

Indonesia Caregiving Return On Investment: Complete Report

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Estimating the Return on Investment of Child Caregiving Programs

A Study of Indonesia

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Abstract

Unpaid caregiving responsibilities represent a key barrier to women's labor force participation in many developed and developing countries, particularly while children are too young to attend formal schooling. In this paper, we consider the child caregiving environment in Indonesia and quantifies the potential economic returns of investing in early childcare programs. These potential benefits focus on two key dimensions – increased labor force participation rates and increased household income for currently unemployed primary caregivers. Under conservative assumptions, we estimate that addressing primary caregivers' childcare needs could lead to a 6-percentage point increase in the labor force participation rate in Indonesia. Furthermore, on average, for every \$1 invested in accessible childcare services, currently unemployed primary caregivers would expect to generate \$3 in increased economic activity. Public support for these types of subsidized child caregiving programs is high in Indonesia, with 85% of the population expressing support for needy families. Super majorities of every demographic group (age, race/ethnicity, socioeconomic status, and urban/rural groups) support such programs. In fact, roughly two-thirds of Indonesians believe that early childcare programs should be prioritized *more than* primary school education. Therefore, the Indonesian government could view early child caregiving investments not only as good economic policy, but also as good politics.

I. Introduction

Globally, female labor force participation is nearly 30 percentage points lower than for men (46% versus 75%).¹ Increased child caregiving responsibility is a well-documented barrier to higher female labor force participation.² Women disproportionately take on caregiving responsibilities, which displace the time available for paid work, as reflected in participation discrepancies by marital status and family size. For example, in Indonesia, the female labor participation rate (52%) is 28 percentage points lower than that of men (80%).³ Gender disparities are even more pronounced among people with children in Sub-Saharan Africa and most other developing regions.^{4,5} Unpaid childcare burdens materially restrict national economic output, and it has been hypothesized that reducing childcare costs by 50% could increase female labor supply by 6-10% in some country contexts.⁶

Building upon this literature, our study is among the first to comprehensively measure the potential increase in labor force participation rates directly attributable to improved affordability and accessibility of early childcare options in selected country contexts. Our household survey is unique because it asks respondents about the precise economic activities that they or their spouse would pursue if they had access to affordable childcare options. We calculate the return on investment (ROI) of childcare costs by subtracting a weighted average of childcare costs from

¹International Labour Organization, ILOSTAT database. Data retrieved on February 8, 2022. Female and male labor participation rates.

²Sarah Gammage, Naziha Sultana, and Manon Mouron (March 2019), The Hidden Costs of Unpaid Caregiving, *Finance and Development: International Monetary Fund*, Vol. 56, Issue 01, pp 20-23.

³International Labour Organization, ILOSTAT country profiles. Data retrieved on May 16, 2022. Female and male labor participation rates. <https://ilostat.ilo.org/data/country-profiles/>

⁴The exception to the countries of Oceania, excluding Australia and New Zealand.

⁵International Labor Organization (ILO): ILOSTAT blog. Having kids sets back women's labour force participation more so than getting married. March 3, 2020.

⁶Sarah Gammage, Naziha Sultana, and Manon Mouron (March 2019), The Hidden Costs of Unpaid Caregiving, *Finance and Development: International Monetary Fund*, Vol. 56, Issue 01, pp 20-23.

the weighted average of expected revenue for caregivers who would either enter or reenter the labor force. In each case, the averages are weighted according to the distribution of stated occupations among caregivers. Our survey also collects information about parents' satisfaction with existing childcare arrangements as well as broader support for potential government programs and policies.

This paper is organized as follows. In section II, we briefly summarize the scope of our study and approach within the broader literature that examines the economic returns to childcare. In section III, we detail the household survey methodology and data collection that form the basis for much of the analytical results. This includes documenting the survey scope, questionnaire design, sampling, and weighting procedures. Survey results form the basis of section IV, which discusses the early child caregiving landscape, including usage, costs, preferences, perceptions, and satisfaction with current childcare arrangements in Indonesia. For care satisfaction, we report on the distribution of factors cited as most relevant to satisfied parents' evaluations, as well as the key barriers to changing childcare arrangements amongst dissatisfied parents. Next, in section V, we focus on the core analytical contribution – the ROI methodology and results. Section VI reviews public attitudes about subsidized caregiving support, reviewing overall public support for and desired prioritizations of government programs. Finally, the paper concludes with a summary of results.

II. Existing Research and Analysis

Indonesia Country Context

Public provision of early childhood education (PAUD) in Indonesia is the responsibility of multiple ministries. Play groups and childcare centers are considered a part of the out-of-school system and are the responsibility of the Ministry of Social Affairs, whereas Islamic preschools are administered by the Ministry of Religious Affairs. Kindergarten, which is considered pre-primary education, falls under the Ministry of Education.

In 2013, the government of Indonesia issued a policy framework for the implementation of a National Strategy for Holistic-Integrated Early Childhood Development.⁷ The vision described in the strategy is in line with regional and global efforts to create a stronger network of integrated holistic support for children. Specifically, it seeks to integrate different services, such as education, health and child-protection, to promote quality early childhood development.⁸ Under this program, ECD services are not seen as the responsibility of one single ministry, but rather as the shared obligation of multiple ministries as well as non-governmental organizations.

The recently published Countdown2030 indicates that only 17% of children aged 36-59 months attend an early childhood education program.⁹ World Bank data indicates that the gross enrollment rate for children aged 3-6 (36-72 months) has increased from 26% in 2010 to 32% in 2018.¹⁰ The difference is likely a result of children aged 5-6. Despite increases in enrollment,

⁷ Kinanti Pinta Karana, [Transforming the lives of Indonesian children with Early Childhood Education](#).

⁸ Siagian, Nurman & Adriany, Vina. (2020). The Holistic Integrated Approach of Early Childhood Education and Development in Indonesia: Between Issues and Possibilities. 10.2991/assehr.k.200808.037.

⁹ <https://nurturing-care.org/indonesia-2021/>

¹⁰ Amer Hasan and Nozomi Nakajima, [A decade of research on Early Childhood Education and Development in rural Indonesia](#).

access to early education services has been unequal, with economically disadvantaged children having significantly lower enrollment rates than their wealthier peers. Early education pathways are highly correlated with family and community characteristics. Mother's education level, family income, and the quality of early childhood services available are all positively correlated with the probability of children's enrollment in *both* playgroups and kindergartens.¹¹

Multiple studies have explored the benefits of early caregiving programs on children's education and health outcomes in international contexts including Indonesia.¹² A World Bank working paper assessed evidence from the Indonesia Early Childhood Education and Development (ECED) Project and found that early childhood services helped decrease the achievement gap observed between wealthy and economically disadvantaged children.¹³ Economically disadvantaged children in villages participating in the ECED program experienced an enrollment rate 6 percentage points higher than that of non-participating economically disadvantaged children. Furthermore, the paper found that the program decreased the gap between wealthy and poor children across numerous dimensions, including social competence, language, cognitive development, communication and general knowledge. Rather than contributing to this robust pool of existing research, this study seeks to assess the economic benefits of increasing access to quality subsidized care as it relates to labor for participation and household income.

III. Survey Methodology

Survey Scope

The Caregiving ROI study analyzes existing household approaches to child caregiving, satisfaction with existing early childhood services, obstacles to accessing care services, and preferences for alternative care arrangements. Then, we examine 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 care services were available. In Indonesia, we focus on caregiving for children under the age of seven.

Sample Design

The survey sample is designed to be nationally representative. we established interlocking quotas for age brackets (18-24, 25-34, 35-44, 45-54, and 55+), gender (female, male)¹⁴, and regions. This created 70 distinct interlocking demographic quotas for data collection.¹⁵ The number of

¹¹ Nakajima, Nozomi; Hasan, Amer; Jung, Haeil; Brinkman, Sally Anne; Pradhan, Menno Prasad; Kinnell, Angela. Investing in school readiness: an analysis of the cost-effectiveness of early childhood education pathways in rural Indonesia (English). Policy Research working paper, no. WPS 7832, WDR 2018 background paper Washington, D.C.: World Bank Group.

¹² Burger, K. 2010. "How Does Early Childhood Care and Education Affect Cognitive Development? An International Review of the Effects of Early Interventions for Children from Different Social Backgrounds." *Early Childhood Research Quarterly*, 25, 140-65.

¹³ Jung, Haeil and Hasan, Amer, The Impact of Early Childhood Education on Early Achievement Gaps: Evidence from the Indonesia Early Childhood Education and Development (Eced) Project (February 1, 2014). World Bank Policy Research Working Paper No. 6794, Available at SSRN: <https://ssrn.com/abstract=2404644>

¹⁴ The sample quotas specifically focused on female and male respondents. However, the gender identity question also included responses for transgender males, transgender females, and non-binary groups.

