Investing in transformative care policies packages: The ILO Care Policies Investment Simulator

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Why a focus on care policies?

Paid and unpaid care work is vital for the functioning and resilience of families, businesses, economies and planet.

“Investment in the care economy” and “enabling a more balanced sharing of family responsibilities” grounded in the ILO transformative agenda for gender equality:

- ILO Centenary Declaration for the Future of Work (2019)
- Global call to action for a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient (2021)

“Large-scale investment in the care economy”: a key transformative measure of the UN Secretary-General’s Our Common Agenda and UN Global Accelerator on Jobs and Social Protection for Just Transitions initiative.
Care policies: progress and challenges

2011
- 98 countries offer a maternity leave of at least 14 weeks
- 78 out of 167 countries with paternity leave rights
- At least 12 countries with statutory workplace childcare facilities

2021
- 120 countries offer a maternity leave of at least 14 weeks
- 115 out of 185 countries with paternity leave rights
- 21 out of 178 mandate a universal right to childcare services for children 0-2 years

Childcare-related gaps
- 82 countries do not meet at least one ILO standard on maternity leave
- 70 countries without paternity leave rights and 13 countries with unpaid paternity leave
- 121 countries without statutory and publicly organized childcare services
A large childcare policy gap

There is a need to ensure a continuum of childcare-related leave and services

Gaps in care policy provision can be assessed by reviewing the relationship between two main care policy areas:

- Childcare-related leave: maternity, paternity and parental leave
- Childcare services (universal and free or affordable)
The ILO Care Policy Portal presents over 60 legal and statistical indicators on maternity protection, paternity leave, parental leave and other care leave and non-discrimination policies, as well as childcare and long-term care services in more than 180 countries.
An online policy modelling tool that allows for building tailor-made care policy investment packages and calculate related investment requirements and benefits

Scope and features

- **82 countries**: 14 in Africa, 9 in the Americas, 1 Arab State, 22 in the Asian and the Pacific region and 36 European and Central Asian countries
- **4 care policies**: childcare-related paid leave, breastfeeding breaks, early childhood care and education, and long-term care services
- **5 key results**: • public investment requirements; • job generation; • reduction in gender employment gaps; • reduction in gender earning gaps; • return on investments.
- **2 projection years** (2030 and 2035) and several parameters that could be modified by the user
- Possibility to compare between scenarios and countries to export the results
How the Simulator works?

Calculations

- The Simulator estimates the investment requirement for free, universal and publicly funded leave policies and services.

- It does so by calculating the investment requirement for all the population within the age range or corresponding requirements, and then subtracts the current public investment if available.

- The employment effects are calculated using input-output table analysis.

The Simulator does not limit the calculation to estimate the investment requirement for those that are not currently covered. In this way, the investment is guaranteeing a better care service system to be provided to all the people in need of care.

Given the time horizon of up to 2035, longer term impacts of improved health and education outcomes for children receiving services are not captured.
### Adjustable user’s policy inputs across four policy areas

ILO default parameters based on international standards and guidelines, country best practices and policy research

#### Childcare-related paid leave (maternity, paternity and parental leave)

- **Paid weeks of maternity leave**
  - At least 14 weeks paid at least at 67% of previous earnings (equivalent to 9.38 weeks paid at 100% = 14 weeks * 67%) or 18 weeks at 100%.
- **Paid weeks of paternity leave**
  - Between 0.6 and 18 weeks paid at a 100%
- **Paid weeks of parental leave**
  - Parental leave for both parents to reduce childcare policy gaps. Parental leave is paid at 67 per cent of previous earnings and is split equally between parents.

#### Breastfeeding breaks

- **Minutes per day**
  - Between 60 and 120 hours per day for 6 months as the recommended period for exclusive breastfeeding (WHO, 2021)

#### Early childhood care and education (ECCE)

- **% of children in ECED or pre-primary**
  - 0-2 years: 50%-60% enrolled
  - 3-5 years: 90%-100% enrolled
- **Hours per week per child (ECED or pre-primary)**
  - 40 hours to reflect a full-time coverage for 52 weeks per year
- **Number of children per staff with pedagogical qualifications**
  - 4-5 children aged 0-2
  - 8-15 children aged 3+
- **Pay of early childhood educators:**
  - 100% of primary teachers’ wage to guarantee high quality of education.

