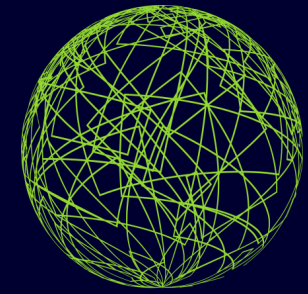


Caregiving Return on Investment



fraym®

Indonesia Summary

June 2022

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Study Overview

Study Overview

The cross-country Caregiving Return on Investment (ROI) study examines whether existing primary caregivers would plan to enter or re-enter the labor force, along with information about the type of expected economic activity, if safe and quality childcare services were available. Fraym also analyzes existing household approaches to child caregiving, satisfaction with existing early childhood services, obstacles to accessing care services, and preferences for alternative care arrangements.

This report provides the summary findings from the Indonesia analysis.

Fraym conducted large, nationally-representative surveys in five countries:

- In India, Fraym surveyed 20,818 respondents aged 18 or older. Fielding occurred between 1 February 2022 and 2 March 2022.
- In Indonesia, Fraym surveyed 5,728 respondents aged 18 or older. Fielding occurred between 24 January and 7 February 2022.
- In Kenya, Fraym surveyed 4,857 respondents aged 18 or older. Fielding occurred between 24 January 2022 and 10 February 2022.
- In Nigeria, Fraym surveyed 4,922 respondents aged 18 or older. Fielding occurred between 31 January 2022 and 9 February 2022.
- In South Africa, Fraym surveyed 5,920 respondents aged 18 or older. Fielding occurred between 16 December 2021 and 7 January 2022.

Additional details concerning primary data collection – including sample frame, demographic and socioeconomic quotas, sample weights, and other related methodological aspects - will be available in forthcoming policy research papers for each of the focus countries.

STUDY OVERVIEW

Focus Population Sub-Groups

Fraym focused specifically on households with children under the age of compulsory education. All other respondents were still asked the series of questions related to national policies and views about whether child caregiving services should be provided to needy families.

Fraym focused on two specific and distinct subpopulation groups for further analysis.

- (i) Primary caregivers who had children under the age of compulsory education living in the household.
- (ii) Non-primary caregivers who had children under the age of compulsory education but used other forms of childcare arrangements.

Focus Population Sub-Groups

Adults with children under the age at which compulsory education begins¹

Primary Caregiver

Adults who report themselves or their spouse or partner as the primary childcare provider

Non-Primary Caregiver

Adults who report using some other type of childcare arrangements rather than parents, including facilities, hired caregivers, relatives, neighbors, or friends

Adults without young children living in the household

Adults who do not have young children living in the household, which are asked about the state of child caregiving in the country and a range of other related topics

Note 1: Schooling is compulsory beginning at age seven in South Africa and Indonesia and at age six in Kenya, India, Nigeria.

STUDY OVERVIEW

Labor Force Participation Impact

Fraym investigated the potential impact of child caregiving policies and programs on labor force participation rates for primary caregiver households.

Key Steps

Labor Force Participation Impact Calculations

- 1 Report the percentage of all households whereby at least one of the spouses/partners who are primary caregivers would join or rejoin the workforce if affordable childcare services were available (based upon Fraym survey data results).
- 2 Convert this into an absolute number of entrants or reentrants into the labor force by multiplying this percentage figure by the total number of households in the country (based upon national statistics office data).
- 3 Report the most recent labor force participation rate available for each focus country (based upon official labor force survey data).
- 4 Calculate the potential labor force participation rate change by comparing the projected impact to the most recently available participation rate data (based upon official labor force survey data).

Additional detail on the methodology and data sources will be available in forthcoming policy research papers for each of the focus countries.

STUDY OVERVIEW

Return on Investment Model Assumptions

In this study, Fraym also investigated the potential impact of child caregiving policies and programs on potential household earnings if existing primary caregivers were able to access affordable caregiving services.