¹⁵ This is calculated as follows: number of regions (7) x the number of age brackets (5) x the number of gender groups (2) = 70 distinct, interlocking quotas.

target respondents assigned to each of these interlocking quotas was determined based on available information from the 2020 census. we also included a separate additional socioeconomic quota based on household asset ownership patterns. The ideal socioeconomic proxy measure(s) would exhibit a linear relationship with the same level of increase or decrease in asset ownership rates for each quintile of the household-level population. There is an extensive literature that documents the usage of this approach in a variety of settings.¹⁶ In Indonesia, we considered over 20 potential household assets and then selected washing machine and bank account ownership since they exhibit the most desired distributions of ownership rates. While imperfect, this approach ensures that the sample is representative of the general adult population and can be used for ex post reweighting as necessary.

Child Caregiving Questionnaire Modules

The survey questionnaire consists of three core modules on child caregiving. Respondents are segmented into modules based on two characteristics. The first segmenting characteristic is whether the survey respondent has at least one child under the age of seven in the household. A total of 2,249 respondents fell into this group. Respondents without young children in the household are directed to the Public Policy and Caregiving Attitudes module, where they are asked about their attitudes about national caregiving programs and a range of other issues. A total of 3,479 respondents fell into this second group.¹⁷

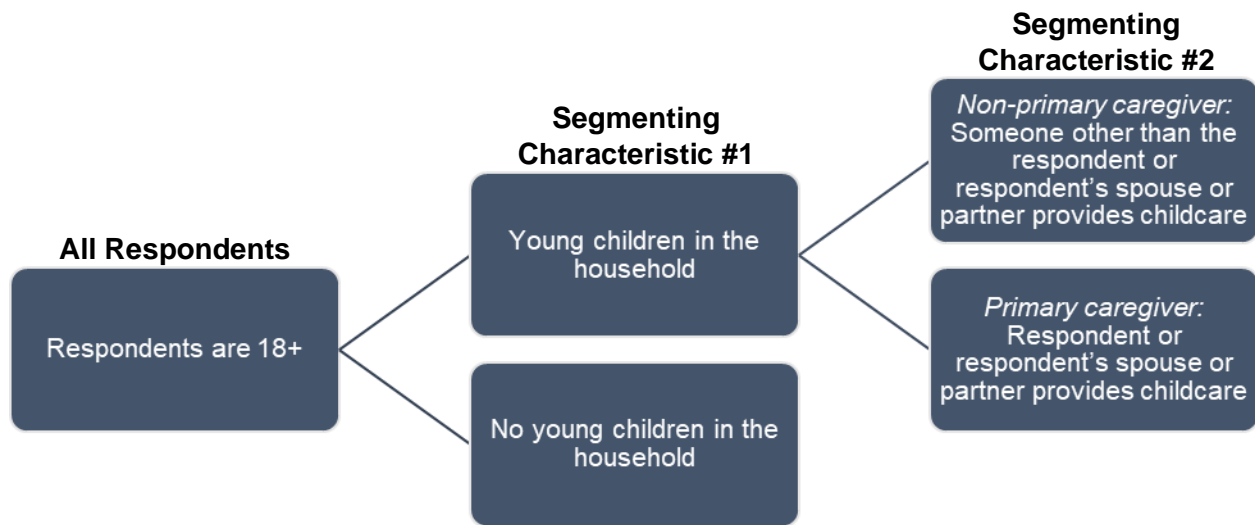
The second segmenting characteristic relates to those survey respondents with young children. Households where someone other than the respondent or respondent's spouse or partner provides childcare are referred to as "non-primary caregivers" (n = 630) and were directed to a series of questions on their existing child caregiving approach. Households where the respondent or their spouse or partner currently provides childcare are considered "primary caregivers" (n = 1,619) and were directed to a series of questions similar to non-primary caregivers.¹⁸ However, the latter also were asked questions concerning their demand for different types of care, willingness to pay for care, current barriers to care, and about their expected economic situation if safe and affordable childcare were accessible.

¹⁶ For instance, see Ben Leo, Robert Morello, Jonathan Mellon, Tiago Peixoto, and Stephen Davenport. 2015. "Do Mobile Phone Surveys Work in Poor Countries?" CGD Working Paper 398. Washington, DC: Center for Global Development. <http://www.cgdev.org/publication/do-mobile-phone-surveys-work-poor-countries-workingpaper-398>.

¹⁷ Respondents in the first segmenting characteristic group (households with young children) also completed the Public Policy and Caregiving Attitudes module.

¹⁸ We also use the term 'parental caregiving' later in this paper to refer to 'primary caregivers'. It's important to note, that while primary caregivers are typically the parents, this is not always the case.

Figure 1 – Child Caregiving Questionnaire Modules, Survey Logic



Survey Fielding and Data Collection Period

In Indonesia, potential respondents have been pre-screened to facilitate reliable and representative samples across regional, gender, age, and socioeconomic status parameters. These panel respondents are regularly recruited through both online and offline means to ensure coverage of difficult to reach demographic groups. Particularly close attention was given to ensuring coverage of poorer and more marginalized demographic groups. Data collection occurred between January 24, 2022, and February 7, 2022. The final survey sample included 5,728 Indonesian respondents aged 18 or older. The average survey completion time was 11 minutes and 41 seconds.

For survey execution, the survey vendor utilized a number of industry best-practices to quality check responses. These included: (i) regularly testing and validating on a rolling basis to ensure participants and their responses are real and accurate; (ii) comparing answers from respondents to pre-collected information on the same respondents for consistency, such as the same age, gender, socio-economic status, and geography; (iii) recontacting a percentage of respondents for quality assurance and oversight purposes; (iv) checking for straight lining (e.g. answering "C" for all questions in a particular series or module); and (v) checking speed of completion rates, (e.g. flagging observations that took 1/3 or less of the median time to complete the questionnaire). Responses that failed any one of these tests were automatically removed from the data.

Data Processing, Demographics, and Sample Weighting

Modest divergence was found between sample characteristics and the general population parameters according to available data from the census. Post-hoc weights were created to correct for these differences. An iterative proportional fitting process was used to simultaneously balance the distributions of the following parameters: gender, age, urban status, and socioeconomic status. Table 1 below details the demographic characteristics of respondents by gender, age group, urban status, region and socioeconomic status. Both weighted and unweighted proportions are presented, as well as the unweighted count or number of respondents.

Table 1 – Survey Sample Characteristics, Weighted and Unweighted

	Weighted Proportion	Unweighted Count	Unweighted Proportion
Gender			
Male	50%	2,947	51%
Female	49%	2,749	48%
Other ¹⁹	1%	32	1%
Age			
18-24	18%	1,054	18%
25-34	24%	1,504	26%
35-44	22%	1,394	24%
45-54	18%	1,120	20%
55+	19%	656	11%
Urban			
Urban	61%	4,587	80%
Rural	39%	1,141	20%
Region			
Java	55%	3,266	57%
Kalimantan	7%	367	6%
Lesser Sunda Islands	5%	294	5%
Maluku Islands	1%	62	1%
Sulawesi	7%	368	6%
Sumatra	23%	1,289	23%
Western New Guinea	2%	82	1%
Socioeconomic Status (SES)²⁰			
Low SES	33%	585	10%
Medium SES	35%	1,853	32%
High SES	32%	3,290	57%
Total	-	5,728	-

Table 2 below details the segmenting characteristics of survey respondents that received each of the three distinct child caregiving questionnaire modules.

¹⁹ Other includes transgender male, transgender female, non-binary respondents and 'Prefer not to say'.

²⁰ We define socioeconomic status through an asset ownership approach based on the 2017 DHS, selecting the two assets which best tracked DHS national wealth index trends. In Indonesia, respondents who have neither a bank account nor a washing machine are considered Low SES. Respondents who have only one of the two assets are considered Medium SES and respondents who own both assets are considered High SES.

Table 2 – Child Caregiving Module Respondents, Weighted and Unweighted

	Weighted Proportion	Unweighted Count	Unweighted Proportion
Segmenting Characteristic #1			
No young children in the household	63%	3,479	61%
Young children in the household	37%	2,249	39%
Total	-	5,728	-
Segmenting Characteristic #2			
Non-Primary Caregiver	31%	630	28%
Primary Caregiver	69%	1,619	72%
Total	-	2,249	-

IV. Survey Results

Early Child Caregiving Landscape

The majority of Indonesian parents of a child under the age of seven serve as their primary caregivers. Nearly three out of four people state that they or their partner are the primary caregiver. Relatives, neighbors or friends are the next most frequently cited type of primary caregiver (13% of respective households).

