WOMEN, BUSINESS AND THE LAW 2019

WORLD BANK GROUP

WHY CHILDCARE?

The benefits of childcare services are not limited to children's development. Good quality, affordable childcare can have a positive impact on women's economic inclusion and national productivity and growth. Unpaid care work is one of the main barriers to women's employment and job retention as women are often the main caregivers for the family.

ABOUT THE TACKLING CHILDCARE PROJECT

IFC's Tackling Childcare research[1] is a collaboration between the World Bank Group's *Women, Business and the Law* program and the International Finance Corporation (IFC) Gender Secretariat. In 2018, *Women, Business and the Law* collected new data on childcare regulations covering early childhood care and education around the world. The pilot study focuses on the legal framework around employer-supported childcare and government support to parents, employers and private stand-alone childcare centers across 189 economies[2] and quality and safety requirements for private childcare centers across 100 economies worldwide.

Women, Business and the Law measures laws and regulations that affect women's economic empowerment in 189 economies around the world. *Women, Business and the Law* finds that family-friendly workplace policies such as maternity, paternity, and parental leave as well as flexible work schedules can allow childcare responsibilities to be shared between both parents.

Key Data Insights

- Private-sector employers are legally required to support or provide childcare in 26 out of 189 economies.
- In nearly 70 percent or 18 economies, the requirement is triggered by a specific number of female employees, which can be a disincentive for employers to hire more women.
- Five economies require employers to support childcare based on the number of employees regardless of their gender, while three economies require all employers to support childcare, independent of employee numbers.
- The government provides childcare-related benefits to parents in 41 percent of the 189 economies analyzed, to childcare center providers in 35 percent of the economies, and to employers in 24 percent of the economies.
- Where governments provide or subsidize childcare, women are more likely to receive formal wages.
- Regulations on childcare quality and safety standards are generally more comprehensive for educational services for children over two years of age compared to children under two years of age.

[1] Visit www.ifc.org/tacklingchildcare to learn more about this research.

[2] Some questions on government support cover 100 economies only.

EMPLOYER-SUPPORTED CHILDCARE

Are employers legally required to provide or support childcare?

Supportive workplace childcare policies can help women enter and remain in the workforce, allowing employers to attract and retain talent. On-site childcare can allow easy access for parents in cases of emergency, thereby reducing stress and employee absenteeism.

In 26 out of 189 economies, employers are legally required to provide or support childcare services for employees. Sri Lanka was an early adopter enacting a law in 1939. Indeed, five out of the eight economies in South Asia covered have such mandates in place aimed at boosting historically low rates of female labor force participation. In Latin America, the current legislation was introduced in 1961 in Guatemala, in 1967 in Brazil and in 1971 in Panama. There was a significant wave of reforms from 2000 onwards. In 18 economies the requirement is triggered by a specific number of female employees, which can be a disincentive for employers to hire women In Jordan, additional criteria apply, as the requirement is triggered if there are 20 female workers and 10 children under the age of 4 years old. In Iraq and Vietnam, the hiring of any female employee triggers the requirement, without specifying a number. Where the law sets triggers with a specific number of female employees, these can range from 20 female employees in Jordan to 150 female employees in Turkey.

Five economies require employers to support childcare based on the number of employees regardless of their gender. However, this too can be a disincentive for employers to hire more than the required number of employees.

In Afghanistan, Japan, and The Netherlands, employers are required to provide childcare services regardless of specific triggers.

Iran is the only economy among those analyzed where companies are required to provide childcare solely based on the number of children of employees. In Kuwait, multiple triggers apply; employers must provide childcare services to children under the age of 4 years old if they employ 50 women or 200 workers regardless of gender.

In some economies where there is a legal obligation to support childcare, the service is provided by employers until the child reaches a certain age. Chile and Paraguay, for example, require employers to support childcare until the child is 2 years old. In Sri Lanka, employers must provide childcare to children under the age of 5 years old, which is age when children enter primary school.

