

South Africa Caregiving Return On Investment: Complete Report

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Estimating the Return on Investment of Child Caregiving Programs

A Study of South Africa

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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, Fraym considers the child caregiving environment in South Africa 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. We estimate that addressing primary caregivers' childcare needs could lead to an 8-percentage point increase in the labor force participation rate in South Africa, which translates into roughly 3.1 million people joining or rejoining the labor force. Furthermore, on average, for every \$1 invested in accessible childcare services, currently unemployed primary caregivers would expect to generate \$7 in increased economic activity. Public support for these types of subsidized child caregiving programs is extremely high in South Africa, with 93% of the population expressing support for such programs for needy families. Super majorities of every demographic group (age, race/ethnicity, socioeconomic status, and urban/rural groups) support such programs. In fact, roughly three-quarters of South Africans believe that early childcare programs should be prioritized *more than* primary schooling provision. Therefore, the South African government could view early child caregiving investments not only as good economic policy, but also good politics.

I. Introduction

Globally, female labor force participation is nearly 30 percentage points lower than for men (46% versus 75%).¹ Child caregiving responsibilities are a well-documented barrier to higher female labor force participation across nearly all country contexts.² In the majority of countries, women disproportionately take on child caregiving responsibilities that displace the time available for paid work. For example, in South Africa, the female labor participation rate (46%) is 14 percentage points lower than that of men (60%). Gender disparities are even more pronounced among people with children in Sub-Saharan Africa and most other developing regions.^{3,4} Unpaid childcare burdens materially restrict not only household income but also national economic output. A recent study estimated that reducing childcare costs by 50% could increase female labor supply by 6-10 percent in some country contexts.⁵

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/partner would pursue if they had access to affordable childcare options. Moreover, our study also examines newly collected information about parents' satisfaction with existing childcare

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.

³The exception to the countries of Oceania, excluding Australia and New Zealand.

⁴International Labor Organization (ILO): ILOSTAT blog. Having kids sets back women's labour force participation more so than getting married. March 3, 2020.

⁵Sarah 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.

arrangements as well as support for potential government programs and policies amongst the broader South African population.

This paper is organized as follows. In section II, we briefly summarize the current context regarding childcare and early childhood development in South Africa. 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 South Africa. 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 of this paper – 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 and recommendations for government policymakers.

II. Existing Research and Analysis

South Africa Childcare and Early Childhood Education and Development

Formal schooling is an important part of early childhood development and a way to alleviate at least some of the childcare burdens on families. As a result, child caregiving cannot be considered in isolation from education.

In South Africa, there is currently no nationwide system or model of care for children under seven years of age, the age at which enrollment in primary school is mandatory. The country does have a relatively new framework in place for early childhood development, called *The South African National Curriculum Framework from Birth to Four (NCF)*.⁶ The NCF has a guiding vision of “working with and for all children in the early years in a respectful way to provide them with quality experiences and equality of opportunities to achieve their full potential.” It was developed in recognition of the urgent need to transform South African society through integrated care and education for the country’s youngest children. While not imposing or funding systems or structures, the NCF is designed to inform and guide a broad range of professionals as well as family caregivers about the importance of Early Childhood Development (ECD).

In South Africa, early childhood education or pre-primary school includes both Grade R (short for “reception”) and pre-grade R (“RR”). Grade R is designed for children ages five to six, while pre-grade R is intended for children under age four. While enrollment in Grade R has been voluntary to date, South Africa is shifting toward a compulsory two years of ECD, or preschool, for all children before they enter Grade one, in line with the country’s National Development Plan.⁷ The shift to having compulsory education beginning at age four or five (Grade RR) by the year 2030 will have implications for childcare across South Africa.

⁶ Department of Basic Education, *The South African National Curriculum Framework: For Children from Birth to Four*, 2015.

⁷ <https://mg.co.za/education/2022-01-14-amendments-to-the-schools-act-proposes-making-grade-r-compulsory-2/>

To date, South Africa's Department of Social Development has been responsible for the country's ECD plans and programs. With the shift toward basic education starting at Grade R, and ultimately, Grade RR, and with ECD moving from the social development sector to the education sector, the Department of Education is increasingly responsible for the oversight of ECD in the country.⁸

There are two systems for preschool in South Africa: one is funded by the government and regulated provincially, and the other is independent and run by communities or private entities, including non-governmental organizations.⁹ There is incomplete recent data on ECD and pre-primary school enrollment rates in South Africa. However, available data indicates very low enrollment rates at younger ages, increasing to relatively high rates for Grade R-aged children. For instance, in 2018, 92 percent of children aged five to six reportedly attended school or an ECD facility.¹⁰ This includes learning centers, pre-Grade R, Grade R, and Grade 1 of primary school. Enrollment rates for younger children are significantly lower. Data released in December 2021 by UNICEF and Countdown 2030 indicate that 48 percent of children aged 36-59 months are attending an early childhood education program.¹¹

Furthermore, there is a relative dearth of evidence regarding utilization of childcare in South Africa outside of ECD centers and formal schooling at any level. A few studies, including among informal women workers in Kwazulu-Natal,^{12,13} and of the early effects of the COVID-19 crisis, provide useful information to guide our study. In particular, a mixed methods longitudinal cohort study among informal female workers in Kwazulu-Natal, found that "Women had limited childcare choices and most preferred to leave their babies with family members at home, as the most convenient, low-cost option." The same study found that when mothers chose paid caregivers or formal childcare centers, they reported such care to be "poor quality, unaffordable and not suited to (their) needs."¹⁴ These women also reported that fathers rarely participated in childcare, with only 22% saying the father had ever watched the child while the mother was away.¹⁵ These findings echo those from an earlier study using national microdata, which found that "across a variety of household forms, women are the primary caregivers of children even when they are not a child's biological mother."¹⁶

Taking place in the context of the COVID-19 crisis, our survey necessarily considered the effects of COVID-19 on childcare in South Africa as well. These questions were informed a study on the early effects of the COVID-19 crisis in the paid and unpaid economies in South

⁸ <https://www.gov.za/ABOUT-SA/education>

⁹ <https://www.expatica.com/za/living/family/childcare-and-pre-schools-in-south-africa-105899/>

¹⁰ Hall, Katharine (2020), Children's Access to Education, *South African Child Gauge 2020*, pp 178-182.

¹¹ <https://nurturing-care.org/south-africa-2021/>

¹² Horwood, C., Hinton, R., Haskins, L. et al. 'I can no longer do my work like how I used to': a mixed methods longitudinal cohort study exploring how informal working mothers balance the requirements of livelihood and safe childcare in South Africa. *BMC Women's Health* 21, 288 (2021).

¹³ Horwood, C., Haskins, L., Alfors, L. et al. A descriptive study to explore working conditions and childcare practices among informal women workers in KwaZulu-Natal, South Africa: identifying opportunities to support childcare for mothers in informal work. *BMC Pediatr* 19, 382 (2019).

¹⁴ Horwood, C., Hinton, R., Haskins, L. et al. 'I can no longer do my work like how I used to': a mixed methods longitudinal cohort study exploring how informal working mothers balance the requirements of livelihood and safe childcare in South Africa. *BMC Women's Health* 21, 288 (2021).

