



IN BRIEF

THE COSTS AND RETURNS OF INVESTING IN CHILDCARE IN ETHIOPIA



International
Labour
Organization



Photo: UN Women/ Fikerte Abebe

Care work and gender inequality

Around the world, women and girls shoulder a disproportionately high responsibility for the unpaid and paid care work that sustains households and societies. Such inequalities are deeply ingrained in the customary norms ascribing differentiated roles to men and women, and results in women's time poverty. In Ethiopia, the limited availability of formal care services – such as early childhood care and education (ECCE), healthcare and long-term care – further impacts women's time and opportunities for decent paid work, education and political participation. Furthermore, the bulk of women's unpaid care work is often unaccounted for or undervalued

in policy making. The unequal sharing of unpaid care work results in many women working in low-paid, part-time or precarious jobs, or not being able to participate in the labour market altogether.

This policy brief presents key findings and policy recommendations from an assessment of the costs and social and economic returns of investing in ECCE in Ethiopia. The assessment was undertaken through the application of the UN Women/ILO Policy Tool, *A guide to public investments in the care economy*.¹

The benefits of investing in the care economy

Evidence suggests that investment in the care economy has significant economic returns (in addition to social dividends) in terms of job creation, domestic revenue and economic growth, as well as reducing gender inequality in the labour market.¹ In Ethiopia, an estimated 53% of women work in the informal sector.² Further, the overwhelming majority (92%) of pre-primary teachers are female.³ This indicates the potential

substantial returns to investing in ECCE services in terms of creating decent jobs for women and reducing the gender gap in the labour market. Moreover, investing in ECCE is in line with Ethiopia's *Ten Years Development Plan 2021–2030*,⁴ which stipulates universal access to education, health, and other basic services, as well as fitting all public institutes with childcare facilities.

1 The Policy Tool is available at: <https://www.unwomen.org/en/digital-library/publications/2021/04/policy-tool-care-economy>

Key findings

Coverage gap: Estimating the ECCE coverage gap involves assessing the existing supply versus potential demand for ECCE services, consisting of daycare (age <4) and pre-primary (age 4–6) facilities. While there were limitations in terms of available data for the assessment, the findings show the ECCE coverage gap in Ethiopia is considerably higher for daycare than pre-primary. The total ECCE coverage deficit is estimated to be 8,330,347 (in no. of additional child population to be covered) in the low growth (LG) scenario, implying that over 8.3 million children below the age of 7 who have no access to formal ECCE services receive informal and/or family- and community-provided early childhood care. The figure is 10,403,684 (in no. of additional child population to be covered) for the high growth (HG) scenario. The ECCE gap is considerably higher in the case of daycare services, accounting for 64% and 51% in the LG and HG scenarios, respectively.

Costs: The total cost of eliminating the ECCE deficit is estimated to be ETB 73,133,505,137 in the LG scenario (US\$1.29 billion) and ETB 95,305,406,411 (US\$1.69 billion) in the HG scenario. Of this amount in the LG scenario, 54% is due to daycare services and 46% to preprimary education, which is consistent with the larger coverage gap in daycare services (with a base period enrolment status of 2.9% compared to 36.7% for pre-primary). In the HG scenario, where a full closure of the pre-primary service gap is assumed while daycare coverage remains at 50%, the costs due to daycare and pre-primary are estimated to be 42% and 58%, respectively.

This cost amounts to nearly 2.1%–2.8% (LG–HG cases) of the country's GDP.

Returns: The estimates from this assessment demonstrate that investments to eliminate the ECCE deficit (as detailed above) would have sizable returns, with an additional 4,963,140 new jobs (direct and indirect) created under the LG scenario, of which investing in daycare service contributes 3,250,355 new jobs (65%) compared to 1,712,785 (35%) for pre-primary. The total number of additional jobs created in the HG scenario would amount to 6,086,403, with investment in daycare services contributing 53%. All other factors remaining the same, women would be the main beneficiaries of these investments, benefiting from 3,325,816 (67%) and 3,882,609 (64%) of total new jobs created in the LG and HG scenarios, respectively. However, the returns from eliminating the ECCE gap transcend job creation: they also contribute to reducing the gender gap in the labour market and boosting growth and future human capital. An estimation based on the Gender Employment Gap Index⁵ (basic) shows long-run GDP growth of 16% due to a full closure of the existing gender gap in employment (i.e. measured by employment-to-population ratio, EPR, of 0.22 in 2021). Assuming the same male and female working age population, long-run GDP would be 10% higher, after accounting for the new jobs created due to investment to eliminate the ECCE deficits under the HG scenario. With the corresponding gender gap in EPR being reduced to 0.16, there would be a smaller gender employment gap to close in the future.

Recommendations

General recommendations

- Investing in the care economy should be viewed as an opportunity to create decent jobs, and to close the gender gap in the labour market, economic participation and benefits in general.
- In view of the gaps in daycare data in Ethiopia, conducting mapping of daycare service providers and putting in place a national database is

important to enhance data availability (admin and survey), and monitoring of access to and support for the quality of daycare services. It is also critical to enable further return-on-investment economic modelling and inform evidence-based policymaking.

Specific recommendations to :

- *Ministry of Women and Social Affairs (MoWSA)/Ministry of Health (MoH):* There is a need to work on a national coordinating body for daycare services in particular, with clarity of mandate regarding policy, standards, monitoring and data generation. Generating administrative data, building a database, and monitoring quality and accountability of paid care services are important.
- *Ethiopian Statistical Service (ESS):* Indicators of access to and quality of daycare services should be incorporated in the data collection tools of its regular surveys, such as the Demographic and Health Survey, Time Use Survey and Labor Force Survey.
- *Ministry of Education (MoE):* Investment is required in school facilities, and advocacy and support for social policies are needed to help increase the gross enrolment ratio (GER) and reduce disparity across regions and between GER (36.7%) and the net enrolment ratio (NER) (21.2%) through timely access to pre-primary schooling.³ Investment to eliminate the ECCE gap must be accompanied by targeted training of staff on ECCE to match the potential jobs to be created.
- *Ministry of Finance (MoF)/Ministry of Planning and Development (MoPD):* Investing in the care economy and putting in place a national policy on the care economy (paid and unpaid care work) are crucial for addressing gender inequality and supporting sustainable development. There is a need to identify macroeconomic policy options to increase the fiscal space needed to support these critical investments, in line with the country's growth trajectory and development targets. Exploring the potential complementarity of investing in the care sector with that in other government priority sectors, e.g. manufacturing, is useful to guide such decisions.
- *Private sector:* Strengthening private sector engagement in the care economy is key to improving job opportunities for women in the care sector and reducing barriers to economic participation of women seeking care services. In line with this, public private partnership in the care sector is crucial for availing quality care services and stimulating development-positive care business.
- *Development partners:* Support is required in the areas of generating daycare data and promoting investments in the care economy. This may involve conducting mapping; policy advocacy, capacity building for estimating gaps in other care services; enhancing network platforms for those in the care sector, and earmarking Official Development Assistance (ODA) for the care economy. This support can be provided in a collaborative framework by government organizations, non-government organizations, civil society organizations and the private sector.

References

- 1 De Henau, J. (2022). *Costs and benefits of investing in transformative care policy packages: A macrosimulation study in 82 countries*. ILO Working Paper 55. Geneva: ILO.

<https://www.ilo.org/legacy/english/intserv/working-papers/wp055/index.html>
- 2 Ethiopian Statistical Service. (2021). *Labour and Migration Survey key findings*. Addis Ababa: ESS.

<http://www.statsethiopia.gov.et/wp-content/uploads/2022/01/THE-2021-LABOUR-FORCE-AND-MIGRATION-SURVEY-STATISTICAL-REPORT-1.pdf>
- 3 Ministry of Education. (2021). *Education Statistics Annual Abstract, 2020/21 (2013 E.C.)*. Addis Ababa: MoE. <https://ecde.aau.edu.et/jspui/bitstream/123456789/276/1/MoE%2018%20ESAA%202013%20E.C%20%282020-2021%20G.C%29..pdf>
- 4 Planning and Development Commission. (2020). *Ten Years Development Plan: A Pathway to Prosperity 2021–2030*. Addis Ababa: Planning and Development Commission. https://www.ircwash.org/sites/default/files/ten_year_development_plan_a_pathway_to_prosperity.2021-2030_version.pdf
- 5 Pennings, S. (2022). *A Gender Employment Gap Index (GEGI). A simple measure of the economic gains from closing gender employment gaps, with an application to the Pacific Islands*. World Bank Policy Research Working Paper 9942. Washington, DC: World Bank.

<https://openknowledge.worldbank.org/entities/publication/56e5ea70-33dd-54f0-bd00-d5b04b5f0814>