

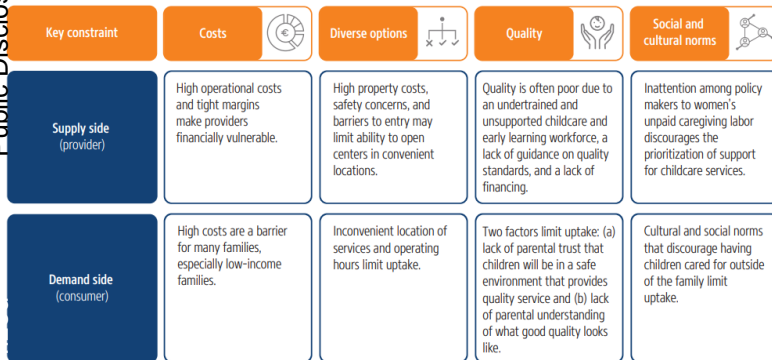


TOWARD AVAILABLE, AFFORDABLE, AND QUALITY CHILDCARE IN EAST ASIA AND PACIFIC

Recognizing that childcare services can have a positive impact on women's economic inclusion, *Women, Business and the Law* presents a novel and comprehensive pilot dataset on regulatory frameworks around the availability, affordability, and quality of childcare services in 95 economies. In East Asia and Pacific, data was collected in 10 countries: China; Fiji; Hong Kong SAR, China; Indonesia; Malaysia; Mongolia; Philippines; Singapore; Thailand; Vietnam (Table 1). The new data is a stepping-stone toward informing policy dialogue around key demand and supply side avenues that limit or facilitate the formal provision of childcare services, their affordability, quality, and uptake by parents. Pilot data presents a framework that shows a range of options that governments may support to meet the needs of working mothers and families, although international best practice frameworks are yet to be established.

Even when available, the provision of formal childcare does not always guarantee its uptake because supply- and demand-side constraints, including convenience of services, costs, quality, and social and cultural norms, limit the potential benefits (Figure 1).

FIGURE 1: KEY CONSTRAINTS IN THE CHILDCARE MARKET



Sources: Devercelli and Beaton-Day 2020; Muller and Jaen 2020.

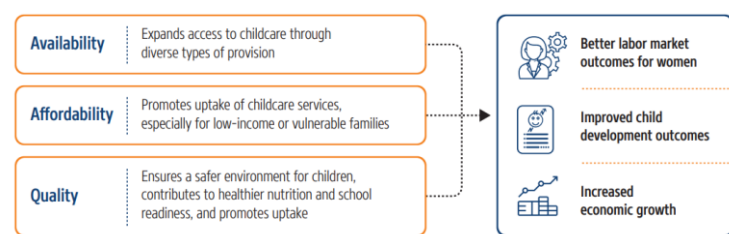
TABLE 1: COUNTRY COVERAGE AND KEY INDICATORS

| Economy coverage | Income group | Main business city | Labor force participation rate, female (% of female population ages 15+) | Paid leave for mothers (calendar days) | Paid leave for fathers (calendar days) |
|----------------------|--------------|--------------------|--|--|--|
| China | UMI | Shanghai | 61.8 | 128 | 14 |
| Fiji | UMI | Suva | 38.0 | 98 | 1 |
| Hong Kong SAR, China | HI | Hong Kong | 54.2 | 98 | 7 |
| Indonesia | LMI | Jakarta | 53.2 | 90 | 2 |
| Malaysia | UMI | Kuala Lumpur | 51.5 | 60 | 0 |
| Mongolia | LMI | Ulan Bator | 51.5 | 1215 | 0 |
| Philippines | LMI | Quezon City | 42.6 | 105 | 9 |
| Singapore | HI | Singapore | 59.9 | 112 | 14 |
| Thailand | UMI | Bangkok | 59.2 | 90 | 0 |
| Vietnam | LMI | Ho Chi Minh City | 69.7 | 180 | 7 |

Sources: *Women, Business and the Law 2022* and World Development Indicators.

The enactment of policies to make childcare available, affordable, and of decent quality is a priority due to their potential to achieve better market outcomes for women, children, and the economy overall (Figure 2).

FIGURE 2: THE THREE PILLARS OF CHILDCARE



Source: *Women, Business and the Law 2022*.

International law has long recognized that working parents need access to outside childcare and called for making childcare facilities more readily available.

1976

The **Convention on the Elimination of All Forms of Discrimination against Women** calls for establishing and developing a network of childcare facilities to enable parents to combine family obligations with work responsibilities.

1981

The **International Labour Organization's Convention on Workers with Family Responsibilities No. 156** calls for measures to develop or promote childcare services to enable equality of opportunity for working men and women.