¹⁵ Horwood, C., Haskins, L., Alfors, L. et al. A descriptive study to explore working conditions and childcare practices among informal women workers in KwaZulu-Natal, South Africa: identifying opportunities to support childcare for mothers in informal work. *BMC Pediatr* 19, 382 (2019).

¹⁶ Hatch, Michelle & Dorrit Posel (2018) Who cares for children? *A quantitative study of childcare in South Africa, Development Southern Africa*, 35:2, 267-282.

Africa,¹⁷ which found that the lockdowns and other factors associated with COVID-19 increased the burden of childcare substantially, with a much higher burden in women than men.

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. We further assess public support for government-subsidized childcare, among other issues, and examine whether existing primary caregivers would enter or re-enter the labor force (and in what type of economic activity) if safe and quality care services were available. For this study, we focus on caregiving for children under the age of seven.

Sample Design

The survey sample is designed to be nationally representative of all adults aged 18 or older across South Africa. We established interlocking quotas for age brackets (18-24, 25-34, 35-44, 45-54, and 55+), gender (female, male)¹⁸, and provinces. This created 90 distinct interlocking demographic quotas for data collection.¹⁹ The number of target respondents assigned to each of these interlocking quotas was determined based on available information from Statistics South Africa. The final sample included 5,920 respondents. We also included a separate additional socioeconomic quota based on household asset ownership patterns. There is an extensive literature that documents the usage of this approach in a variety of settings.²⁰ In South Africa, we considered over 20 potential household assets and then selected microwave and clothes washer ownership, since they exhibit the most desired distributions of ownership rates. 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. While imperfect, this approach ensures that the sample is more 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

¹⁷ [Gender and the early effects of the COVID-19 crisis in the paid and unpaid economies in South Africa](#). Daniela Casale and Dorrit Posel, School of Economics and Finance, University of the Witwatersrand 7 July 2020.

¹⁸ 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. Statistically significant analysis of these gender identity groups was not possible due the limited number of respondents.

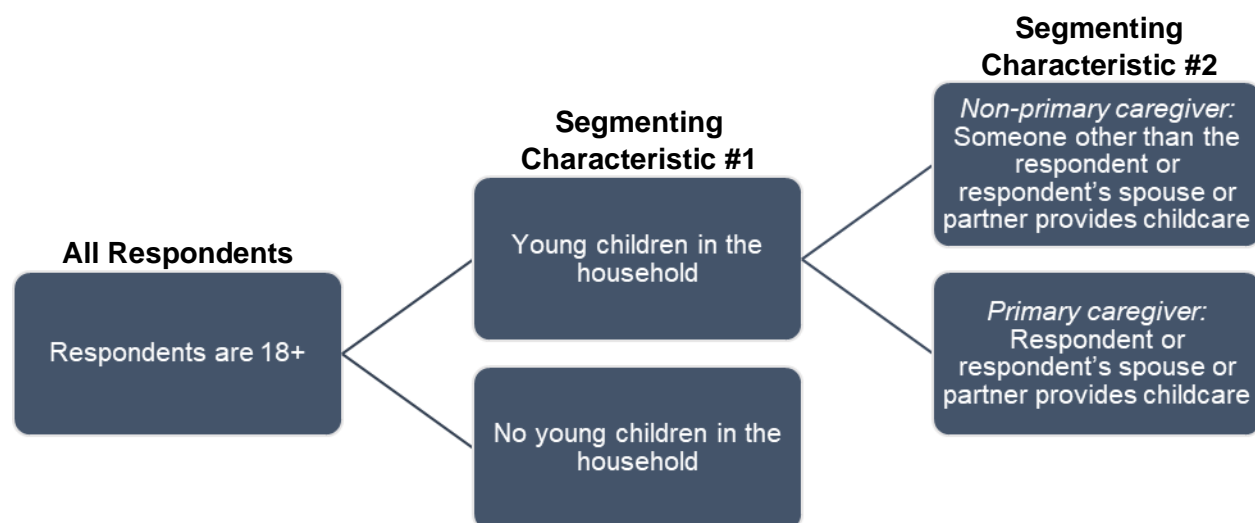
¹⁹ This is calculated as follows: number of provinces (9) x the number of age brackets (5) x the number of gender groups (2) = 90 distinct, interlocking quotas.

²⁰ 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>.

whether the survey respondent has at least one child under the age of seven in the household. A total of 2,764 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 3,156 respondents fell into this second group.²¹

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 = 1,228) 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 = 1,536) and were directed to a series of questions similar to non-primary caregivers.²² 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 their expected economic situation if safe and affordable childcare were accessible.

Figure 1 – Child Caregiving Questionnaire Modules, Survey Logic



Survey Fielding and Data Collection Period

In South Africa, the survey vendor's panel includes over 1.5 million potential respondents, who 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 representative coverage of poorer and more marginalized demographic groups.

²¹ Respondents in the first segmenting characteristic group (households with young children) also completed the Public Policy and Caregiving Attitudes module.

²² 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.

Data collection occurred between December 16, 2021, and January 7, 2022. The final survey sample included 5,920 South African respondents aged 18 or older. The average survey completion time was 8 minutes and 46 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 Statistics South Africa. 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, province, socioeconomic status, and race. 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	49%	2,736	46%
Female	50%	3,146	53%
Other ²³	1%	38	1%
Age			
18-24	18%	1,300	22%
25-34	30%	2,065	35%
35-44	22%	1,331	23%
45-54	14%	656	11%
55+	17%	568	10%
Urban			
Urban	68%	4,002	67%
Rural	32%	1,918	32%
Province			
Eastern Cape	8%	526	9%
Free State	4%	268	5%
Gauteng	34%	1,966	33%

²³ Transgender male, transgender female, or non-binary respondents.

Kwazulu-Natal	18%	1,078	18%
Limpopo	7%	384	7%
Mpumalanga	6%	356	6%
North West	5%	314	5%
Northern Cape	1%	113	2%
Western Cape	17%	915	16%
Socioeconomic Status (SES)²⁴			
Lower SES	37%	543	9%
Medium SES	27%	2,124	36%
Higher SES	36%	3,253	55%
Race			
Black/African	60%	3,909	66%
White	23%	1,065	18%
Coloured	11%	654	11%
Indian/Asian	4%	242	4%
Other	0%	8	0%
Prefer not to answer	1%	42	1%
Total	-	5,920	-

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

Table 2 – Child Caregiving Module Respondents, Weighted and Unweighted

	Weighted Proportion	Unweighted Count	Unweighted Proportion
Segmenting Characteristic #1			
No young children in the household	58%	3,156	53%
Young children in the household	42%	2,764	47%
Total	-	5,920	-
Segmenting Characteristic #2			
Non-Primary Caregiver	46%	1,228	44%
Primary Caregiver	55%	1,536	56%
Total	-	2,764	-

²⁴ Fraym defines socioeconomic status through an asset ownership approach based on the 2016 DHS, selecting the two assets which best tracked DHS national wealth index trends. In South Africa, respondents who have neither a microwave nor a washer 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.

IV. Survey Results

Early Child Caregiving Landscape

Roughly 55% of South African parents of a child under the age of seven state that they or their partner are the primary caregiver. Other family members are the next most frequently cited type of primary caregiver (16% of respective households).

