The role of the RRF in strengthening childcare policies

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RECOVERY WATCH

Why a focus on childcare?

- Participation in quality childcare programmes leads to positive gains, particularly for the most disadvantaged children, in the acquisition of abilities and skills whose benefits can be seen beyond childhood into later educational and life achievements.
- Availability, intensity, reliability and affordability of childcare plays a key role in promoting full time employment, especially for women, and reduce inequalities by increasing revenues of low-middle income households.
- Covid-19 has showed how childcare represent an essential service to sustain employment and social inclusion.

European Union:

- Investing in Children: breaking the cycle of disadvantage (2013)
- Quality Framework for ECCE (2019)
- The European Child Guarantee (2021)
- The European Care Strategy (2022)

….the RFF as the main source of financing expansion of quality childcare (One of the six RRF Pillars have an explicit focus on childcare policies for the next generation, children and the youth, such as education and skills).

A gloomy scenario across and within countries

Children aged less than 3 in formal childcare (2019)

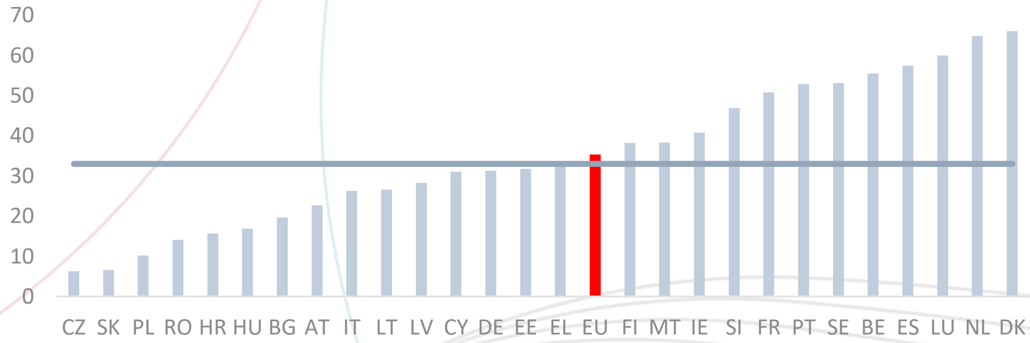
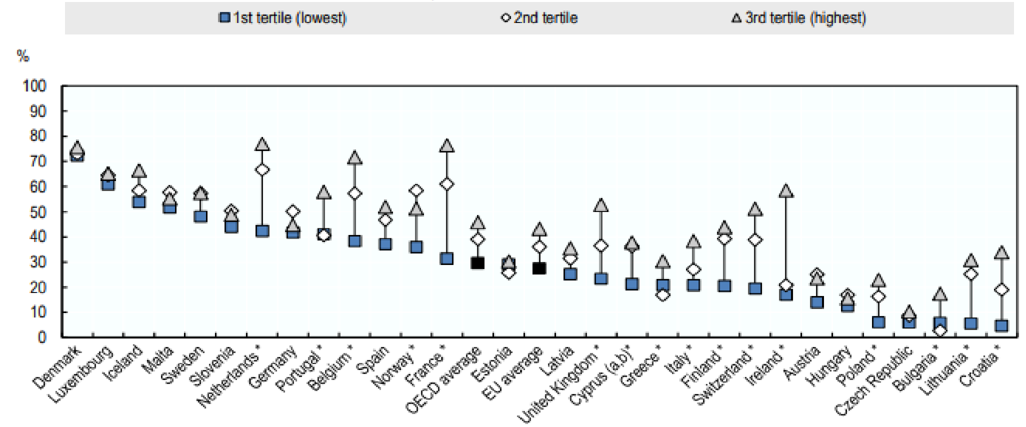


Chart PF3.2.B. **Participation rates in early childhood education and care by income, 0- to 2-year-olds**
Participation rates in early childhood education and care, 0- to 2-year-olds, by equivalised disposable income tertile, 2017 or latest available