Fraym analyzed the economic benefits and costs in a scenario where caregiving were made available for primary caregivers who:

- (i) Were age 18 or older with at least one young child under the age at which compulsory education begins in the country;
- (ii) Were unemployed at the time of the survey; and
- (iii) Would plan to look for income generating work if safe and affordable childcare was available and accessible.

Fraym then estimated how much economic benefit these key caregivers could reasonably expect to earn through entering or reentering the labor force.

Further details will be available in forthcoming policy research papers for each of the focus countries.

Key Assumptions for ROI Calculation

- For income estimates – we apply the average reported earnings by occupation type that the primary caregiver or their spouse/partner reportedly would pursue.
- For childcare cost estimates - we apply the average reported current childcare costs by occupation type.
- We also consider a more conservative scenario that incorporates a discount for the national unemployment rate into the ROI assumptions. This more conservative scenario is reported in a footnote on the respective country slides as a lower bound estimate.

Indonesia Summary

Addressing primary caregivers' childcare needs could lead to **6-percentage point increase in the labor force participation rate, or roughly 13 million people.**

For every \$1 invested in childcare programming in Indonesia, **primary caregivers could generate up to \$3 in benefits through entering the labor force.**

Covid-19 restrictions is the most cited barrier to changing childcare arrangements, followed by safety concerns.

There is **widespread public support for subsidized child caregiving for needy families** across Indonesia – 85% nationally.

Labor Force Participation

There are 207 million Indonesians of economically active age; of which, roughly 67 million currently are not in the national labor force.¹

Roughly 18% of households have a primary caregiver that would plan to join or rejoin the labor force if affordable childcare services was available.

Indonesia: Labor Force Participation Implications

Labor Force Participation Rate Input	Key Figure
Primary Caregivers with Intent to Join/Rejoin Labor Force (% of all HHs)	18%
Total Number of Households	73 million
New Labor Force Entrants or Reentrants	13.1 million
Current Labor Force Participation Rate (Aug 2021) ¹	67.8%
Potential Labor Force Participation Rate (with Childcare Program)	74.1%
PARTICIPATION RATE CHANGE	6.3 pp

INDONESIA

Return on Investment

Primary caregivers in Indonesia expect to earn **\$5,600 annually**, on average, if they were to return to the labor force.

Primary caregivers and their partners spend on average **\$1,700 each year on childcare**.

Indonesia: Return on Investment Summary¹

Return On Investment	Average ROI per Respondent
Benefits from Employment	\$5,600
Costs of Childcare ²	\$1,700
ROI Expected from Childcare Policy (Benefit – Cost)	\$3,900
Margin (Expected ROI / Benefit)	70%
ROI Impact Per \$1 Invested	\$3

Note 1: Under more conservative assumptions which discount the Benefits from Employment using the latest national unemployment rate (Annual 2021), the lower bound of the ROI Impact per \$1 Invested is \$3.

Note 2: The costs of childcare figure in the model is derived from the average annual reported childcare costs among parents with young children who are non-primary caregivers and pay for child caregiving services in cash.