For this study, we are particularly interested in disaggregating results for marginalized sub-groups of South African 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 South Africans who are poor as well as black, Coloured, or Indian/Asian as a marginalized sub-group for specific attention where appropriate and possible. As noted above, we proxied for household income with questions about the ownership of key assets (microwave and clothes washer). For the purposes of this study, poor or “low” income respondents owned neither asset while “high” income respondents owned both.

Table 3 – Child Care Usage Patterns, by Population Group

	National ²⁵	Marginalized Parents	High SES Parents
Yourself	38%	36%	38%
Your spouse or partner	17%	15%	17%
Relative	16%	20%	11%
Facility or hired caregiver outside of your home (e.g., childcare center, nursery, preschool, creche, Grade R)	13%	10%	20%
Hired caregiver in your home (i.e., a nanny, day-mother/gogo)	10%	9%	11%
Neighbor or friend	1%	2%	1%
Other	5%	8%	2%

With respect to caregiving, marginalized parents are more likely to rely on their neighbors, relatives, or friends for childcare than non-marginalized groups.²⁶ They are also relatively less likely than those with higher SES to have a parent providing childcare or to rely on a facility or hired caregiver. This is consistent with the evidence regarding the relatively higher costs of these childcare options, with facilities and hired caregiving imposing direct financial costs and parental childcare imposing an opportunity cost to the parent that can no longer work if serving as a primary caregiver. A 2021 study of informal women workers in Kwazulu-Natal, for example, found that women often returned to work soon after giving birth because of financial responsibilities. Most

²⁵ For the remainder of this section, national refers to adults with at least one child under the age of seven, unless otherwise stated.

²⁶ Respondents are not necessarily the parents of the young child in the household, as the survey does not collect information on the role of the respondent in the household. Rather, this is defined as adults with young children in the household that are considered marginalized.

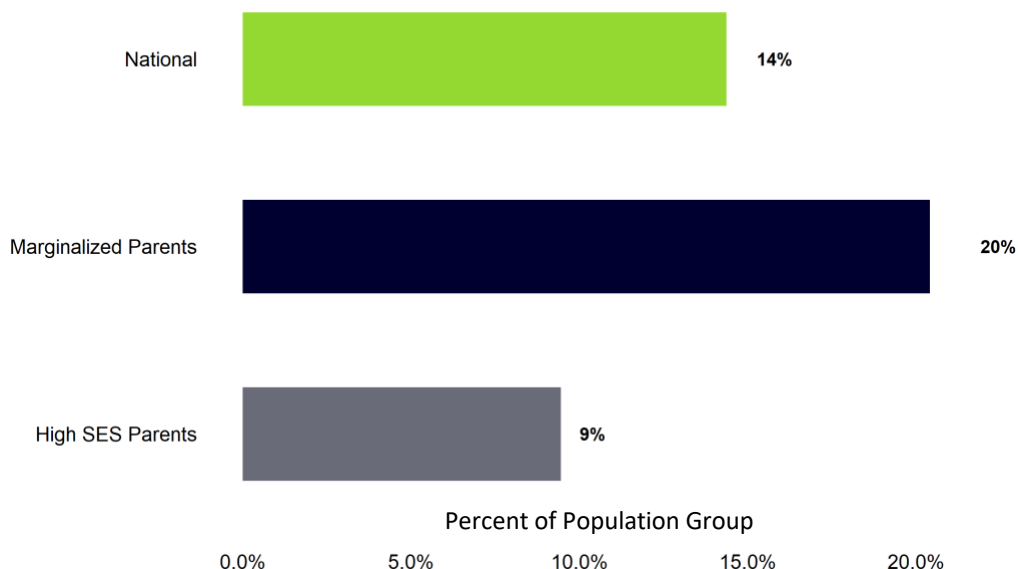
women preferred to leave their babies with family members as the most convenient, low-cost option.²⁷

In South Africa, being in a marginalized population sub-group increases the probability that a parent will rely on a relative rather than a childcare center by 150%. This difference between marginalized and non-marginalized parents is statistically significant.

Logically, these trends should operate in reverse for respondents of high socioeconomic status (SES) households.²⁸ Our results bear this out. Respondents in the high SES bracket are more likely to rely on a facility, hired caregiver inside or outside the home, or a parent in the household. They are relatively less likely to rely on relatives, neighbors, or friends. This picture is consistent with the previously described narrative in which parents face higher direct or indirect costs with facilities and parental care, since hired care poses direct financial costs and parental care involves an opportunity cost of foregone work. Higher SES parents can afford to take on these financial or opportunity costs and indeed do so.

Finally, 14 percent of parents with a child under seven report that they currently use subsidized childcare. This 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. Unsurprisingly, subsidized care usage is much higher among marginalized parents (20 percent) than among wealthier parents (9 percent). With less than a quarter of marginalized parents currently using subsidized care, there is a significant portion of the population that could become target beneficiaries for a scaled and/or more widely utilized program.

Figure 2 – Subsidized Care Usage, by Population Group



²⁷ Horwood, C., Hinton, R., Haskins, L. et al. [‘I can no longer do my work like how I used to’: a mixed methods longitudinal cohort study exploring how informal working mothers balance the requirements of livelihood and safe childcare in South Africa](#). BMC Women's Health 21, 288 (2021).

²⁸ These are households that own both of the advanced assets (microwave and clothes washer).

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. Among parents who pay for childcare services in cash, roughly 44 percent are paying R500 or less for childcare per month (less than 35 USD). Approximately one-fifth (21%) pays R501 – R1,000 per month for childcare. Just less than one-fifth fall into the R1,001 – R2,000 or more than R2,000 monthly cost categories (17% and 18%, respectively).

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

	National	Subsidized Care Users	High SES Parents
Prefer not to answer	4%	1%	2%
R 1 – R 100 per month	4%	8%	1%
R 101 – R 200 per month	9%	18%	4%
R 201 – R 300 per month	12%	18%	5%
R 301 – R 500 per month	15%	16%	13%
R 501 – R 1,000 per month	21%	25%	22%
R 1,001 – R 2,000 per month	17%	8%	25%
R 2,001 or more per month	18%	7%	28%

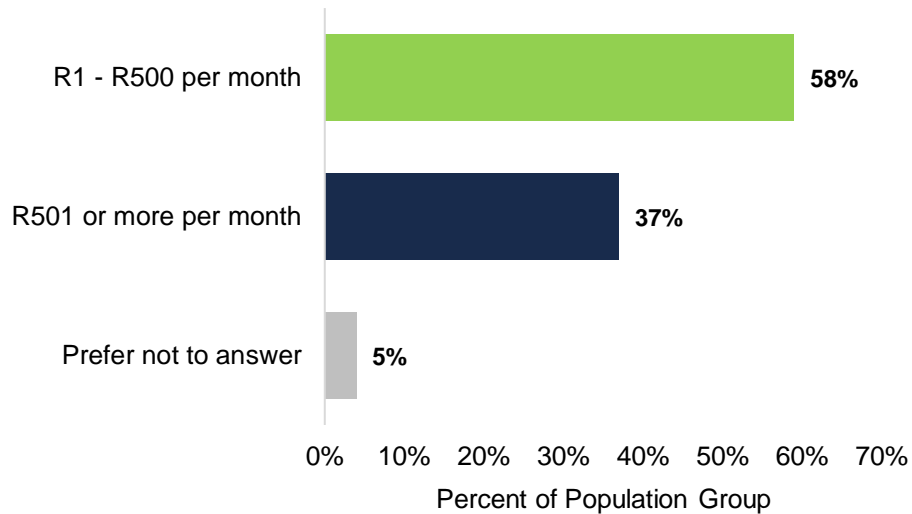
Similarly, parents using subsidized care pay significantly less in average childcare costs, as expected. These are parents who report using a childcare service that is provided at a reduced cost (i.e., through a subsidy or voucher) due to support from the government, a religious institution, or a non-governmental organization. Sixty percent pay R500 or less per month. A quarter pay somewhere between R500 and R1,000 per month. Only 15% pay more than R1,000 per month in childcare. Based on regression analysis, using subsidized care lowers the probability of households spending R501-R1,000 (compared to R1-R500) by 76%.

