Investing in Childcare:
A Game Changer for Businesses and the Nigerian Economy

June 2023

IN PARTNERSHIP WITH

NGX Exchange

SDGF SUSTAINABLE DEVELOPMENT GOALS FUND

IFC International Finance Corporation WORLD BANK GROUP

Creating Markets, Creating Opportunities

About IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2022, IFC committed a record $32.8 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit www.ifc.org.

IFC and Gender

Gender is a cross-cutting priority for IFC, as highlighted in the WBG's Gender Strategy. Central to IFC's gender work, the Gender and Economic Inclusion Group helps clients build robust business performance by making them aware of the value that women can bring as leaders, employees, entrepreneurs, consumers, and community members. The Group has a track-record of substantiating and applying the business case and good practices for investing in women's employment through partnerships, research, and advisory services to companies.

Gender equality is not only a social and moral imperative, but it is also an economic necessity. The World Bank estimated that if women were earning as much as men, the total global gain in human capital wealth from gender equality would be about $172 trillion (Wodon 2020). IFC is committed to ensuring equal opportunities for both men and women, and by addressing persistent gender gaps in corporate value chains, IFC is increasing women's participation as leaders, employees, and entrepreneurs. This is crucial for achieving sustainable and inclusive growth.

A key barrier to women's access to more and better jobs is their lack of access to good quality, affordable childcare (IFC 2019a). The ILO found that, globally, while men are three times more likely to be in leadership roles, women are three times more likely to do unpaid care work (Charmes 2019). IFC's research, including reports such as *Childcare in the COVID-19 Era: A Guide for Employers (2020)*, and *Tackling Childcare: A Guide for Employer-supported Childcare (2017)* show that family-friendly workplace policies like childcare, flexible work, and paid leave can enable firms to attract, retain, and promote top talent, and boost productivity and profits.

About NGX

Nigerian Exchange Limited (NGX), is a wholly owned subsidiary of the Nigerian Exchange Group (NGX Group), formerly known as the Nigerian Stock Exchange (NSE). NGX, which has been a leading listing and trading venue in Africa since 1960, is an open, professional, and vibrant exchange that is connecting Nigeria and Africa with the world. As a multi-asset exchange, NGX provides a home for Africa's best enterprises, and lists these on NGX's Premium, Main, and Growth Boards, along with diverse fixed income securities, exchange traded products (ETPs), and mutual and other investment funds.

About the Sustainable Stock Exchange Initiative and NGX:

In 2009, the United Nations launched the Sustainable Stock Exchanges (SSE) initiative, which recognizes the important role that stock exchanges can play to promote gender equality in their markets. Since then, the SSE has tracked gender equality on the boards of directors of the world's top 100 issuers (by market capitalization), which are listed on the major exchanges in each of the G-20 countries. Collecting such data helps these exchanges in their efforts to promote gender equality and enables them to establish benchmarks for gender equality. Conducting gender gap assessments for the members listed on exchanges is part of a wider effort by IFC and the SSE to advance women's leadership in capital markets.

NGX, which joined the SSE in 2013, collaborates with investors, regulators, and companies to enhance corporate transparency and performance concerning environmental, social, and governance (ESG) issues. NGX is actively involved in advancing gender equality, conducts training on the United Nations Women's Empowerment Principles, and in partnership with IFC, NGX is accelerating change in Nigeria.

About IFC's Nigeria2Equal

Nigeria2Equal (N2E) is a two-and-a-half-year program implemented by IFC in partnership with NGX that aims to reduce gender gaps in employment and entrepreneurship in Nigeria's private sector. Along with conducting research to develop case studies on best practices, Nigeria2Equal provides a peer learning platform, with firm-level advisory support to help companies implement their gender action plans, and improve their gender equality performance.

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Field research and analysis was undertaken by the Oxford Policy Management (OPM) team, which included: Femi Adegoke, Tayo Ajala, Ekundayo Arogundade, Joy Oballum, and Jemimah Kantiok. Oumar Sory, World Bank Economist, contributed to the analysis. The report was co-authored by Ann Casanova, IFC Gender Specialist, Anne Njambi Kabugi, IFC's Regional Gender Lead for Africa, and Adaorie Udechukwu, the Nigeria2Equal Program Lead. The report was edited by Ann Bishop and designed by Titanium Room.

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Contents

Abbreviations and Acronyms

FCT-Abuja	Federal Capital Territory-Abuja
FGD	focus group discussion
FIN	Finance
FMCG	fast-moving consumer goods
HLTH	Health
ICT	information and communication technology
ILO	International Labour Organization
MAN	Manufacturing
NERDC	Nigerian Educational Research and Development Council
NGO	non-governmental organization
NGX	Nigerian Exchange Limited
OECD	Organisation for Economic Co-operation and Development
TRANS	Transport

All dollar amounts are US dollars unless otherwise indicated.

Foreword

No country, community, or economy can achieve its potential or meet the challenges of the 21st century without the full and equal participation of women and men. However, in Nigeria, although women account for nearly half of the country's population of 213 million, only 52 percent of Nigerian women work, and only 6 percent of women work in the formal wage sector (World Bank 2022). In 2022, the World Bank estimated that closing the gender gap in key sectors of Nigeria's economy could yield an economic gain of as much as $23 billion, or 6 percent of Nigeria's overall GDP.

There is compelling evidence that access to good quality, affordable childcare can benefit economies, businesses, employees, and children (IFC 2020). However, in Nigeria, parents struggle to find good quality childcare and early learning options for their children under age six—the age when legally mandated schooling begins. When quality formal childcare is available, it is often expensive, low quality, distant, and has inconvenient operating hours. These barriers limit working parents' uptake of childcare, and they also limit parents' opportunities, and especially those of women, to hold better-quality, well-paying jobs that offer job security. Across the world, lack of access to childcare impacts women more than men because women provide more than 75 percent of all unpaid care, and this disproportionately reduces women's participation in the labor market (IFC 2020).

There is a strong business case, that gender diversity improves companies' profitability, innovation, and risk management (IFC 2021a). Family-friendly policies that support working parents help companies to become an employer of choice by attracting and retaining top talent, and they limit turnover, which saves thousands of dollars in employee replacement costs, and improves companies' productivity (IFC 2019a). When employees have quality childcare and family-friendly policies at work, both parents can better share the care responsibilities. This helps women to stay in the workforce, and it has a positive impact on men, too, by helping men to forge important bonds with their children (IFC 2017, Devercelli 2020). Enhanced childcare support helps high performing women to climb the corporate ladder and take on positions of influence, and this helps their companies to perform better (IFC 2021a). Furthermore, children who have access to early learning opportunities through high-quality, formal childcare providers show greater readiness for school and achieve better outcomes as adults (IFC 2019a). To help Nigerian working parents to better manage their caregiving responsibilities, and Nigerian women to advance in their careers, more childcare support is needed.

In 2020, the International Finance Corporation (IFC) and the Nigerian Exchange Limited (NGX) launched a strategic partnership through IFC's Nigeria2Equal initiative to increase women's participation in the private sector. Through the initiative, IFC and NGX are working with the chief executive officers (CEOs) of companies listed on the NGX to implement gender-smart solutions that reduce gender gaps across leadership, employment, and entrepreneurship.

This report explores gaps and opportunities related to providing family-friendly workplace policies and practices, including quality childcare. The scope of this study, which was conducted at the macro, market, and firm levels across six Nigerian states covered nearly 7,000 stakeholders—6,000 employees, 380 employers, and 350 childcare providers. The study found large gaps in workplace policies and practices that concern parental leave, workplace flexibility, and access to good quality childcare that is affordable and convenient. Closing these gaps requires the intervention of multiple stakeholders—employers, childcare providers, governments, industry associations, and investors who can tap into a ₦15 trillion ($35 billion) market opportunity (UN Women 2021).

This report is a call to action. It is intended to encourage all stakeholders to collaborate in creating family-friendly workplaces, supporting the scaling up of high-quality childcare, and improving the legal environment. Everyone has a role to play in this, so please join us.

Dahlia Khalifa
Regional Director, Central Africa, Liberia, Nigeria, and Sierra Leone
International Finance Corporation (IFC)

Temi Popoola, CFA
Chief Executive Officer
Nigerian Exchange Limited (NGX)

Executive Summary

Context: Unleashing the potential of women can be a game changer in enhancing business performance and boosting Nigeria's gross domestic product (GDP). In 2022, the World Bank estimated that closing the gender gap in key sectors of Nigeria's economy could yield an economic gain of as much as $23 billion, or 6 percent of Nigeria's GDP. When women are in key decision-making positions in companies, they increase profitability, spur innovation, and minimize corporate risk—all of which enhance GDP (IFC 2021a). However, the Nigerian economy is not benefiting from this important engine of economic growth because only half (52 percent) of Nigerian women work, compared to 64 percent of men (World Bank 2021b and 2021c).[1]

More Nigerian women have risen to the top of their companies as chief executive officers (CEOs) and board chairpersons than in several G20 countries (SSE 2021). However, many Nigerian women continue to be held back from obtaining good jobs and climbing the corporate ladder because they lack access to quality childcare. Working parents need childcare services that align with their needs, values, work hours, and income level but this is still out of reach for many (Devercelli and Beaton-Day 2020).

Objectives: In this study, IFC explored Nigeria's childcare ecosystem to better understand the opportunities and challenges involved in expanding access to quality and affordable care for children under age six when compulsory schooling begins. In doing so, IFC sought to understand: (1) the availability of employers' family-friendly policies, including childcare, and employee demand for these; (2) the supply of childcare services; and (3) the gaps in the legal frameworks concerning family-friendly policies and childcare provision.

Methodology: IFC retained Oxford Policy Management (OPM) who conducted a landscape analysis[2] of the private sector between February 2022 and June 2022. The study comprised six commercial hubs in Nigeria (Enugu, FCT-Abuja, Lagos, Ogun, Kano, and Rivers), and ten sectors, including several sectors that make the most significant contributions to Nigeria's GDP and employment [finance, fast-moving consumer goods (FMCG), health, hospitality, information and communication technology (ICT)/telecoms, manufacturing (including oil and gas), transportation, consulting services, construction, and non-governmental organizations (NGOs)]. The study surveyed nearly 7,000 stakeholders—388 companies, 6,156 employees, and 353 childcare facilities. Of the employees, 1,673 were working parents with children under the age of five.

Summary of Key Findings and Recommendations: IFC found that there are dynamics at the firm-, market-, and macro-level which can be addressed by employers and childcare providers, and in the legal framework.

Employers: At the firm level, most companies (89 percent) had family-friendly policies. The most common policies were flexible emergency leave (65 percent); maternity leave (79 percent); and job sharing (86 percent),[3] which was more likely in sectors with shift work, such as transportation and hospitality. However, this study also found several important gaps concerning parental leave and childcare.

1. *Parental leave gaps:* Maternity leave can make a difference in a woman's decision to stay in the workforce, and to subsequently take on more challenging roles. This study found a wide range of parental leave practices—from companies that offered no maternity leave at all, to companies that offered 24 weeks (6 months). This wide range is attributed to gaps in the legal environment (see below). Paternity leave also helps women stay in the workforce, but it is not mandated by the Nigerian Labour Act 2004 and 82 percent of surveyed companies did not offer it (IFC 2017, IFC 2019a, Devercelli 2020). When it was available, the average was three days, but some fathers had three weeks.

   Recommendations: For maternity leave, consider investing in policies that provide a minimum of 14 weeks and a minimum of 66 percent pay. For paternity leave, consider providing a minimum of 2 weeks at 100 percent pay.

1 Over the last 20 years, women's participation rate in the global labor force has remained constant at around 50 percent, and the gender gap has remained high at 27 percentage points (OECD 2021).

2 A landscape analysis identifies the strengths, resources, and community needs. It provides a framework to address these needs.

3 Job sharing was defined as a policy that "allows two employees to share a single position, by each working a fraction of the necessary time."

2. *Childcare gaps:* This study found that access to formal childcare enhanced the productivity of 67 percent of working parents (both genders), but few can access it. Just 5 percent of employers provided on-site childcare facilities, and 20 percent provided employees with support for childcare. In Nigeria, childcare is expensive—it costs about ₦228,000 ($550) per year for one child, which is 63 percent of the annual minimum wage. About half of the families surveyed in this study were spending between 10 percent and 20 percent of their income on childcare services, which is comparable to costs in Organisation for Economic and Development Co-operation (OECD) countries,[4] where net childcare costs were 17 percent of the average wage (OECD 2020). Like the parents in the OECD countries, Nigerian parents reported being financially stretched.

   Recommendations: Companies can partner with reputable providers to establish childcare centers at workplaces and in business hubs and industrial clusters that serve multiple employers. This can enable providers to generate economies of scale and offer childcare more affordably.

76% of childcare entrepreneurs lack access to finance to start or scale their business

Childcare providers: At the market level, this study found a fragile childcare ecosystem where quality, affordable, and conveniently located childcare is largely inaccessible for most people. Providers could address some of these issues by creating networks and scaling-up, but their growth is constrained by lack of access to finance.

1. *Quality, affordability, and convenience:* While most providers said that they were licensed, only half (48 percent) provided evidence. Many parents are financially stretched - paying 1.3 times more than what they can comfortably afford. As employer-supported childcare options are rare, working parents are often forced to use childcare at a distant location and spend between 1.5 and 2 hours per day dropping off and picking up their children. The distance is generating stress and contributing to employees' time poverty.

   Recommendations: Childcare providers can scale up to serve more children more affordably in business hubs and industrial clusters. They can consider growth strategies, such as networks, through a combination of organic growth, and mergers and acquisitions.

2. *Growth constraints:* This study found that the demand for childcare services in the private sector could rise by 10 percent by 2025; however, providers are not ready to address significant increases in demand. The market is fragmented; 92 percent of childcare services were provided by small, private providers, and 60 percent have financed growth from their own resources. Most childcare entrepreneurs (76 percent) lack access to finance to start or scale their business. UN Women estimated that the gross annual investment required to fund universal childcare in Nigeria is between ₦7 trillion and ₦15 trillion ($17 billion and $35 billion) (De Henau 2021).[5] Providers are unable to finance such significant sums themselves—they need access to affordable finance.

   Recommendations: Financial institutions can seize the opportunity to grow the overall childcare sector.

Legal Framework: At the macro level, this study found significant gaps in parental leave requirements. In addition, there was an absence of employer-supported childcare laws. Further, there were gaps in enforcement of childcare center standards.

4 The OECD is a group of 38 high- and middle-income countries that collaborate on key global issues at the national, regional, and local level. https://www.oecd.org/

5 At the time of data collection and analysis, the foreign exchange rate was ₦417 to US$1. As of May 2023, the exchange rate increased to ₦460 to US$1; however, this difference did not change the outcome of the analysis.

1. *Maternity Leave:* The Nigerian Labour Act 2004 is the principal federal law that regulates employment in the private sector in Nigeria. The Labour Act establishes that pregnant women are entitled to a minimum of 12 weeks of maternity leave at a minimum rate of 50 percent of pay, but this is two weeks shorter, and 16 percent less pay than the international standard (ILO 2000a). It is noteworthy that the Nigeria Federal Public Service Rules (2008), which only applies to federal employees, and the state public service rules in three states all exceed the international minimum requirements.

   Importantly, the Labour Act does not apply to all classes of workers. It only applies to manual and clerical workers, and it excludes employees who perform administrative, executive, technical, or professional functions.[6] The lack of legal requirements allows employers to determine the duration and rate of pay for maternity leave and this has resulted in a wide range of leave benefits, and many women are working without this fundamental right. In addition, maternity leave is not funded by compulsory social insurance (ILO 2000a). Instead, the individual employer is responsible for paying for maternity leave, which can discourage employers from hiring women.

   Recommendations: Update the Labour Act to provide a minimum of 14 weeks at a minimum of 66 percent of pay, expand the classes of workers covered by the Labour Act, and advocate for social insurance to fund maternity leave for all workers (ILO 2000, World Bank 2021a).

2. *Paternity Leave:* Internationally, the best practice for paternity leave is two weeks, but in Nigeria there is no applicable federal law. In contrast, under the Nigeria Federal Public Service Rules (2008), federal employees have 14 days of paternity leave (Ukanwa 2022).[7] These policies on maternity and paternity leave position the federal government as a leader to be emulated by private sector employers.

   Recommendations: Establish a minimum of 2 weeks at 100 percent pay for all fathers.

3. *Employer-supported Childcare:* While this is an emerging area and there is currently no international standard, countries are becoming aware of the strong economic benefits that can be derived from supporting childcare and many countries are requiring employers to provide some form of childcare support. In Nigeria, there is no legal mandate for employer-supported childcare and there are no regulatory incentives.

   Recommendations: Introduce new government policies that address the issues of quality, affordability, and convenience through a mix of mandates and incentives.

4. *Childcare providers:* There appears to be little enforcement of the Ministry of Women Affairs and Social Development, and the Nigerian Educational Research and Development Council (NERDC) standards. These entities prescribe requirements for the establishment and operation of crèches and early childcare centers in Nigeria. These standards include registration and permits, infrastructure, safety, health, staff to child ratios, staff qualifications, and quality curriculum, etc.

   Recommendations: Effectively supervise and ensure compliance with the licensing requirements and operating standards.

Conclusion: Childcare that is affordable, of good quality, and convenient is a game changer for working parents of both genders, but especially for women who are more likely to be limited in their careers if their childcare is inadequate. Childcare can bring peace of mind, and it enables women to enhance productivity. If Nigeria can maximize the achievements of women—both as workers and as leaders—companies will generate more revenue, and the nation will follow. A key part of the solution is tackling Nigeria's childcare deficit and providing the necessary affordable financing.

6 For information on the classes of workers covered by the Labour Act see: https://iclg.com/practice-areas/employment-and-labour-laws-and-regulations/nigeria

7 On November 25, 2022, the Federal Public Service approved the provision of 14 days of leave for new fathers; however, the rules had not yet been amended to reflect this change. While the announcement does not state the rate of pay, this is understood to be 100 percent pay.

KEY FINDINGS

Employers

Availability of employer-provided family-friendly policies

89% had family-friendly policies

Top three family-friendly policies

- **86%** Job sharing
- **79%** Maternity leave
- **65%** Flexible emergency leave

Significant gaps

- **21%** did not provide maternity leave
- **82%** did not provide paternity leave
- **92%** did not have a lactation room[8]

Employer-supported Childcare

19% provided childcare support
mostly childcare allowances

5% provided on-site childcare

Employees

Demand for family-friendly workplace policies, including childcare services

- 40% of women want longer paid maternity leave
- 28% of men want longer paid paternity leave
- 24% of women want a lactation room

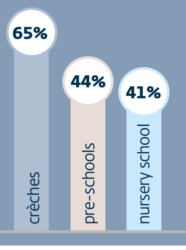
Childcare demand

- **67%** of men and women said employer-supported childcare improved their productivity
- **47%** want on-site childcare or a babysitter at work
- **22%** seek a childcare allowance
- **64%** of parents used family for childcare, but 24% of these parents consider formal childcare more dependable and safer

Projected employee demand

Demand for childcare services in the private sector could rise by 10% by 2025.

- 65% will need crèches (ages 0–2)
- 44% will need pre-schools (ages 3-4)
- 41% will need nursery school (ages 3-5)



Barriers to accessing formal childcare

Childcare is expensive, inconvenient, and low quality

Expensive

Average cost for one child is **₦228,000 ($550)** annually—
63% of the annual minimum wage

45% of families spend **10%–20%** of their income on childcare services and related costs, which is a financial strain

Inconvenient

Operating hours often do not match parents' work schedules

Providers are far from parents' work and home

- 1.5–2 hours of commuting per day
- Commuting is stressful
- Commuting negatively impacts productivity

Low Quality

Only half (48%) of providers could show a license

48%

8 This question was only asked of employees.

KEY FINDINGS

Childcare Services Supply

Opportunities to scale-up childcare

Childcare market is fragmented

48,000 private sector facilities, nationally (Government of Nigeria, 2018)

92% of childcare services are privately owned (this study)

97% of childcare services are for-profit (this study)

Few large-scale childcare facilities or chains

- **74%** of providers have **one location**

Facilities are small

- Average enrollment was 25 children
- The largest center had 168 children

Facilities are independently owned

- **88%** are owned by a woman or a husband and wife.
- **Female owners** face more challenges than male owners

Client profile

56% of childcare users were private sector workers and entrepreneurs

Attractive investment opportunity

10% Demand for childcare will grow by **10% by 2025**

76% of care entrepreneurs lack access to **formal financing**

Gaps in the Legal and RegulatoryFramework

Maternity Leave

Lack of a uniform federal legal requirement for maternity leave that applies to all workers

- Only covers manual and clerical workers
- Millions of Nigerian women lack this fundamental right
- Some employers won't hire women

Labour Act prescribes less than the international standard

- 12 weeks not 14 weeks
- 50% pay, not 66% of pay

Employers can decide whether to grant maternity leave or not, and for how long

- Leave ranges from 0 to 24 weeks (6 months)
- Wide variation in maternity pay

Paternity Leave

- No provision in the Labour Act
- Federal workers have 14 days leave at 100% pay (Federal Public Service Rules)

Breastfeeding

- Two breastfeeding breaks of 30 minutes per day (1 hour per day) (Labour Act)
  - Does not apply to all employees
  - No requirement to provide a lactation room
  - No standards for a lactation room

Childcare

- No legal mandate for employer-supported childcare
- Little enforcement of childcare facility standards

Challenges in launching and operating a childcare enterprise

1. Lack of business management expertise
2. Lack of qualified and reliable workers
3. Lack of access to finance

61% used personal savings
18% used a bank loan
10% were financed family and friends

Financing Needs

Private childcare providers will need an average of **₦15 million** ($37,000), and in some cases they need up to **₦100 million** ($240,000) to upgrade their facilities, improve standards, and fund expansion.

UN Women estimates that the gross annual investment to fund universal childcare in Nigeria would be **₦7 trillion to ₦15 trillion** ($17 billion to $35 billion).

KEY RECOMMENDATIONS

Government and Policy Makers

Maternity Leave
Update the Labour Act to provide

14w a minimum of 14 weeks

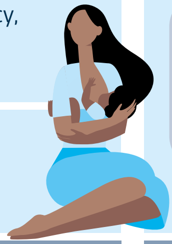
66% ₦ a minimum of 66% of pay

(ILO 2000, World Bank 2021a)

Paternity Leave
Establish a minimum for paternity leave

2 weeks **100% pay**

Lactation
- Establish minimum requirements for workplace lactation rooms that address hygiene, privacy, and refrigeration



Labour Act
Expand the types of workers covered

Childcare
Introduce mandates and incentives on quality, affordability, distance, and access

Quality
- Ensure compliance with standards

Affordability
- Make access more affordable by incentivizing providers and employers to invest in childcare

Distance
- Incentivize employers to attract providers to set up on-site or near-site childcare centers in business hubs or industrial clusters

Access
- Encourage equitable access to affordable childcare for all working parents
- Avoid discrimination by basing company childcare policies on the total number of employees, not the number of female employees

Employers' policies

Maternity Leave
Consider investing in policies that provide

1. a minimum of 14 weeks
2. a minimum of 66% of pay

(ILO 2000, World Bank 2021a)

3. Advocate for federal laws that use social insurance to fund maternity leave for all types of workers

Paternity Leave
Provide a minimum of

2 weeks **100% pay**

Lactation
Provide breastfeeding breaks of 30 minutes, twice per day

Provide a lactation room that is hygienic, private, and has refrigeration

Childcare
Help retain employees by providing childcare that is convenient, good quality, and affordable

KEY RECOMMENDATIONS

Childcare Providers

Partner with employers to establish childcare centers

- On-site at employers' locations
- Near-site in business hubs and industrial clusters that serve multiple employers

Scale-up

- Serve more children, more affordably, by scaling up provision
- Consider growth strategies through
  - networks
  - organic growth
  - mergers and acquisitions
- Adopt cost-efficient business strategies
  - offer volume discounts
  - share back-office functions such as for HR and IT

Improve quality

Exceed government quality standards

- establish internal monitoring and quality assurance systems
- obtain and maintain licenses
- hire qualified staff
- provide training to upgrade staff skills
- compensate childcare workers with appropriate wages

Associations

Industry associations

- Facilitate common solutions to gaps in employers' family-friendly policies, including those related to childcare
- champion change
- ensure long-term sustainability

Childcare quality associations

Establish a voluntary national accreditation system to improve quality and transparency

- set standards that exceed the legal requirements
- widely advertise quality standards to parents and employers

Financial Institutions

Market Opportunity

$35 billion

Tap into the ₦7 trillion to ₦15 trillion (**$17 billion to $35 billion**) childcare market opportunity

- facilitate providers' access to finance
- facilitate learning exchanges to bridge the knowledge gap between financial institutions and providers
- enhance market scoping
- tailor financial products
- conduct pilots

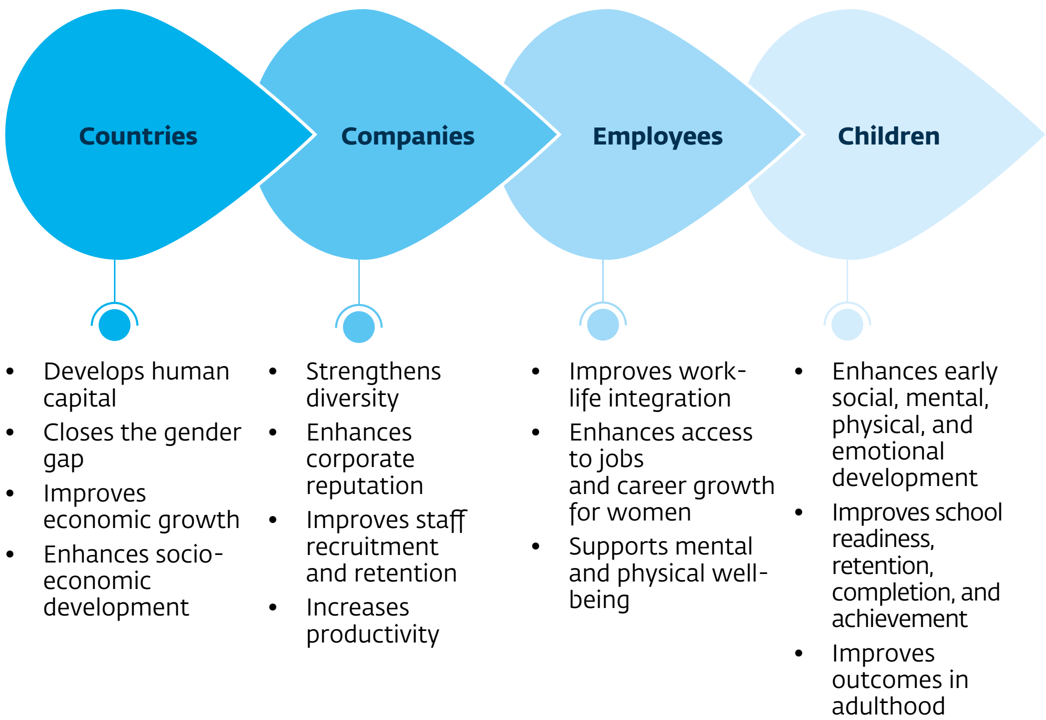
Offer childcare providers **financial literacy** and **business management training**

1. The Case for Investing in Childcare

1.1 The Economic and Business Case

The economic case for providing family-friendly workplace policies, including quality childcare, is compelling. Women are more likely to enter and stay in the workforce when they have access to quality, affordable childcare, and this enhances women's participation in labor markets, enhances their productivity, and contributes to economic development. Addressing workplace issues could help bridge the gender gap in employment and enhance companies' productivity. There is strong evidence that investing in childcare yields significant economic benefits for countries, companies, employees, and children (IFC 2019a) (Figure 1.1).

Figure 1.1: The Economic and Business Case for Investing in Childcare



Women improve GDP: Unleashing the potential of women in formal employment can be a game changer in boosting Nigeria's gross domestic product (GDP) and enhancing business performance. In 2021, Nigeria's GDP was $440.83 billion, but the Nigerian economy is not benefiting from an important engine of economic growth because only 52 percent of Nigerian women work, versus 64 percent of men (World Bank 2021b and 2021c). Further, only 6 percent of women work in the formal wage sector, and many women are underemployed, or are working below their potential, in part because of their childcare responsibilities (Vaillant et al. 2022). In 2022, the World Bank estimated that closing the gender gap in key sectors of Nigeria's economy could yield an economic gain of as much as $23 billion, or 6 percent of Nigeria's overall GDP.

The COVID-19 pandemic exposed how essential childcare is for women's participation in the workforce, yet millions of women lack adequate childcare. During the pandemic, lack of access to quality childcare resulted in millions of women dropping out of the workforce to care for their children, and this cost countries billions of dollars' worth of annual GDP (IFC 2021c). Providing access to reliable and affordable childcare options can help companies to expand their talent pool, and increase workforce diversity by improving the recruitment and retention of women.

Despite the compelling reasons above, in a global study the International Labour Organization (ILO) found that while men are three times more likely to be in leadership roles than women, women are three times more likely to undertake unpaid care work and this impacts their ability to enter and stay in the workforce (Charmes 2019). This disproportionate responsibility for childcare places enormous constraints on women and girls, and negatively impacts their participation in education and the labor market.

Women boost corporate performance: As a large body of evidence shows, when women are in key decision-making positions in companies, they increase profitability, spur innovation, and minimize corporate risk (IFC 2021a). These contributions enhance GDP and Nigeria is already benefiting from women in positions of influence. More Nigerian women have risen to the top of their companies as chief executive officers (CEOs) and board chairpersons, than is the case in several G20 countries (SSE 2021). However, many Nigerian women continue to be held back from obtaining good jobs and rising through the ranks in business because they lack access to quality childcare. In contrast, women who have access to quality childcare can take decisions that allow them to take on more demanding and higher paying jobs, which enables them to develop their careers and contribute to corporate performance.

Increased productivity: IFC's research on private sector companies shows that providing childcare solutions can help increase employee productivity and reduce absenteeism (IFC 2019a and IFC 2019b). In Fiji, IFC found that employers were losing an average of about 13 workdays per employee, per year due to absenteeism, lateness, low productivity, distraction, exhaustion, and stress related to childcare (IFC 2019b). In Nigeria, this study found that both parents were affected by childcare responsibilities, with more than half (57 percent) of women, and one third (33 percent) of men reporting that the lack of reliable and affordable childcare had some impact, or a considerable impact on their productivity at work. In contrast, 67 percent of men and women surveyed in this study reported that employer-supported childcare increased their productivity.

Enhanced corporate reputation: Investing in childcare can help a company to strengthen its brand and reputation with employees in the markets where it operates, and it helps position the company as an employer of choice for women (IFC 2019a). This can also enhance the company's reputation with customers, partners, and the government. In this study, corporate reputation was cited as one of the key motivations for companies' investment in childcare.

Companies improve recruitment and retention of female talent: Employers interviewed in this study said that the recruitment and retention of top talent was a key reason for implementing family-friendly workplace policies and benefits. Also, supporting childcare was important for strengthening staff loyalty. Improved retention of new mothers can help companies to reduce the costs associated with turnover, which include human resources recruitment costs, advertising and agency fees, time lost during recruitment, loss of institutional knowledge, lost customers, training costs, and productivity loss while a replacement is being trained. It can take several years for a replacement to reach the same level of productivity. In Japan, IFC found that because the Bank of Tokyo-Mitsubishi provided childcare, it was able to retain over 1,000 mothers rather than replace them, which saved the bank $45 million (IFC 2017).

Employer-supported childcare can help employers get an edge, even in the absence of legal requirements: Countries are becoming aware of the strong economic benefits that can be derived from supporting childcare—increasing women's participation in the workforce, contributing to economic growth, and improving children's success in school. As a result, governments are beginning to mandate employer support for childcare services. The World Bank's report Women, Business, and the Law 2019, found that 26 out of 189 economies require employers to provide, or support some form of childcare, such as providing workplace childcare, paying for, or contributing to the cost of childcare, and providing a lactation room for breastfeeding mothers (IFC 2019a and World Bank 2019). In Sub-Saharan Africa, Rwanda and Cape Verde provide financial support for private childcare centers, but in Nigeria there is no government financial assistance, and no laws that mandate employer-supported childcare. Neither the Labour Act nor the Public Service Rules make any specific reference to childcare, which leaves a legal gap regarding employer-supported childcare. If employers are proactive and unilaterally adopt best practices regarding childcare, they will reap the benefit of their investments.

Return on childcare investment: A 2022 study by Fraym in Nigeria asked caregivers about their preferences for childcare provision and how access to quality, affordable childcare could impact their participation in the labor force. The study found a positive return on investments in childcare that contributes to Nigeria's GDP—for every $1 invested in quality childcare, a gain of $3 is anticipated for primary caregivers' income (Fraym 2022a and O'Donnell et al. 2022).

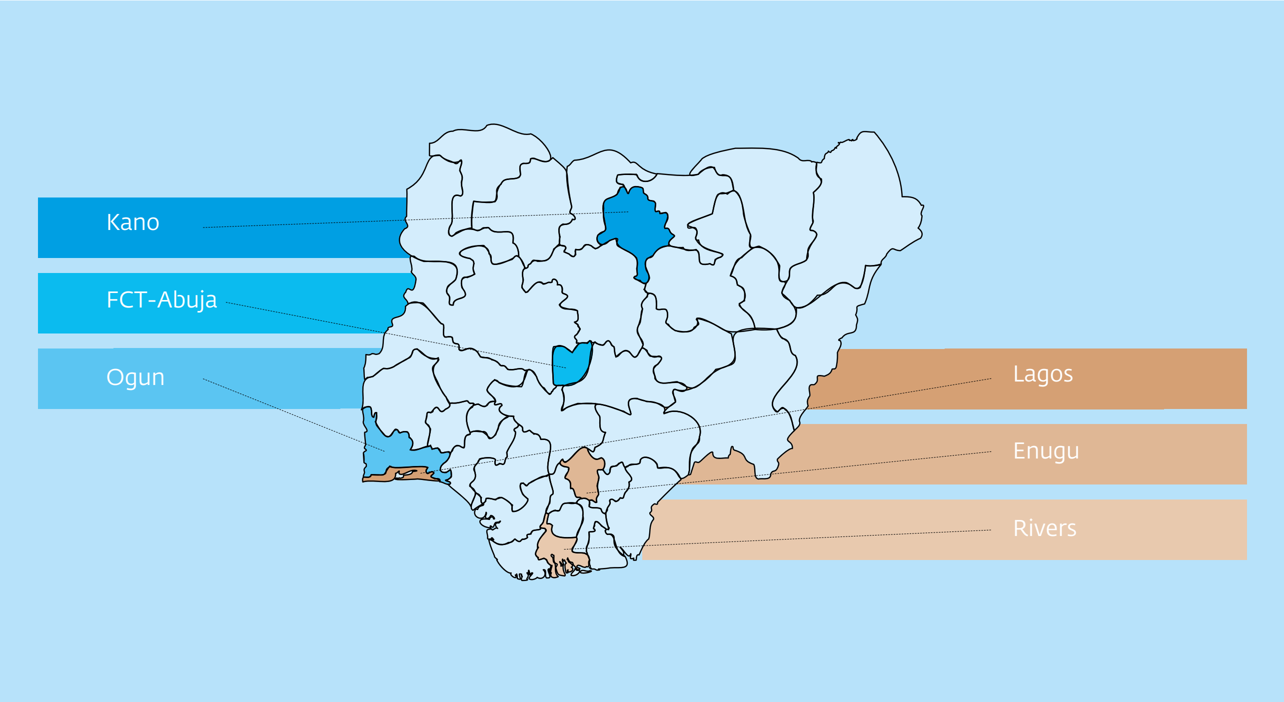
As Nigeria's population grows, the need for childcare also grows: Nigeria has the largest population in Africa, and it is one of the most rapidly growing populations in the world. By 2030, the population is projected to grow by 50 million people, from 213 million people to 263 million people, and more women will need affordable childcare to enter and remain in the workforce (United Nations 2022). Working parents need childcare services that align with their needs, values, work hours, and income level but, globally, this is still out of reach for many (Devercelli and Beaton-Day 2020). Across the world, about 350 million children—43 percent of those below primary school age—lack access to childcare, and the problem is particularly acute in developing countries, including in Nigeria (Devercelli and Beaton-Day 2020).

As numerous studies demonstrate, there is a positive correlation between family-friendly policies, including support for childcare, and women's participation in the labor force, their career advancement, and their greater lifetime earnings (IFC 2017, IFC 2019a, Devercelli 2020). Childcare can unlock Nigeria's hidden potential to develop and thrive.

1.2. Research Methodology

IFC commissioned the international consulting firm, Oxford Policy Management (OPM), to conduct a study in six commercial hubs in Nigeria—Enugu, FCT-Abuja, Lagos, Ogun, Kano, and Rivers, and in some of the sectors that contribute the most to the economy (Figure 1.2). The objective of the study was to capture a significant sample of private sector participation across the nation to better understand the availability of family-friendly workplaces, whether the needs of working parents are being met, and to assess the availability and quality of childcare services in the market.

Figure 1.2: Map of the Surveyed States



The research covered ten sectors in Nigeria, including several sectors that make the most significant contributions to GDP and employment: finance, fast-moving consumer goods (FMCG), health, hospitality, information and communication technology (ICT)/telecoms, manufacturing (including oil and gas), and transport. The study also examined three other important sectors: consulting, construction, and non-governmental organizations (Table 1.1). Throughout the report, these three sectors are combined in the category "others." All the companies that participated in the research were from the private sector and were either publicly held companies that were listed on the Nigerian Exchange or were privately owned companies.

The study was conducted between February 2022 and June 2022, using a mix of quantitative and qualitative methods (Table 1.1). The quantitative data comprised employer surveys, while the qualitative data comprised a desk review, key informant interviews (KIIs), focus group discussions (FGDs), and employee surveys. (Note: Some survey questions allowed the respondent to provide multiple responses. In these instances, the values may add up to more than 100 percent.). The study collected information from employers and employees, as well as from childcare providers—a total of nearly 7,000 stakeholders. These survey respondents comprised 388 company representatives, 6,156 employees, and 335 childcare providers. In addition, 353 childcare facilities were visited and assessed.

Table 1.1. Research Composition

Data Collection	Quantitative: Self-administered Questionnaires and Structured Observation Tool				Qualitative: Desk review, Key Informant Interviews (KIIs) and Focus Group Discussions (FDGs)			
States Covered	Enugu	FCT-Abuja	Lagos	Ogun	Kano	Rivers		
Target Sectors	Finance 15%	FMCG [9] 13%	Health 17%	Hospitality 18%	ICT/ Telecoms 10%	Manu-facturing 17%	Transport 8%	Others[10] 3%
Sample Coverage	Employees 6156	Employers 388	Childcare facilities visited 353	Childcare providers surveyed 335				
Employee Demographic	Male 55%	Female 45%	Employees with children 0-5 27%					

Employers: To select the study's participating companies, a master list of private sector companies was generated from online sources that identified the dominant companies in Nigeria's major industries. Companies were then randomly selected to participate. Of the 388 corporate respondents, 61 were publicly traded companies that were listed on the Nigerian Exchange, and 327 were privately owned companies that were not listed on the exchange.

9 Fast moving consumer goods.
10 "Others" includes construction, consulting, and NGOs.

Employers were surveyed with two instruments. The first survey was a self-administered tool to which 388 company representatives responded, and the second instrument was an employer policy checklist to which 344 company representatives responded. Overall, an average of 17 percent of companies in each state provided responses. In addition, OPM conducted key informant interviews (KIIs) with 36 employers. For this, six employers were randomly selected from key industries in each of the six states.

Employers' responses were obtained from human resources (HR) and personnel department administrators, and heads of corporate branches. Most employer representatives were male (78 percent), and less than a quarter were female (22 percent). The ICT sector had the highest number of male respondents (69 percent), while the finance sector had the highest number of female respondents (54 percent). The sectors with the largest number of employer respondents (more than 60 responses) were the hospitality sector (24 percent), the health sector (19 percent), and the fast-moving consumer goods sector (16 percent). The sectors with the lowest level of employer participation were the ICT/telecom sector (10 percent) and the transport sector (8 percent).

Employees: The HR departments of the participating companies invited all interested employees, whether they were parents or not, to respond to the self-administered employee survey, and 6,156 employees did. The HR departments also invited employees who had become parents in the last five years to respond to additional questions concerning their childcare arrangements. Of all the employees, 1,673 respondents (27 percent) had a child under age five. Of these, 69 percent had one child under age five, and about 31 percent had more than one child under age five. Of all these working parents, 59 percent (982 employees) were using formal childcare services at the time of the survey.

In addition to the surveys, to ensure that the study captured relevant social and economic diversity within each organization, OPM conducted 24 focus group discussions (FGDs)—holding four in each of the six states. Each focus group had six to eight participants, and they were encouraged to speak freely in responding to the questions.

Of 6,156 employee respondents, one third were from companies listed on the Nigerian stock exchange, and two thirds were from unlisted companies. The largest number of employee respondents worked in the health, hospitality, and manufacturing sectors. These three sectors had over 1,000 employees responding to the survey, while the finance sector, alone, had just over 900 respondents.

Regarding the gender of employee respondents, 45 percent were female and 55 percent were male. The mean age of employees was 32. Over half (53 percent) of the employee respondents had completed tertiary-level education, about 42 percent of respondents were married, and 54 percent were single.

Childcare providers: To select the childcare providers for this study, a list of pre-school facilities (center-based early childhood education providers), including daycare centers, schools with a crèche, and childcare services, was developed from online sources in each of the six states. Childcare providers were then randomly selected for the survey. Of the 353 providers, 335 completed a self-administered survey. Between May and June 2022, OPM researchers visited 353 childcare centers in the six states to observe activities and complete a performance checklist.[11] The largest share (92 percent) of facilities visited in this study were privately owned, and 7 percent were owned by the government. Of the privately owned facilities, 97 percent were for-profit enterprises. The providers were a blend of formal and informal for-profit providers. Half of these facilities did not provide evidence of an operating license.

11 Childcare providers were not asked about whether they provided on-site services or whether they were in close proximity to the employers that were surveyed.

2. Key Findings - Employers and Employees

2.1 Employer Policies

Family-friendly Policies: This study assessed whether employers had family-friendly policies, identified where there were gaps, and gauged whether employees needed better family-friendly policies. Family-friendly policies help working parents to balance work and family life by providing them with time, finances, and services (UNICEF 2019). The World Bank views childcare as part of a continuum of family-friendly policies (Devercelli and Beaton-Hay 2020). In this report, family-friendly policies fall into three categories: (1) parental leave and lactation breaks, (2) flexible work (job sharing, flex time, remote work, and flexible emergency and/or dependent care leave), and (3) childcare support such as allowances that pay for externally sourced childcare, and childcare facilities located at the work site (Annex A). Each type of policy involves a different level of employer investment.

> *"The benefits that the organization receives through providing these family-friendly policies is that these people are engaged and committed to the company. If there's anything they need to provide, they do it, and this keeps helping the growth of the organization and the money that is coming into the organization."*
>
> Employer, manufacturing,FCT-Abuja (male)
>
> Key Informant Interview

Parental leave and lactation breaks are fundamental needs. Maternity leave can make a difference in a woman's decision to stay in the workforce, and it enables women to subsequently take on more challenging roles. Paternity leave also enables women to stay in the workforce, and it provides an opportunity for men to bond with their infant, and to start caring for their child (IFC 2017, IFC 2019a, Devercelli 2020). Breastfeeding breaks and lactation rooms yield a 3 to 1 return on investment because new mothers remain in their jobs, which increases employee retention and saves companies the cost of replacing them. Also, women are less likely to need time off due to their child's illness (UNICEF 2019). In addition, flexible work and access to good quality, affordable childcare improves working parents' retention, and increases their productivity at work.

Employer Policies: Overall, the employers who participated in the interviews agreed that investing in women and supporting childcare is good for business in Nigeria. Company leaders indicated support for implementing family-friendly policies, including support for childcare, because these policies generate positive organizational outcomes. Some of the employers interviewed confirmed that they believe that family-friendly policies foster strong working relationships between management and employees, and result in a workforce that is loyal and highly productive. Across all sectors, most employers reported that employees' commitment to achieving good results at work requires having a good work-life balance. Employers said that the top five motivations for providing family-friendly workplace benefits were employees' greater dedication, loyalty, and productivity; less absenteeism; and improvements in attracting, recruiting, and retaining talent.

Strong policies and modeling by senior staff influence employee demand. For example, when employees return from maternity leave and are supported with a flexible work policy that allows them to better balance work and childcare, their use of the policy creates a demonstration effect that increases the demand for, and the uptake of the policy. This normalizes the practice, and increases its acceptance within the company.

Despite their belief in the benefits of family-friendly policies, the employers interviewed also cited barriers to investing in these policies. Some employers expressed concerns about the cost of employees taking leave, and that employees might abuse these "privileges." One said it was "not economical for staff to have babies within two years of joining the company or taking days off from work too frequently." When companies had family-friendly policies, this study found that poor organizational communication and poor HR management practices impeded the implementation of family-friendly initiatives. This study found that employers that were considering employer-provided childcare had three major concerns: (1) the perceived high cost of establishing and running childcare facilities, which they would bear, (2) the lack of space for establishing on-site childcare facilities, and (3) the lack of expertise to operate on-site childcare services.

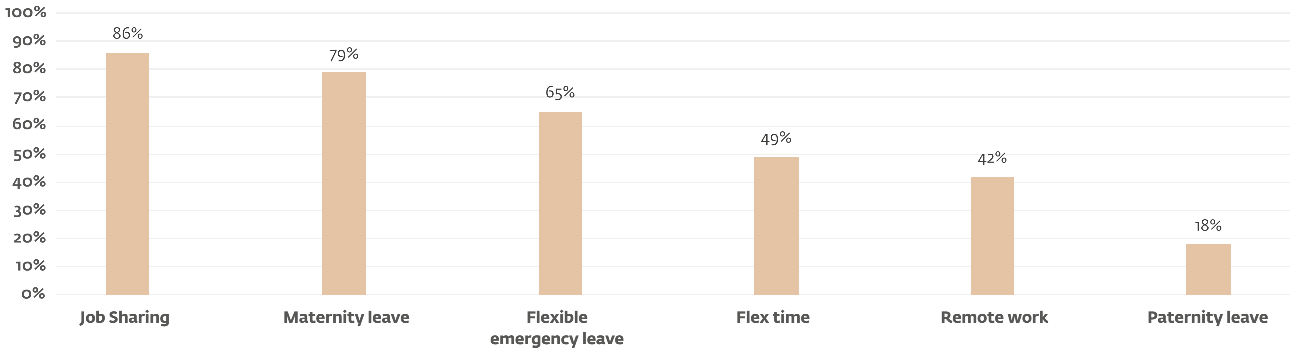
Availability of Family-friendly Workplace Policies and Employer-supported Childcare

This study found that private sector employers provide a wide range of family-friendly workplace policies, including childcare support for employees. But there were gaps in the policies and the types of benefits available to employees across the listed and non-listed companies, and the industries covered by this study. This can be largely attributed to the lack of uniform legal requirements. Another contributing factor could be a lack of awareness about the business case for providing these types of policies. Nevertheless, the absence of legal requirements allows employers to use their discretion when developing family-friendly policies, and this has resulted in wide variations in the labor market.

Availability of Family-friendly Workplace Policies

- Most (89 percent) of the sampled employers had family-friendly policies to help employees balance their work and family life.
- Overall, the top three common family-friendly policies and benefits provided by employers across all sectors and regions were job sharing (86 percent) (mostly available in sectors with shift work, such as transport and hospitality), maternity leave (79 percent), and flexible emergency leave (65 percent) (Figure 2.1).[12]
- The least available policy was paternity leave, which was provided by 18 percent of companies.

Figure 2.1: Availability of Family-friendly Workplace Policies[13]



Companies listed on the NGX offered more parental leave benefits than non-listed companies, with 93 percent of the former offering maternity leave, compared to 74 percent of the latter.

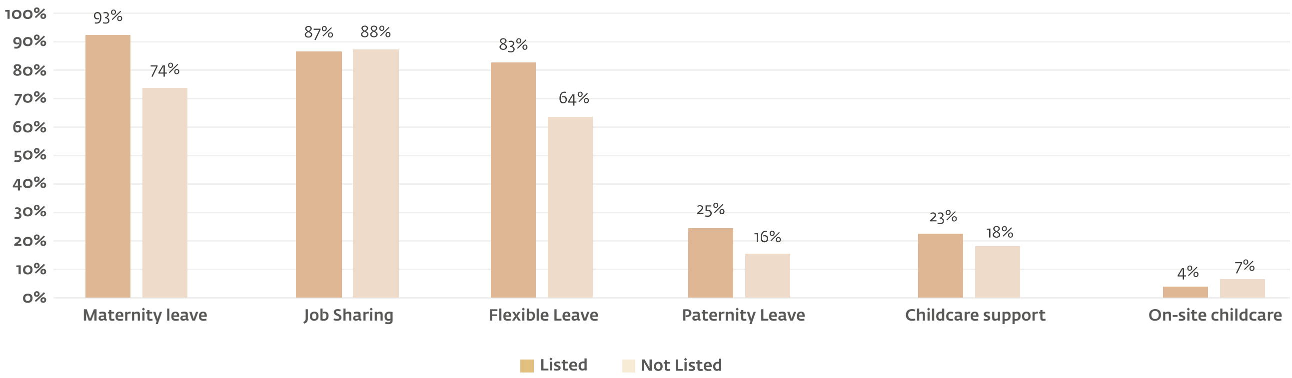
Overall, companies listed on the Nigerian Exchange (NGX) performed somewhat better than companies that were not listed (Figure 2.2). Companies listed on the NGX offered more parental leave benefits than non-listed companies, with 93 percent of the former offering maternity leave, compared to 74 percent of the latter. However, regarding paternity leave, just one quarter (25 percent) of the listed companies offered this important benefit for new fathers, while just 16 percent of the non-listed companies did so.

12 Job sharing was defined in this study as a policy that "allows two employees to share a single position, by each working a fraction of the necessary time." This allows an employee to retain her or his position and still have time to spend with children, aging parents, or undertake other family responsibilities. Job sharing was most commonly available in sectors with shift work, such as transport and hospitality.

13 N = 344. These data are from the employer policy checklist.

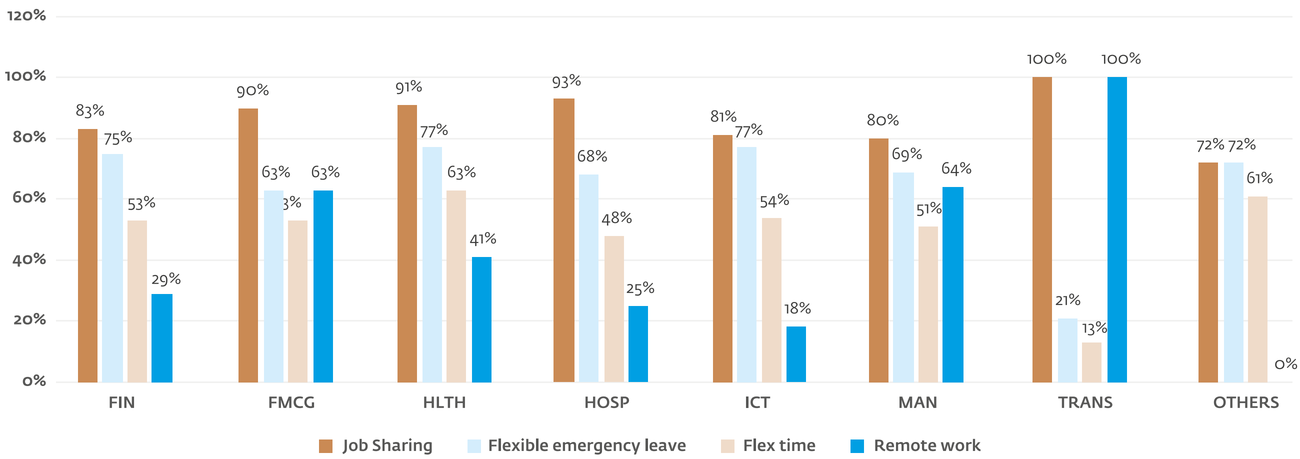
While this study did not explore the reasons for these differences, it could be that multinational companies have higher parental leave standards, which they apply in all the countries where they operate; or that investors and/or stakeholders encourage listed companies to adopt best practices; and/or that larger companies have more resources to spend on these benefits. Interestingly, more non-listed companies (7 percent) provided on-site childcare than was the case with listed companies (4 percent).

Figure 2.2: Availability of Family-friendly Policies and Childcare Support, by NGX Listing Status[14]



At the industry level, job sharing was found more often in the transport (100 percent), hospitality (93 percent), health (91 percent), and fast-moving consumer goods (90 percent) sectors, in part, because these industries rely on shift work (Figure 2.3). Flexible emergency leave was found more often in ICT (77 percent), health (77 percent), and finance (75 percent). Flex time was found more often in health (63 percent), and in "Others" (consulting, construction, and NGOs) (61 percent). Remote work was found more frequently in transport (100 percent) and fast-moving consumer goods (63 percent).

Figure 2.3: Provision of Family-friendly Company Policies, by Sector[15]



FIN=Finance **FMCG=Fast-moving consumer goods** **HLTH=Health** **HOSP=Hospitality**
ICT=Information and communication technology **MAN=Manufacturing** **TRANS=Transportation**
OTHERS=Consulting, construction, and NGOs

14 N=344. These data are from the employer policy checklist.

15 N=344. These data are from the employer policy checklist.

Maternity leave: Time off from work to take care of a newborn baby is crucial in enabling women to enter and stay in the workforce. Maternity leave benefits can make the difference in whether a woman decides to stay in the workforce, as well as whether she takes on more challenging roles that will help her advance in her career. Most women who take maternity leave return to their employer, which saves the company significant employee replacement costs.

21% of companies did not offer maternity leave.

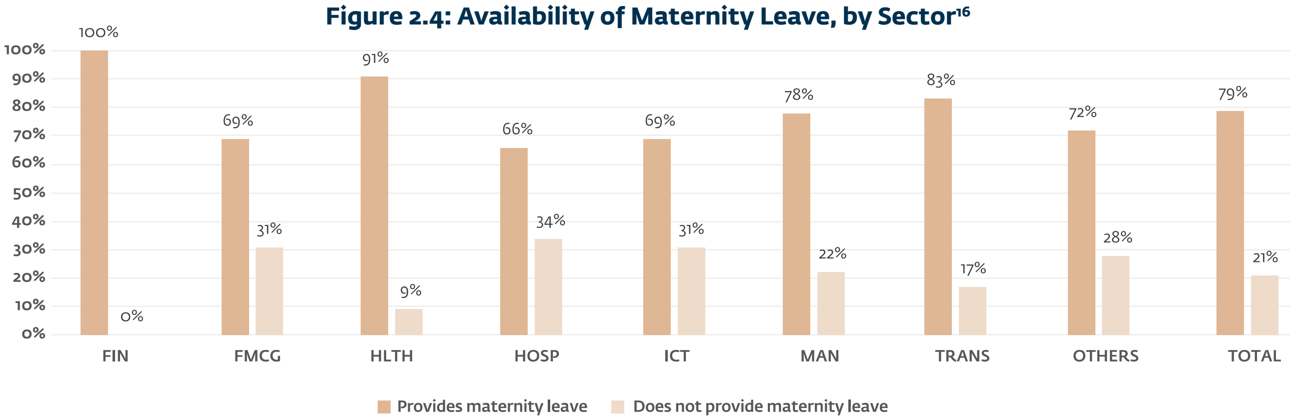
The Nigeria Labour Act (2004) establishes that the statutory minimum maternity leave requirement is 12 weeks, paid at a rate of 50 percent of the employee's normal pay; however, this is less than the international standard of 14 weeks, paid at a rate of at least two-thirds (66 percent) of the employee's regular pay (ILO 2000a). The OECD average for fully paid maternity leave for an average earner was 38 weeks (nine months) (The Economist 2023).

Most of the companies surveyed in this study provide paid maternity leave for 12 weeks (three months) or less. This is also less than the Public Service Rules for federal government employees which provide 16 weeks (four months) of maternity leave at 100 percent of the employee's regular pay.

This study found that maternity leave was not universally available at all of the companies studied. At the sector level, this study found that the provision of family-friendly benefits, and childcare support varied from industry to industry, which reflects the lack of a clear legal framework.

More than three quarters of the employers across all of the sectors in this study (79 percent) reported that maternity leave policies were available at their workplace; however, a substantial share (21 percent) of employers did not offer it (Figure 2.4). The financial sector led with 100 percent of companies offering maternity leave, and this was followed by enterprises in the health sector, at 91 percent. The fast-moving consumer goods (FMCG), hospitality, ICT, manufacturing, and transport sectors, as well as the "others" had large gaps—between 17 and 34 percent of employers did not offer maternity leave.

Figure 2.4: Availability of Maternity Leave, by Sector[16]

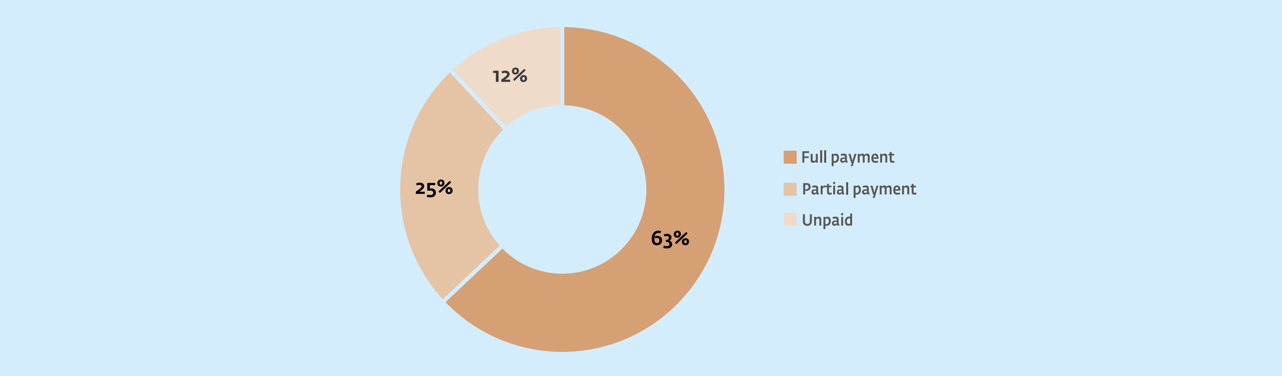


FIN=Finance **FMCG=Fast-moving consumer goods** **HLTH=Health** **HOSP=Hospitality**
ICT=Information and communication technology **MAN=Manufacturing** **TRANS=Transportation**
OTHERS=Consulting, construction, and NGOs

16 N=344. These data are from the employer policy checklist.

Paid maternity leave: This study did not gather data from employers on the level of paid maternity leave; however, when employees were asked if they were paid when taking maternity leave, 63 percent said they received their full salary, 25 percent said they received partial payment, and about 12 percent received no payment (Figure 2.5).

Figure 2.5: Incidence of Paid Maternity Leave, by Female Employees[17]

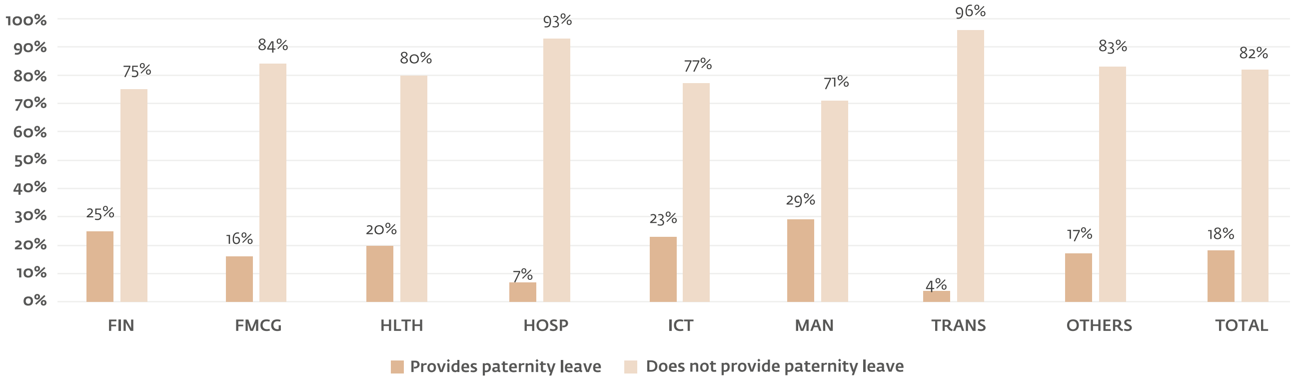


Paid paternity leave: An ILO study found that adequate paternity leave for fathers is crucial to enable them to support their partners in the weeks following a birth and is key in enabling women to enter and stay in the workforce (Addati, Cassirer, and Gilchrist 2014). Paternity leave enables fathers to participate in caring for, and bonding with their newborn child. Paternity leave also helps to break down societal attitudes that women are singularly responsible for childcare, and it promotes greater equality between men and women at work and at home. Although paternity leave and longer parental leave are crucial for enabling women to enter and stay in the workforce, and there have been some improvements across the world, employers' policies for supporting families remain largely inadequate. Internationally, the best practice for paternity leave is two weeks, however, the OECD average for fully paid paternity leave for an average earner was seven weeks (1.5 months), with Japan leading the group of industrialized countries with 31 weeks (seven months) (The Economist 2023).

Only 18 percent of companies had paternity leave policies, and when it was available, it ranged from a few days to three weeks, but, on average, new fathers had just three days. Few sectors surveyed in this study offered paternity leave (Figure 2.6). It was most available in manufacturing (29 percent) and finance (25 percent), and least available in hospitality (7 percent) and transport (4 percent).

17 N=2,792. These data are from the employee survey.

Figure 2.6: Availability of Paternity Leave, by Sector[18]



Breastfeeding: The legal requirements for breastfeeding are explained in greater detail in Chapter 4. In Nigeria, the Labour Act 2004 provides for breastfeeding breaks of 30 minutes, twice a day. This study found that women are typically permitted breastfeeding breaks of between one and two hours per day, for a maximum of six months. Most companies surveyed in this study did not have written breastfeeding policies, but many informally allow breastfeeding mothers to have flexible work arrangements. These arrangements could include flexible start and finishing times, and longer lunch breaks or dedicated breastfeeding breaks that last one to two hours per day, which aligns with the Labour Act. Flextime arrangements for new mothers cease when a baby is six months old, and this applies only to women who are actively breastfeeding.

This study found no laws at the federal or state level that require employers to provide lactation facilities at the workplace to assist women who are breastfeeding; however, there is demand for this. Most of the companies surveyed in this study do not have lactation rooms where breastfeeding mothers can feed their infant or express milk, or a crèche for caring for children aged 0-2 years. Just 8 percent of employees said that there was a private breastfeeding room at their workplace. The lack of appropriate breastfeeding facilities could lead to gender-based violence when lactating mothers lack privacy when breastfeeding or expressing milk. However, a small number of companies did have dedicated and fully furnished rooms where women employees who have a nanny can leave their baby while they work, and easily go to breastfeed when needed.

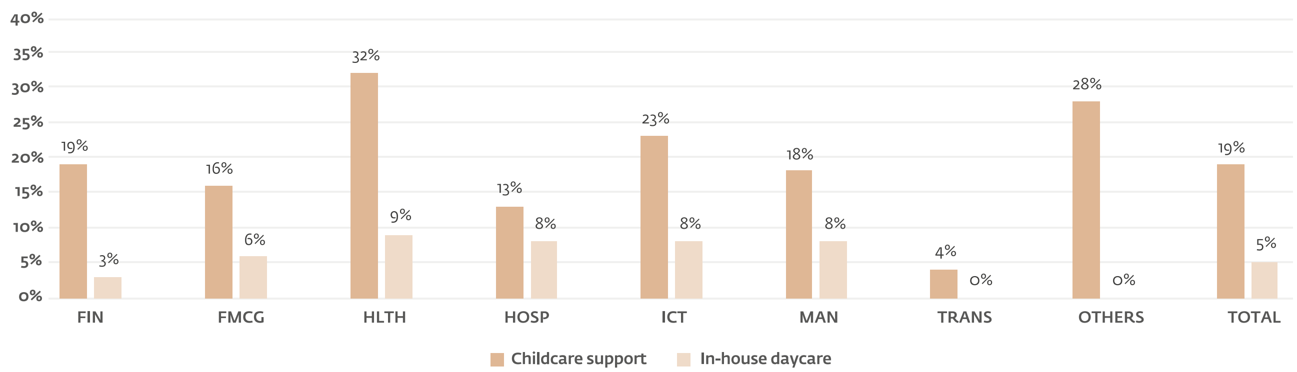
Childcare support: Just 5 percent of employers had on-site childcare but a small percentage of employers (19 percent) provided childcare support (Figure 2.7).[19] This includes employer allowances for childcare that pays for all or a part of approved arrangements, referrals to reliable childcare providers, or reserving a seat for a child at a facility. The highest incidence of childcare support was in the health (32 percent) and "others" sectors—the consulting, construction, and NGO sectors (28 percent). On-site childcare was marginally available in the health (9 percent), hospitality (8 percent), ICT (8 percent), manufacturing (8 percent), fast-moving consumer goods (6 percent), and finance (3 percent) sectors. Transport and "others" had no on-site childcare.

The employers that considered establishing their own private childcare centers said that the main barriers were high costs and lack of access to finance. Employers were concerned about the high cost of acquiring land, equipping the facility, the cost of staffing, and the lack of access to finance.

18 N=344. These data are from the employer policy checklist.

19 In the employers' policy checklist, on-site childcare was defined as in-house daycare that is owned by the company and located in the company's premises. The NERDC standards define daycare as care provided for children aged 0 to 2 years.

Figure 2.7: Provision of Childcare Support and On-site Childcare, by Sector[20]



2.2 Employees' Perspectives

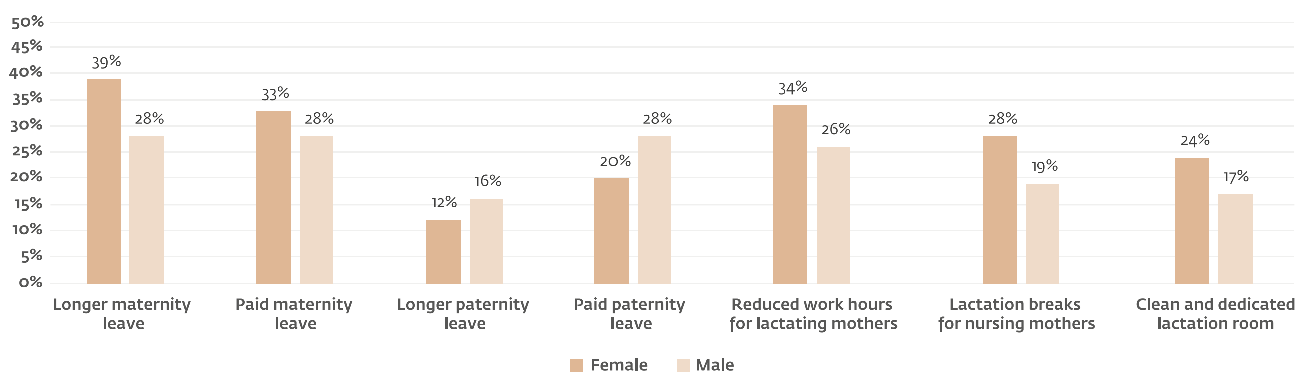
The Most Sought-after, Family-friendly Policies and Childcare Solutions Espoused by Employees

This study found that family-friendly workplace policies and childcare support were in high demand by both genders, but women had greater needs. Of the 6,156 employees surveyed, the most prominent needs were longer maternity leave, more lactation support, and affordable childcare through worksite provision and financial support or allowances.

Demand for more parental leave and lactation support: Of 4,316 employees who responded to the survey question about maternity leave, about 25 percent (1,053 women) had taken maternity leave in the last five years. Nearly 40 percent of women said they would prefer to have a longer maternity leave than their employer provided. Of the 3,364 employees who responded to the question on paternity leave, 6 percent said they took it in the last five years. More than a quarter of men (28 percent) wanted women to have longer maternity leave and they also wanted paid paternity leave (Figure 2.8). These data reflect cultural norms that assign childcare responsibilities to women. At the macro level, these views are reflected in government policy and law, and at the workplace level, in employees' and employers' perceptions, and, ultimately, in company policies.

As to be expected, there was greater demand for lactation rooms by women than by men. One third of female employees (34 percent) sought reduced working hours for lactating mothers. About one quarter of women sought lactation breaks for working mothers (28 percent), and a dedicated lactation room (24 percent). While this study did not assess the number of employers with lactation rooms, just 8 percent of employees said that their workplace had a lactation room that provided privacy.

Figure 2.8: Most Sought-after Family-friendly Workplace Policies, by Employees[21]



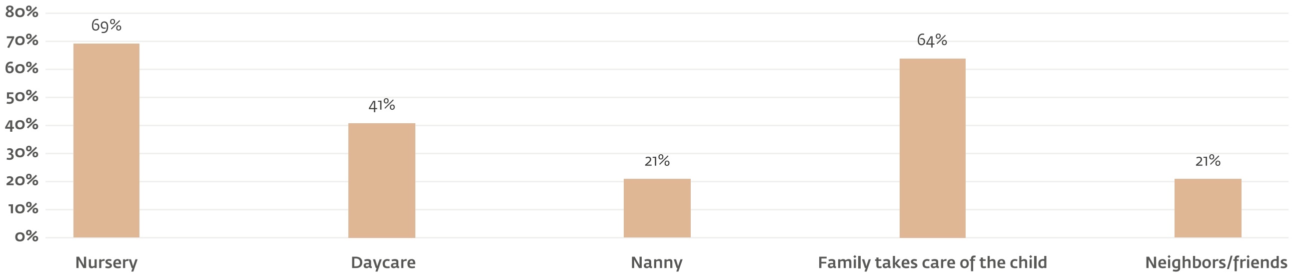
20 N=344. These data are from the employer policy checklist.

21 N=6,156. Female: N=2,792. Male: N=3,364. These data are from the employee survey.

Utilization of childcare: Regarding childcare, employees were asked if they currently use childcare, either daycare, a crèche, or nursery school.[22] Of the 6,156 employees surveyed, 1,673 had children under age five at the time of the survey. Most employees with children (95 percent) said that they source childcare themselves, while just 5 percent said that they used employer-provided childcare. Of the 982 working parents who answered questions on formal childcare, most (69 percent) use a nursery/pre-school (ages 3-5), and nearly half (41 percent) use daycare (ages 0-2) (Figure 2.9). This indicates a demand for childcare facilities and that this type of support would be popular with employees.

A large share of the working parents surveyed in this study rely on informal childcare. Out of 691 employees who had children under age five, and who responded to the question on childcare, 64 percent rely on a family member to take care of their child; 21 percent have a nanny; and 21 percent rely on friends and neighbors (Figure 2.9). Some parents may have had more than one child, and used more than one form of childcare. Generally, both genders (24 percent) preferred to use formal childcare services rather than relatives to care for their children. Anecdotal evidence suggests that this is because institutional childcare is more dependable and safer.

Figure 2.9: Utilization of Formal and Informal Childcare[23]



22 The 2004 NERDC standards classify early childhood care centers as follows: Daycare/Crèche (ages 0-2 years); Pre-nursery/Play group; (ages 3-4 years); Pre-school/ Nursery/Kindergarten (formal schools for children ages 3-5 years). Note: These forms of childcare may be grouped together or independently. They may also be home based, center based, or mobile.

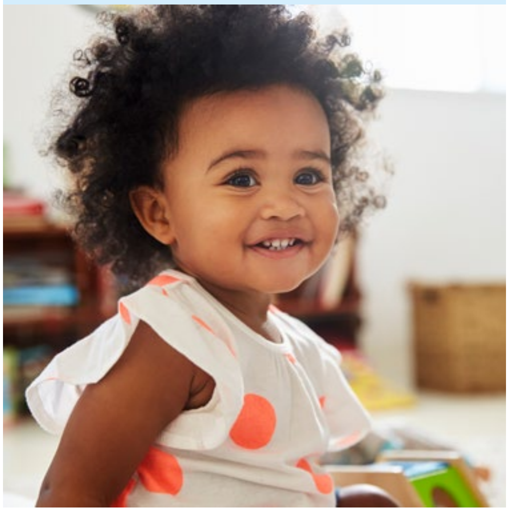
23 Nursery and Daycare N=982. Nanny, family, or neighbors, N = 691. Note: These values total more than 100 percent because some parents may have had more than one child, and used more than one form of childcare.

2.3 Future Demand for Childcare

Demand for on-site childcare and financial support: Although only 5 percent of employers provided on-site childcare facilities, employees listed this as one of their top three preferred benefits, alongside parental leave, and childcare financial support Overall, about half (47 percent) of working parents (both mothers and fathers) with children under age 5 would like to access either on-site childcare services or a babysitter at work[24] or receive an allowance for outside childcare (22 percent) (Figure 2.10).[25] Responses from both men and women were similar, but more women than men preferred to have chilcare or a babysitter at work. This presents an opportunity for employers to improve family-friendly policies for all working parents by providing childcare at the worksite.

Figure 2.10: Future Employee Childcare Needs, Both Genders[26]

By 2025, the demand for childcare services in the private sector could rise by 10 percent.



In estimating employees' future demand for childcare, all 6,156 employees were asked about their expected childcare needs over the next three years. Of all the employees surveyed, 1,673 had children under age five, and 59 percent of them (982 employees) were using childcare services at the time of the survey. This study also found that 1,077 employees would have used formal childcare services at the time of the survey if they had children under age five, and this would add another 2,059 employees to the number of working parents who will need childcare in the future.

In estimating employees' future demand for childcare, all 6,156 employees were asked about their expected needs over the next three years, and 2,258 of them (37 percent) reported that they want to use childcare services in the future. Thus, by 2025, the demand for childcare services in the private sector could rise by 10 percent.[27] This demonstrates that there is considerable demand for childcare services, and this is likely to grow.

As mentioned above, about half (47 percent) of parents with children under age five prefer to have on-site childcare. Regarding the type of early childhood care that surveyed employees would seek in the future, 65 percent identified a need for a crèche (ages 0-2), 44 percent identified a need for pre-school (ages 3-4), and 41 percent identified a need for nursery school (ages 3-5) (Figure 2.11).

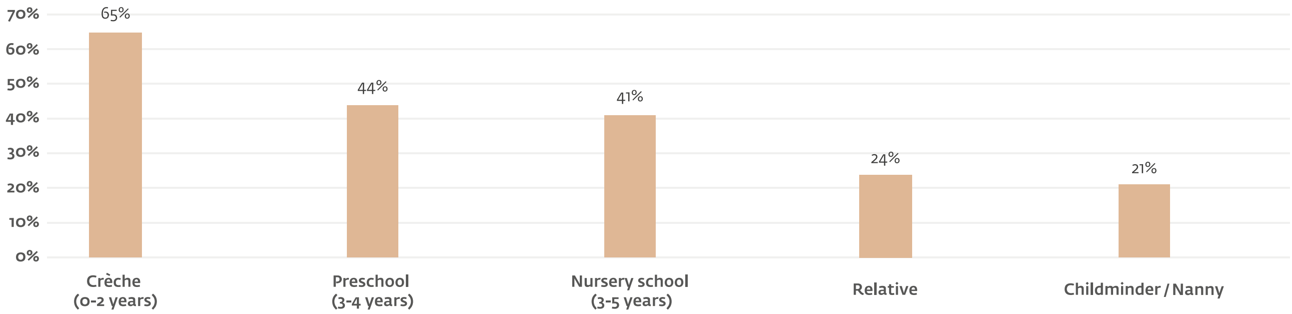
24 A babysitter/nanny/childminder provides private care for a child; however, a childcare provides a regular schedule and ensures that children are also learning.

25 It is worth noting that there are several options for providing working parents with support beyond what was asked about in this study's survey. Many employers (for example, retail chains, bank branches, and small and medium enterprises) are unable to provide on-site childcare but an alternative for them is to partner with other employers and childcare centers to provide quality, off-site centers, near employees' workplaces or homes. Other alternatives are providing financial support through subsides or direct payments for childcare services.

26 N=1,673. These data are from the employee survey.

27 The total number of employees currently using childcare was estimated to be 2,059. Since only employees who had children under age five were asked about their current use, a proxy estimate was used for the employees who did not currently have children under age five, but expected that they could in future. An employee's desire to use childcare in the future if they had a child/children under age five, was used as a proxy for their current use. The 10 percent increase in the private sector was obtained as follows: Increase in demand = [(future use – current use)/current use] ×100 = [(2,258 – 2,059)/2,059] ×100 = 9.66%.

Figure 2.11: Employee Preferences for Future Childcare, by Type[28]



As mentioned above, half of employees seek on-site childcare but more women, want childcare services at their workplace or at a provider that is a reasonable distance from their workplace. This presents an opportunity to improve employees' productivity by offering childcare services that are within or near the company's premises. About a quarter of the employees surveyed said that they would benefit from financial support that would enable them to use privately provided childcare.

Barriers Faced by Employees in Accessing Quality and Affordable Childcare Solutions

Employees responding to this study's questions said that they faced two key barriers in accessing childcare services—high cost and distant location.

The high cost of childcare services: Formal childcare is expensive for parents. In addition to the cost of enrollment, parents also pay for extended hours, and other costs such as transportation to and from the childcare center, and for their child's food. To find out how much employees were spending on childcare, employees were asked: *"On average, how much do you spend on childcare, per child, in a month?"*

A total of 1,014 employees who used childcare at the time of the survey responded that they were spending an average of about ₦19,000 ($46), per month or ₦228,000 ($550), per year, for one child. Childcare is expensive for families, as $550 is 63 percent of the minimum annual wage per.[29] Parents were paying the highest costs of about ₦26,000 ($62) in Port Harcourt in Rivers State (Figure 2.12). Respondents who earn ₦200,000 ($480) typically spent between 22 percent and 30 percent of their monthly income on childcare. Of the 961 parents who responded this question, almost half (45 percent) spent between 10 percent and 20 percent of their income on childcare and related costs.

This is comparable to costs in OECD (mostly high-income) countries, where the net childcare costs were 17 percent of the average wage and were still considered to be high (OECD 2020). In the United States (US), the US Department of Health and Human Services defines affordable childcare as 7 percent of a household's income (Malik 2019).

28 N=2,258. These data are from the employee survey.

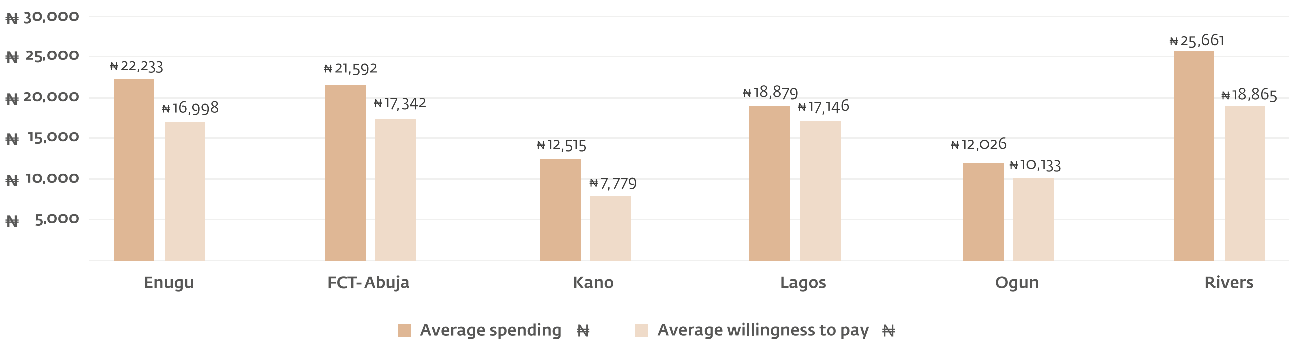
29 ₦30,000 minimum wage, per month x 12 months = ₦360,000 childcare cost for one child, per year ($72 minimum wage per month x 12 months = $864 childcare cost for one child, per year).

The average amount that employees in this study were willing to pay for childcare services was about ₦15,000 ($36) per month for one child. Willingness to pay indicates the maximum amount that employees are willing to pay for childcare services, given their income. Across all six states in this study, employees' willingness to pay was lower than the average cost of care.

Childcare costs were 1.30 times more than what the surveyed parents said they could afford. Parents in all six states are spending more than what they are comfortable paying. Further, high childcare costs are stretching parents' financial ability to juggle other expenses that have been rising, such as housing, food, energy, and transport, and these are all increasing financial pressures on parents.

Childcare is expensive in Nigeria—costing about ₦228,000 ($550) per year for one child, which is 63 percent of the annual minimum wage.

Figure 2.12: Average Spending and Willingness to Pay for Childcare, in Naira (₦) [30]



Accessibility and proximity to places of work: When parents are considering daycare centers, location is one of the first criteria they assess, which is why UNICEF recommends that childcare centers be located within the community (UNICEF 2019). In this study, both male and female employees responded that the two biggest deterrents to using their preferred childcare services were high cost and distance—with 35 percent of employees saying that the childcare facilities they use were located too far away from their work.

One third of employees (32 percent) use childcare facilities that are between 15 and 30 minutes (walking distance) from their workplace, and this is consistent with the minimum standard of two kilometers (30 minutes walking distance), which is established in the 2004 Nigerian Educational Research and Development Council (NERDC) standards. However, the average time (one way) that parents spent taking their child to the facility, was about 45 minutes, and some parents drove for more than one hour per day. This translates into a commuting time of at least 1.5 to 2 hours, round trip, per day. These long commutes to and from a childcare facility pose a significant challenge for parents, and this impacts parents' quality of life and their productivity at work. This signals the need for more childcare facilities that are closer to work and home. Employers can curb this negative impact by investing in childcare.

30 N=1,014. These data are from the employee survey.

3. Key Findings – Childcare Providers

3.1 General Characteristics of Childcare Enterprises

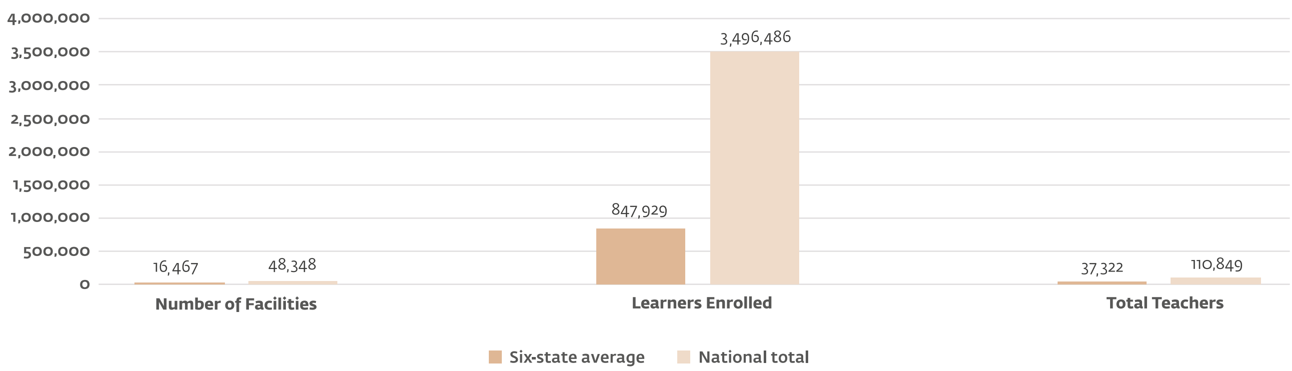
In 2018, 60 percent of childcare facilities were privately owned.

Nigeria has one of the most rapidly growing populations in the world. By 2030, the population is projected to grow by 50 million people, from 213 million people to 263 million people (United Nations 2022). More women will need affordable childcare options to support their families and contribute to the economy, but the supply of childcare will not likely be sufficient to address the needs of Nigeria's rapidly growing population.

In 2018, the Ministry of Education recorded about 81,000 private and public childcare centers and schools nationally (Universal Basic Education Commission, Nigeria 2018). These facilities catered to about 7 million children, and had about 154,000 teachers. At that time, private providers owned 60 percent of all the facilities, nationwide.

Looking only at childcare providers in the private sector in the six states IFC studied, government data for 2018 showed that there were about 16,500 pre-primary facilities (crèches and daycare centers), and these providers catered to the needs of about 850,000 children, with about 37,000 teachers (Figure 3.1). At the national level, there were about 48,000 privately owned facilities, with 3.5 million children, and 111,000 teachers.

Figure 3.1: Number of Private Facilities, Learners, and Teachers, 2018



This study surveyed a small sample of 335 providers, and found that these tended to be small and privately owned. Many providers were established by an individual woman or a group of women entrepreneurs, with the support of their families. Most (88 percent) of childcare enterprises were either women-owned (77 percent) or owned by a husband and wife (11 percent).[31]

Most of the providers who were surveyed operated a private childcare center and had a for-profit business orientation (97 percent).[32] This was due, in part, to their lack of sponsorship, which led them to operate privately. A small fraction of providers were non-profits (2 percent), and less than 1 percent were government facilities. In Nigeria, there is a lack of large, corporate providers that have achieved scale. About a quarter (26 percent) of providers operated in multiple locations. The largest share of providers (66 percent) were private primary schools that included early childhood education (age 3-5), and the second largest share (11 percent) were independent companies that operated in facilities in neighborhoods or in shopping centers.

Most of the childcare providers (91 percent) catered to infants and toddlers (ages 0-3), although 70 percent offered services up to kindergarten (age five). Most providers had an average enrollment of 25 children, with the largest providing care for 168 children. The child-to-teacher ratio ranged from 4:1 to 8:1. Across the six states, more than two thirds of the providers (40 percent) had capacity to accept additional children.

31 36 companies provided information on the gender of ownership.

32 These childcare centers were randomly selected based on the survey protocol of proximity. They are located in business hubs and industrial clusters. This sample does not include childcare at the employer's location.

The typical operating hours were from 7 am to 5 pm, which aligns with regular business hours, however, in Lagos, Nigeria's commercial capital, the average provider closed at 6 pm. Providers' operating hours did not necessarily align with employees' work schedules, and this could generate additional stress for working parents. A significant share of working parents (56 percent) in this study reported that they frequently asked for additional hours beyond what their childcare provider offered, and 41 percent of providers indicated that they made "off the record" exceptions for parents. Childcare providers reported that private sector workers were in greatest need of extended hours (53 percent), followed by government workers (23 percent) (Figure 3.2). Entrepreneurs and casual workers also requested extended hours, but less frequently. In response to parent requests, about 42 percent of childcare facilities extended their operating hours to accommodate parents who could not pick up their child/children by the facility's regular closing time. Staying open beyond normal operating hours can increase providers' operating costs.

Regulatory compliance: The legal requirements for childcare providers are summarized in Chapter 4. In the course of this study, the research team visited 353 childcare providers in six states, and asked questions about the status of their registration. Most providers said that they met the minimum standard for establishing and operating childcare facilities. Although a large share of providers (88 percent) said that they were registered, only half (48 percent) of this group provided a registration certificate. Regarding facilities, most had sleeping areas (95 percent), toys and games (95 percent), televisions/educational DVDs (81 percent), outdoor activities (78 percent), and in-house medical care (46 percent).

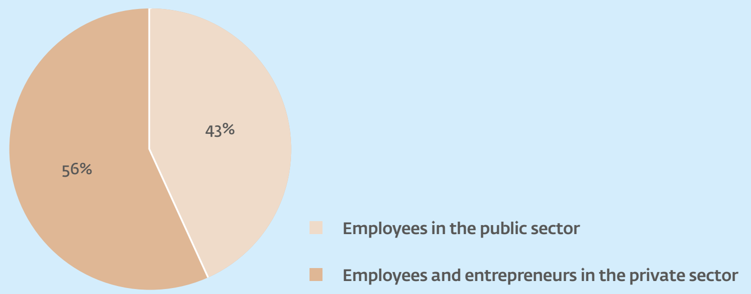
About half of the facilities employed staff with an education level higher than secondary school. Another quarter (28 percent) employed individuals who have a secondary school certificate. On average, the teacher or caregiver ratio was one for up to five children (1:5), although in a facility in Enugu State, a single caregiver was assigned to eight children (a ratio of 1:8). As noted above, fewer than half of the facilities had medical services or licensed medical personnel on staff.

This study found that while the NERDC's policy establishes standards for childcare facilities, there is a lack of government oversight and enforcement mechanisms, and since half (52 percent) of providers may be operating without licenses, this can pose safety risks for children. Given the gap in supervision, some providers have established their own standards for childcare, which were based on their internal considerations. This creates discrepancies in the standards used in the market, and parents have no reliable way to compare the quality of different providers.

56% of childcare users were private sector workers and entrepreneurs

Utilization: Regarding demand and use of care services, the largest percentage of consumers (56 percent) were employees or entrepreneurs who work in the private sector, and this was followed by parents who work in the public sector at 43 percent (Figure 3.2).

Figure 3.2: Employment Profile of Childcare Users[33]



33 N=335. These data are from the childcare providers' survey. This survey question allowed for multiple-responses, but since the value totaled more than 100 percent, for greater clarity, the totals were rebased to total 100 percent.

3.2 Challenges Faced by Childcare Entrepreneurs in Nigeria

The care providers surveyed in this study indicated that they face two major challenges: (1) a lack of qualified workers, and (2) lack of finance to start up and operate a childcare enterprise.

76% of childcare entrepreneurs interviewed for this study lack access to finance to start or scale their business

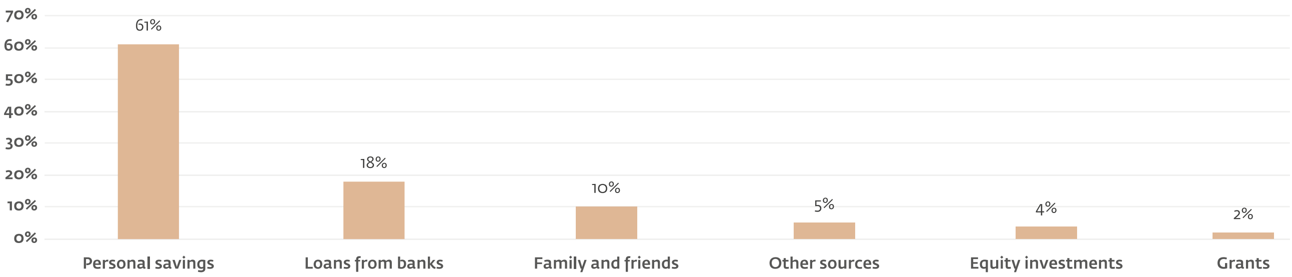
Workforce shortages: Due to shortages, childcare providers struggle to find qualified workers, and this can impact the availability of quality care. The NERDC standards establish the minimum educational qualifications for certain positions. For example, owners of childcare facilities should have a degree in education, and caregivers for children aged 3 to 5 should have at least a senior secondary school certificate, and a proficiency certificate. The limited availability of skilled workers and the lack of continuing professional development programs can undermine smooth operations. Also, most providers face high turnover as qualified employees leave for better-paying jobs.

Lack of finance to start up and run a childcare enterprise: Starting a childcare enterprise is capital intensive, and accessing finance for this, and for operating costs, was the number one challenge listed by care operators. In addition to the cost of meeting regulatory requirements, finding a good location, with reliable infrastructure (electricity and clean water supply), were the other major start-up challenges. In general, childcare operators said that their start-up costs were much higher than their monthly operating costs. Most childcare providers (76 percent) interviewed for this study said they faced challenges in accessing formal finance to start or scale their business. The survey found that fully establishing a childcare facility in Nigeria costs an average of about ₦6 million (about $14,400).[34] Operating costs are also high. Childcare facilities need an average of about ₦19 million ($45,600) annually, for operating expenses.[35] The top four recurring expenses reported were: staff salaries (100 percent), consumables, such as specialized food (88 percent), electricity (63 percent), and security (38 percent). This is in addition to expenses such as rent for the space and equipment.

In many countries, childcare providers rely on parental fees for revenue. They have high operating costs and tight margins, and they frequently struggle to balance offering quality childcare at an affordable price, while also paying their teachers and other staff appropriate wages (Devercelli and Beaton-Day 2020).

Sources of funding: Start-up costs are largely financed by personal savings (61 percent), while just 18 percent of providers accessed financing from a bank, and 10 percent received financial support from family and friends (Figure 3.3). Just 2 percent received grants for start-up costs. Thus, there is a need for funding that encourages start-ups. A large share (76 percent) of the private childcare providers across the six states reported having no access to start-up capital or loans for operating costs. More than two-thirds (64 percent) of the respondents preferred grants as an alternative financing source; however, this was the least available form of support for childcare operations.

Figure 3.3: Sources of Funding for Childcare Services[36]



34 Childcare providers who participated in the survey were randomly selected to provide information on the cost of setting up a facility. Eight providers shared data on costs to establish a new childcare facility and the range was from ₦500,000 ($1,200) in Abeokuta to ₦20,000,000 ($48,000) in Port Harcourt.

35 Seven providers shared data on their monthly operating costs, and the total ranged from ₦30,000 ($72) in Abeokuta to ₦5,500,000 ($13,200) in Lagos.

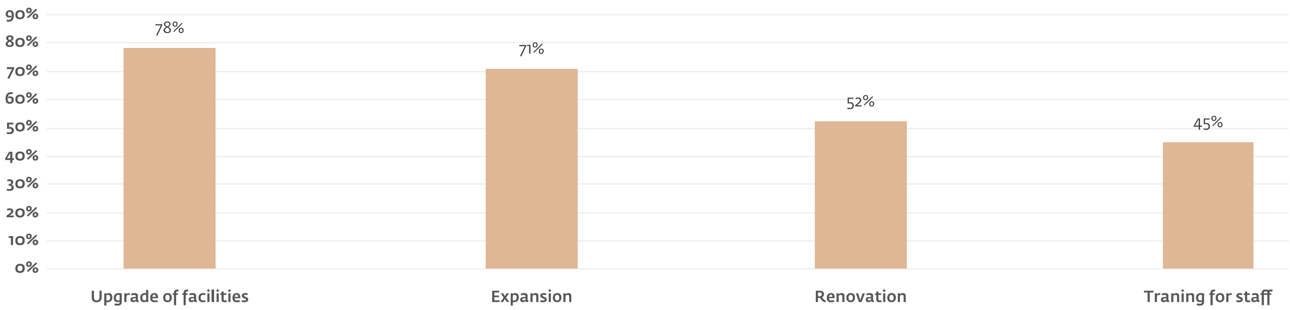
36 N=335. These data are from the childcare providers' survey.

3.3 Opportunities for Promoting Childcare Entrepreneurship in Nigeria

Future funding needs: Regarding their future need for finance, childcare entrepreneurs identified a need for capital to improve the quality of care. They said their top two future financing needs were for upgrading facilities (78 percent) and for expanding their operations to meet demand (71 percent) (Figure 3.4).

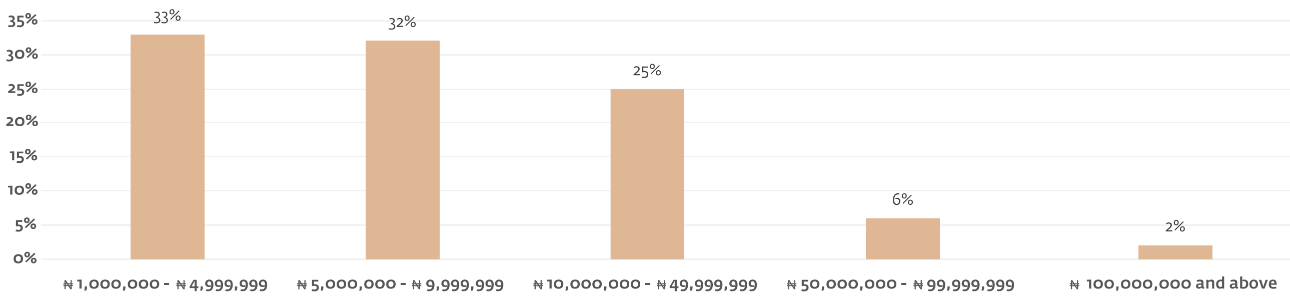
In addition, entrepreneurs identified a need to fund renovations (52 percent) and staff training (45 percent). To respond to parents' needs, providers sought to extend their hours of care, and especially to extend their closing time by one hour. This has financial implications, such as higher costs for staff pay, utilities, and consumables.

Figure 3.4: Childcare Providers' Capital Requirements[37]



To estimate the amount of funding that childcare facilities need, providers were asked to indicate the range of financing they need to cover their current requirements. These amounts ranged across five tiers from ₦1 million ($2,400) to ₦100 million ($240,000) (Figure 3.5). This study calculated the combined average for each of the tiers, and found that the average financing required per provider is ₦15 million ($37,000), but in some cases providers need as much as ₦100 million ($240,000) to upgrade their facilities, improve standards, and fund expansion to meet demand.

Figure 3.5: Range of Funding Amounts Needed by Childcare Providers[38]



37 N=335. These data are from the childcare provider survey.

38 N=335. These data are from the childcare provider survey.

3.4 Significant Levels of Investment Needed

In 2021, UN Women calculated that the gross annual investment required to fund universal childcare education in Nigeria is between 4 percent and 8 percent of the GDP, which is between ₦7 trillion and ