



# UNEVEN RECOVERY IN LATIN AMERICA AND THE CARIBBEAN: WAS THE EARLY CHILDHOOD LEFT BEHIND DURING THE PANDEMIC? \*

December 2022

## Main messages:

- *By the end of 2021, 11.0 percent of children ages 2 and under, and 49.8 percent of children between the ages of three and five were enrolled in childcare activities across the region.*
- *Childcare enrollment is smaller in households headed by individuals with less educational attainment, with lower asset ownership, and with exposure to job losses during the pandemic.*
- *During the pandemic, all countries in the region registered a decline in childcare enrollment that happened across all comparable cohorts, to varying degrees. In particular, participation in childcare activities among children between the ages of two and three decreased almost by half, going from 47.2 percent in February 2020 to 24.6 percent by the end of 2021.*
- *By February 2020, the relationship between childcare enrollment and the employment of women with at least one child was positive. This pattern intensified during the pandemic: steeper declines in childcare enrollment rate in households with children between two and three years old coincided with more pronounced declines in the employment-to-population ratio among females. In the case of men, the opposite was true.*
- *Pre-pandemic differences in childcare enrollment across country income groups suggest that three children in a low- income country were enrolled in childcare for every four children in a high income country. This ratio was equivalent to one out of every two children by the end of 2021. The decline in childcare enrollment was more acute in lower middle-income countries.*

To continue monitoring the consequences of the COVID-19 pandemic on household welfare in Latin America and the Caribbean, the World Bank and UNDP joined forces to implement the second phase of High-Frequency Phone Surveys (HFPS) in Latin America and the Caribbean (LAC) in 2021.<sup>1</sup> The first wave of this phase was collected between May and July 2021, and the second wave was collected between October 2021 and January 2022. This latest wave included a module on early childhood, which gathered information on the oldest member ages five and under in each interviewed household, whenever applicable. This note focuses on early childhood development outcomes to unravel the effects of COVID-19 on human capital accumulation in the early stages of life.

\* This note was prepared by Adriana Camacho and Pablo Hernandez from the United Nations Development Programme. We thank Estefany Hernandez and Paulo Vaz for producing inputs for this note. The work was possible thanks to financial support from the World Bank Latin American and Caribbean Regional Vice Presidency, and the UNDP Rapid Financing Facility (RFF) initiative. The collaboration builds on the efforts of the World Bank in the first phase, when three waves of data were collected in 13 countries in LAC between May and August 2020.

<sup>1</sup> Waves 1 and 2 of the second phase of the survey were collected in 22 countries (Argentina, Belize, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Dominican Republic, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Lucia, and Uruguay) and are nationally representative of the adult population (18+) with a phone. Wave 1 also included data from Brazil and Antigua & Barbuda, both of which have been excluded from this analysis to ensure comparability of results from both waves. Unless otherwise stated, all indicators thereafter referring to mid-2021 correspond to the data from wave 1 of the survey's second phase (PH2W1), while indicators referring to late 2021 correspond to the data from wave 2 of the survey's second phase (PH2W2).



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**From a policy perspective, interventions promoting early childhood development have proven to generate the highest returns to human capital accumulation.** Investing in early childhood improves long-term educational and labor outcomes by stimulating children’s mental and physical abilities, and may also bring about positive externalities by facilitating the participation of other adult household members in the labor market. Thus, it becomes urgent to grasp the impact of the pandemic and the subsequent lockdowns on the welfare of younger children. To this effect, this note uses the early childhood module included in the second wave of HFPS surveys, which covers children below school age for each country.<sup>2</sup> According to this data, 27.4 percent of households had at least one child under the age of five by late 2021.<sup>3</sup>

Children included in this module were approximately two years younger in February 2020, before the pandemic started. Therefore, kids registered as being five years old at the time of the survey would be three years old in February 2020. Given that enrollment generally increases with age, comparisons should ideally be drawn between cohorts of the same age. With this in mind, comparisons that use retrospective data only consider children three or under in February 2020 and the cohort of children below three near the end of 2021.