Logically, high SES (wealthier) parents pay significantly more on average per month for childcare. Over half (53%) pay more than R1,000 per month in childcare expenses, and only 23% spend R500 or less in expenses.

Unsurprisingly, marginalized parents pay less in average childcare costs for childcare. Over half of marginalized parents (58%) pay R500 or less in average costs per month. Only 13% pay R1,000 or more per month. Regression analysis reveals that marginalized parents are less likely to spend R1,000+ per month on childcare, compared to R1-R100 per month. This result is statistically significant. Differences below that threshold (R1,000) are not statistically significant. Pre-schools must admit all children, even if the parents or caregivers cannot afford to pay their fees. In fact, those whose annual earnings are ten times less than the annual school fees are exempt from payment.²⁹ This may explain the lower average childcare costs among marginalized parents.

²⁹ <https://www.expatica.com/za/living/family/childcare-and-pre-schools-in-south-africa-105899/>

Figure 3 – Average Cash-Based Childcare Costs, Marginalized Parents



Note: Categories combined due to small sample sizes for each potential cost interval

Stated Child Caregiving Preferences

External childcare facilities, such as preschool or a childcare center, are the preferred type of childcare for the plurality of South Africans (45%), regardless of whether they use them or not. Another 14% of parents would prefer to use an in-home professional provider such as a nanny or gogo. Taken together, 59% of parents would prefer to use a paid caregiving provider, either inside or outside of the home. Almost a third of parents (30%) would prefer to have a parent as a primary caregiver, in the form of either themselves or their spouse/partner. The least popular arrangement is care provided by relatives, neighbors, or friends, with only 8% of parents reporting a preference for one of these types of providers.

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	5%	4%	5%
At your home, provided by you	19%	17%	21%
At your home, provided by your spouse or partner	11%	9%	12%
At your home, provider by a hired caregiver (i.e., nanny, day-mother/gogo)	14%	13%	15%
Childcare in the home of a friend, neighbor or relative	3%	5%	3%
Other	2%	4%	0%
Preschool or childcare center run by the government, religious group, NGO, or private business	45%	49%	44%

Marginalized parents are more likely than parents of higher SES to prefer a childcare center or facility for their young children. Almost half (49%) report this as a preference. Taken together, nearly two-thirds of these parents (62%) would prefer to use a paid, professional provider either inside or outside of the home. Marginalized parents are slightly less likely than the average South

African with children under age 7 to prefer parental care but slightly more likely to prefer care provided by neighbors, friends, and relatives.

Higher SES parents are more likely than marginalized parents to prefer caregiving by a parent. One-third report that they would prefer childcare to be done by themselves or their spouse, compared to one quarter of marginalized parents. Relatedly, they are also less likely to prefer preschool or childcare centers, though by a small margin. Specifically, 45% of high SES parents would prefer to use a childcare center compared to 49% of marginalized parents.

Caregiving Perceptions and Actual Usage Patterns

National perceptions align much more closely with parents' preferences for childcare than they do with the true distribution of childcare arrangements across the country. For instance, 50% of South African parents believe that a childcare center or preschool is the most common type of care in their community, which tracks closely to the 45% who express this as their personal preference. By stark contrast, only 13% of parents report *actually* using childcare centers or preschools. Similarly, one quarter of respondents believe that a South African parent is primarily responsible for their household's childcare needs, which aligns relatively closely to the 30% of parents who express this as their preferred arrangement. In reality, however, South Africans considerably underestimate their neighbors' reliance on parental care; over half (55%) of parents *actually* provide primary childcare themselves.

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	8%	13%	17%
At your home, provided by you or your spouse/partner	30%	25%	55%
At your home, provider by a hired caregiver (i.e., nanny, day-mother/gogo)	14%	10%	10%
Other	2%	3%	5%
Preschool or childcare center run by the government, religious group, NGO, or private business	45%	50%	13%

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

	National	Primary Caregivers	Marginalized Parents	Subsidized Care Users	High SES Parents
At a childcare center or preschool	50%	55%	45%	39%	59%
At home, provided by a hired caregiver	10%	11%	9%	7%	10%
At home or nearby, provided by a relative, neighbor, or friend	13%	9%	13%	20%	11%
At home, provided by the father	4%	4%	5%	6%	2%
At home, provided by the mother	21%	21%	24%	24%	16%
Other	3%	1%	4%	4%	1%

The difference between perceptions and reality is even more dramatic for parents who serve as the primary caregiver of their young children. Fifty-five percent of these parents believe that childcare centers are the most common arrangement for all South Africans. Only one quarter believe that parental caregiving is the most common arrangement. Yet, as noted above, 55% of South African parents provide the primary child caregiving for their young children.

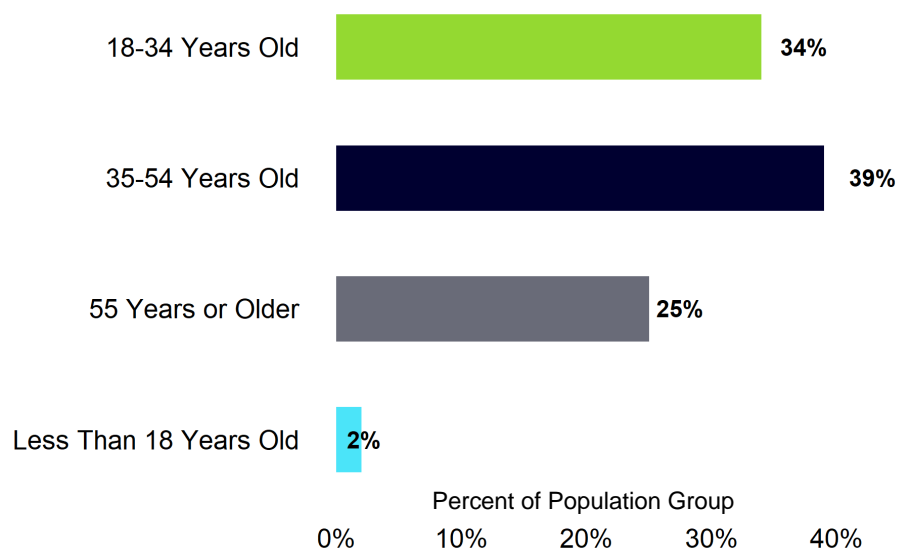
Marginalized parents are less likely to perceive childcare centers as the most common type of childcare in their communities compared to national averages. They are slightly more likely to perceive parental care as the most common form of childcare. Similarly, users of subsidized care are less likely to perceive a childcare center as the most common type of care in their community (only 39%). Almost a third (30%) perceive parental care to be the most common type of care, which is the closest evaluation by any subgroup with actual caregiving usage patterns in the country.