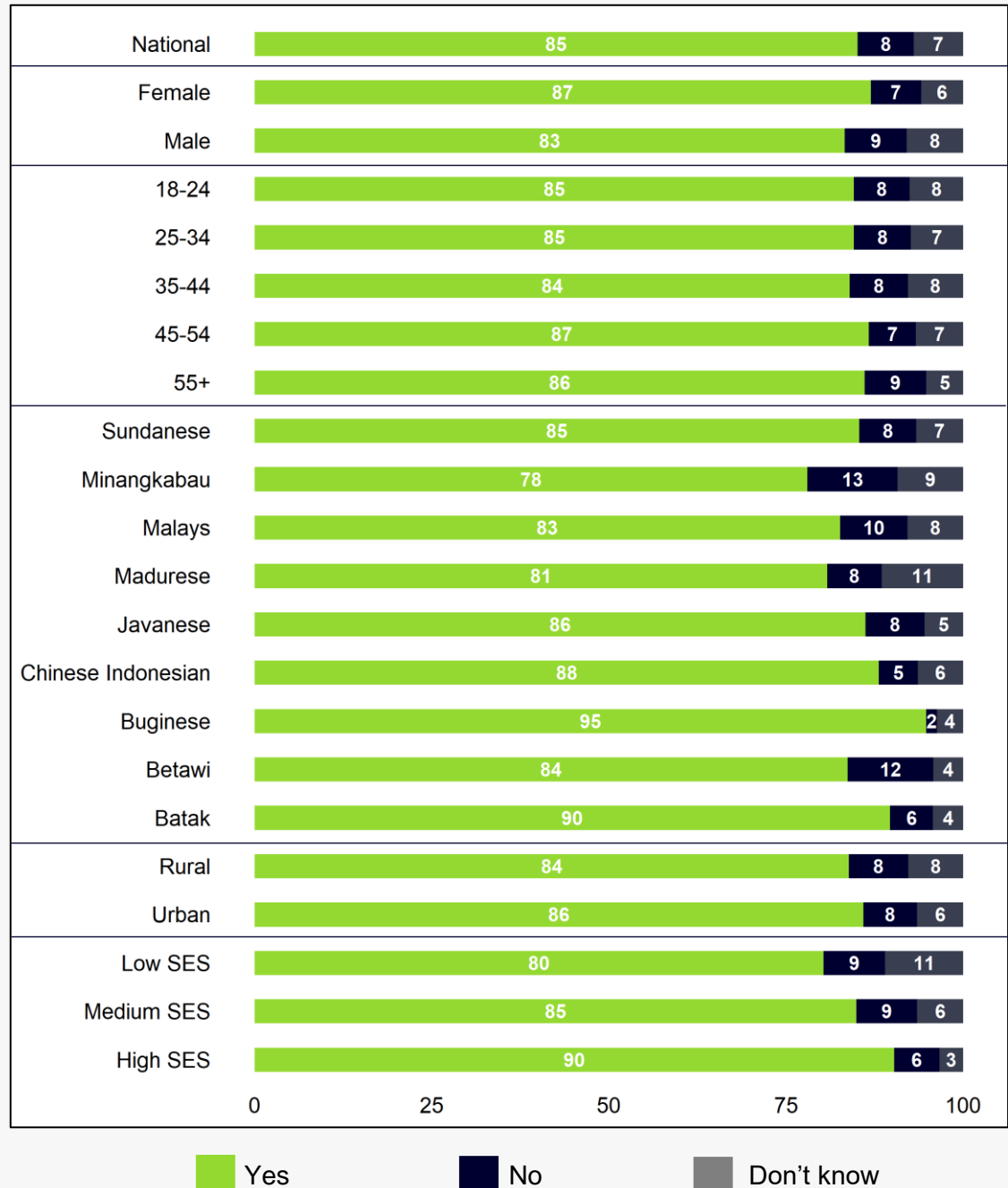
Public Support for Early Child Caregiving

INDONESIA PUBLIC SUPPORT

The majority of Indonesians support providing subsidized care for those families in need.

Overall, 85% of Indonesians believe that the government should support access to childcare services for children under six either for free or at a discounted and affordable price for those families in need. As with other focus countries, this level of super majority support holds true across every demographic group in the country spanning gender, age brackets, geographic area, and socioeconomic status.

Support for Subsidized Child Caregiving



Source: Fraym nationally representative survey of 5,728 Indonesian adults conducted between 24 January 2022 and 7 February 2022.

INDONESIA PUBLIC SUPPORT

Support for government subsidized childcare is high throughout Indonesia.

Support for government subsidized childcare is extremely high across Indonesia. Even in provinces with the lowest support, nearly three-quarters or more of adults are in favor of government subsidized childcare.