Table 3 – Child Care Usage Patterns, by Population Group

	National ²¹	Marginalized Parents	High SES Parents
Yourself	37%	36%	40%
Your spouse or partner	32%	30%	32%
Relative	10%	12%	7%
Facility or hired caregiver outside of your home (e.g., childcare center, nursery, preschool)	6%	7%	7%
Hired caregiver in your home (i.e., a nanny)	7%	4%	11%
Neighbor or friend	3%	3%	2%
Other	6%	8%	1%

For this study, we are particularly interested in disaggregating results for marginalized sub-groups of Indonesian society. Marginalized groups can be excluded from mainstream social, economic, education, and/or cultural life due to unequal power relationships and historic inequities. In this analysis, we specifically consider Indonesians who are poor or from a minority race (Chinese Indonesian, Betawi, Buginese or Minangkabau) as a marginalized sub-group for specific attention where appropriate and possible. As noted above, we proxied for household income with questions

²¹ For the remainder of this section, national refers to adults with at least one child under the age of seven, unless otherwise stated.

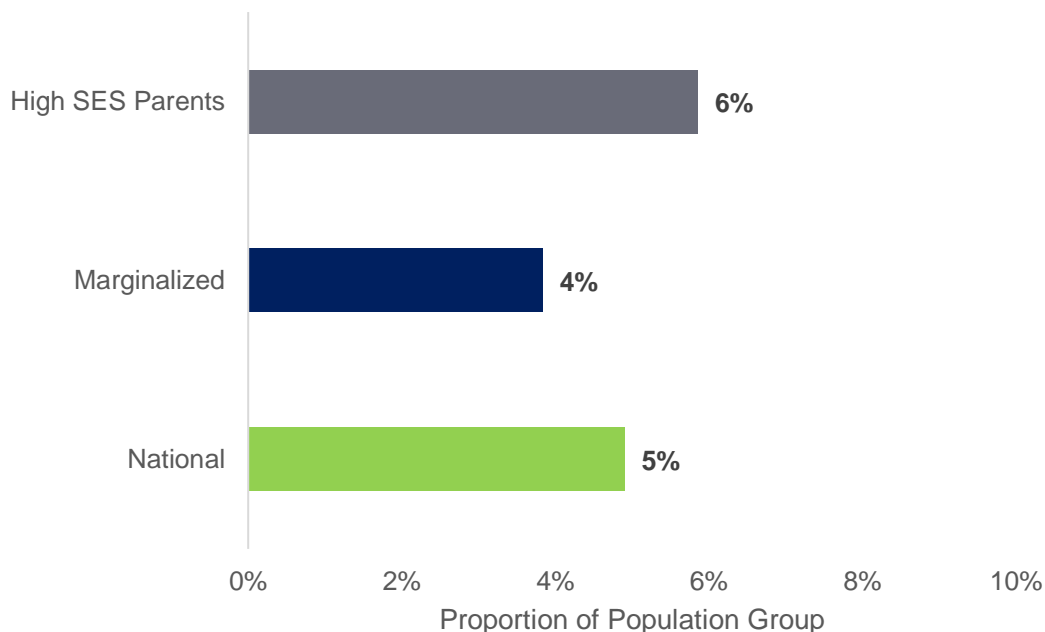
about the ownership of key assets (bank account and washing machine). Poor or “low” income respondents owned neither asset, and “high” income respondents owned both.

There is limited variation in caregiving usage across groups. Among both marginalized and high socioeconomic status parents, primary caregiving is the most popular arrangement. Trending towards the national average, 66% of marginalized parents have a primary caregiving arrangement, compared to 72% of high socioeconomic status parents. A slightly higher proportion of marginalized parents relies on relatives and friends than high socioeconomic status parents - 15% of marginalized parents have this arrangement, compared to 9% of high socioeconomic status parents.

There is low usage of hired or formal caregiving, both within the home and externally, across all groups. Among high socioeconomic status parents, a hired nanny is the second most popular arrangement after primary caregiving, which translates to 11%. Only 4% of marginalized parents use a hired nanny, likely due to high costs. Outside facilities such as nurseries and preschools are a less popular arrangement, with only 7% of marginalized parents and high socioeconomic status parents reporting this type of arrangement.

Finally, 5% of parents with a child under seven report that they currently use subsidized childcare. This specifically refers to a childcare service that is provided at a reduced cost (i.e., through a subsidy or voucher) due to support from the government, a religious institution, or a non-governmental organization. Therefore, this figure corresponds to both public and private support for reduced cost caregiving services. Furthermore, subsidized care only refers to those respondents that use a hired caregiver or a facility. Subsidized care use is generally low nationally, and across subgroups, with only 4% of marginalized parents and 6% of high socioeconomic status parents reporting the use of subsidized care. The low reliance on subsidized care presents opportunities for expanding future uptake, especially among socioeconomically disadvantaged groups.

Figure 2 – Subsidized Care Usage, by Population Group



Childcare Costs

Our study examined whether parents of young children pay for child caregiving services, and if so, whether those payments are in cash or in-kind. Nearly 80% of Indonesia non-primary caregiving parents pay for child caregiving services, with 60% paying in cash and 17% paying with in-kind goods and services. Among parents who pay for childcare services in cash, 28% are paying R499,999 or less for childcare per month (up to \$35 USD). Approximately one quarter (26%) pay between R500,000 and R999,999 (between \$35 and \$70 USD). Finally, 34% pay over R1,000,000 (more than \$70 USD) per month.

Table 4 – Average Cash-Based Childcare Costs, by Population Group

	National	Subsidized Care Users	High SES Parents	Marginalized Parents
Prefer not to answer	11%	3%	1%	20%
Up to R499,999 (up to \$35 USD)	28%	14%	14%	34%
R500,000-R999,999 (\$35-\$70 USD)	26%	16%	36%	22%
Over R1,000,000 (\$70+ USD)	34%	67%	49%	23%

Relative to high socioeconomic status parents, subsidized care users tend to pay more, on average, for caregiving. Two out of three subsidized care users who pay for services in cash, pay more than R1,000,000 (over \$70 USD) per month, compared to just under half of high socioeconomic status parents. Additionally, 14% of subsidized care users who pay in cash, pay up to R499,999 (less than \$35 USD) per month, while 16% pay between R500,000 and R999,999 (between \$35 and \$70 USD). Among high socioeconomic status parents who pay for services in cash, 14% pay under R499,999 (less than \$35 USD) per month, and 36% pay between R500,000 and R999,999 (between \$35 and \$70 USD). It is unclear what is driving the higher costs that subsidized care users appear to be paying as compared to high socioeconomic status parents. This in part may be driven by a small, though sufficient sample size of subsidized care users that pay in cash ($n = 79$). Additionally, it may also be explained by the types of childcare arrangements utilized by these two groups. Subsidized care users are those that utilize outside facilities and hired caregivers.²² Those subsidized care users who pay in cash rely equally on both outside facilities and hired caregivers. In contrast, high socioeconomic status parents who pay for service in cash tend to rely more on hire caregivers in the home (44%). However, about a quarter of these parents rely on and pay relatives, neighbors, or friends, which may drag down the cost.

In stark contrast to subsidized care users, monthly costs covered by marginalized parents paying for services in cash, skew towards lower rates. About one in three marginalized parents pay under R499,999 (up to \$35 USD) per month for caregiving. Another 22% pay between R500,000 and R999,999 (between \$35 and \$70 USD), and 23% pay over R1,000,000 (more than \$70 USD). They tend to rely most heavily on outside facilities, hired caregivers and relatives and friends.

²² To identify subsidized childcare, all non-primary caregiver respondents that use a facility or hired caregiver in the home were asked whether their childcare arrangement was provided at a reduced cost (e.g. through a subsidy or voucher) due to support from the government, a religious institution, or an NGO.

Stated Child Caregiving Preferences

Primary caregiving is the preferred type of childcare for most Indonesians (59%), regardless of whether they use them or not. Another 20% would prefer a facility such as a preschool or childcare center and 8% would prefer a hired caregiver in the home, making this the least popular option. Taken together, less than a third of parents would prefer a formal arrangement. Finally, only 11% would prefer an arrangement with a relative, neighbor or friend.