1989

The **Convention on the Rights of the Child** mandates that "States Parties" ensure that children of working parents have the right to benefit from childcare services and facilities for which they are eligible.

2019

The **European Union** passes a new directive encouraging the use of funds to ensure a sufficient supply of high-quality, affordable childcare services and to help achieve better work-life balance and more equally distributed care responsibilities.

Source: *Women, Business and the Law 2022*.



AVAILABILITY

When it comes to the availability of childcare services in East Asia and Pacific, in 8 out of 10 economies some form of outside childcare services is provided for children below the formal preprimary school starting age (Figure 3). These services can be accessed at the birth of the child in China; Hong Kong SAR, China; Indonesia; Malaysia; and Philippines. In Singapore, parents can enroll their children when they reach 18 months, while in Vietnam, as early as 3 months of age. Legislative gaps exist in Mongolia and Fiji, with absent regulatory frameworks for children below the preprimary school age – 2 years and 5 years, respectively.

In 6 out of 10 economies in the region, options for both public and private childcare services are available for parents to choose from. In two high income economies in the region – Hong Kong SAR, China and Singapore – the provision of childcare services is regulated for the private sector only. Vietnam is the only economy in the region where employers are mandated to assist in building daycare facilities and kindergartens or cover a part of childcare expenses incurred by their employees after discussion with them. More could be done to enable employer-provided childcare services in the region to avoid losses in productivity that come with a price tag when parents miss work to fill gaps in childcare.

For outside childcare services to be useful, their provision must be aligned with parents' needs. Inconvenient operating hours that are not compatible with parents' working schedules may limit uptake and lead to more mothers taking up work in the informal sector, with more flexible hours, or choosing to stay home to provide care, resulting in an inability to capitalize time over the working week or forgone employment opportunities. As a result, labor input to the economy, the key contributing factor to economic growth across East Asia and Pacific, is reduced. The legislative frameworks of four East Asian economies provide for a range of operating modalities, including minimum required full-time that is compatible with the at least 8-hour working day of parents (Hong Kong SAR, China; and Malaysia), part-time, extended, or on demand hours (Figure 4).

FIGURE 3: LEGISLATION GOVERNING THE PROVISION OF CHILDCARE SERVICES* IN EAST ASIA AND PACIFIC

| Economy | Earliest age at which childcare services are available | Preprimary school starting age | Public provision* | Private provision* | Employer provided or supported |
|----------------------|--|--------------------------------|-------------------|--------------------|--------------------------------|
| China | since birth | 3 | ✓ | ✓ | |
| Fiji | | 3 | | | |
| Hong Kong SAR, China | since birth | 3 | | ✓ | |
| Indonesia | since birth | 4 | ✓ | ✓ | |
| Malaysia | 2 years | 4 | ✓ | ✓ | |
| Mongolia | | 2 | | | |
| Philippines | since birth | 5 | ✓ | ✓ | |
| Singapore | 18 months | 5 | | ✓ | |
| Thailand | | 3 | ✓ | ✓ | |
| Vietnam | 3 months | 3 | ✓ | ✓ | ✓ |

Source: *Women, Business and the Law 2022*. Note: *public and private provision includes care services provided in center-based settings.



FIGURE 4: REGULATION OF ADEQUATE OPERATING HOURS

| Economy | Minimum required hours | Flexible options available |
|----------------------|--|--|
| China | Not regulated | Full-time, half-day, and services on demand. |
| Hong Kong SAR, China | 10 hours for private centers: Monday to Friday from 8am till 6pm | Extended hours of service are provided by private centers from Monday to Friday*: 6pm till 7pm or 8pm and from 1pm to 2pm/3pm/8pm on Saturday. |
| Malaysia | 10 hours for publicly run children's nurseries (TASKAs) | Not regulated |
| Singapore | Not regulated | Full-day services: a continuous period exceeding 6 hours in a day Half-day services: a continuous period not exceeding 6 hours in a day |

Source: *Women, Business and the Law 2022*.



AFFORDABILITY

Even when formal childcare is available, *affordability* of care is a central concern that influences the demand of childcare services and the extent to which they are taken up by parents. Economies with regulatory frameworks around the public provision of childcare, including China, Indonesia, Malaysia, Philippines, Thailand, and Vietnam, do not mandate its free provision.

The criteria for fee determination is explicitly laid out in the laws of China, Malaysia, and Vietnam. In China, nursery fees are laid out in the “parent notice,” with the nursery managed by market adjusted prices accounting for social affordability and services costs. In Malaysia, rates for childcare centers (*taskas*) differ by the income of households. In Vietnam, the fee rate is set at a provincial level. The rate is built on the principle of sharing between the state and families and depends on the socio-economic conditions of each population area, the actual contribution capacity of the people, the consumer price index, and the annual economic growth rate.