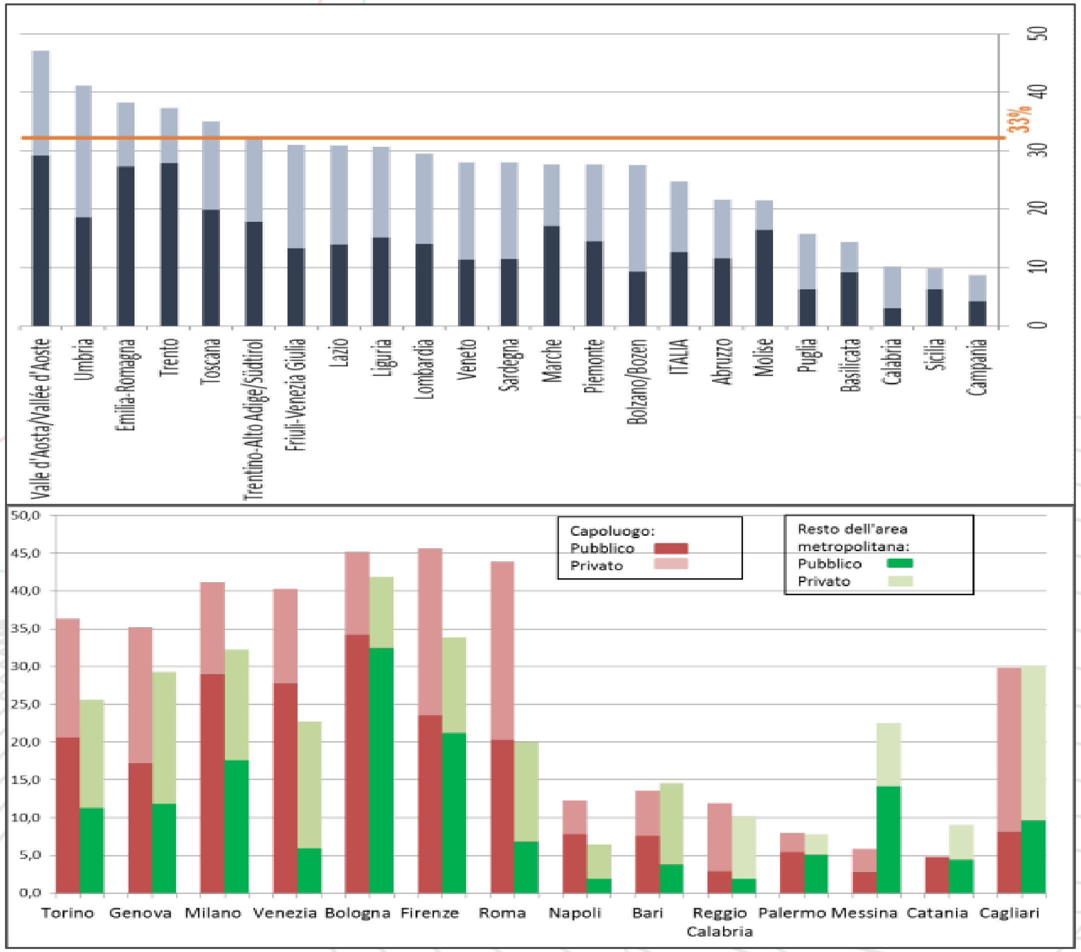


Only half of EU member states reached the objective of 33% ECEC coverage (and only few are closed to the new Care Strategy target of 50%). In seven countries, participation in childcare is 20% or less

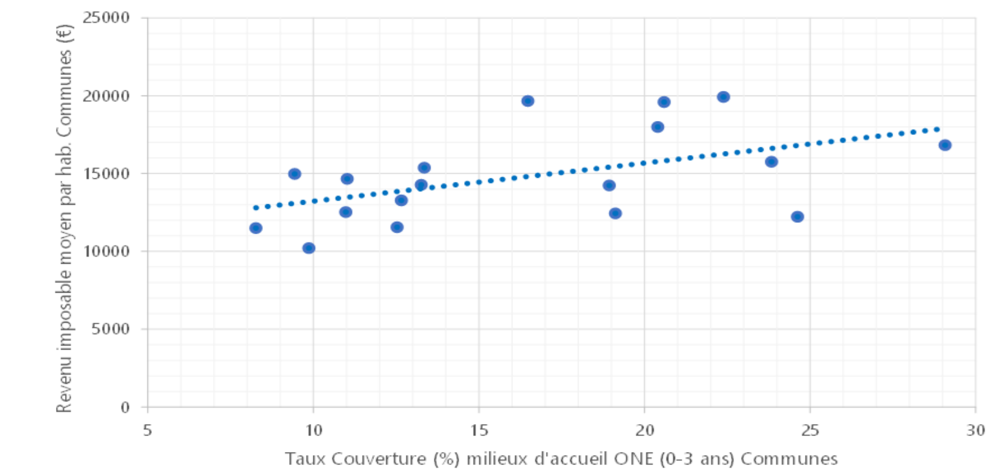
Most children enrolled in service of fewer than 30 hours a week (against new Care Strategy sub-target, and also undermining the work-life balance for parents)

Inequalities in access, favoring higher household income (against sub-target of the Care Strategy), due to lack of public places and relevance of private providers.