Table 5 – Stated Childcare Preferences, by Population Group

	National	Marginalized Parents	High SES Parents
At your home, provided by a relative, neighbor or a friend	8%	8%	8%
At your home, provided by you	26%	28%	21%
At your home, provided by your spouse or partner	33%	32%	31%
At your home, provider by a hired caregiver (i.e., nanny)	8%	7%	12%
Childcare in the home of a friend, neighbor or relative	3%	3%	4%
Other	2%	3%	0%
Preschool or childcare center run by the government, religious group, NGO, or private business	20%	19%	25%

Trending towards the national average, just over half of marginalized parents report a preference for primary caregiving (60%). Some 19% report a preference for an outside facility, and 11% report a preference for an arrangement with a relative, neighbor or friend. Although high socioeconomic status parents also show a strong preference for primary caregiving, a moderately higher proportion (25%) prefers outside facilities, relative to both marginalized parents and the national average. Another 12% of high socioeconomic status parents express preference for care provided by a nanny. Nationally and across groups, primary care emerges as the most favored arrangement, followed by care at an outside facility.

Caregiving Perceptions and Actual Usage Patterns

Personal preferences align more closely with actual reported patterns in childcare than they do with community perceptions about the most popular arrangement. For example, 59% of parents share a preference for primary caregiving, which aligns closely with reported patterns (69%) and less closely with perceptions of primary caregiving as the most common arrangement in a community (35%). Similarly, 8% express a preference for a hired caregiver, and 7% actually have this arrangement currently, but nearly one in five believe that this is the most common arrangement in their community. Differences between community perceptions and actual responses can be observed for caregiving with a relative or friend, as well: 11% of parents prefer this arrangement, aligning well with actual reporting (13%) but moderately overestimated by community perceptions (20%). While personal preferences generally align with actual responses, interestingly, for outside facilities, personal preferences appear to align more closely with community perceptions. One in four parents prefer caregiving at a facility such as a childcare center or preschool, and 23% believe that this is the most common arrangement in their

community, but only 6% use an outside facility. This gap between preferences and actual arrangements suggests that there is unmet demand for childcare facilities.

Table 6 – Most Common Childcare Types, National Results

	Personal Preferences	Community Perceptions	Actual Responses
At home or nearby, provided by a relative, neighbor or a friend	11%	20%	13%
At your home, provided by you or your spouse/partner	59%	35%	69%
At your home or nearby, provided by a hired caregiver (i.e., nanny)	8%	17%	7%
Other	2%	6%	6%
Preschool or childcare center run by the government, religious group, NGO, or private business	20%	23%	6%

Table 7 – Community Perceptions about Childcare Usage Types, by Population Group

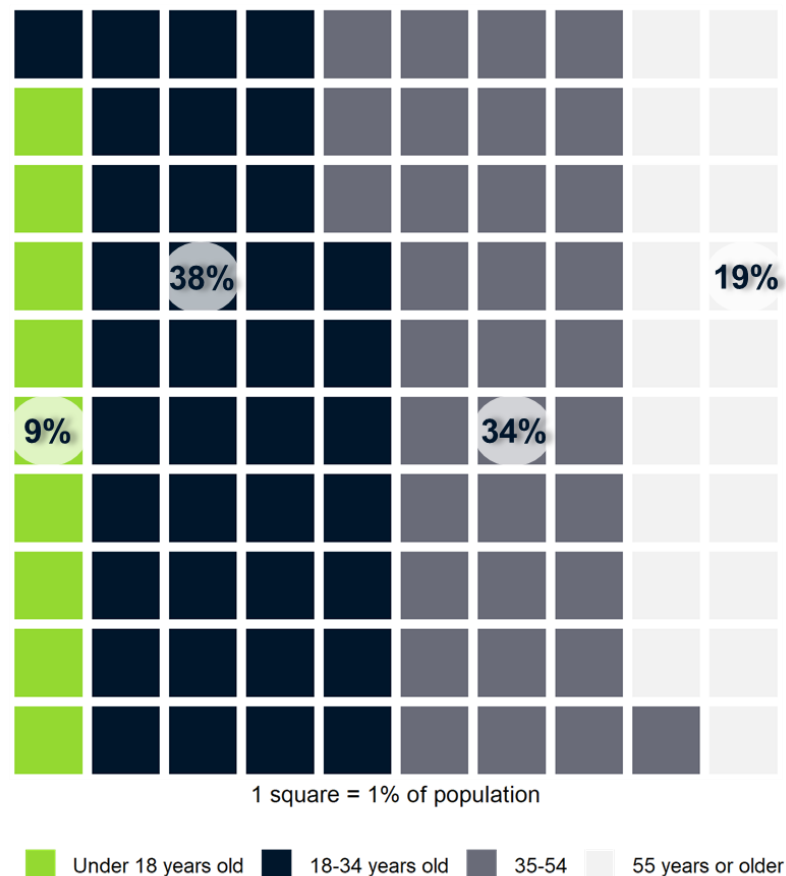
	National	Primary Caregivers	Marginalized Parents	Subsidized Care Users	High SES Parents
At home or nearby, provided by a relative, neighbor or a friend	20%	18%	19%	11%	21%
At your home, provided by you or your spouse/partner	35%	40%	32%	13%	32%
At your home or nearby, provided by a hired caregiver (i.e., nanny)	17%	15%	15%	44%	22%
Other	6%	5%	10%	NA	1%
Preschool or childcare center run by the government, religious group, NGO, or private business	23%	22%	23%	32%	23%

Across groups, subsidized care users differ the most from the national average in their perceptions about common childcare types. About one in ten subsidized care users estimate that caregiving with a neighbor or friend is the most common arrangement, compared to 20% nationally. Only 13% of these users perceive parental care to be common, compared to 35% nationally. Just under half (44%) believe hired care at home is common, whereas only 17% of parents nationally hold this view. Finally, 32% of subsidized care users perceive care at outside facilities to be a popular community arrangement, whereas less than one in four parents nationally hold this perception. Community perceptions of subsidized care users are likely shaped by their personal experiences with facilities and hired caregivers.

Views of all other groups – primary caregivers, marginalized parents and high socioeconomic status parents – resemble the national average. For instance, 20% of parents nationally believe that care provided by a relative or friend is a popular community arrangement, as compared to 18% for primary caregivers, 19% for marginalized parents and 21% for high socioeconomic status parents. Similarly, 22% of primary caregivers, 23% of marginalized parents and 23% of high socioeconomic status parents perceive care at a facility to be the most popular, aligning closely with the national average of 23%.

Among parents who rely on their neighbors, friends, and relatives, one out of five rely on elderly child caregivers, potentially including their own parents. Another 38% rely on young adults aged 18 to 34, and only 9% rely on children less than 18 years of age. While we did not collect detailed data on how the caregiver age spectrum is divided within the ‘friends and family’ caregiving type, it seems *ex ante* reasonable to suspect that these two ends of the age spectrum would be skewed towards familial relations.

Figure 3 – Age of Neighbor, Friend, or Relative Caregivers, National Results



Satisfaction with Current Caregiving Situation

In addition to understanding the current landscape of childcare arrangements, we analyzed the satisfaction with such arrangements. A mismatch of parents’ satisfaction with their existing arrangements suggests there may be alternatives for certain populations.

Roughly 70% of Indonesian parents with a child under seven are either satisfied or somewhat satisfied with their current childcare arrangement. Some 4% of parents are dissatisfied or somewhat dissatisfied with their arrangement, and one quarter feel neither satisfied nor dissatisfied. Although most Indonesians are broadly content with their childcare arrangement, there are some relevant distinctions between population subgroups.

Wealthy parents and subsidized care users report the highest satisfaction with their current childcare arrangement. Nearly 90% of high socioeconomic status parents and 81% of subsidized

care users report being satisfied or somewhat satisfied with their arrangement. Marginalized parents, nonprimary caregivers and parents relying on relatives and friends have the lowest satisfaction rates, with 65% of marginalized parents, 61% of nonprimary caregivers and 61% of parents relying on relatives or friends reporting satisfaction. Marginalized parents, nonprimary caregivers and those relying on relatives and friends also show the greatest ambivalence about their current arrangement. About a third of nonprimary caregivers, marginalized parents and those relying on relatives and friends report being neither satisfied nor unsatisfied about their current arrangement.

Table 8 – Satisfaction with Current Childcare Arrangements, by Population Group

	Satisfied	Dissatisfied	Neither satisfied nor unsatisfied
National	71%	4%	25%
Primary Caregivers	75%	3%	22%
Non-Primary Caregivers	61%	7%	32%
Marginalized Parents	65%	5%	31%
High SES Parents	87%	2%	11%
Subsidized Care User Households	81%	11%	8%
Family, Friend, or Relative Care User	61%	11%	28%

Satisfaction Factors

Our study considered the following aspects of existing childcare satisfaction: cost and affordability, convenience of location, quality, safety, and perceived normality (i.e. “this arrangement is what other in my community are doing”).²³ Among parents of young children who are satisfied with their childcare arrangements, safety is the most cited, with two thirds (66%) reporting it as a key satisfaction factor. Roughly half cite cost and/or quality as the aspect that they are most satisfied with. Convenience (27%) and adhering to community norms (25%) are less important factors.