**In LAC, 11.0 percent of children below the age of three were enrolled in childcare by late 2021.** The highest enrollment rates for children in this age range were observed in Uruguay, Ecuador, and Costa Rica, at 39.4, 32.1, and 24.8 percent, respectively. On the other hand, only 2.9 percent of children below three participated in early childhood programs or activities in Honduras, while participation in Guatemala and Paraguay was almost non-existent (Figure 1).

**By the end of 2021, 49.8 percent of children between the ages of three to five in LAC were enrolled in childcare.** As depicted in Figure 2, the highest enrollment rates for children in this age range were recorded in Uruguay and Haiti, above 80 percent; followed by Argentina, where 73.6 percent of children ages three to five participated in some form of childcare. Conversely, the lowest enrollment rates for this age cohort were observed in El Salvador Guatemala, and Panama, all of which were close to 20 percent.

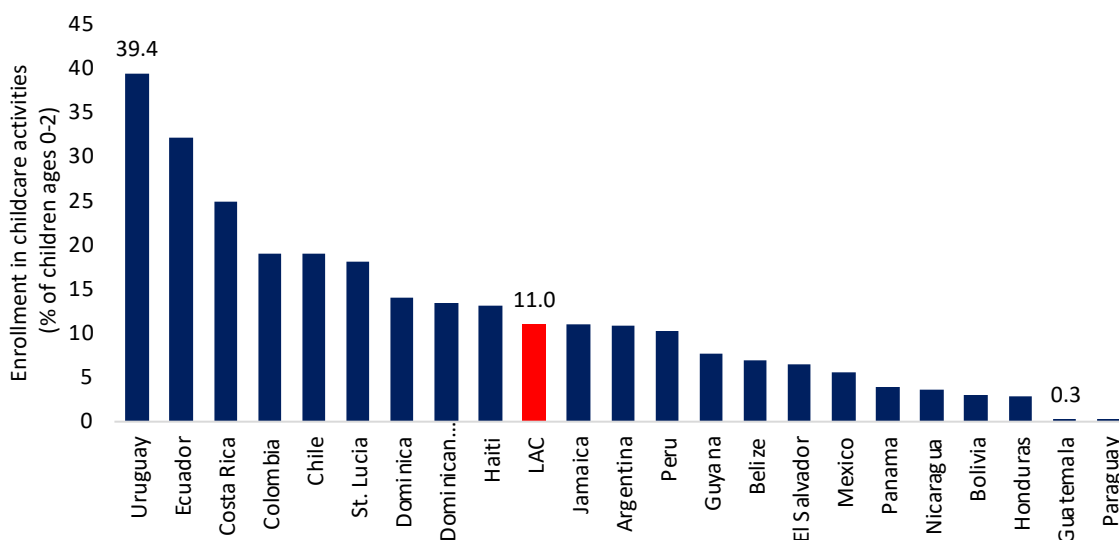
<sup>2</sup> School age begins at six in all countries except Ecuador, where it corresponds to kids ages five and up. For this reason, the population between the ages of zero and four in Ecuador are assumed to be equivalent to the population ages five and under in the rest of the sample.

<sup>3</sup> The percentage of households with at least one child in HFPS surveys is highly correlated with the corresponding values reported in national census, whenever data is available. Using harmonized census information gathered by Integrated Public Use Microdata Series (IPUMS), the correlation between the sample and the latest census available between 2002 and 2015 is equal to 0.85. This value is high, despite time gaps between data sources.

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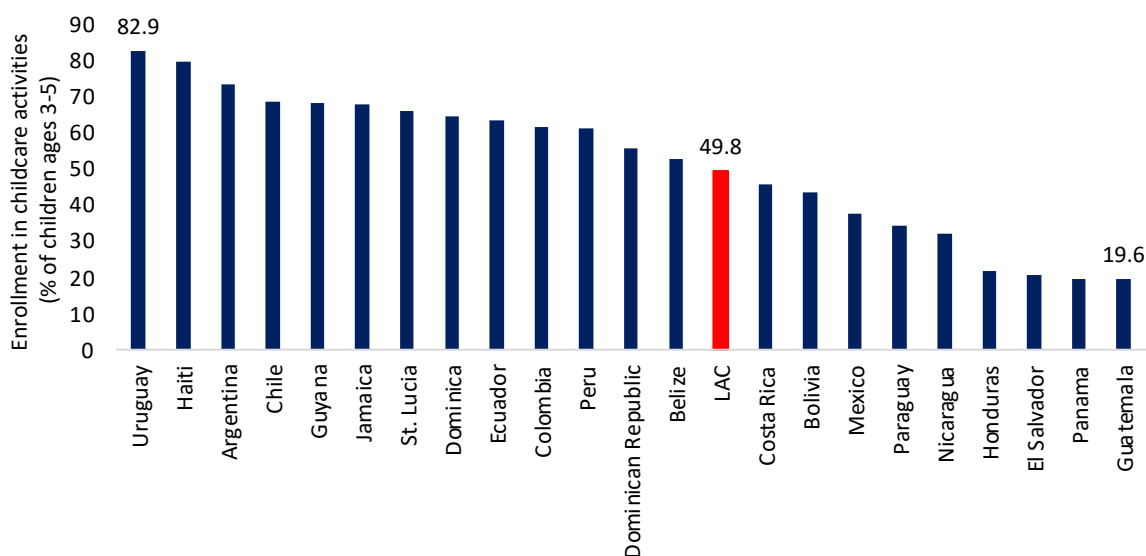
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**Figure 1: Childcare Enrollment Rate for children ages two and under (end of 2021)**



Source: The World Bank and UNDP LAC High-Frequency Phone Surveys II (Wave 2), 2021.

**Figure 2: Childcare Enrollment Rate for children ages three to five (end of 2021)**



Source: The World Bank and UNDP LAC High-Frequency Phone Surveys II (Wave 2), 2021.



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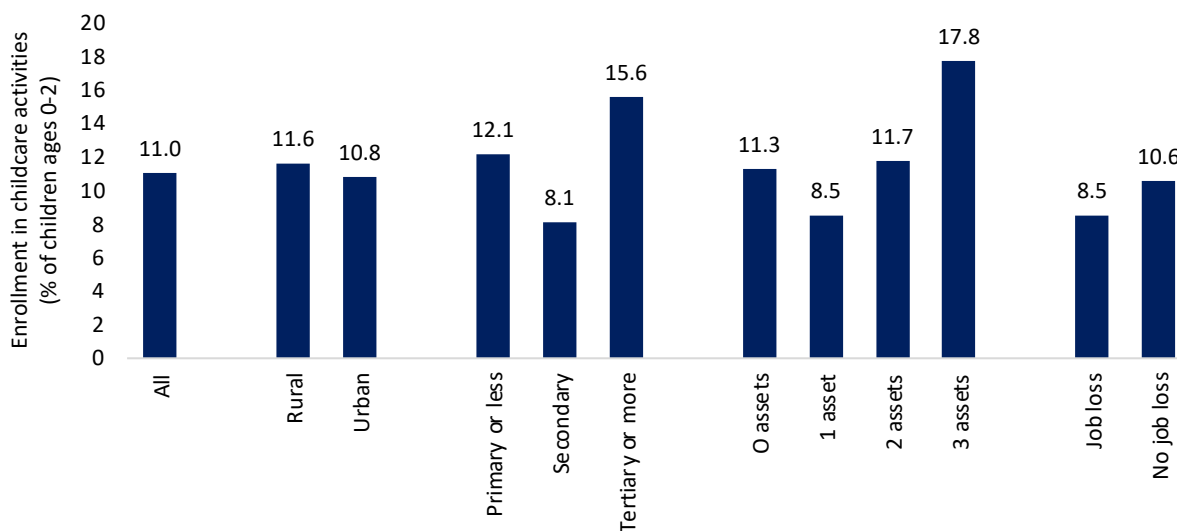
**Figures 3 and 4 illustrate differences in childcare enrollment related to household characteristics for children ages two and under and three to five, respectively.** For both age groups, enrollment is smaller in households headed by individuals with less educational attainment, with lower asset ownership, and with exposure to job losses during the pandemic. In terms of location, the relationship is different depending on the age group: the enrollment of children ages two and under is slightly higher (0.8 percentage points) in rural area, while that of children between three and five is higher by 5.3 percentage points in urban areas. Compared to households headed by individuals with only primary education or less, enrollment rates for the zero to two and three to five age cohorts are both higher among children in households headed by individuals with tertiary education or more, by 3.4 and 12.6 percentage points, respectively.

Similarly, children in households with three reported assets were more likely to be enrolled in childcare activities than those in households with no reported assets, irrespective of the age cohort. Indeed, the differences in enrollment based on household asset ownership are 6.5 percentage points in the case of children two and under, and 19.6 percentage points in the case of children ages three through five. On the other hand, participation in childcare activities is higher under household exposure to pandemic-related job losses: enrollment among children ages two and under in households where the survey respondent had lost their job was 2.1 percentage points lower than their counterparts without exposure to job loss, and this difference was equivalent to 3.4 in the case of children ages three and five.

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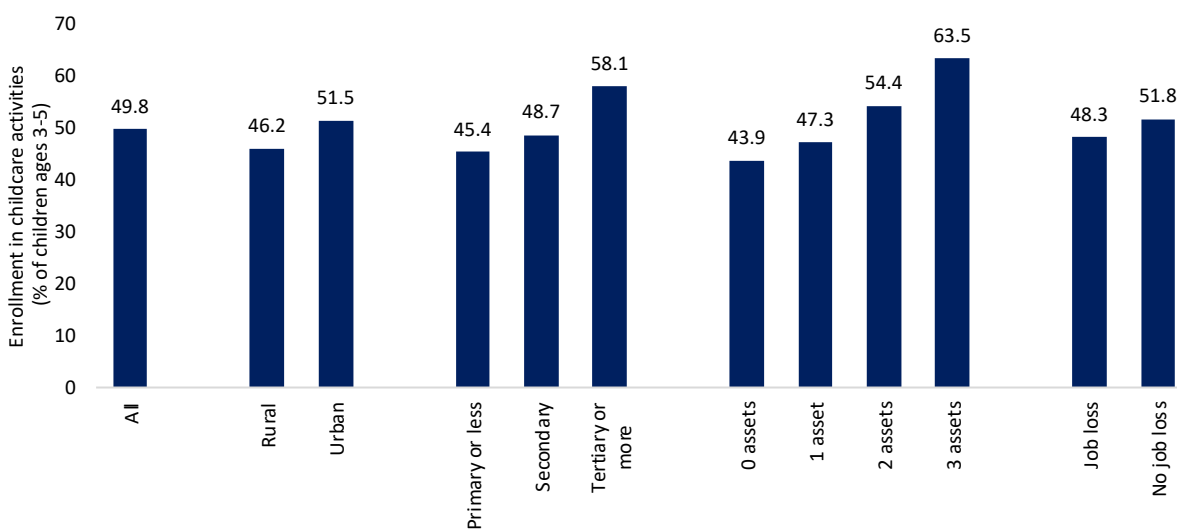
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**Figure 3: Childcare Enrollment Rate for children ages two and under, by household characteristics**



Source: The World Bank and UNDP LAC High-Frequency Phone Surveys II (Wave 2), 2021.

**Figure 4: Childcare Enrollment Rate for children ages three to five, by household characteristics**



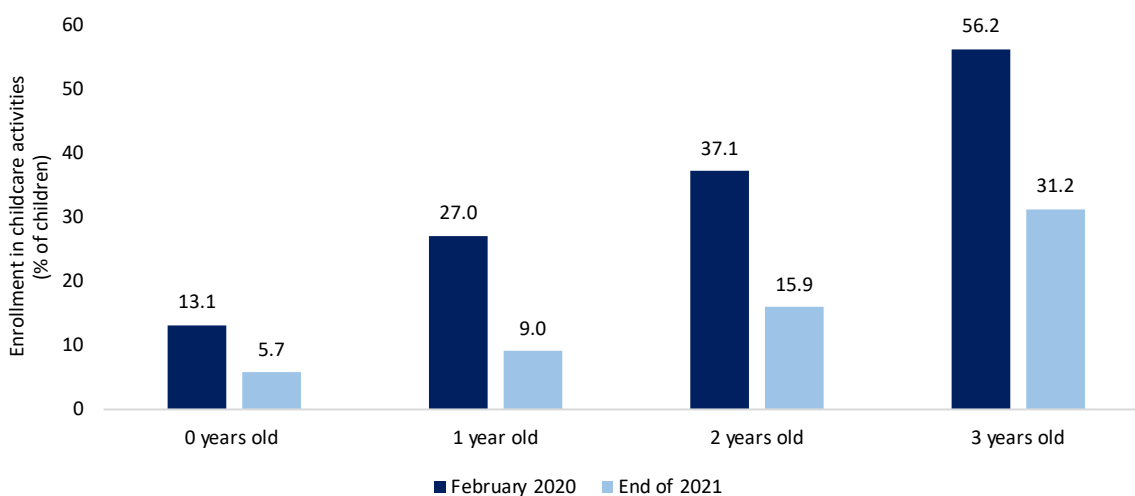
Source: The World Bank and UNDP LAC High-Frequency Phone Surveys II (Wave 2), 2021.

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**Early childhood outcomes between the pre-pandemic period and late 2021 are comparable for the cohort of children below the age of three. Generally speaking, the decline in childcare enrollment happened across all comparable cohorts.** Figure 5 shows the enrollment rate comparisons for all age groups. For infants under one, there was a reduction of 56.5 percent in childcare enrollment. Among toddlers, the most significant percentage decrease was evidenced among one-year-olds, equivalent to 66.5 percent, while the decline among the two-year-old and three-year-old groups was 57,0 and 44,5 percent, respectively. Childcare enrollment among children two and under, which was already comparatively low at baseline, has thus displayed the most pronounced deterioration. Further research could study the underlying causes of this reduction in enrollment, which could be explained by a protective mechanism with the youngest ones, or a lower opportunity cost of childcare with respect to participation in the labor market.

**Figure 5: Childcare enrollment rate before the pandemic and by the end of 2021, by age**



Source: The World Bank and UNDP LAC High-Frequency Phone Surveys II (Wave 2), 2021.

**Comparisons between periods henceforth focus on children ages two and three.<sup>4</sup> In LAC, the childcare enrollment rate for this age cohort decreased almost by half, going from 47.2 before the pandemic to 24.6 percent in late 2021 (Figure 6).** All countries registered a decline in childcare enrollment. In February 2020, more than 80 percent of children ages two and three were enrolled in childcare activities in Dominica, Haiti and Jamaica, while the rate remained below 20 percent in Guatemala

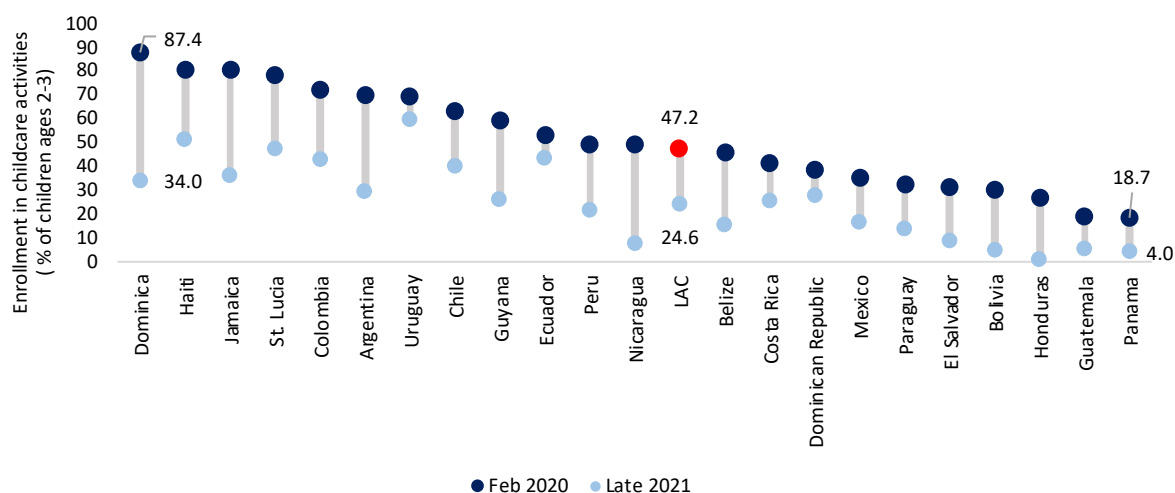
<sup>4</sup> Although we could be comparing two cohorts of children ages three and under, we only consider children that are at least two years of age, given that this is usually the age at which they begin to attend early childcare institutions. As evidenced in Figure 5, this is strongly supported by the fact that enrollment rates for children below 2 are generally lower than those for children ages two and three.

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and Panama. In percentage changes, the greatest reductions in enrollment between early 2020 and late 2021 occurred in Honduras, Nicaragua and Bolivia. Simultaneously, the smallest changes occurred in Uruguay and Ecuador, at rates lower than 20 percent. Even though service quality cannot be measured, the broad differences in pre-pandemic enrollment rates for this age group between countries may reflect institutional differences in educational systems at the national level.

**Figure 6: Childcare Enrollment Rate for children ages two and three, pre-pandemic and Late 2021**



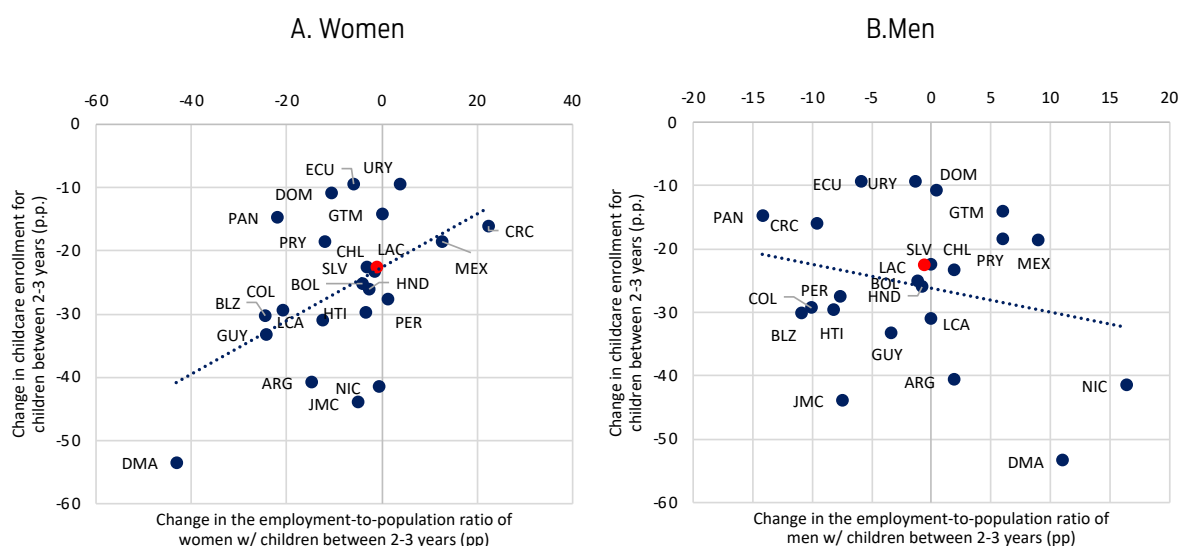
Source: The World Bank and UNDP LAC High-Frequency Phone Surveys II (Wave 2), 2021.

**Before the pandemic, there was a positive relationship between childcare enrollment and women’s employment with at least one child. During the pandemic, this pattern was reinforced.** Steeper declines in childcare enrollment rates of children between two and three years old coincided with more pronounced declines in the employment-to-population ratio among women with children within this age range (Figure 7A). In the case of men with children in this age cohort, the opposite was true: steeper declines in childcare enrollment are observed in countries with smaller declines and even positive changes in the employment-to-population ratio (Figure 7B). This evidence is particularly concerning since the decline in access to early childhood education and care may either operate as a mechanism underlying shifts in women’s labor force participation and employment or coexist in a scenario of simultaneous adversity that affects both women and young children disproportionately. Tied to that, improvements in childcare enrollment are usually desirable both due to the human capital accumulation of younger generations and to alleviate obstacles to sustained labor market participation faced by adults with dependent children.

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**Figure 7:** Change in the employment-to-population ratio of women and men with children ages two and three and change in childcare enrollment for children ages two and three during the pandemic



Source: The World Bank and UNDP LAC High-Frequency Phone Surveys II (Waves 2), 2021.

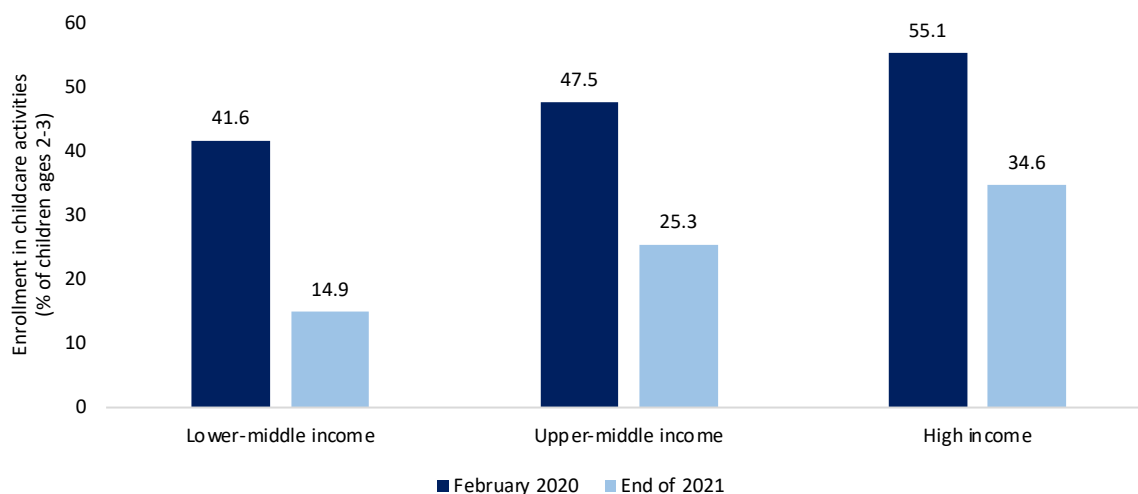
**The decline in childcare enrollment for children ages two and three was more acute in low-income countries.** As shown in Figure 8, the reduction in LAC countries belonging to the lower-middle income category was 64.2 percent. In comparison, the decline was 46.7 percent in upper-middle income countries, and 37.2 percent in high-income countries. Besides, the generalized decline has been accompanied by a narrowing of the relative magnitude of enrollment rates in high-income countries with respect to those in lower-middle income countries. Indeed, enrollment in lower-middle income countries made up 75.5 percent of enrollment in high income countries, while this ratio amounted to only 43.0 percent by the end of 2021. In any case, enrollment rates in high-income countries remained nearly twice as high as those observed in lower-middle-income countries.



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**Figure 8: Childcare Enrollment Rate for children ages two and three, by country income groups**



Source: The World Bank and UNDP LAC High-Frequency Phone Surveys II (Wave 2), 2021.