High SES parents are moderately more likely to perceive centers as the most common form of childcare in their communities. This could be influenced by underlying preferences, as we observe at the national level and amongst marginalized populations. It is perhaps notable, however, that parents perceive childcare centers to be even more common than their stated personal preferences would suggest.

Among parents who rely on their neighbors, friends, and relatives, one quarter rely on elderly child caregivers, potentially including their own parents. Very few parents (2%) report relying on a minor (such as an older child) for childcare, although perhaps there is social stigma that leads to underreporting.³⁰ While we did not collect detailed data on how the caregiver age spectrum is divided within the 'friends and family' caregiving type, it seems reasonable, based on the global evidence regarding caregiving, to hypothesize that these two ends of the age spectrum would be skewed towards familial relations. Furthermore, we do not know why caregiving by neighbors, friends, and relatives is so unpopular amongst South Africans. Perhaps this childcare arrangement places an undue strain on those relationships, either by being perceived as burdensome by the caregiver or creating conflicts in divergent caregiving styles.

³⁰ Users of subsidized care who still rely on neighbors, friends, or relatives as their primary source of childcare are slightly more likely to rely on a minor for childcare, but multinomial logistic regression indicates that this difference is not statistically significant.

Figure 4 – Age of Neighbor, Friend, or Relative Caregivers, National Results



Satisfaction with Current Caregiving Situation

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

Roughly 81% of South African parents with a child under 7 are either satisfied or somewhat satisfied with their current childcare arrangement. One-tenth of parents are dissatisfied or somewhat dissatisfied with their current childcare arrangement, and 9% feel neither satisfied nor dissatisfied. Although most South Africans are broadly content with their childcare provider arrangement, there are some relevant distinctions between population subgroups.

In households with a parental primary caregiver, even more parents (86%) report satisfaction with their current childcare provider arrangements. Only 7% of parents are dissatisfied with a parental childcare provider arrangement. Families with a primary parental caregiver are 75% more likely to be satisfied compared to a neutral outlook than non-primary caregivers.

However, a slightly lower level of marginalized parents (73%) is satisfied with their childcare provider arrangements. Marginalized parents have a 57% lower probability of being satisfied compared to a neutral outlook. Accordingly, a higher proportion (14%) of marginalized parents are dissatisfied with their childcare provider arrangements.

Higher SES parents report higher satisfaction overall with their childcare arrangements as well. The majority of wealthier parents (89%) are satisfied. Overall, high SES parents have a 73% higher likelihood of being satisfied rather than having a neutral outlook. Only 6% of higher SES parents are dissatisfied with their childcare.

Since marginalized parents and subsidized care users are both relatively low income, we might expect there to be substantial overlap across these population groups, but there is in fact surprisingly little. In fact, only 15% of subsidized care users are marginalized, although 58% of marginalized parents use subsidized care. Regardless, the satisfaction levels of these two

subgroups align relatively closely. Approximately three-quarters (76%) of subsidized care users are satisfied with their childcare provider arrangement. However, subsidized care users are slightly more likely to be dissatisfied with current childcare arrangements than their marginalized counterparts, with 18% expressing dissatisfaction compared to 14% of marginalized parents.

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

	Satisfied	Dissatisfied	Neither satisfied nor unsatisfied
National	81%	10%	9%
Primary Caregivers	86%	7%	7%
Non-Primary Caregivers	75%	13%	12%
Marginalized Parents	73%	14%	13%
High SES Parents	89%	6%	5%
Subsidized Care User Households	76%	18%	6%
Family, Friend, or Relative Care User	67%	18%	15%

Relying on friends, neighbors, and relatives is the least popular childcare choice, with only two-thirds of parents reporting satisfaction with these arrangements. Indeed, parents who rely on neighbors, friends, and relatives as a primary source of childcare are 61% less likely to be satisfied than having a neutral outlook. By extension, these parents report relatively high dissatisfaction levels as well compared to national averages.

Satisfaction Factors

Our study considered the following aspects of existing childcare satisfaction: cost and affordability, location, quality, and safety.³¹ Among parents of young children who are satisfied with their childcare provider arrangements, roughly half cite cost and/or quality as the aspect that they are most satisfied with. Almost two thirds (63%) cite safety as a key satisfaction factor. Location is a slightly less important factor, with 42% of satisfied parents citing it.

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	47%	50%	37%	43%	57%
Quality	50%	50%	42%	50%	61%
Safe	63%	64%	55%	50%	69%
Location	42%	41%	29%	34%	57%
Other Reason	18%	17%	20%	27%	18%

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

³¹ Throughout this section, proportions do not add up to 100% because respondents could select multiple options.

Marginalized parents who are satisfied with their childcare arrangement are substantially less likely to cite cost and affordability as a key satisfaction factor, with only approximately one-third doing so. Similarly, quality, safety, and convenience are all cited less frequently compared to the rest of the population. Only about a quarter of marginalized, satisfied parents cite location/convenience as a factor in their evaluations. Users of subsidized care are relatively more satisfied by cost and affordability factors compared to marginalized parents.

High SES parents report higher rates of satisfaction across all relevant factors: costs, quality, safety, and convenience. Notably, high SES parents are significantly and substantially more likely to consider costs to be a factor in their satisfaction compared to marginalized parents, even though high SES parents pay substantially more per month. This perception likely reflects how childcare represents a higher overall percentage of a marginalized family's budget and so is perceived as relatively more burdensome. Satisfied high SES parents are also significantly more likely to consider their childcare arrangement to be convenient.

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

	Childcare Center Users	Neighbors, Friends, or Relatives
Cost & Affordability	55%	39%
Quality	56%	46%
Safe	68%	62%
Location	61%	37%
Other Reason	19%	21%

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

Childcare center users are relatively more likely to cite safety and convenience as key satisfaction factors. Roughly three in five childcare users consider a convenient location as a key factor, and roughly two-thirds cite safety as an important satisfaction aspect. Around half of childcare center users cite cost/affordability and quality as factors in their evaluations.

Satisfied users of neighbors, friends, and relatives for childcare are relatively less likely to cite cost and affordability as key factors in their evaluation. This is potentially surprising if one assumed that parents relying on neighbors, friends, and relatives are not paying those childcare providers, but in fact South African parents do report both cash and in-kind for these services. Indeed, among satisfied users of neighbors, friends, and relatives, 46% pay for childcare in cash, and another 22% pay for services with in-kind payments, meaning only one-third do not pay for these childcare arrangements at all. As such, it seems it is not whether someone pays at all or the amount that matters most in this assessment, but rather the relative burden that it places on a family given their individual financial situation. Satisfied users of neighbors, friends, and relatives are also less likely to consider this arrangement to be convenient. This is of course logical given the nature of such arrangements; neighbors, friends, and relatives are more likely to have more competing demands on their time, such as their own jobs or children or other commitments that may take precedent, which makes them less flexible to meeting the scheduling demands of parents.