Territorial inequalities and lack of quality



Source: MIUR (2020) Italy



IBSA 2019/Monitoring des Quartiers 2015

Strong territorial inequalities within countries (see left example IT, regions and cities) and, also at micro-territorial level (see example of Bruxelles, affordable places, among '*communes*').

Structural quality (educators' salaries, contracts, qualification) and process quality (curriculum, pedagogical guidelines) often missing, undermining inclusiveness of services, and effects on children's development

Status of childcare in selected countries

- **PT** highest number of places in childcare facilities, around 50% coverage. **ES** 40.2%. **DE** 31.3% coverage (expanded in 1990s, but still very low 0-1 years old). **IT** 26,9%. **SK** among the lowest rates of coverage of childcare for children below age 3 (less than 5%).

- **PT** lack of publicly financed (accessible) services in Lisbon, Porto and Setubal (60% at national level. In these regions private providers prevalent). **ES**, **IT**, **DE**: important differences across regions in publicly funded provision.

- **PT** 60% of services are run by non-profit, funded by government, but the amount of the contribution does not cover the total cost per child. Providers usually privilege enrolment of children from middle- to high-income families. **DE** level of financing varies among territories, so are contribution to enroll low-income children (poorer areas, less accessible places). In **ES**, **IT**, **SK**, large share of private providers undermine access to lower income children.

- **PT** low quality (high intake vs. only 0.5 % for childcare and preschool education, among the lowest levels of spending among OECD countries). **ES** low salaries and temporary contracts for staff, no national standards on the minimum number of hours. **DE** and **IT** quality is higher, but large differences among territories. **SK** quality standards no existing (e.g. no official qualification requirements for staff).

Does RFF enhance accessible childcare?

Country	Public coverage (%)	Number of public places	Places needed to reach 33% public	Investment RRF (EUR mln)	Places RRP	Increase in places	Places gap	Additional investment needed (EUR mln)
Germany	28,70%	680.502	101.957	1.000	90.000	13%	96.906	1.994
Italy	13,50%	183.737	265.398	3.600	225.000	122%	67.371	1.078
Spain	20,90%	244.319	141.227	667	65.382	27%	77.047	613
Portugal	28%	71000	30.118	110	11.000	9%	19.118	185
Slovakia	2,28%	4.074	58.966	0	0	0%	58.966	*

Apart from SK, all other countries included investments in childcare in RFF. RFF could be a game changer, by increasing public (or publicly funded) coverage and reducing existing territorial and between households' inequalities: IT might increase public coverage by 50%, ES 30%, DE 13 % and PT 9%.

- IT and ES include an explicit territorial criterion in the allocation of RFF, accounting for the ex-ante unequal distribution of services, and (in case of IT) SES status of children
- Distribution of funds done via public tenders, with very strict and detailed requirements (e.g. co-funding) undermine chances of providers in most vulnerable areas to apply/obtain funds
- RRF supports capital investments while recurrent costs should be borne by national governments. If governments do not also provide adequate funding (e.g. regions or municipalities in particular the most disadvantaged) they might be discouraged and do not apply
- …or apply and then give services to provide providers…reduce quality….

