

Childcare Incentive Fund: Summary Note

April 2022

Introduction and Overview

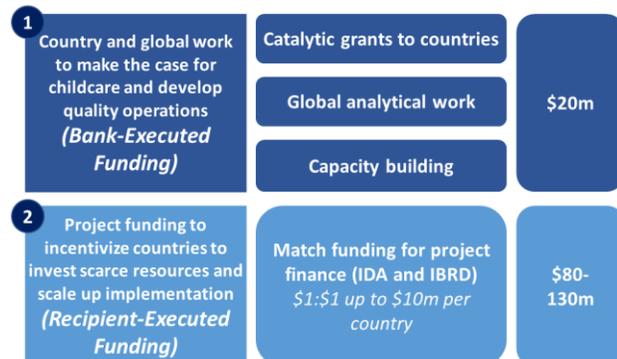
Expanding access to quality childcare has the potential to yield multi-generational impacts by improving women’s economic empowerment, child outcomes, family welfare, business productivity and overall economic growth. However, too many families worldwide lack suitable childcare options, restricting women’s employment opportunities, productivity and income and reducing women’s empowerment and well-being, and leaving many children in unsafe and unstimulating environments. The World Bank’s new paper [Better Jobs and Brighter Futures: Investing in Childcare to Build Human Capital](#) lays out the evidence base for investments in childcare from a holistic perspective, estimates the global need and suggests policy goals for government to consider to ensure access to quality, affordable childcare for all families that need it.

Recognizing the need for a whole-of-government approach and nonstate sector involvement to address the childcare challenge, the World Bank Group (WBG) is launching a new work program on childcare that will take a whole-of-WBG approach. The work program aims to expand the size, and improve the quality, of WBG investments in childcare to improve women’s economic empowerment and child development outcomes as well as broader benefits for families, businesses and ultimately economies.

- At the country level, activities will focus on making the case for childcare and supporting countries to design and implement quality projects, as well as to build capacity.
- At the global level, analytical work and the development of tools and guidance will contribute to the global evidence base and global public goods as well as support country work.

We expect this to be a 5-year work program from November 2021-November 2026. The work program is grouped into two streams of complementary funding, which work together to drive quality investments in childcare at the country level and contribute to the global evidence base and public goods: (1) Bank-Executed Funding for country and global work to gather data and evidence, make the case for childcare, develop quality approaches, and build capacity; and (2) Recipient-Executed Funding for project finance to incentivize countries to invest and scale implementation.

Figure 1: Two pots of funding to drive quality investments in childcare



This work program will be coordinated by the World Bank’s Early Learning Partnership, working with a cross-sectoral working group of WBG staff, which will provide strategic direction and guidance. The working group includes members from Education, Gender, Social Projection and Jobs, Human Capital Project team, Health, Nutrition and Population, Poverty, Skills and Jobs and ECD Global Skills Groups, along with various research and survey units (WBL, DEC, DIME, SIEF, Gender Innovation Labs) and IFC. In addition, various World Bank Group teams will lead on specific pieces of work. The funding will be channeled through ELP to reach multiple sectors and units across the World Bank Group. We currently have confirmed funding commitments totaling around \$80 million, and strong potential for additional funding to be confirmed later in 2022. This work program will be key to deliver the new IDA20 policy commitment on childcare (to support at least 15 IDA countries to expand access to quality, affordable

childcare, especially for low-income parents). The work program is designed to generate demand at country level and support teams to deliver quality projects that maximize benefits for both women and children.