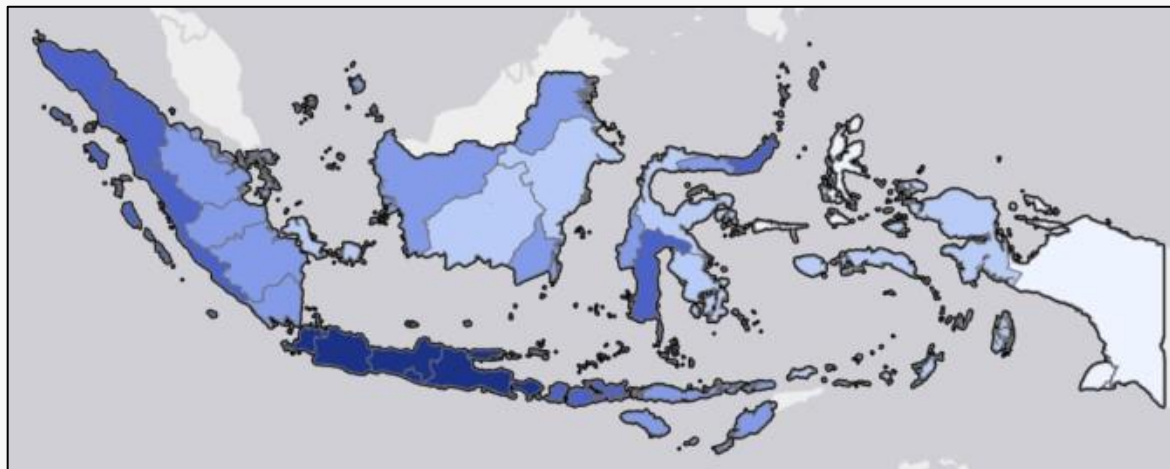
Percent of adults who believe the government should subsidize childcare services



Source: Fraym nationally representative survey of 5,728 Indonesian adults conducted between 24 January 2022 and 7 February 2022.

Survey Question: “Do you believe that the government should support access to childcare services for children under six either for free or at a discounted and affordable price for those families in need?”

Support for Subsidized Child Caregiving



<u>Bottom</u> 10 Provinces	Estimated Percent of Adults (18+) Who Support Subsidized Care
Papua	73%
Maluku Utara	75%
Kalimantan Tengah	78%
Kepulauan Bangka Belitung	78%
Papua Barat	78%
Maluku	78%
Kalimantan Timur	79%
Sulawesi Tengah	79%
Sulawesi Tenggara	79%
Sumatera Selatan	80%