Detailed Analysis: Germany

Region	Public coverage (%)	Number of public places	Places needed to reach 33% target	Investment RRF (EUR mln)	Places RRP	Increase in places	Places gap	Additional investment needed (EUR mln)
Baden-Württemberg	24,10%	79.213	29.253	136,47	12.283	16%	16.970	349
Bavaria	27,10%	104.590	22.771	159,81	14.383	14%	8.388	173
Berlin	41,10%	48.040	0	48,86	4.397	9%	0	-
Brandenburg	50,50%	31.798	0	27,99	2.519	8%	0	-
Bremen	25%	5.193	1.662	8,48	763	15%	899	18
Hamburg	43,30%	26.369	0	25	2.250	9%	0	-
Hesse	25,90%	47.379	12.988	76,93	6.924	15%	6.064	125
Mecklenburg-Western Pomerania	49,30%	19.389	0	17,55	1.579	8%	0	-
Lower Saxony	25,20%	56.438	17.469	94,41	8.496	15%	8.972	185
North Rhine-Westphalia	19,60%	101.851	69.633	217,91	19.612	19%	50.021	1.029
Rhineland-Palatinate	26,50%	30.501	7.481	48,2	4.338	14%	3.143	65
Saarland	26,90%	6.600	1.497	10,37	934	14%	563	12
Saxony	44,80%	48.314	0	47,98	4.318	9%	0	-
Saxony-Anhalt	53,70%	28.196	0	23,43	2.109	7%	0	-
Schleswig-Holstein	26,70%	20.518	4.841	32,83	2.955	14%	1.886	39
Thuringia	49,70%	26.113	0	23,78	2.140	8%	0	-
GERMANY	28,70%	680.502	101.957	1.000	90.000	13%	96.906	1.994

Detailed Analysis: Italy

Region	Public coverage (%)	Number of public places	Places needed to reach 33% target	Investment RRP (EUR mln)	Places RRP	Increase in places (%)	Places gap	Additional investment needed (EUR mln)
Piedmont	16	14,245	15,507	193	12.051	85	3.456	55
Aosta Valley	31	902	68	2	117	13	-	-
Liguria	16	4,595	4,651	100	6.222	135	-	-
Lombardy	15	35,394	42,473	361	22.573	64	19.899	318
Trentino-Alto Adige	18	6,087	5,073	114	7,154	118	-	-
Veneto	12	13,021	23,394	215	13,452	103	9,941	159
Friuli-Venezia Giulia	14	3,400	4,730	84	5,272	155	-	-
Emilia-Romagna	29	28,865	4,441	107	6,683	23	-	-
Tuscany	21	16,114	9,575	111	6,929	43	2,646	42
Umbria	20	3,716	2,573	17	1,044	28	1,529	24
Marche	18	5,957	4,844	112	6,977	117	-	-
Lazio	16	20,008	22,590	194	12,112	61	10,478	168
Abruzzo	12	3,552	6,216	149	9,313	262	-	-
Molise	18	1,056	913	123	7,687	728	-	-
Campania	5	6,452	40,863	492	30,734	476	10,129	162
Puglia	7	6,142	21,623	285	17,803	290	3,821	61
Basilicata	11	1,145	2,290	144	9,029	789	-	-
Calabria	3	1,413	14,130	271	16,932	1,198	-	-
Sicily	7	7,998	31,395	415	25,922	324	5,473	88
Sardinia	12	3,675	6,690	112	6,994	190	-	-
ITALY	14	183,737	265,398	3,600	225,000	122	67,371	1,078

Key take-aways

- RRF is indeed an occasion to put the money where the mouth is. Yet this is not the case for all countries
- There are countries that don't consider at all any investment in childcare despite lagging behind (SK)
- There are countries that do invest in childcare but without any consideration regarding the territorial dimension (DE and PT)
- There are countries that do account for territorial disparities (IT and ES). Yet, in the implementation, they encounter problems:
  - Discretion is left to regions to decide how to allocate the funds internally (ES)
  - Since money are channelled via public procurement most disadvantaged territories renounce to apply for funding due to threefold problem: financial (no resources for recurrent costs) regulatory 8complexity of procedures) and timing (no time to apply for multiple funding opportunities) (IT)
- None of the country accompanies a reform of the childcare systems to the investments
  - This turns particularly problematic in those countries with low structural and procedural ECEC quality (e.g. PT)

How to strengthen childcare in EU?

- Need more data to analyze the status of childcare at territorial level (not only between countries, but also regions, and within regions following the principle of territorial and social cohesion), inequalities in access based on income, time of services, and structural quality and spending (RFF)

- Need also qualitative data (curriculum, inclusive education, consultations with local authorities about constrains in planning, spending etc.)

- A biannual Child Report (Child Guarantee, Care Strategy)/semester (assess, revisit MS' milestones and targets, proposals of reforms etc.)

- Adequate technical support, in particular to small and/or disadvantaged regions, municipalities, using existing best practices

- Reflection at the EU level on how to treat expenditure in childcare in the revisited fiscal framework to avoid the paradox whereby the EU provides great amount of funds to 'build services' but keep fiscal rules that prevent countries to 'spend money to sustain these services'.

Thank you very much