Funding Stream #1: Bank-Executed Funding (\$20 million) These funds are essential to make the case for childcare investments at country level and develop a pipeline of operations. Bank-Executed Funding remains with World Bank Group teams, including IFC, to manage (working in close collaboration with governments and other stakeholders).	
Indicative activities	WBG Teams Involved ¹
i. Catalytic grants Competitive ELP funding rounds for demand-driven activities in countries that are designed to generate more and better-quality activities for childcare. Catalytic grants tend to be \$100,000-200,000 per grant. Funding is used in various ways by teams based on their needs but typically includes one or several of the following: conducting upstream analytical work that generates knowledge or helps to make the case for childcare, designing quality operations, providing technical support for implementation, strengthening the enabling environment or evaluating interventions.	ELP coordinates, call designed with multi-GP steering committee, funding will be open to all WBG
ii. Global analytical work to make the case, generate data, evaluate impacts and build evidence, find solutions and develop tools <ol style="list-style-type: none"> a) Gathering cross-country and within country data on childcare, including country-specific costing and ROI analysis b) Building the evidence base through evaluations of childcare that comprehensively consider benefits for children, women, families and productivity c) Preparing tools for country teams and clients that could also be used as global public goods (or inputs to broader collaborations) 	<i>For data:</i> ELP, WBL, LSMS, Poverty <i>For evaluations:</i> ELP, SIEF, GIL, DEC, DIME <i>For tools:</i> ELP working with technical teams of Gender and relevant GPs
iii. Capacity building <ol style="list-style-type: none"> a) <i>Building external capacity</i> through recruiting Early Years Fellows focused on childcare to work with World Bank teams and governments in strategic countries, developing content on childcare to reach policymakers within the Engaging Policymakers in Early Childhood Program (15 countries involved) and convening childcare related events for the Human Capital Champions. b) <i>Building internal capacity</i> through facilitating technical support to teams, disseminating tools and products and organizing knowledge opportunities. 	ELP, HCP and working with the cross-sectoral working group to identify opportunities and leverage channels.
Funding Stream #2: Recipient-Executed Funding (\$80-\$130 million) Recipient-Executed Funding flows directly to governments and would be programmed through World Bank operations to incentivize governments to invest scarce project finance and public resources into childcare. This will support countries to scale childcare up through public approaches ² and help get childcare firmly on the agenda and build political commitment and domestic financing. This additional funding may be the difference between a country choosing whether to make any investment in childcare at all (if the available budget is not considered enough to make the investment worthwhile).	
These funds will be available to country teams on a 1:1 match basis (leveraging IDA, IBRD, domestic or other resources), up to a maximum of \$10 million per country. We expect to be able to reach 10-20 countries with \$80 million.	ELP coordinates, call for proposals designed and awarded by multi-GP steering committee, open to all sectors.

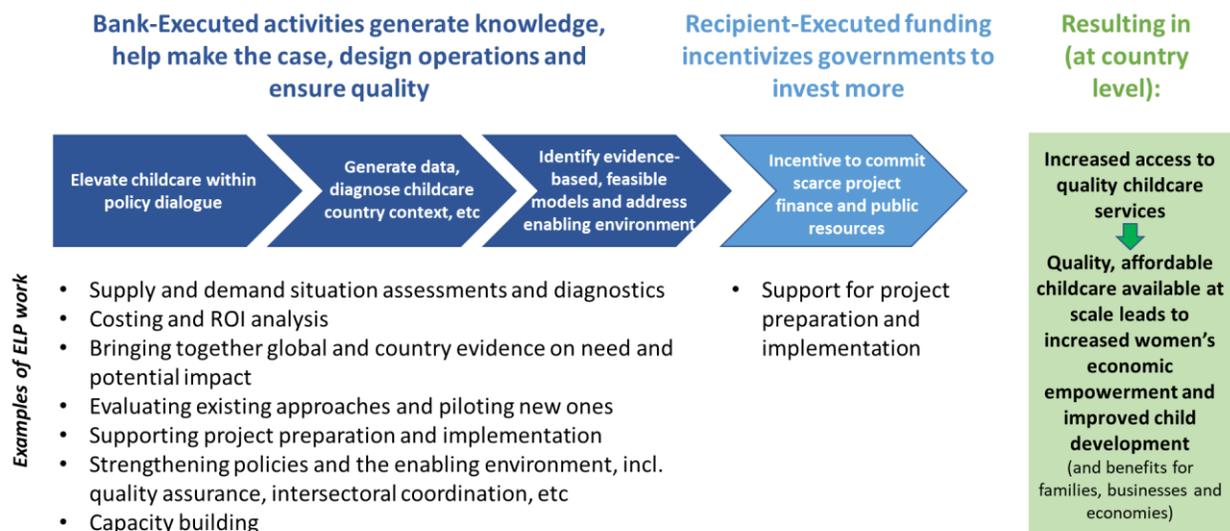
¹ This work program is a whole-of-WBG approach coordinated by ELP. An overview of the governance structure is provided on page 7