Table 9 – Childcare Aspects Cited by Satisfied Parents, by Population Group

	All Groups	Primary Caregivers	Marginalized Parents	Subsidized Care Users	High SES Parents
Cost & Affordability	42%	39%	30%	64%	58%
Quality	53%	52%	43%	67%	68%
Safe	66%	66%	61%	77%	78%
Convenient Location	28%	27%	20%	54%	42%
Normality	26%	25%	18%	49%	39%

²³ Throughout this section, proportions do not add up to 100% because respondents could select multiple options.

**Note: Proportions do not add up to 100% because respondents could select multiple options.*

Subsidized care users who are satisfied with their arrangement tend to cite cost and affordability as a reason for satisfaction more frequently than other groups: 64% of subsidized care users are satisfied due to affordability, compared to 42% for the national average. Additionally, a high proportion of subsidized care users cite safety as a reason for satisfaction (77%). About two out of three satisfied subsidized care users reference good quality, and just over half (54%) reference convenient location as a reason for satisfaction. Adhering to community practices (49%), is less common, but still more frequently cited as a reason compared to other groups.

Marginalized parents who are satisfied with their caregiving arrangement tend to rely largely on primary caregiving. A much lower proportion of these parents highlights cost and affordability, good quality, safety, convenient location, and community norms as reasons for satisfaction. This could suggest that primary caregiving is not the optimal arrangement for all marginalized parents, and that there is opportunity to expand access to affordable alternatives such as preschools and nurseries. Less than a third of marginalized parents cite cost and affordability and less than half cite good quality as reasons for satisfaction. Just over half of marginalized parents cite safety, and only 20% express satisfaction due to convenient location.

Top reasons for satisfaction among satisfied, wealthier parents include safety and quality. About three out of four satisfied, high socioeconomic status parents cite safety as a reason for satisfaction, while two out of three cite good quality. Another 58% also express satisfaction with the cost and affordability of their caregiving arrangement. These parents are likely to have a primary caregiving arrangement involving themselves or their spouse, to employ a hired caregiver, or to use an external facility. Relative to marginalized parents, who may be locked into a particular arrangement, high socioeconomic status parents appear to have more options in what arrangement they can pursue and their levels of satisfaction probably reflects this greater freedom of choice.

Primary caregivers trend towards the national average in their reasons for satisfaction. Primary caregivers are most satisfied with safety and good quality, with two out of three referencing safety and about half citing good quality as the driving reasons for satisfaction. Another 39% attribute satisfaction to cost and affordability, another 27% to convenient location and finally, 25% to community norms. It is notable that while primary caregivers are the most satisfied with quality and safety, they are not the most satisfied when compared to high socioeconomic status parents and subsidized care users.

Table 10 – Childcare Aspects Cited by Satisfied Non-Primary Caregivers and Type

	Childcare Center Users	Neighbors, Friends, or Relatives
Cost & Affordability	63%	35%
Quality	65%	42%
Safe	71%	61%
Convenient Location	46%	22%
Normality	29%	25%

**Note: Proportions do not add up to 100% because respondents could select multiple options.*

Satisfied childcare center users are relatively more likely to cite affordability, good quality, safety and convenience as reasons for satisfaction, compared to satisfied parents relying on relatives

and friends for their caregiving arrangement. About two out of three childcare center users report being satisfied with safety, 65% report being satisfied with quality and 63% report being satisfied with cost and affordability. Childcare center users are additionally more likely to be satisfied with convenience of location (46%) relative to parents relying on relatives and friends. In contrast, 61% of the latter report satisfaction due to safety, and less than half report satisfaction due to good quality. A low proportion of these parents report being satisfied with cost and affordability (35%), an interesting finding considering that it's reasonable to expect childcare costs to be lower when paying social connections like relatives, neighbors and friends. Parents relying on neighbors and friends tend to pay in cash (42%), though about a quarter offer in-kind payment and one in three do not need to pay at all.

Barriers to Changing Childcare Arrangements

Our study explored what may be preventing dissatisfied parents from switching to another childcare arrangement. Understanding the barriers can help decisionmakers improve policy options. We do not have sufficient observations to report on the barriers to changing childcare arrangements for the same sub-groups that were discussed in the previous section.

COVID-19 restrictions and safety concerns are the most cited barriers to changing childcare arrangements. Nationally, 30% of dissatisfied parents express concern over COVID-19 restrictions affecting alternative forms of childcare and 26% express concern over safety. Another 19% cite cost and affordability as a barrier to switching, and another 18% share concern over public opinion. Convenience and poor quality do not appear to be significant barriers, with only 11% of dissatisfied parents citing poor quality and 8% of dissatisfied parents citing convenience as a barrier. Only 7% of dissatisfied parents reference a lack of options as a reason for not switching to another form of childcare. This strongly suggests that accessibility is not a key barrier to changing childcare arrangements, and that key considerations include COVID-19 restrictions and safety concerns. These findings should be interpreted with caution due to small sample sizes.

Table 11 – Barriers to Switching Existing Childcare Arrangements among Dissatisfied Parents, by Arrangement Type

	All Groups	Primary Caregivers	Marginalized Parents	High SES Parents
Too Expensive	19%	27%	16%	28%
Poor Quality	11%	5%	14%	18%
Safety Concerns	26%	42%	15%	49%
Not Convenient	8%	17%	11%	12%
No Time to Search for Other Options	14%	5%	12%	15%
Concern What Others Will Think or Say	18%	13%	11%	21%
No Other Options	7%	7%	5%	22%
COVID-19 Restrictions	30%	26%	31%	45%

Note: Proportions don't add up to 100% because respondents could select multiple options. Results for marginalized parents and high SES parents are based on a subpopulation of less than 30 observations and should be interpreted with caution. Only 70 respondents reported being dissatisfied with their current arrangement.

Among dissatisfied primary caregivers, cost is an even more significant barrier to switching childcare providers. Over one quarter of dissatisfied primary caregivers cite costs as a reason that they cannot switch providers. Other important barriers include safety concerns and COVID-19 restrictions. Some 42% of dissatisfied primary caregivers reference safety concerns and 26% reference COVID-19 restrictions as reasons for not switching to another arrangement. Only 7% report that they have no other option, indicating that accessibility or a lack of alternatives may not be the reason why dissatisfied parents are not switching providers.

For dissatisfied marginalized parents, COVID-19 restrictions, as well as cost, appear to be the driving reasons for not switching to another caregiving arrangement. Nearly a third of dissatisfied marginalized parents report COVID-19 as a barrier, and 16% report costs as a barrier. Some 15% additionally report having safety concerns about alternative forms of care. These reasons mirror the top three reasons for not switching at the national level.

Dissatisfied high socioeconomic status parents similarly report COVID-19 restrictions, safety and cost as top barriers to changing childcare arrangements. Out of all groups, high socioeconomic status parents cite COVID-19 restrictions, safety and costs as barriers more frequently. Nearly half identify COVID-19 restrictions or safety as concerns, and 28% identify costs as a concern.

Barriers to Using Subsidized Care

There are several barriers to using subsidized care services for Indonesian parents who might be eligible to use them. Given that subsidized care usage is quite low, as seen in Figure 2, decisionmakers may wish to understand the barriers to improve policy options. As with some earlier tables, we do not have sufficient observations to report on the barriers to using subsidized care for the same sub-groups that were discussed in the previous section.

Parents' biggest concern relates to the availability of caregiving services: over half consider COVID-19 restrictions to be a key access challenge to using subsidized care. Nearly a third consider subsidized care to still be too expensive, and about a quarter share concerns about safety. Only 3% of parents identified concerns over poor quality as a barrier to using subsidized care, showing that negative perceptions about quality are unlikely to be the main barrier to switching.

Among childcare center users, three factors emerge as key barriers: costs, COVID-19 restrictions and safety concerns. Almost half of current childcare center users identify costs as barrier to using subsidized care. Two out of five highlight COVID-19 restrictions, and 26% express concerns over safety. These findings should be interpreted with caution due to small sample sizes.

Table 12 – Barriers to Subsidized Childcare Services, by Population Group

	All Groups	Childcare Center Users
Still Too Expensive	31%	45%
Poor Quality	3%	3%
Safety Concerns	24%	26%
Not Convenient	14%	16%
Don't Trust Them	14%	4%
Consider Childcare a Family Responsibility	6%	8%
COVID-19 Restrictions	53%	40%
Other Reason	27%	28%

Note: Proportions do not add up to 100% because respondents could select multiple access barriers. Results are based on a sample size of less than 30 observations and should be interpreted with caution. Sample size of respondents is 39 for All Groups and 22 for Childcare Center Users.