INDONESIA PUBLIC SUPPORT

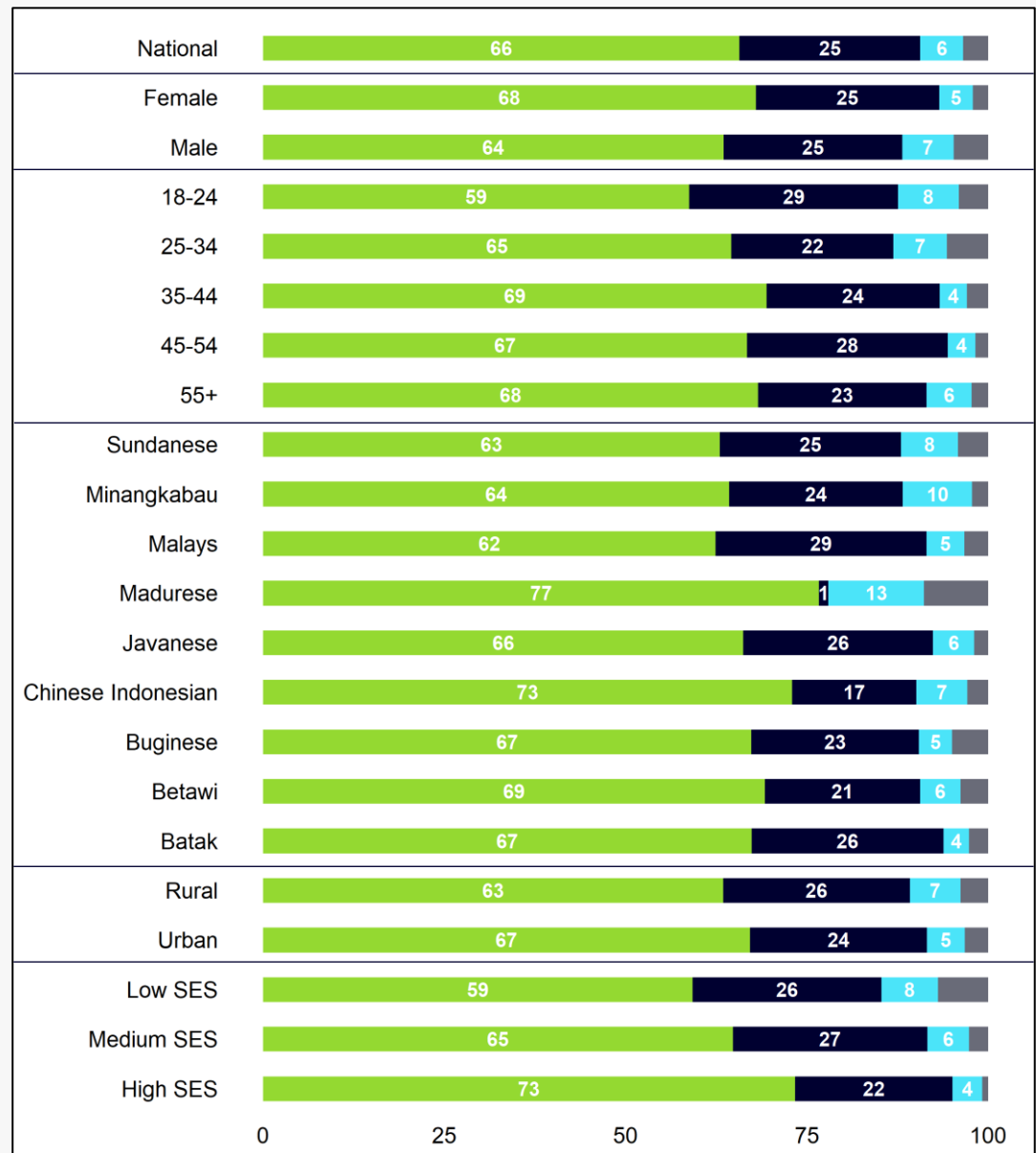
Most Indonesians believe the government should prioritize early childcare services above other educational programs in the country.

66% of Indonesians believe that the government should prioritize improving access to safe and affordable childcare services more than primary schooling.

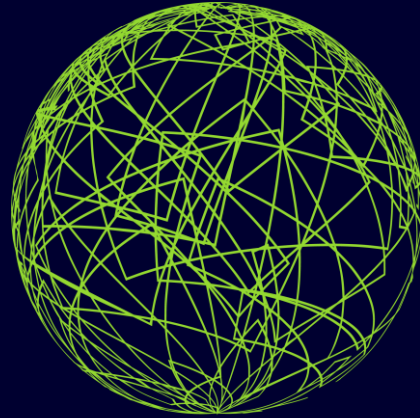
Source: Fraym nationally representative survey of 5,728 Indonesian adults conducted between 24 January 2022 and 7 February 2022.

Survey Question: "In your view, should the government prioritize improving access to safe and affordable childcare services more or less than the following...providing primary schooling?"

Public Attitudes about Government Prioritization: Early Childcare Access versus Primary Schooling



■ More
 ■ About the same
 ■ Less
 ■ Don't know/refused



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