² This may include governments providing support for approaches involving the nonstate sector (e.g. grants and subsidies)

More detail on types of activities that could be funded within countries through Bank-Executed catalytic grants and Recipient-Executed grants

Country teams can apply for both catalytic Bank-Executed Funding and / or Recipient-Executed Funding and, as Figure 2 shows, the funded activities work together to reinforce each other at country level to drive quality investments in childcare, resulting in improvements in women’s economic empowerment and child development, as well as benefits for families, businesses and ultimately economies.

Figure 2: How Bank-Executed and Recipient-Executed activities reinforce each other at country level



The types of activities funded through country grants will depend on the specific country context and objectives but will be assessed against pre-defined criteria and we expect all applications to consider both women’s economic empowerment and child development as objectives. For Bank-Executed grants we expect a focus on conducting analytical work to make the case for childcare, supporting project preparation, developing the enabling environment and piloting and evaluating interventions. Recipient-Executed grants may contain some of the same types of activities but with more focus on scaling up interventions. We expect that some combination of the following types of activities would roll out in countries:

- Catalyzing demand and making the investment case through situation assessments, diagnostics and projections on financing needs (and mechanisms) as well as potential benefits
- Strengthening the enabling environment to promote quality (recognizing the importance of quality for child development and the uptake of services by families), for example focusing on:
 - Quality assurance systems including registration schemes, quality standards and regulation and monitoring systems
 - Institutional coordination and capacity of local and national government
 - Practitioner frameworks and training programs, and initiatives to promote recognition and support for the workforce
 - Data systems to support planning and drive improvements
 - Sources of finance and budgeting processes for more sustainable, equitable funding
- Introducing new or reformed childcare policies
- Increasing access to affordable childcare through piloting and scaling interventions, including:
 - Providing financing to families to be used for childcare, for example, childcare specific vouchers, tax breaks, cash transfer programs or other social assistance programs

- Funding public provision (including construction and operationalization)
- Supporting nonstate sector to expand provision,³ for example: grants or subsidies or providing specific inputs to nonstate providers (staff, land, facilities, etc)
- Focusing on childcare options for those working in the informal sector
- Launching programs to support women entrepreneurs to establish and / or improve childcare services, including home-based care
- Setting up temporary childcare provision to support skills training and public works programs (including mobile creche schemes)
- Conducting impact evaluations that consider the impact on both children’s development and women’s economic empowerment (plus potentially a range of other impacts on women’s wellbeing, schooling for older siblings, family spending, business productivity, etc) and process evaluations to understand the implementation.

Box 1: Exploring innovative approaches, new facilities and engaging the nonstate sector: Financing will also be used to explore and pilot innovative approaches in the childcare space. As part of this work, we’d like to spend some time and resources to work with teams and experts with diverse backgrounds to scope out and think through how to operationalize new ideas, which could then be piloted in different countries. One example is exploring the potential to establish a fund for women entrepreneurs to establish their own childcare services, which could leverage existing enterprise incubation initiatives at global levels, MSME funding at country level or work in partnership with microfinance organizations and commercial banks. Other examples include IFC conducting a scoping study of online childcare platforms and exploring an incubator for care solutions.⁴