Mandated Employer Provided Childcare

Trigger of obligation	Economies
Number of female employees	Bangladesh; Brazil; Cambodia; Chile; Egypt, Arab Rep.; Guatemala; Iraq; Jordan; Kuwait (50 women); Libya; Nepal; Panama; Saudi Arabia; Sri Lanka; Syrian Arab Republic; Turkey; Ukraine; Vietnam.
Number of employees regardless of their gender	Ecuador; India; Kuwait (200 employees); Paraguay; Taiwan, (China).
Number of children	Iran, Islamic Rep.
No explicit trigger	Afghanistan; Japan; The Netherlands.

GOVERNMENT INCENTIVES FOR CHILDCARE

Government incentives can contribute to reducing the cost of private childcare making it more affordable for families. Incentives covered in the study include tax and non-tax benefits granted to parents, employers, and private stand-alone childcare and preschool facilities to support the use of childcare services. There is no one-size fits all and policies that work to make childcare affordable and of good quality often vary according to country context.

HOW GOVERNMENTS INCENTIVIZE CHILDCARE

Parents	Employers	Private Childcare Providers
• Childcare and child allowances • Personal income tax deductions or credits (not specific to childcare fees) • Tax deductions for childcare fees	• Corporate income tax deductions or credits • Financial and nonmonetary support	• Corporate income tax deductions or credits • Nontax benefits or subsidies

Women, Business and the Law finds that 41 percent of economies measured provide financial or tax benefits to employed parents to support their children. In Burkina Faso, for example, parents receive a family allowance for up to six children under age of 15, or 21 years old if the child is enrolled in university. In Thailand, on the other hand, taxpayers can claim tax deductions for up to three children.

Thirty-five percent of covered economies grant private stand-alone childcare or preschool providers with tax and/or non-tax benefits. In Vietnam, for example, the government leases land, provides budget support, and offers preferential interest rates on loans to private childcare centers.

Fifteen percent of economies grant employers tax benefits for providing or supporting childcare. Some economies incentivize employers to provide childcare, but do not legally require them to do so. In the Dominican Republic, for example, employers who pay for the education of their low-income employees' children aged 0-6 years are eligible for tax deductions. In Turkey, employers who employ fewer than 150 women are not legally required to provide childcare but are incentivized to do so through tax deductions. Non-tax incentives such as direct financial support to employers are less common compared to tax benefits and observed in only six of the covered economies.