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. Cost is by far the most cited barrier to changing childcare arrangements. Nationally, 43% of dissatisfied parents say that switching childcare would be too expensive, which is almost twice the rate of the next most cited obstacle. South African parents also remain concerned about ongoing COVID-19 restrictions, with over a quarter citing them as a switching barrier. Presumably, this is a short-term barrier. One-fifth of dissatisfied parents report having concerns about the quality of alternative childcare options, and roughly the same proportion cite safety concerns. These concerns are likely based on reality. An audit of ECD centers in South Africa found that 20-25% of facilities had inadequate water, toilets, and/or electricity.³² According to this and other studies, limited school supplies and teaching materials, as well as poorly educated teachers and childcare practitioners, are the norm rather than the exception. In contrast, peer pressure does not appear to factor heavily into childcare barriers, with only 4% of dissatisfied South African parents worrying about what people in their community would think or say if they changed their existing childcare arrangement.

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

	All Groups	Primary Caregivers	Marginalized Parents	Subsidized Care Users	High SES Parents	Friends, Family, or Relatives	Childcare Center Users
Too Expensive	43%	61%	44%	43%	48%	33%	25%
Poor Quality	20%	20%	19%	26%	22%	18%	30%
Safety Concerns	18%	14%	10%	9%	42%	13%	34%
Not Convenient	10%	7%	7%	14%	15%	9%	20%
No Time to Search for Other Options	8%	1%	6%	4%	13%	14%	12%
Concern What Others Will Think or Say	4%	6%	4%	2%	4%	3%	0%
No Other Options	14%	12%	16%	22%	9%	19%	5%
COVID-19 Restrictions	27%	17%	26%	23%	37%	39%	27%

Note: Proportions don't add up to 100% because respondents could select multiple options.

Among dissatisfied parents who have a parental caregiver as the primary source of childcare, cost is the most significant barrier they cite to switching childcare providers. Although some parents cite COVID-19 restrictions or concerns with quality or safety. Over three-fifths of dissatisfied parents cite costs as a reason that they cannot switch providers, which is triple the rate of the next most cited factor. Forty-four percent of marginalized parents report cost concerns

³² Kotzé, Janeli. [The readiness of the South African education system for a pre-Grade R year](#), A Working Paper of The Department of Economics and The Bureau for Economic Research at The University Of Stellenbosch. 2017.

with switching childcare arrangements, followed by COVID-19 restrictions and concerns about the quality of care.

For the most part, the barriers to changing care for dissatisfied subsidized care users mirror that of the national population, with, for example, 43% citing cost concerns. About one-quarter of subsidized care users worry about alternative options being poor quality. About another one-quarter also consider COVID-19 restrictions to be a significant barrier to change.

Dissatisfied high SES parents cite cost concerns at a surprisingly high rate; almost half report that alternatives are too expensive. High SES parents are also the most concerned about safety concerns and COVID-19 restrictions.

Among dissatisfied parents relying on neighbors, friends, and relatives for care, costs and COVID-19 restrictions are both primary concerns. Almost two-fifths of dissatisfied parents relying on neighbors, friends, or relatives report that COVID-19 restrictions are a barrier to changing their childcare arrangements. One-third report cost concerns.

Barriers to Using Subsidized Care

There are many barriers to using subsidized care services for South African parents who might be eligible to use them. For this analysis, we excluded all parents who are classified as high SES since many subsidized care programs under consideration (i.e., child dependency grant) have upper income eligibility thresholds. Other countries in our broader study include a response option for ineligibility as an explicit barrier. However, our South African survey response options use SES status as a proxy criterion.

We observe several barriers among potentially eligible parents who currently do not use subsidized care, the most significant being COVID-19 restrictions and concerns about safety. Two-fifths consider COVID-19 restrictions as a key access challenge while one-third have concerns about the safety of subsidized care facilities. Importantly, costs are a less pervasive concern with subsidized care, with only 14% of eligible parents reporting that subsidized care programs are still too expensive. Quality concerns are a factor as well; about one-quarter of parents believe subsidized care is of poor quality.

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

	All Groups	Primary Caregivers	Marginalized Parents	Friends, Family, or Relatives	Childcare Center Users
Still Too Expensive	14%	14%	15%	25%	22%
Poor Quality	27%	28%	25%	18%	39%
Safety Concerns	33%	33%	32%	33%	54%
Not Convenient	12%	8%	9%	30%	26%
Don't Trust Them	13%	12%	11%	13%	25%
Consider Childcare a Family Responsibility	14%	14%	11%	4%	31%
COVID-19 Restrictions	41%	43%	40%	36%	26%
Other Reason	8%	6%	9%	8%	20%

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

Perceived barriers to using subsidized care are roughly equal across all groups where parents are the primary caregiver. Roughly two-thirds cite COVID-19 restrictions as limiting their subsidized care options, and one-third have safety concerns about subsidized care. Likewise, slightly more than one-quarter consider quality to be an issue with subsidized care programs. The distribution of barriers faced by marginalized parents largely mirrors those of the national and primary parent caregiver populations.

Parents who primarily rely on neighbors, friends, and relatives for care are more likely to have cost and convenience concerns with subsidized care. One-quarter believe that subsidized care would still be too expensive, compared to 14% of the national population. Furthermore, almost one-third believe that subsidized care would be inconvenient.

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.³³ 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.³⁴ Another study of urban Bangladesh finds that women without access to childcare have significantly lower rates of paid work.³⁵ 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.³⁶ Although, these studies 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 Cost-Benefit Analysis principles and is outlined in greater detail below. This paper focuses solely upon results from South Africa.

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:

³³ See Fraym (2021), Addressing the Caregiving Crisis: Gender-Transformative Global COVID-19 Recovery Plan.

³⁴ 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.

³⁵ 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.

³⁶ Rosero, J., & Oosterbeek, H. (2011). Trade-offs between different early childhood interventions: Evidence from Ecuador.

- 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 Statistics South Africa 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 South Africa (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, Fraym applies 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 South Africans 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. This may be particularly true in South Africa, which is characterized by one of the highest unemployment rates in the world.

Our discount on labor force participation projections is based on the most current unemployment rate of 35%.³⁷ This highly conservative alternative scenario has the net effect of reducing the expected ROI benefits by a corresponding 35% while maintaining the expected costs at full value.

Figure 5 – 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 six 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 (35%). This more conservative scenario is also reported as a lower bound estimate.

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.

³⁷ Statistics South Africa (2021). Q2 Unemployment Rate.

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 South Africa, who comprise a significant portion of the total population, would expect to earn R119,000 (\$9,600) annually on average if they were to join to 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 R65,000 (\$4,200) for unskilled manual work to R209,000 (\$13,700) for professional / technical / managerial positions. Many respondents (8%) expect to work in professional / technical / managerial roles, followed by sales and services roles (4%) with an expected average income of R130,000 (\$8,500) annually, which have respectively the highest and third 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 (ZAR)	Expected Average Annual Per Capita Earnings (USD)*
Total	18%	R119,000	\$9,600
Agriculture	2%	R138,000	\$9,000
Clerical	1%	R115,000	\$7,600
Domestic	1%	R65,000	\$4,200
Other	1%	R116,000	\$7,600
Professional / technical / managerial	6%	R209,000	\$13,700
Sales and services	3%	R130,000	\$8,500
Skilled manual	3%	R114,000	\$7,500
Unskilled manual	1%	R65,000	\$4,200

Note – Applies the average 2022 exchange rate of 15.25 ZAF/USD. Figures are rounded to the nearest hundred for reporting purposes.