Childcare grants would be open to proposals from all sectors to reflect the various entry points and benefits of childcare. There will be no focus countries and funding rounds will be open to all low- and middle-income countries eligible for IDA and IBRD funding.⁵ Figure 3 provides an overview of potential entry points to invest in childcare across sectors. There are three pathways into WBG operations to support childcare (which could be financed through the Recipient-Executed match funding):

- **Funding childcare as a sub-component or component within a sectoral operation to improve women’s participation and productivity,** especially in skills training and employment projects within the Human Development sectors (Education, Health and Nutrition, Social Protection) but also in sectors such as Agriculture, Energy and Private Sector.
- **Funding childcare as a core component within projects that focus on ECD, women’s economic empowerment or other efforts to boost human capital.**⁶
- **Development Policy Lending.** This instrument essentially pays governments for policy reforms. We will identify a set of childcare policy reforms which could trigger payments to countries.

³ Due to the scale of expansion needed and the diverse needs of families, we expect that the nonstate sector will continue to be an important player in most countries. Nonstate sector provision includes childcare centers established by individuals or organizations (both for-profit and not-for-profit), chains of private providers, NGO providers, faith-based providers, community-based or cooperative models of childcare, and home-based childcare. Through our bank-executed analytical work we will put together tools and guidance to support WB country teams and governments to think through effective approaches to engage the nonstate sector.

⁴ IFC’s work referenced in this work program is also packaged within IFC’s Care2Equal initiative, which includes care work beyond childcare

⁵ A list of IDA countries (low-income countries) can be found here <https://ida.worldbank.org/about/borrowing-countries>. IBRD countries are Middle-Income-Countries. Please see here for further detail: <https://www.worldbank.org/en/who-we-are/ibrd>

⁶ If a project focuses more on either ECD or women’s economic empowerment, the teams must demonstrate deliberate consideration of the other to be eligible for grant funding.

Figure 3: Potential sectoral entry points to invest in childcare

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

More details on global analytical work

This work includes three components:

- a) **Gathering cross-country and within country data on childcare, including country-specific costing and ROI analysis.** A number of teams within the World Bank will be involved and will lead on different activities, including Women, Business and the Law (WBL), the Poverty team and the Living Standards in Measurement Study team. Specific activities will include: developing and piloting a core set of childcare questions for household surveys in 10 countries (as well as a time-use module); developing a package of tools and guidance for situation assessments and implementing in 7-10 countries; scaling up the WBL childcare module on the policy and regulatory environment to all countries and pushing for its inclusion in the next version of the WBL index; and conducting financial projections on costs and ROI analysis. On the nonstate sector side, IFC will conduct analyses of

childcare demand, supply, financial and business models for private investment, and market sizing information for potential childcare investors in five low or middle-income countries.

- b) **Building the evidence base through evaluations of childcare that comprehensively consider benefits for child development and women’s economic empowerment as well as broader benefits for families and business productivity.** This activity will finance impact evaluations (including nimble evaluations) in partnership with the Strategic Impact Evaluation Fund, the Gender Innovation Labs, the Development Economics Vice Presidency and the Development Impact Evaluation teams. We will take a portfolio approach to promote coherence across the research (in terms of aligning on focus areas, collecting consistent intervention information and sharing suggestions on tools) to ensure that we have a robust set of evidence at the end of the work program. A strong focus of the research will be on the holistic impact of childcare across multiple outcomes. All evaluations will assess the impact on women’s economic empowerment and child development, as well as broader impacts for families, older siblings, job creation in communities and businesses productivity, where possible. Understanding implementation arrangements and quality in relation to impact will be crucial and there will be a preference for evaluations that can assess different types of childcare models / characteristics across these outcomes to facilitate policy and implementation recommendations. IFC will conduct additional impact evaluations focused on employer-supported childcare and public-private partnership models (again looking holistically at the impacts). A broader list of research questions that we believe are needed for childcare are captured in Annex 1.
- c) **Preparing tools for country teams and clients that could also be used as global public goods (or inputs to broader collaborations).** An immediate priority will be developing tools around safeguarding and quality standards that can be used at country level by teams, clients and other partners to ensure the safety and quality of childcare facilities. The prioritization of other tools would respond to demand from country teams but are likely to include: case studies of promising approaches, including for reaching women working in the informal sector; guidance on nonstate sector approaches, guidance on linking caregiver report monitoring tools to assess child development outcomes across the 0-6 age range, and scoping assessments of innovative approaches. We will also produce a series childcare briefs or papers, to follow on from the 2020 report. A series of additional tools will be produced as part of data collection efforts (including for situation assessments, a household survey module on childcare, financial projections tools and guidance). All products and tools produced in this work program will be publicly available to serve as global public goods (or as contributions to other global public goods). Where appropriate, we will explore opportunities to partner with other organizations at global and local levels.