V. Return on Investment Projections

Methodology

There are a number of academic studies that examine the impact of childcare policies on labor force participation rates in developing countries.²⁴ For instance, several recent studies in South Asia and East Asia have found that access to childcare services, as well as the lack of access, has a significant effect on economic activity and paid work. A study from Vietnam finds a sizable effect from childcare usage on women's labor market outcomes, including their total annual wages, household income, and poverty status.²⁵ Another study of urban Bangladesh finds that women without access to childcare have significantly lower rates of paid work.²⁶ Moreover, in Ecuador, the Fondo de Desarrollo Infantil (FODI) provides public preschool, including for low-income children under the age of 6, and has contributed to a roughly 22 percentage point increase in female employment rates.²⁷ These studies, however, did not examine the potential return on investment of expanding childcare access programs, including in comparison to potential programmatic costs.

Our research builds upon these existing studies by applying a cost-benefit analysis framework in five developing economies, including India, Indonesia, Kenya, Nigeria, and South Africa. More specifically, we investigate the potential impact of child caregiving policies and programs on labor force participation rates as well as estimate the projected economic benefits for target households in the form of increased earnings. Our return on investment (ROI) methodology follows traditional

²⁴ See Fraym (2021), Addressing the Caregiving Crisis: Gender-Transformative Global COVID-19 Recovery Plan.

²⁵ Dang, H.A.H., Masako Hiraga, and Cuong Viet Nguyen (2019). Childcare and Material Employment: Evidence from Vietnam. World Bank Policy Research Working Paper 8856.

²⁶ Taş, Emcet and Tanim Ahmed (2021). Women's Economic Participation, Time Use, and Access to Childcare in Urban Bangladesh. World Bank Policy Research Working Paper 9735.

²⁷ Rosero, J., & Oosterbeek, H. (2011). Trade-offs between different early childhood interventions: Evidence from Ecuador.

Cost-Benefit Analysis principles and is outlined in greater detail below. This paper focuses solely upon results from Indonesia.

Step #1 – Determine the target population subgroup

First, we determined the key population subgroup for further focus and study. In this case, we are primarily focused on the subgroup of primary caregivers who:

- Are 18 years of age or older and have at least one young child under the age of seven in the household (meaning the child is not yet eligible for primary school enrollment);
- Were unemployed at the time of the survey; and
- Would plan to look for income generating work if safe and affordable childcare was available and accessible.

Targeting this key population subgroup allows us to analyze the group of caregivers that would most likely enter or reenter the labor force in the event of a childcare focused intervention. In order to achieve a higher sample size, respondents are asked whether they themselves or their spouse or partner would pursue employment if they were not currently working. For example, a male respondent may indicate that his spouse is the primary caregiver. We then ask this respondent whether his spouse would return to work. While it's possible that both parents are currently not working, but would return to work, we assume one adult per household. The potential impact focuses on respondents' preferences and stated perceptions about their ability or their spouses' ability to find income generating work in the future. Importantly, this approach does not observe nor study actual employment outcomes over a specified period of time. Instead, the survey respondents report their stated employment preferences or the employment preferences of their spouse and expected actions under an accessible childcare arrangement scenario, and then these expectations are fed into a simulation model that also includes a series of conservative assumptions and sensitivity checks.

Step #2 – Estimate Benefits Through Increased Income Generating Activities

Second, we estimated the incremental potential household earnings that these primary caregivers would expect to generate if they entered or reentered the labor force. These projected earnings are first categorized by occupation type, including agricultural, clerical, domestic, professional/technical/managerial, sales and services, skilled manual, and unskilled manual. We consider average earnings for each of these occupation types based upon survey observations from non-primary caregivers that are currently in the labor force. These average income estimates were cross-referenced with available official labor force and household income data from BPS – Statistics Indonesia to the extent possible, as a robustness check.

Next, average earnings estimates (disaggregated by occupation type) are multiplied by the proportion of primary caregivers in Indonesia (disaggregated by occupation type) who expect to enter or reenter the labor force if affordable and accessible childcare was available. This process creates a nationally representative estimate of what the average primary caregiver could expect to earn annually if they were to enter or reenter the labor force.

Step #3 – Factor in Existing Childcare Costs

After estimating benefits on a per capita basis for primary caregivers, we next calculate the costs of a hypothetical child caregiving intervention. In this scenario, we apply a simplifying and conservative assumption that programmatic costs would be equal to what households are

currently paying for childcare services, such as for a voucher or direct cash subsidy. This approach does not account for administrative costs or other costs beyond service fees that may be associated with programmatic implementation, monitoring, and oversight.

Costs are estimated through a process that mirrors step #2 above (estimating benefits) and draws upon two primary inputs – the average childcare payment costs (disaggregated by occupation type) and the proportion of Indonesians who are primary caregivers and would actively look for income generating activities. Multiplying these two components together creates a nationally representative cost estimate for covering child caregiving expenses for participating primary caregivers.

Step #4 – Consider Lower-Bound Scenarios Based on Current Labor Market Conditions

Fourth, we consider and report an additional scenario that incorporates more conservative assumptions about primary caregivers’ ability to find income generating activities. In this scenario, we discount the projected employment benefits using the most recent national unemployment rate. This acknowledges that not *all* primary caregivers may be able to find income generating activities.

Our discount on labor force participation projections is based on the most current unemployment rate of 7%.²⁸ This highly conservative alternative scenario has the net effect of reducing the expected ROI benefits by a corresponding 7% while maintaining the expected costs at full value.

Figure 4 – Key ROI Methodology Criteria, Assumptions, and Conservative Scenarios

Key Respondent Criteria for ROI Calculation	Key Assumptions for ROI Calculation
<div>Respondent is age 18 or older with at least one young child under the age of seven in the household</div> <div>+</div> <div>Respondent or respondent’s spouse or partner is a primary caregiver within the household</div> <div>+</div> <div>Respondent or respondent’s spouse or partner is currently out of the labor force but would look for work if safe and affordable childcare was available and accessible.</div>	<ul style="list-style-type: none">• For income estimates - we apply average reported earnings by occupation type.• 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 (7%). This more conservative scenario is also reported as a lower bound estimate.

²⁸ BPS – Statistics Indonesia (2021). Annual Unemployment Rate.

Step #5 – Calculate Final Return on Investment Metrics

Last, we estimate the overall economic benefits by subtracting the estimated costs per person from the estimated benefits per person. The resulting figure projects the average economic benefit that primary caregivers would receive/generate if affordable and accessible child caregiving services were available in the country.

Caregiving Benefits

We find 18% of households have a primary caregiver that fit the criteria of the target population subgroup, meaning a primary caregiver that would intend to enter or reenter the labor force if they had access to affordable childcare arrangements. Currently unemployed primary caregivers in Indonesia would expect to earn R80.1M (\$5,600) annually on average if they were to join the labor force. However, incomes would vary significantly based on the primary caregiver's expected occupation. The average expected annual income by occupation ranges from R38.4M (\$2,700) for unskilled manual work to R146.2M (\$10,200) for clerical positions. Many respondents (6%) expect to work in sales and services roles with an expected average income of R70.1M (\$4,900) annually, followed by professional / technical / managerial roles (4%) with an expected average income of R91.4M (\$6,400) annually, which have respectively the fifth and second highest average annual salary estimates by occupation.

Table 13 – Projected Incremental Earnings by Occupation Type, National Results

Occupation Type	Unemployed Primary Caregivers who would look for work if affordable and accessible childcare was available (% of households)	Expected Average Annual Per Capita Earnings (IDR)	Expected Average Annual Per Capita Earnings (USD)*
Total	18%	R80,100,000	\$5,600
Agriculture	2%	R64,500,000	\$4,500
Clerical	1%	R146,200,000	\$10,200
Domestic	1%	R60,800,000	\$4,200
Other	1%	R75,200,000	\$5,200
Professional / technical / managerial	4%	R91,400,000	\$6,400
Sales and services	6%	R70,100,000	\$4,900
Skilled manual	2%	R81,900,000	\$5,700
Unskilled manual	1%	R38,400,000	\$2,700

Note – Applies the average 2022 exchange rate of 14,359 IDR/USD. Figures are rounded to the nearest hundred for reporting purposes.

Caregiving Costs

On average, primary caregivers and their partners are projected to spend \$1,700 each year on childcare services. These figures reflect average daily childcare costs reported by survey respondents who are not currently their child's primary caregiver and are relying on paid caregiving services. The projected average childcare costs by occupation type ranges from

\$1,400 annually for agricultural employment to \$2,600 annually for clerical positions, which report the highest average annual childcare costs amongst all occupation types.