Caregiving Costs

On average, primary caregivers and their partners are projected to spend \$1,300 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 \$700 annually for unskilled manual employment to \$1,600 annually for professional / technical / managerial and sales and services 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 (ZAR)	Average Reported Annual Childcare Costs (USD)*
Total	18%	R19,800	\$1,300
Agriculture	2%	R18,300	\$1,200
Clerical	1%	R21,400	\$1,400
Domestic	1%	R13,700	\$900
Other	1%	R13,700	\$900
Professional / technical / managerial	6%	R24,400	\$1,600
Sales and services	3%	R24,400	\$1,600
Skilled manual	3%	R16,800	\$1,100
Unskilled manual	1%	R10,700	\$700

Note – Applies the average 2022 exchange rate of 15.25 ZAF/USD. Figures are rounded to the nearest hundred for reporting purposes

ROI Summary Results

We estimate that for every \$1 invested in accessible childcare services, unemployed primary caregivers would generate \$7 in increased economic activity on average. This translates to a net economic benefit of approximately \$8,300 for each primary caregiver who would join or rejoin the workforce.³⁸ 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.

Table 15 – Return on Investment Summary, South Africa

Return On Investment	Average Per Capita ROI
Projected Earnings (Benefit)	\$9,600
Childcare Services (Cost)	\$1,300
Project ROI (Benefit – Cost)	\$8,300
Margin (Expected ROI / Benefit)	86%
ROI Impact Per \$1 Invested	\$7

³⁸ Under the lower-bound approach, which incorporates a discount of 35% 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 \$5 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.

Labor Force Participation Rate Implications

According to Statistics South Africa, there are nearly 40 million people that are of economically active age. This corresponds to South Africans between the age of 15 and 64 years old. Of these people, 56.3 percent currently are participating in the South African labor force, or approximately 22.5 million people.³⁹ This includes formal non-agricultural employment, informal non-agricultural employment, agricultural employment, and employment in private households.

As noted previously, roughly 18 percent of South African adults live in households where someone would intend to enter or reenter the labor force if they had access to affordable childcare arrangements. Applying this to the total number of South African households (17.4 million), we find that a child caregiving focused program potentially could contribute up to 3.1 million people joining or rejoining the labor force. **This equates to an 8-percentage point increase in the South African labor force participation rate (from 56.3 percent to 64.2 percent) even under conservative assumptions.**

VI. Public Attitudes about Subsidized Caregiving Support

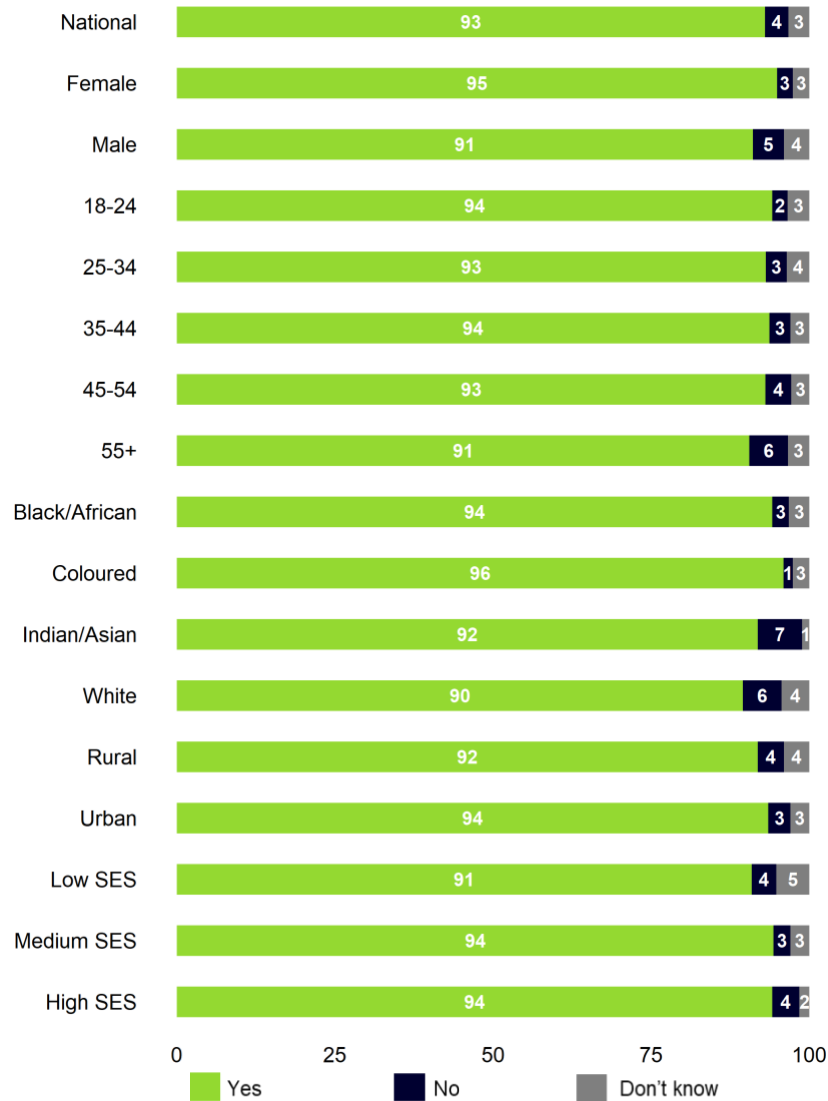
Support for Subsidized Care

Finally, we examine public attitudes in South Africa 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 South Africa. Roughly 93% of South Africans 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, province, and socioeconomic status.

³⁹ Statistics South Africa, *Quarterly Labour Force Survey, Quarter 4: 2021*, page 6.