More details on capacity building

This work includes two components:

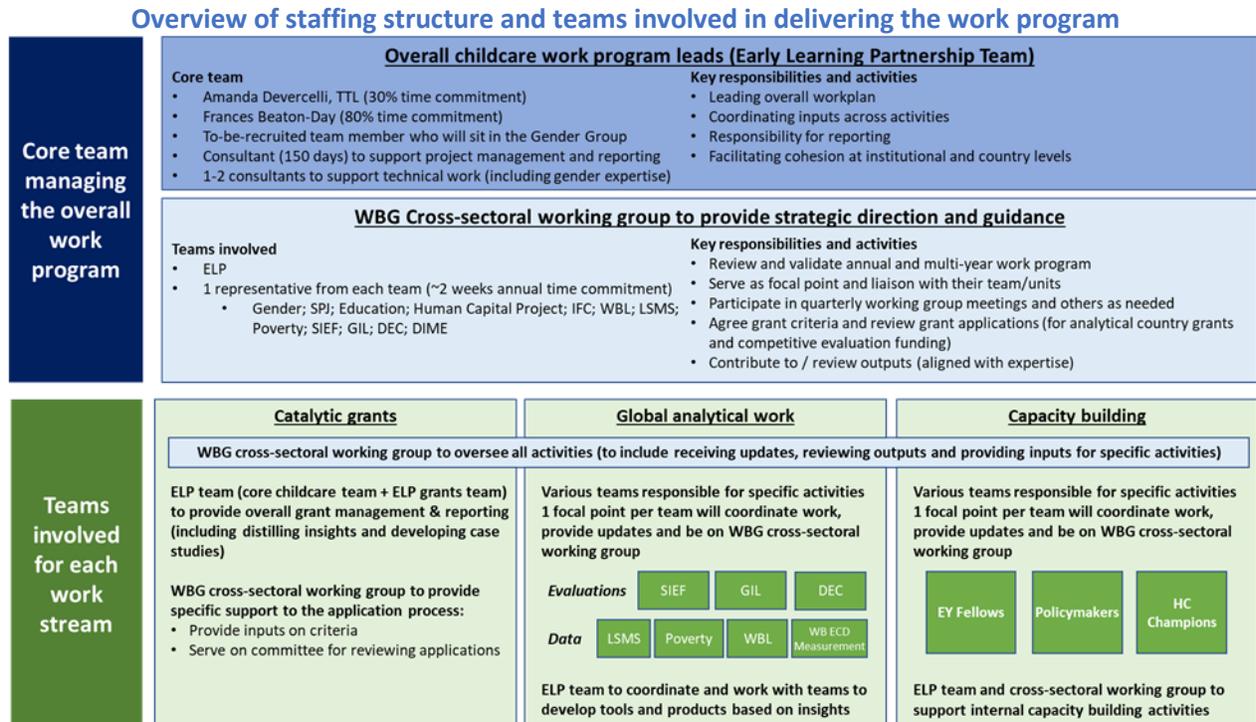
- a) **Building external capacity** through leveraging three existing capacity building programs to integrate childcare specific activities and content to build country capacity and knowledge, share learning and develop peer networks. Within the Early Years Fellowship program, we will integrate a childcare training course with gender intentional content, as well as recruit Early Years Fellows focused on childcare to work with World Bank teams and governments in strategic countries. A similar approach will be taken to reach policymakers within the Engaging Policymakers in Early Childhood

