single year could grow a country’s productivity by US\$33 billion across those children’s lifetimes, with a benefit-to-cost ratio of between \$6.4 and \$176.¹²

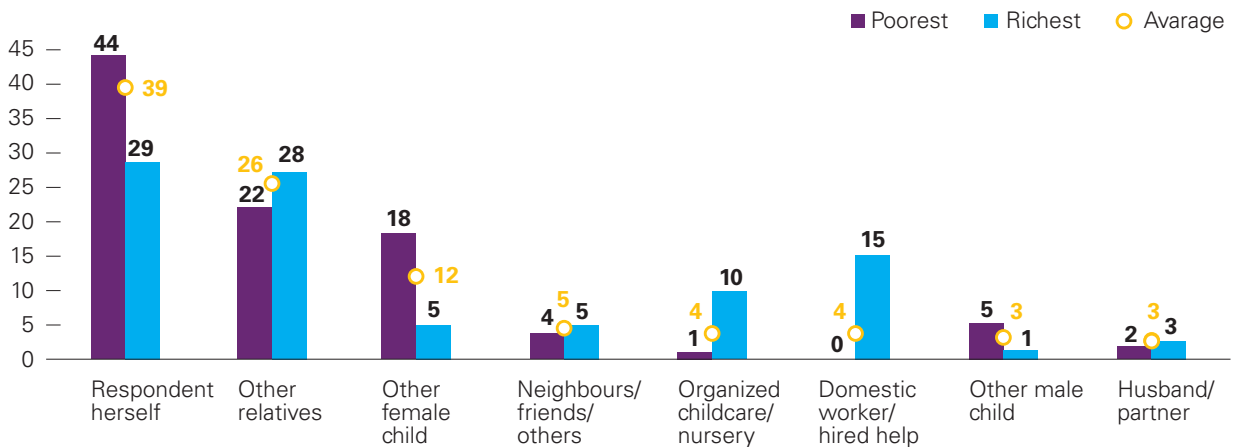
Evidence and policy adoption

For LICs and MICs, cross-national data on who is caring for young children, the quality of that care and its cost (both out-of-pocket costs incurred by families, and public financing) are extremely limited – itself one example of how care is often neglected. Since such data are not well measured, making and evaluating policy that takes these figures into account is all the more difficult. However, a growing evidence base focuses on the benefits of investing in early childhood development.

Precise figures on how much care is occurring across different contexts are unavailable. The most recent estimate was based on surveys from just 31 countries, the latest of which was from 2002.¹³ These surveys asked working women with children under the age of 6 years who cared for their children when they worked. The largest share – 39 per cent of respondents – reported looking after the children themselves, while 22 per cent left them with a relative, 12 per cent left them in the care of a female child, and 4 per cent left them in a nursery or with a domestic worker. But there is little information about how representative these surveys are of wider patterns or trends, or if they are valid today.

Data limitations notwithstanding, it is clear that one of the most important aspects of quality is the training, supervision and support of the workforce. Studies have shown that early childhood education professionals require at least some specialized education and training, geared both to affective dimensions of early childhood care and to learning and cognition.¹⁴ A child's day-to-day experiences in early learning settings, often known as 'process quality', encompass interactions between caregiver and children, and among children and their peers, as well as the quality of daily routines and the implementation of curricula.¹⁵ Evidence from studies in Latin America suggest extremely low levels of process quality.^{16, 17}

Typical childcare arrangement for employed women with children under age 6 Very few employed women in developing countries have access to organized childcare or nurseries



Source: Unweighted averages calculated by UN Women using data from ICF International 2015.

Note: N=31 developing countries. Surveys were conducted between 1995 and 2002. This indicator corresponds to the percentage of respondents answering the question 'Who looks after your child(ren) while you are at work?'

A lack of financing contributes to the ability to recruit and retain a qualified workforce. Often early childhood workers are undervalued, underpaid and inadequately prepared.¹⁸ This is true both in the non-profit sector ‘which tends to run on ‘deeply gendered volunteerism’ that can at times amount to “self-exploitation”’ and in the for-profit sector, ‘which tends to offer jobs that are poorly paid, poorly respected and poorly protected’.¹⁹ Recent efforts by the Early Childhood Workforce Initiative have begun to document the challenges facing the workforce, with a series of recent case studies highlighting inadequate training, low remuneration and a lack of professional recognition.²⁰ Without public resources, there will continue to be trade-offs between the quality of care and the affordability of that care for parents, although overall, societies reap returns from the investments made in young children.²¹

A chief barrier that families face in accessing childcare is cost.²² Data amassed from country reports show that only 45 per cent of countries worldwide provide tuition-free pre-primary education, a figure which falls to 15 per cent for LICs.²³ Moreover, surveys with caregivers²⁴ and the spotty available data on the out-of-pocket costs of private formal care in LICs and MICs point to significant expense. For example:

- a 2005 survey in Nigeria’s Edo state found that, on average, private kindergarten for a single child cost more than half the salary of someone earning the minimum wage.²⁵
- a study of four peri-urban areas of sub-Saharan Africa found that the average cost of a child in preschool represented between one quarter and nearly half of an average person’s monthly spending.²⁶

In Latin America, in contrast, where public sector involvement in providing childcare is extensive, the evidence suggests that publicly supported programmes are either affordable (below 10 per cent of the average household per capita income) or moderately so (between 10 per cent and 20 per cent). At the same time, survey data from six countries showed that among the third of households that pay fees for childcare, average out-of-pocket expenses represented more than 10 per cent of household income in all countries and nearly 30 per cent of income in Guatemala.²⁷

In high-income countries, childcare is costly in relation to people’s earnings, and some evidence suggests that it has become more so. In 34 OECD

countries, a recent study estimated the cost of childcare or preschool for a 2-year-old at about 27 per cent of an average worker’s *gross* wage, from about 3 per cent of average earnings in Austria to 50 per cent or more in Australia, the Netherlands and the United Kingdom, among other countries.²⁸

Costs notwithstanding, evidence is accumulating that public investments in early childhood development can produce tremendous gains, especially for disadvantaged children.²⁹ Annual returns on such investments start at 7 per cent and can be even higher when the longer-term benefits of human capital development are factored in. For example, a 2016 study conducted in the United States analysed two programmes that began in the 1970s and provided free childcare for children ages 8 weeks to 5 years old in low-income families. The study found marked sustainable benefits in income, level of schooling, health, quality of life and other aspects of adult development.³⁰ Pre-primary education is also the most cost-effective stage of education: the opportunity cost of children’s time is lowest; early interventions are known to have larger effects on cognitive skills; and participation can spur enrolment and attainment in later grades.³¹ Yet efforts to boost pre-primary attendance are vastly underfunded.

In LICs and MICs, on average 0.08 per cent of GDP is spent on pre-primary education, whereas an estimated 0.32 per cent is needed to provide a year of universal pre-primary education, as per SDG target 4.2 (a fourfold increase).³² A small number of countries have prioritized preschool: in Viet Nam, the State of Palestine and the United Republic of Tanzania, enrolment has risen by at least 20 per cent in less than a decade.³³ But the broader trend is that government funding falls short, as does donor financing: investments in early childhood education currently stand at 0.5 per cent of total education aid, a figure that reflects a 27 per cent decline between 2015 and 2017.³⁴ Moreover, investments needed in early childhood go well beyond pre-primary education to include health care, parental outreach and birth registration – as reflected in the recent call of the Development Working Group of the G20 Initiative for Early Childhood Development for a minimum domestic benchmark of 1 per cent of GDP for early childhood development, with LICs requiring additional international assistance.³⁵ The goal is 2 per cent of GDP.

The other aspect of the situation is that the trade-offs that mothers face between caring for their children and engaging in paid work compromise their economic empowerment, not least by reducing

labour market engagement, entrenching segmentation and increasing the likelihood of taking up work that is part-time, informal, more insecure and home-based.³⁶ Estimates of the cost of foregone paid work abound – e.g., in economies in Latin America and the Caribbean (where 50–60 per cent of women participated in labour markets), Mateo Diaz and Rodriguez-Chamussy (2016) report losses ranging from 3.5 per cent of GDP (Mexico) to 16.8 per cent (Honduras), based on the education levels of women outside the labour market.³⁷ Poor working conditions – such as long and unpredictable hours, shift work, long travel times, and unreliable and expensive transport – also compromise access to childcare. One way that women aim to reconcile this tension is to take their children with them to their paid work, as did 39 per cent of working women according to the UN Women report described above.³⁸ Such actions put additional pressures on caregivers and risks exposing young children to unsafe working conditions.

A key policy response is the development and expansion of access to subsidized childcare, which raises the probability of female employment and the number of hours worked, notably where baseline levels of global female labour force participation are low.¹ For example, an experiment in Nairobi found that use of subsidized childcare by poor women boosted their likelihood of employment by 20 percentage points,⁴⁰ gains that are echoed in studies from other parts of the world.⁴¹ Societies stand to benefit both from the economic returns to this increased female labour supply and from the potential to create jobs and generate incomes within the childcare industry. But the provision of childcare alone is insufficient to improve women's labour market outcomes – complementary policies and investments are needed to promote education, maternity leave and other labour protections (particularly for informal workers) and workplace policies such as flexible working arrangements.⁴²

Recommendations

The call to action in the 2030 Agenda for Sustainable Development and the 2018 G20 Initiative for Early Childhood Development,⁴³ together with the current momentum around women's economic empowerment, provides an opportune moment to secure transformative change in the lives of women and children. The overarching recommendation of this brief is that governments should aim to ensure universal access to quality early childhood care for all children (including pre-primary education, childcare centres, home care) and support for informal care provided by family, friends and neighbours). Public preschool resources should be integrated into settings that are responsive to the diverse needs of working families, which should be seen as an opportunity to promote education, health and nutrition as well as family engagement. Special efforts must be made to recruit and retain a qualified early childhood workforce. Home visiting programmes and/or networks of support traditionally geared to parents can be used to reach home-based childcare providers with information, materials and training on child development. Moreover, the needs for care do not stop when children reach school age. Well-supervised and developmentally supportive settings must be assured after school hours and during the summer months when school may not be in session.

Issues relating to early childhood development should not be separated from the broader family context. So-called 'whole family' or 'two generation' approaches recognize how parental education, economic stability and health affects children's development trajectories, and vice versa, and point to the synergies that can result from providing early childhood services alongside support for families.⁴⁴

The historic bifurcation of childcare and education or childcare and health stands in the way of addressing the whole needs of families. The new vision for childcare must be seen as an opportunity rather than a deficit, and as an opportunity to promote safety and security, health, nutrition, education and responsive caregiving – all key elements of nurturing care.⁴⁵

1. A notable global model is Mexico's Estancias programme.³⁹

Recommendations for governments:

- Develop cross-sector national childcare plans that assess the needs of working families (both those in the formal and informal economies), develop and realign early childhood policies to meet those needs, and promote innovative public and private partnerships.
- Mobilize and channel public funds to subsidize care provision (in homes, centres and other community-based organizations) and to support the childcare workforce.
- Encourage private companies to assess employee childcare needs and invest in solutions to meet those needs and those of the surrounding community.
- Improve data collection of essential indicators on access to, quality of and costs of childcare, particularly for low-income families.

Employers stand to benefit from recognizing the business case for investing in childcare alongside other family-friendly policies and putting in place appropriate policies. Recent evidence – based largely based on case studies of companies – demonstrates that returns can be sizeable – as in Viet Nam, where textile producer Nalt Enterprise’s offer of childcare reduced staff turnover by one third, or in Jordan, where after the establishment of a workplace creche at garment manufacturer MAS Kreeda Al Safi-Madaba, absences due to sick leave fell 9 per cent in nine months.⁴⁶

Other recommendations:

- Invest in diagnostics to ascertain the benefits and costs associated with providing or facilitating access to quality childcare.^{47,48}
- Canvass employee demand for and preferences with respect to childcare services to help inform the design of apt and contextually relevant options.⁴⁹
- Support public policies that promote financing to assure affordability and quality.

Finally, hybrid schemes based on public-private coordination offer huge potential.²

Additional recommendations:

- Identify synergies and complementarities in terms of what public and private efforts can contribute (in terms of service provision and financing) and the likely returns; and
- Set up innovative funding mechanisms to spur investment in family-friendly policies such as low-interest loans, earmarked taxes, payments by results schemes and social impact bonds (which make returns to investment conditional on improved social outcomes).⁵⁰

2. Examples are Mobile Crèche in India, Kidogo Innovations in Kenya, and Smartstart in South Africa.

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Published by UNICEF
Early Childhood Development
3 United Nations Plaza
New York, NY 10017, USA

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July 2019