#### Long-term care (LTC)

- **Recipient to LTC workers ratio**
  - 2.5-4 beneficiary/worker (according to age group)
- **Share of personal care workers (% of LTC workers)**
  - Between 1/3 and 100%
- **Pay level of personal care workers**
  - 75% of nurses’ wage
Simulator results – Investment requirements and Job generation

- **0.30% of GDP**
  Or US$362 billion, to expand adequately paid childcare related leave and breastfeeding breaks by 2035

- **1.97% of GDP (or 1.6% of GDP after taxes)**
  Or US$ 1.9 trillion, to expand Early childhood care and education provision by 2035

- **2.2% of GDP (or 1.7% of GDP after taxes)**
  Or US$3.1 trillion, to expand long-term care provision by 2035

- **295 million jobs**
  94 million direct jobs in ECCE and 135 million direct jobs in long-term care 66 million indirect jobs

- **Gender transformative**
  84 per cent of new jobs would potentially go to women, from which 95 per cent would be formal employment on average

- **High returns on investment**
  Tax revenue and an average US$3.8 GDP increase per US$1 invested from higher maternal employment and earnings
The Care Policy Simulator provides estimates of the return on investment of public spending on childcare-related leave and early childhood care and education (ECCE) services. ROI is defined as the US$ increase in GDP per each US$ spent on these services and policies, based on mothers not suffering a motherhood pay penalty over their lifetime (labour income).

Estimated ROI from meeting international standards for childcare policy by 2035, 82 countries

- World: 3.76
- Africa: 2.22
- Americas: 2.56
- Arab States: 3.52
- Asia and the Pacific: 4.82
- Europe and Central Asia: 3.44
- Low-income: 1.56
- Lower-middle-income: 3.80
- Upper-middle-income: 3.85
- High-income: 3.71

Note: Arab States comprises only Saudi Arabia. The average ROI is based on 82 countries with available data from the ILO Care Policy Investment Simulator (2023c) and weighted by the projected GDP in US$ by 2035. Source: ILO Care Policy Investment Simulator, 2023.
The employment impacts of investment in care services could increase women’s employment rates globally.

Women’s employment-to-population ratios by region and income group, 2019 (reference year) and 2035 (simulated)

Note: Arab States comprises only Saudi Arabia. Source: ILO calculations based on labour force and household surveys data for 2019 or latest available for the 2019 estimates, and projected values from the macrosimulation model for 2035. The percentages estimates are based on 82 countries with available data from the ILO Care Policy Investment Simulator (2023c) and weighted by the baseline employed population aged 15 and above in 2019. Source: ILO Care Policy Investment Simulator, 2023.
Simulator Results – County application in Indonesia

- The ILO estimates that investing in universal childcare and long-term care services could **generate almost 10.4 million jobs by 2035**
  - 4.3 million direct jobs in childcare
  - 4.3 million direct jobs in long-term care
  - 1.7 million indirect jobs in non-care sectors

- Closing these large policy gaps would require a **progressive and sustainable annual investment of US$57 billion** (2.6 per cent of GDP before taxes) by 2035. Tax revenue from increased earnings and employment would reduce the funding requirement for all policies to a **net 2.4 per cent of GDP (after taxes)** in 2035.

- The investment in a universal and comprehensive care policy package **could improve gender gaps in employment rates and wages**:
  - women’s employment rate from 49% in 2019 to 56.8% by 2035
  - gender gap in monthly wages from 20.6% in 2019 to 10.4% by 2035

- It is estimated that a care package that extends adequately paid childcare-related leave as well as early childhood care and education services **would result in 2.5 dollars of GDP increase per dollar spent.**
Video demonstration

Site:

https://www.youtube.com/watch?v=6LRz2oPIR-Q

Purpose of the demonstration:

1. How to create a new simulation.
2. How to modify the policy inputs to create your own simulation.
3. How to use the graph option to compare policies.
4. Explanation of the results section.
5. How to compare between simulations and countries.
6. Learn how to download the Excel with results.