Program. We will also convene childcare related events for the Human Capital Champions. In addition, IFC will focus on capacity building of companies for employer-supported childcare through providing advice, assistance, tools and trainings, as well as creating peer learning platforms in five countries to foster knowledge sharing and collaboration.

- b) **Building internal capacity** to ensure teams have access to technical support and resources and opportunities to extend their knowledge on childcare. ELP will facilitate technical support to teams through identifying (and in some cases, hiring) expert consultants who will then be available for task teams to support quality project preparation and analytical work for childcare activities. As part of this, ELP team will work with partners and stakeholders to identify ways to bring in people with diverse perspectives and experience to help serve as bridges between World Bank teams and civil society organizations and identify opportunities for engagement and collaboration. ELP will also ensure that products and tools are disseminated effectively to teams and organize webinars and other events to increase knowledge and generate interest (e.g. showcasing examples of promising work, facilitating discussions on particular topics, etc).

Internal Structure and Whole-of-World Bank Group Approach

As indicated in the introduction, this work program will be coordinated by the ELP team, in close collaboration with a cross-sectoral working group of WBG staff, which will provide strategic direction and guidance, and various teams will lead on specific pieces of work. The figure below provides an overview of the staffing structure and teams engaged.



Expected results

We expect impacts across five results areas that will contribute to our overall goals to drive quality investments in childcare at the country level and to contribute to the global evidence base and global public goods. For clarity, we have separated the outcomes to clarify which are likely to come from Bank-Executed and Recipient-Executed funding, although there will be fluidity between Bank-Executed and Recipient-Executed activities and outcomes.

Overview of results areas and expected outcomes

Results areas	Bank-Executed funding outcomes	Recipient-Executed funding outcomes
1. Policies and enabling environment	<ul style="list-style-type: none"> • Increase domestic budget allocations • Strengthen policies and enabling environment in 10+ countries (e.g. legal frameworks, quality assurance systems, workforce T&Cs, training programs) 	<ul style="list-style-type: none"> • Scale-up and implementation of policies and enabling environment
2. Financial returns from WBG operations	<ul style="list-style-type: none"> • 10:1 returns from Bank-Executed grants (30+ countries and \$200m leveraged from project finance) 	<ul style="list-style-type: none"> • 1:1 returns for Recipient-Executed match funding (10+ countries and \$80m leveraged from project finance).
3. Directly reach children, women and families and improve women's economic empowerment and child development	<ul style="list-style-type: none"> • <i>Large indirect impacts as childcare integrated into projects (ELP's work has indirectly reached >4 million children and their families)</i> • IFC incubator for care solutions expected to support 5 care providers launch new or expanded operations to reach 500 families 	<ul style="list-style-type: none"> • High potential to reach large proportion of target population once integrated as core project component • WB (IDA / IBRD) programs typically reach 5-30% of the population directly and many cover the 10-20% poorest part of the country's population • We would expect to reach ~4 million children and 2 million mothers and achieve positive impact on outcomes related to: (i) women's economic empowerment (labor force participation, productivity and income, quality of work, participation in skills and training), (ii) child development (cognitive, socio-emotional, physical, nutrition and health) (iii) broader family impacts, where possible. <i>Targets TBD⁷</i>
4. Capacity building	<ul style="list-style-type: none"> • Childcare courses for 100+ Early Years Fellows and policymakers • 5+ Early Years Fellows recruited on childcare • 5+ countries enrolled in a policymaker cohort focused on childcare • 20+ Events (participation / organization in collaboration with partners) 	

⁷ We are planning to ask all country teams to report on outcomes related to child development and women's economic empowerment and will be tracking these impacts. Targets are difficult to estimate currently as specific grants haven't be awarded yet and we do not have a sense of the size and scope of activities. We would expect to be able to develop more informed targets midway through the work program.