Table 14 – Projected Child Caregiving Costs by Occupation Type, National Results

Occupation Type	Unemployed Primary Caregivers who would look for work if affordable and accessible childcare was available (% of households)	Average Reported Annual Childcare Costs (IDR)	Average Reported Annual Childcare Costs (USD)*
Total	18%	R25,100,000	\$1,700
Agriculture	2%	R20,400,000	\$1,400
Clerical	1%	R37,100,000	\$2,600
Domestic	1%	R27,900,000	\$1,900
Other	1%	R22,000,000	\$1,500
Professional / technical / managerial	4%	R30,700,000	\$2,100
Sales and services	6%	R21,600,000	\$1,500
Skilled manual	2%	R22,100,000	\$1,500
Unskilled manual	1%	R22,900,000	\$1,600

Note – Applies the average 2022 exchange rate of 14,359 IDR/USD. Figures are rounded to the nearest hundredth for reporting purposes

ROI Summary Results

We estimate that for every \$1 invested in accessible childcare services, currently unemployed primary caregivers would generate \$3 in increased economic activity on average. This translates to a net economic benefit of approximately \$3,900 for each primary caregiver who would join or rejoin the workforce.²⁹ The expansion and improvement of childcare provision has also been proven to allow women who are currently underemployed to access full-time, better-quality jobs, so we would assume an additional return on investment for these individuals and families.

²⁹ Under the lower-bound approach, which incorporates a discount of 7% to reflect the most recent national unemployment rate, we estimate that for every \$1 invested in accessible childcare services, unemployed primary caregivers would still generate \$3 in increased economic activity on average. Importantly, this more conservative approach is likely an underestimate because the analysis assumes a complete switch for caregivers from unemployment to full-employment and does not account for underemployed caregivers finding additional work.

Table 15 – Return on Investment Summary, Indonesia

Return On Investment	Average Per Capita ROI
Projected Earnings (Benefit)	\$5,600
Childcare Services (Cost)	\$1,700
Project ROI (Benefit – Cost)	\$3,900
Margin (Expected ROI / Benefit)	70%
ROI Impact Per \$1 Invested	\$3

Labor Force Participation Rate Implications

According to BPS – Statistics Indonesia, there are nearly 207 million people that are of economically active age. This corresponds to Indonesians above the age of 15 years old. Of these people, 67.8% currently are participating in the Indonesian labor force, or approximately 140.1 million people.³⁰ This includes formal non-agricultural employment, informal non-agricultural employment, agricultural employment, and employment in private households.

As noted previously, roughly 18% of households have a primary caregiver that would intend to enter or reenter the labor force if they had access to affordable childcare arrangements. Applying this to the total number of Indonesian households (72.9 million), we find that a child caregiving focused program potentially could contribute up to 13.1 million people joining or rejoining the labor force. **This equates to a 6-percentage point increase in the Indonesian labor force participation rate (from 67.8% to 74.1%) even under conservative assumptions.**

VI. Public Attitudes about Subsidized Caregiving Support

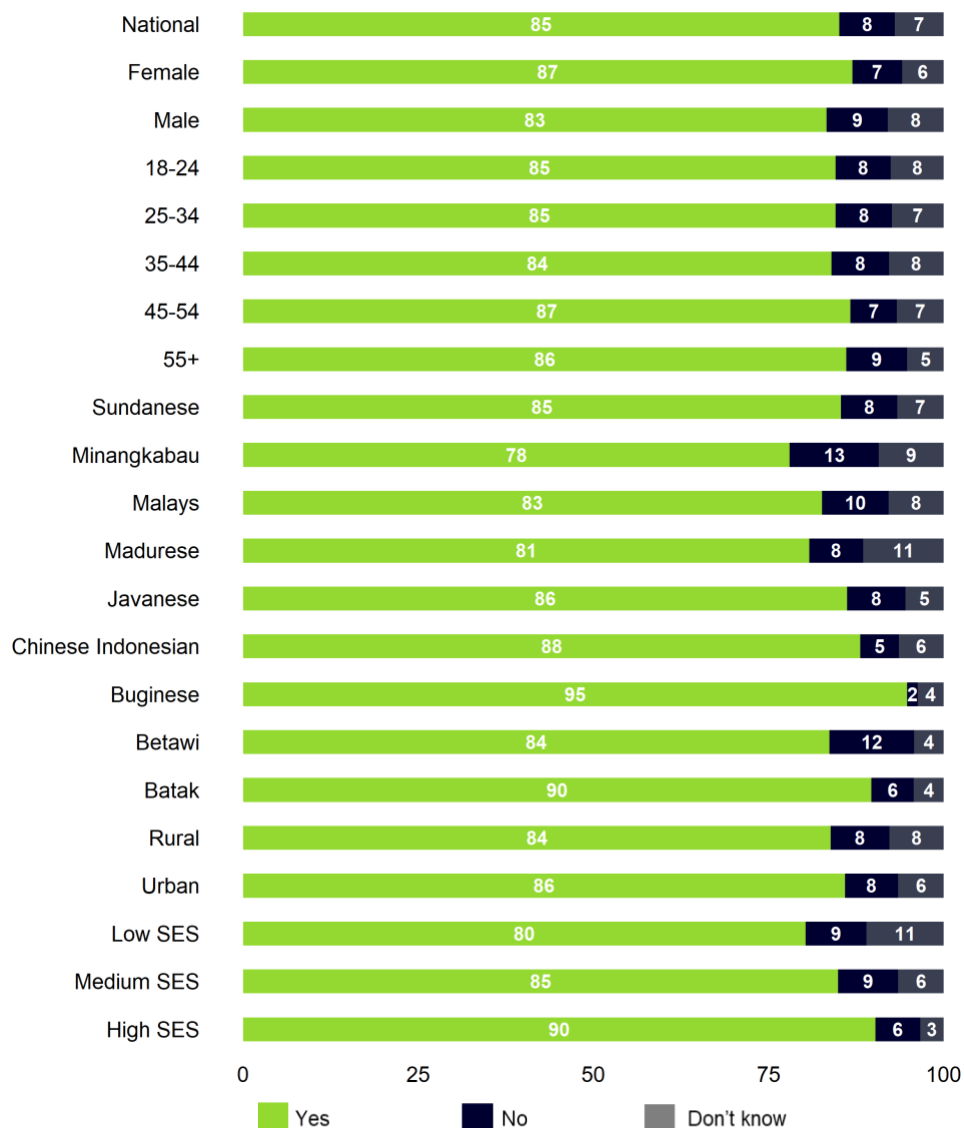
Support for Subsidized Care

Finally, we examine public attitudes in Indonesia on a range of child caregiving related issues, including support for or opposition to government support programs and whether childcare services should be prioritized more than, less than, or about the same as primary schooling or secondary schooling.

Overall, there is overwhelming public support for subsidized child caregiving assistance in Indonesia. Roughly 85% of Indonesians believe that the government should support access to childcare services for children under seven either for free or at a discounted and affordable price for those families in need. Most strikingly, there is a super majority of support across every demographic group in the country spanning gender, age brackets, race and ethnicity, and socioeconomic status.

³⁰ BPS – Statistics Indonesia, *Statistical Yearbook of Indonesia 2022 (August 2021)*, page 115.