Governments in five economies in the region grant financial support to parents under different conditions and forms to reduce costs and facilitate uptake (Figure 5). To ease operating costs and encourage the supply of services, governments in six economies in the region provides financial support to childcare centers. In Singapore and Vietnam, similar incentives are provided to employers.

Preferential taxation is another policy tool widely used to facilitate the provision of childcare services and their uptake by parents. Such policies take the form of income tax credits, deductions, or exemptions to parents, childcare centers, or employers.

No support options for parents or providers – financial or non-financial – could be located within the legal frameworks of China, Mongolia, or Fiji. Longer maternity or parental leave policies in Mongolia may be an effective way to ensure parents have financial support while caring for children at home, as opposed to placing them in childcare. In Fiji, however, with minimum maternity leave of 98 days and no laws around childcare services, the absence of support may have repercussions on the demand and supply of services, affecting women’s participation in the labor market.

FIGURE 5: EXAMPLES OF FINANCIAL SUPPORT TO PARENTS

| Type of measure | Economy | Policy example |
|----------------------------|----------------------|--|
| Grants | Hong Kong SAR, China | Special grants to cover fees for children under 3 years of age under Comprehensive Social Security Assistance (CSSA) |
| | Singapore | One-time startup grant for low-income families to pay for initial costs of enrolling a child into a care center conditioned on the work status of parents |
| Subsidies | Malaysia | Childcare fee subsidy based on parental income for children 2 to 4 years of age in children’s nurseries (<i>taskas</i>) |
| | Singapore | <i>Basic</i> subsidy conditioned on the work status of parents and the type of program in which a child is enrolled; <i>Additional</i> subsidy to low-income parents |
| Allowances | Vietnam | Monthly allowance to parents working in industrial parks for children in junior (age 3-36 months) and senior (age 3-6) kindergartens. |
| Fee reduction or exemption | Hong Kong SAR, China | Fees are waived for children under the age of 3 in whole-day childcare services if their parents pass a “social needs” test |
| | Vietnam | Fee exemptions or reductions to poor households with children in preschool education aged 3 months to 6 years |
| Guarantee of access | Philippines | The state guarantees access and priority enrollment in childcare centers for children of low-income families aged 0 to 4 years |

Source: *Women, Business and the Law 2022*.



TAX SUPPORT FOR PARENTS AND PROVIDERS



➤ In **Malaysia**, a tax deduction is allowed for childcare fees to a childcare center for children under 6 years. If spouses file taxes separately, only one *parent* can claim



➤ In **Thailand**, there is a legal obligation on the state to support a deduction and exemption of tax beneficial to the early childhood education at a private



➤ In **Vietnam**, the following expenses are excluded from taxable income: salaries and allowances for teachers of nurseries and kindergartens organized and run by *business establishments*.



QUALITY

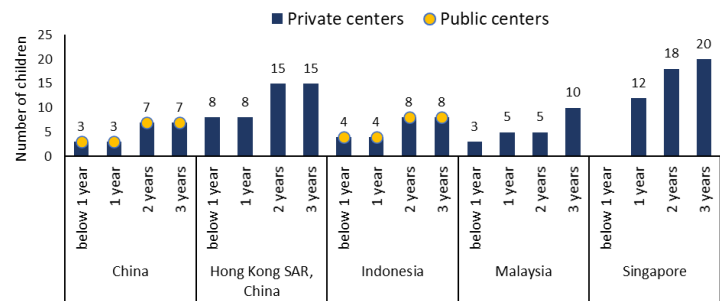
Quality may serve as a factor determining parental decisions to use formal childcare services. Quality childcare improves children’s development outcomes, including school readiness, healthy nutrition, and educational achievements, and leads to more promising employment prospects and higher earnings in the long term. Given wide variations in economic development, resource availability, and in cultural and social norms, definitions of high quality vary across contexts. Nevertheless, there is some agreement about the factors that define high quality childcare regardless of circumstance.

Structural quality, for example, is a critical element for early childcare services. With lower teacher-to-child ratios – typically 1:10 or 1:15 as recommended by international institutions – and smaller group sizes – typically no more than 20 children – children can receive individual attention and teachers can more effectively cater to diverse learning needs. In East Asia and Pacific, the number of children per educator differs depending on the age of the child, with the lowest ratios not exceeding 10 children per educator are established in China, Indonesia, and Malaysia for children of 3 years and below (Figure 6). The highest ratios of 15 or more are established for 2- and 3-year-olds in Hong Kong SAR, China and Singapore. The maximum group sizes in childcare centers in Hong Kong SAR, China and Indonesia are established at 14 and 20, respectively. In China and Vietnam, group sizes are linked to the age of the child but typically does not exceed 20 for children below 3 years of age. Structural quality gaps exist in Philippines and Thailand, where such thresholds are yet to be established.