	<ul style="list-style-type: none"> • 50 private sector companies and 25 public sector stakeholders engaged in IFC-led public-private peer learning across 5 learning events 	
<p>5. Data, evidence and global public goods</p>	<ul style="list-style-type: none"> • 14+ evaluations and papers (peer-reviewed and grey literature) • Childcare module for household surveys and a time-use module • Data from +15 household surveys and situation assessments • 8+ packages of tools/guidance/public goods • 3+ market insights reports produced by IFC to guide investors in 5 countries • 3+ scoping studies including: online childcare information platforms entrepreneurship fund 	

Annex 1: Childcare research questions

Below are a set of important research questions, developed in collaboration with a group of external stakeholders. We will work with research partners in the Global North and the Global South to map the evidence before starting.

Topic		Description / Research questions	
Country level data	Country-level data on childcare in LMICs (disaggregated by income group)	<ul style="list-style-type: none"> • Demand side: What childcare arrangements are parents using? What is the demand for childcare and are parents aware of different options? What factors are the most important for parents in different contexts? How do parents perceive quality? What is the willingness of parents to pay and how sensitive is demand to price? What are the projections for demand? To what extent would /does childcare enable parents (especially women) to work? Beyond childcare, what are the additional constraints to improving economic empowerment? • Supply side: What different types of childcare are available and their relative share within the market? What are the different operating models including services offered, quality, fees (absolute and as a percentage of income)? What barriers do private providers face entering the childcare sector and being financially sustainable? What are the projections for supply? • What are the financial projections and potential return on investment? • What questions can be integrated into various household and attitude surveys to easily gather information on the childcare market, family preferences, etc? 	
Further understanding the impact of childcare	Child development outcomes and the balance between cost and quality	<ul style="list-style-type: none"> • What is the impact of childcare on child development (cognitive, socio-emotional, physical, health, nutrition)? • What level of quality and cost is needed to achieve positive impact / protect against negative impact? What aspects of quality are most important? 	Relative impact of different policy and program approaches on the various outcomes (considering different types of support, levels of quality, etc)
	Women's economic empowerment outcomes	<ul style="list-style-type: none"> • What is the impact of childcare for women's economic empowerment, beyond FLFP (hours, income, work quality)? • To what extent does the quality of childcare provision impact economic participation and well-being outcomes? 	
	Family outcomes	<ul style="list-style-type: none"> • What is the impact of childcare on other family members (girls' schooling and, men's employment, grandparents' activities)? • What are the broader impacts on family welfare (spending on aspects that benefit the family, well-being, relationships)? 	
	Business and economic outcomes	<ul style="list-style-type: none"> • What are the wider economic benefits of childcare? • What is the impact of childcare on job opportunities, especially for women, and business productivity, and how does the quality of childcare impact this? 	
Policy options and tools	Scalable quality models to reach vulnerable families	<ul style="list-style-type: none"> • What are some best practices around scalable, quality models for vulnerable families (low-income, those working in informal sector or rural areas, single mothers, etc)? 	
	Comparative impact of childcare & other social assistance	<ul style="list-style-type: none"> • How do different strategies (and mix of strategies) compare in their impact on child development and women's economic participation and empowerment? Strategies include childcare, maternity and parental leave, and child grants 	
	Encouraging quality nonstate sector models	<ul style="list-style-type: none"> • What are viable business models for nonstate providers of childcare? • What are effective ways to incentivize nonstate providers to improve quality? 	
	Parental engagement	<ul style="list-style-type: none"> • What are best-practice models to integrate parents into governance structures? • To what extent are parents aware of the benefits of childcare? • How do parents perceive quality? 	