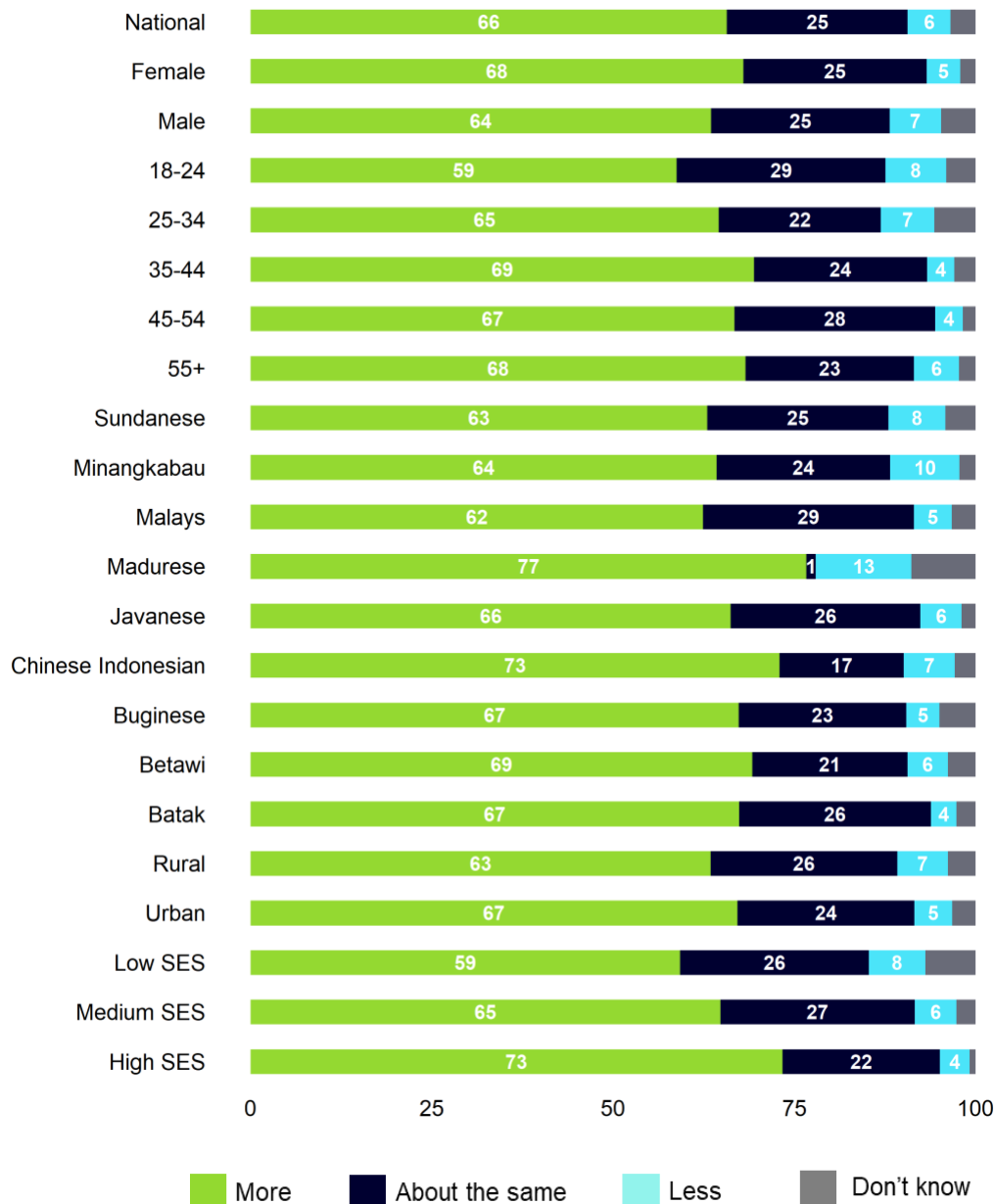
Figure 5 – Public Support for Subsidized Child Caregiving Services



Government Program Prioritization

Moreover, strong majorities of Indonesians believe the government should prioritize childcare services above other educational programs in the country. Nearly two thirds of Indonesians believe that the government should prioritize improving access to safe and affordable childcare services *more than primary schooling*. An additional 25% believe that the government should prioritize them “about the same.” By contrast, about 6% of the general public believes that early childcare service access should be prioritized less, or they do not know. These results hold for every demographic group in the country spanning gender, age brackets, race and ethnicity, and socioeconomic status.

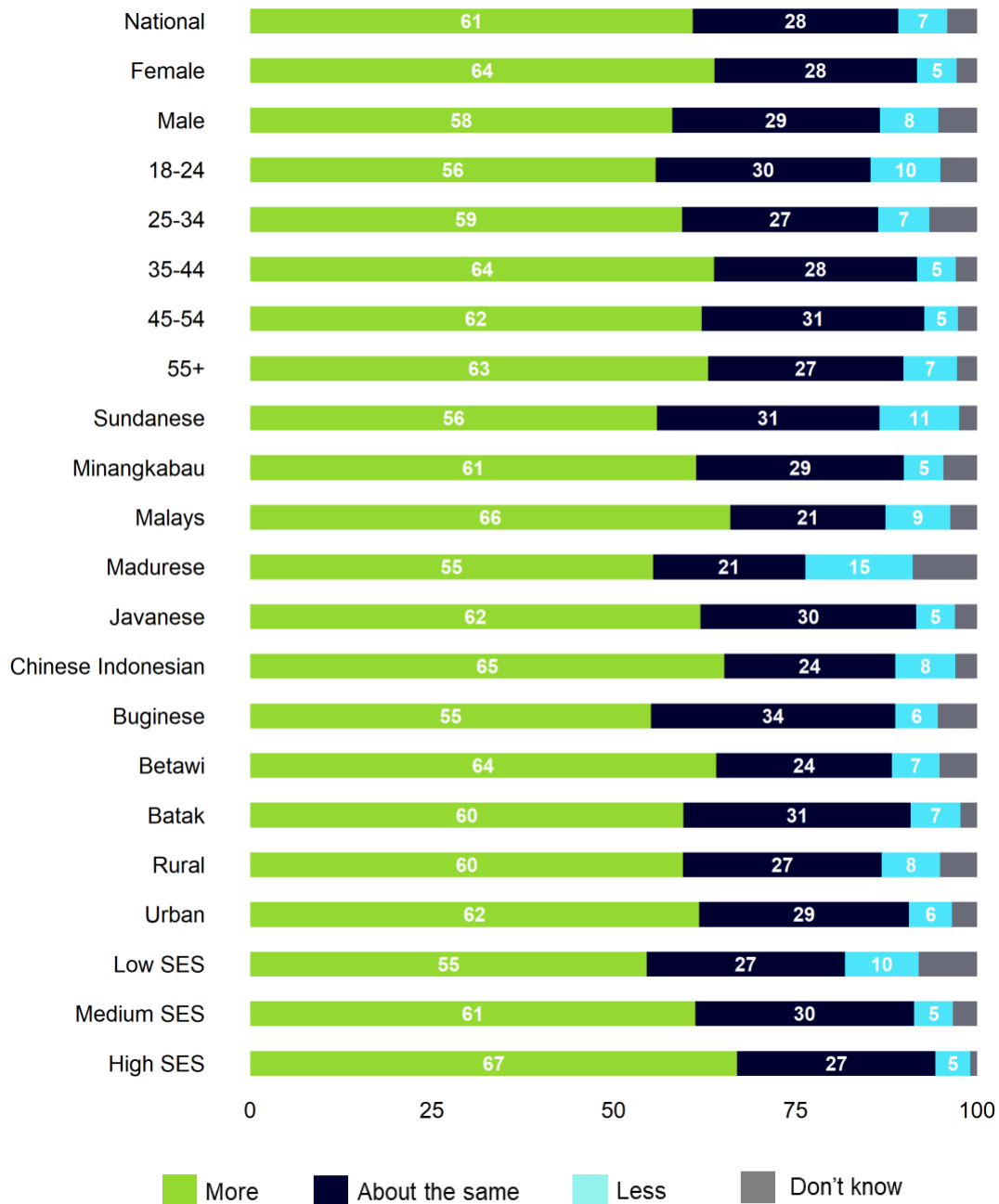
Figure 6 – Public Attitudes about Government Prioritization, Early Childcare Access versus Primary Schooling



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?"

Similarly, 61% of Indonesians believe that the government should prioritize improving access to safe and affordable childcare services *more than secondary schooling*. An additional 28% believe that the government should prioritize them "about the same." By contrast, less than 15% of the general public believes that early childcare service access should be prioritized less, or they do not know. These results hold for every demographic group in the country spanning gender, age brackets, race and ethnicity, and socioeconomic status.

Figure 7 – Public Attitudes about Government Prioritization, Early Childcare Access versus Secondary Schooling



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

VII. Conclusion

Unpaid caregiving responsibilities represent a key barrier to women's labor force participation in many developed and developing countries, particularly while children are too young to attend formal schooling. In this paper, we consider the child caregiving environment in Indonesia and

quantify the potential economic returns of investing in early childcare programs. These potential benefits focus on two key dimensions – increased labor force participation rates and increased household income for currently unemployed primary caregivers.

Under conservative assumptions, we estimate that addressing primary caregivers' childcare needs could lead to a 6-percentage point increase in the labor force participation rate in Indonesia. Furthermore, on average, for every \$1 invested in accessible childcare services, currently unemployed primary caregivers would expect to generate \$3 in increased economic activity. Moreover, public support for these types of subsidized child caregiving programs is high in Indonesia, with 85% of the population expressing support for needy families. Super majorities of every demographic group (age, race/ethnicity, socioeconomic status, and urban/rural groups) support such programs. In fact, roughly two-thirds of Indonesians believe that early childcare programs should be prioritized *more than* primary schooling. Therefore, the Indonesian government could view early child caregiving investments not only as good economic policy, but also as good politics.



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