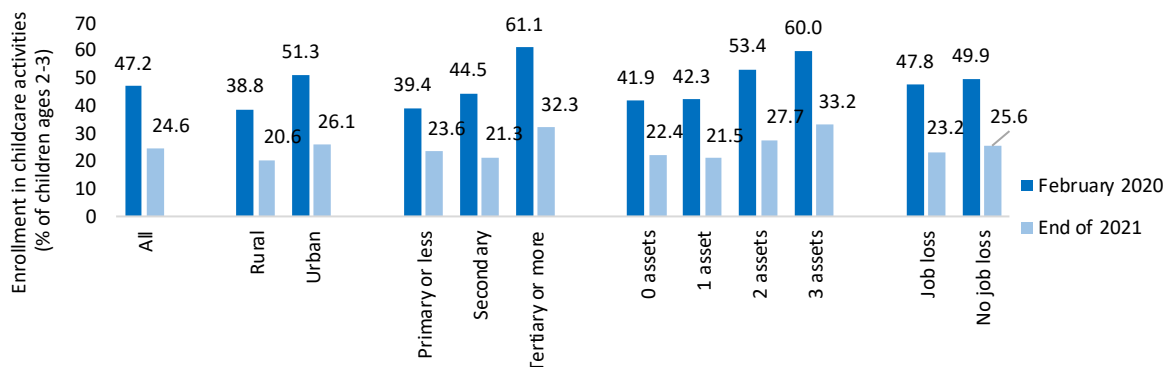
Note: Countries are classified into income groups based on the World Bank Atlas methodology, which defines the following thresholds based on 2021 GNI per capita (U.S. dollars): low-income (\$1,085 or less), lower-middle-income (\$1,086 to \$4,255), upper-middle income (\$4,256 to \$13,205), and high income (\$13,205 or more). According to this grouping, Chile, Panama and Uruguay are high-income countries; Argentina, Belize, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, Guatemala, Guyana, Jamaica, Mexico, Paraguay, Peru and Saint Lucia are upper-middle income countries; and Bolivia, El Salvador, Haiti, Honduras and Nicaragua are lower-middle income countries.

**Childcare enrollment rates for children ages two and three were higher in households in urban areas, headed by individuals with higher educational attainment, with greater asset ownership, and without exposure to job losses.** As shown in Figure 9, the decline in enrollment rate was widespread, but preexisting differences between countries, embodied in recall values related to the pre-pandemic period, were also relevant. During the pandemic, the difference in enrollment rates between rural and urban areas decreased by 51.2 percent and 62.6 percent, respectively. Meanwhile, the childcare enrollment rate of children under three years old was consistently higher among children in households headed by individuals with tertiary education or more. However, a steeper decline has occurred in households headed by individuals with secondary attainment. Regarding asset ownership, childcare enrollment rates for children under the age of three in households with three assets were almost six percentage points higher than in households with one or no assets. Enrollment rates decreased similarly in households where survey respondents lost their job during the pandemic (51.3 percent) compared to those without exposure to job losses (48.7 percent).

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Figure 9: Childcare Enrollment Rate for children ages two and three, by household characteristics



Source: The World Bank and UNDP LAC High-Frequency Phone Surveys II (Wave 2), 2021.

## Final Remarks

**The effects of COVID-19 were detrimental to early childhood education and care in Latin America and the Caribbean (LAC), challenging policymakers in the region to consider attenuation paths for the adverse effects of the pandemic specifically borne by this population.** Although in Latin America and the Caribbean, 27 percent of households have at least one child under five years of age, only 36 percent of those children were enrolled in early childhood education and care as of late 2021. On top of that, preschoolers ages three through five made up most of the enrolled population, while infants and younger toddlers between the ages of zero and 2 were consistently less likely to be enrolled.

**The case of children between zero and two years of age in LAC countries, whose enrollment rate in childcare activities dropped by 59 percent, from 27 percent in February 2020 to 11 percent at the end of 2021, is especially concerning.** Providing education and care at the earliest stages has proven to be crucial for long-term human capital accumulation. Pre-existing limitations, alongside acute deteriorations induced by the pandemic, pose severe challenges to post-pandemic educational policies in the region.

**The employment of women with young children is closely intertwined with access to childcare services. Between early 2020 and late 2021, high rates of enrollment in childcare activities were linked to high female employment-to-population ratios.** Tied to this, the most significant decreases in childcare attendance occurred in countries where the share of employed women with young children displayed the steepest declines. Policies oriented towards early childhood care and education in LAC should consider adverse interactions with other shocks that disproportionately affect women and potential opportunities for positive spillovers associated with improved access to early childhood support.