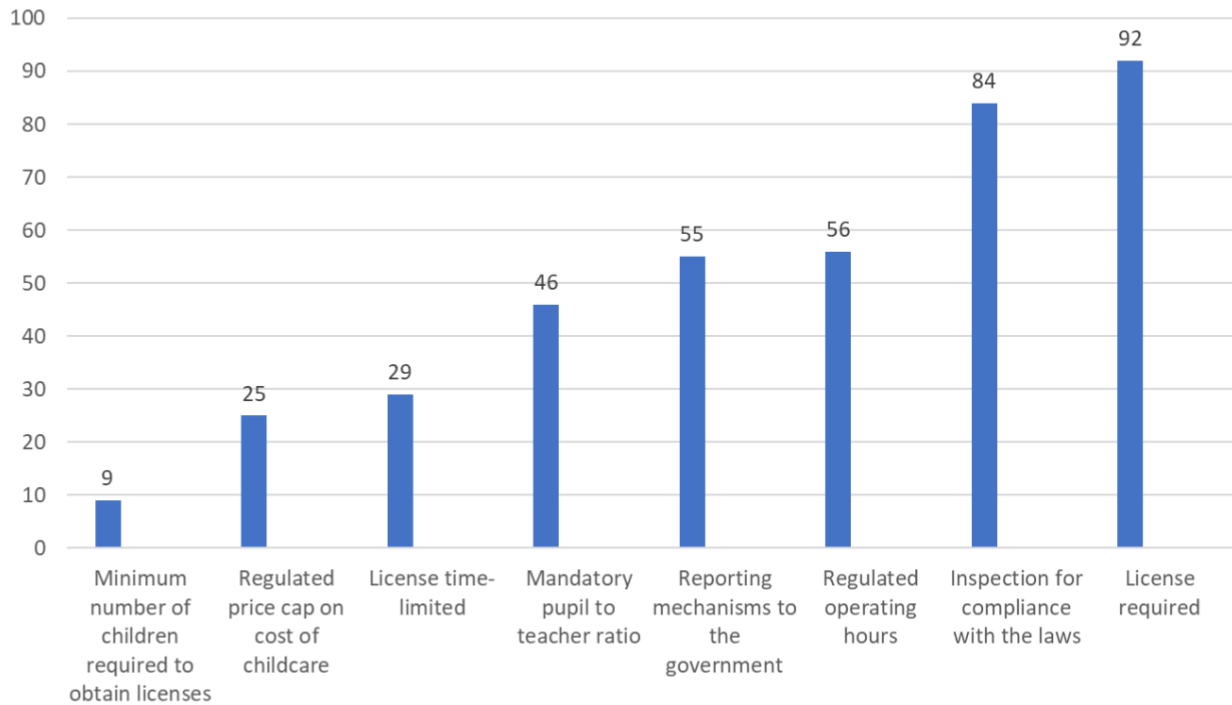
Tax incentives such as tax deductions or credits are granted in some economies to all three groups: parents, employers, and childcare centers. In Malaysia, for example, childcare operators benefit from tax exemptions, while child allowances granted to employees by the employer are also tax exempt for both employees and employers.

QUALITY OF CHILDCARE

Women, Business and the Law used eight questions to assess laws on quality of childcare services applicable to private childcare centers in 100 economies. The questions focused on operating hours, price cap, pupil-to-teacher ratio, registration and renewal of licenses, number of children required to obtain licenses, inspection for compliance with the laws, and reporting mechanisms to the government.

Nearly all economies studied require private childcare centers to be licensed. Only 29, however, require licenses to be renewed. And only nine require centers to obtain a license if they cater to a certain number of children.

Number of economies with requirements related to the quality of childcare provision



Source: Women, Business and the Law 2018 pilot data for 100 economies

Governments regulate childcare provision for older children more often than for younger children. A higher number of laws on safety standards exist for providers of childcare services for children aged 3-6 years than for services offered to children in the 0-2 age range. Some of the gaps in regulation for children younger than two years of age may reflect limited childcare provision for this age group and/or expectations that mothers/families are responsible for early childhood care. Uzbekistan, for example, establishes 126 days paid maternity leave and 674 days paid parental leave. The lack of childcare regulation can be a disincentive for potential providers to enter the space (for example, those differentiating themselves based on quality) and can affect the quality of childcare services provided. Parents, for example, might find it more difficult to entrust the care of their children to providers if they are not regulated.

HOW TO USE THIS DOCUMENT

This brief aims to improve understanding of how legal and regulatory environments shape private childcare services. It seeks to build awareness of how quality childcare services are linked to women's economic empowerment and identify areas for reform. World Bank research highlight that improving childcare infrastructure can increase women's labor force participation and that government support for childcare through both the public and private sector reinforced by effective quality and safety standards is important. Policies around childcare should be driven by local country context to ensure that these policies incentivize employers to hire women. Further research is needed on the links between the legislative framework around childcare and labor market outcomes for women.

IFC's Tackling Childcare research is a collaboration between the World Bank Group's Women, Business and the Law team (WBL) and the International Finance Corporation (IFC) Gender Secretariat. The pilot study covers 189 economies on the data for employer supported childcare and 100 economies for data on quality and safety standards: For the full list of economies and data, visit the Women, Business and the Law website at https://wbl.worldbank.org/en/resources