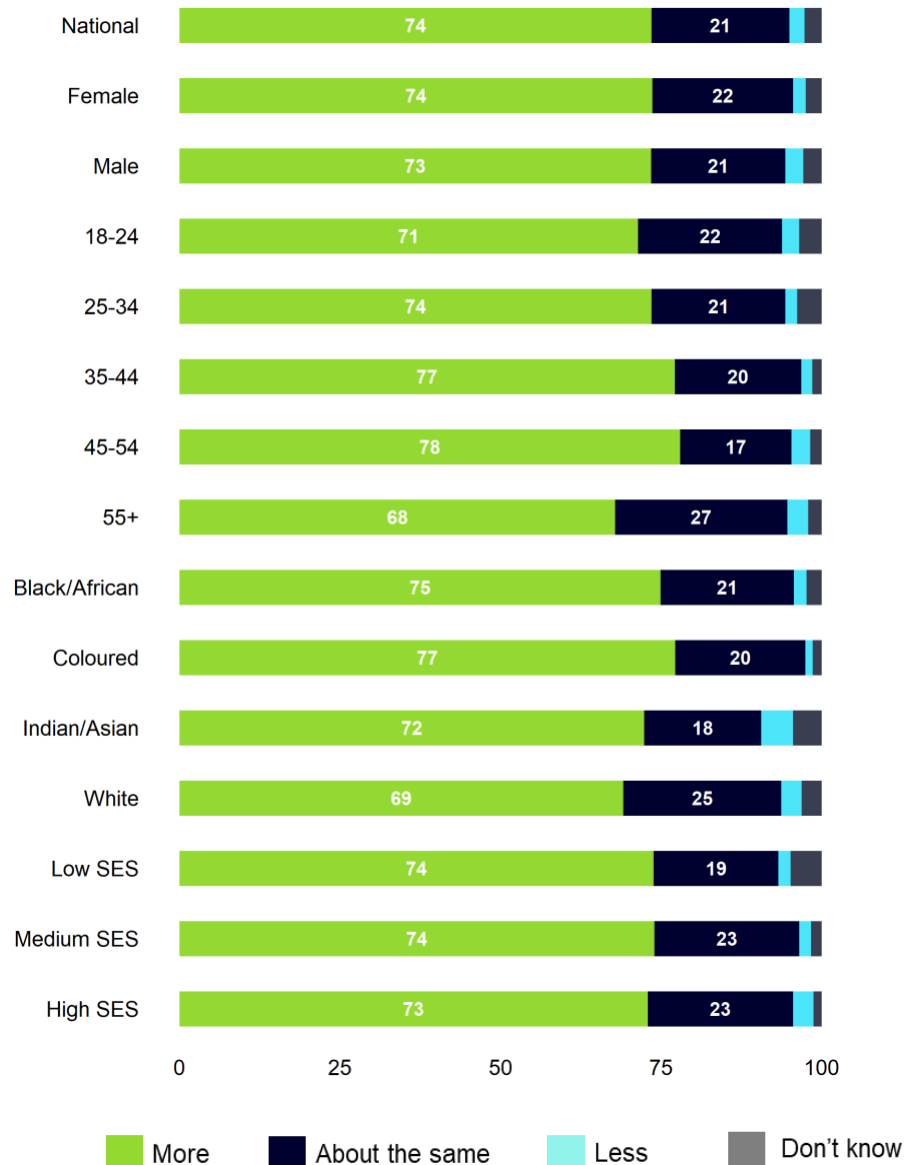
Figure 6 – Public Support for Subsidized Child Caregiving Services



Government Program Prioritization

Moreover, strong majorities of South Africans believe the government should prioritize childcare services above other educational programs in the country. Nearly three quarters (74%) of South Africans believe that the government should prioritize improving access to safe and affordable childcare services *more than primary schooling*. An additional 21 percent believe that the government should prioritize them “about the same.” By contrast, about 5 percent 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.

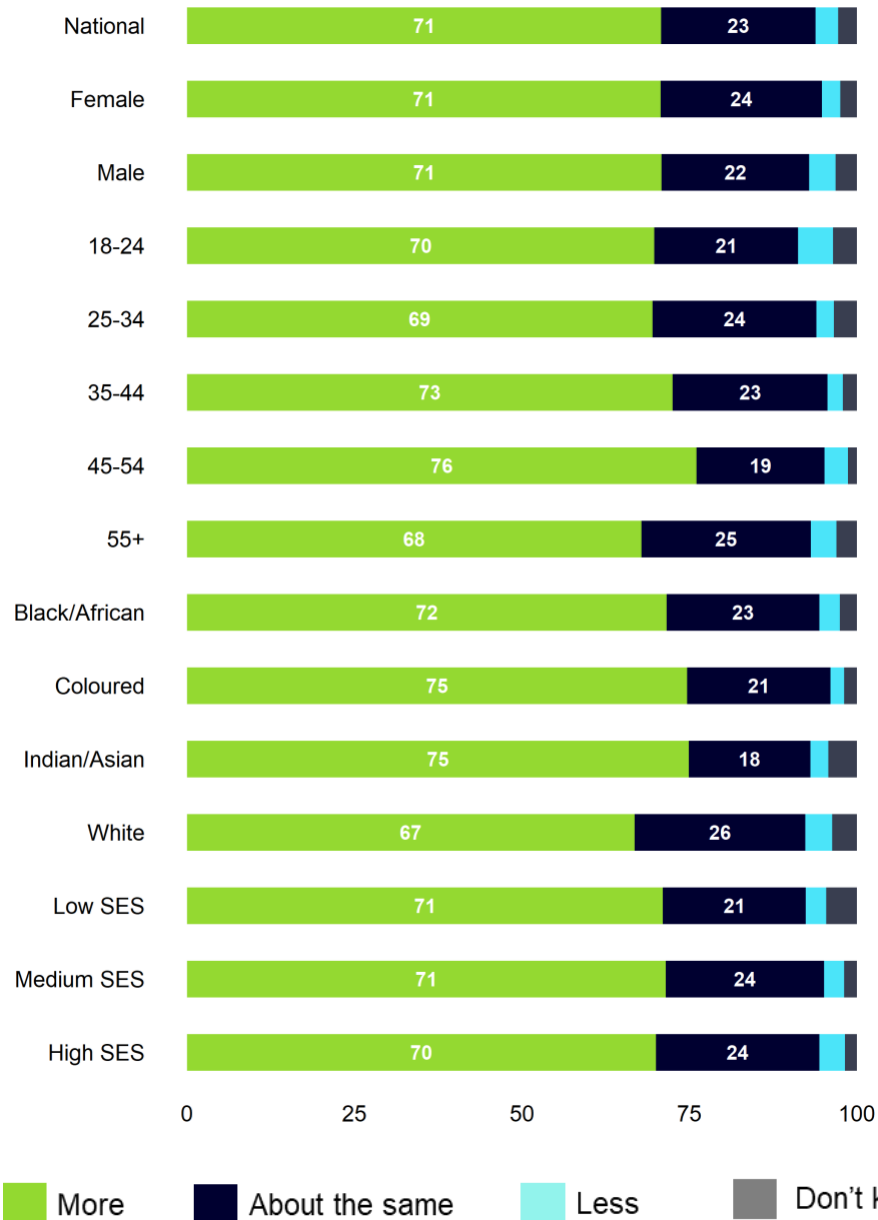
Figure 7 – Public Attitudes about Government Prioritization, Early Childcare Access versus Primary Schooling



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, 71% of South Africans believe that the government should prioritize improving access to safe and affordable childcare services *more than secondary schooling*. An additional 23 percent believe that the government should prioritize them "about the same." By contrast, less than six percent 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 8 – 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, Fraym considers the child caregiving environment in South Africa 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.

We estimate that addressing primary caregivers' childcare needs could lead to an 8-percentage point increase in the labor force participation rate in South Africa, which translates into roughly 3.1 million people joining or rejoining the labor force. Furthermore, on average, for every \$1 invested in accessible childcare services, currently unemployed primary caregivers would expect to generate \$7 in increased economic activity. Moreover, public support for these types of subsidized child caregiving programs is extremely high in South Africa, with 93% 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 three-quarters of South African believe that early childcare programs should be prioritized *more than* primary schooling provision. Therefore, the South African government could view early child caregiving investments not only as good economic policy, but also good politics.



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