Improving quality of care also means professionalizing services, including investing in the professional development of the workforce. In China, educators at nurseries must complete no less than 72 hours of on-the-job training annually, while in Vietnam compulsory annual training programs are administered to improve the level of response of educators to the requirements of early childhood development and education. More could be done to provide regular professional training for educators in the rest of East Asia and Pacific.

By establishing quality assurance mechanisms through requiring mandatory inspections of physical facilities or reporting of data and information by providers, governments can hold childcare providers accountable for any failure to comply with quality standards. In 6 out of 10 examined economies in the region, physical inspections are mandatory. Reporting of information is also required in six economies. However, the regularity of these quality assurance mechanisms is not always specified, increasing the risk of noncontinuous compliance among providers (Figure 7).

FIGURE 6: NUMBER OF CHILDREN PER EDUCATOR, BY AGE



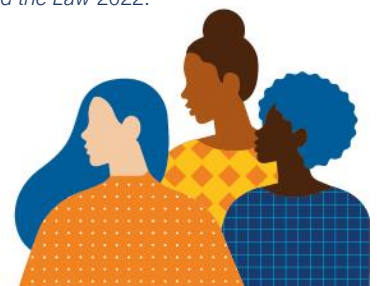
Source: *Women, Business and the Law 2022*.

FIGURE 7: QUALITY ASSURANCE IN CHILDCARE CENTERS



Legend:
■ Law mandates regular inspections or reporting of data by public or private centers
■ Law does not specify regularity of inspections or reporting of data by public or private centers

Source: *Women, Business and the Law 2022*.





REGIONAL TRENDS BY DATA POINT

| AVAILABILITY | ANSWER (YES/NO) |
|---|-----------------|
| Does the law regulate public provision of childcare services? | 60% / 40% |
| Does the law regulate private provision of childcare services? | 80% / 20% |
| Does the law mandate employers to provide or support childcare services? | 10% / 90% |
| Does the law establish adequate operating hours in public childcare centers? | 20% / 80% |
| Does the law establish adequate operating hours in private childcare centers? | 30% / 70% |
| AFFORDABILITY | ANSWER (YES/NO) |
| Does the law establish free provision of public childcare? | 100% |
| Does the law establish conditions based on which cost to parents is determined? | 30% / 70% |
| Are fees charged by public childcare centers regulated? | 30% / 70% |
| Are fees charged by private childcare centers regulated? | 50% / 50% |
| Does the government provide some form of financial or tax support to parents for childcare? | 50% / 50% |
| Is financial support to parents for the use of childcare is unconditional? | 100% |
| Does the government provide some form of financial or tax support to private providers? | 60% / 40% |
| Does the government provide some type of support to low-income families for childcare? | 50% / 50% |
| QUALITY | ANSWER (YES/NO) |
| Are public childcare centers required to obtain licenses or authorization of some form? | 30% / 70% |
| Are private childcare centers required to obtain licenses or authorization of some form? | 80% / 20% |
| Does the law mandate a teacher-to-child ratio for public childcare centers? | 30% / 70% |
| Does the law mandate a teacher-to-child ratio for private childcare centers? | 60% / 40% |
| Does the law mandate a maximum group size in public childcare centers? | 30% / 70% |
| Does the law mandate a maximum group size in private childcare centers? | 40% / 60% |
| Does the law require educators at public childcare centers to undergo periodic training? | 20% / 80% |
| Does the law require educators at private childcare centers to undergo periodic training? | 20% / 80% |
| Does the law require quality assurance at public childcare centers? | 50% / 50% |
| Does the law require quality assurance at private childcare centers? | 80% / 20% |
| Are penalties imposed for noncompliance with applicable laws by public childcare centers? | 50% / 50% |
| Are penalties imposed for noncompliance with applicable laws by private childcare centers? | 80% / 20% |

HOW TO USE THIS DOCUMENT

This document aims to improve understanding of legal and regulatory systems around the availability, affordability, and quality of childcare services for children below preprimary school starting age in East Asia and Pacific. It also seeks to build awareness of laws and identify areas for reform and other regulatory interventions. Support for the Women, Business and the Law childcare regional profiles series is provided by the World Bank's Knowledge for Change Program and the Multi-Donor Trust Fund for Jobs.



For more information, please visit wbl.worldbank.org/en/childcare or contact wbl@worldbank.org.

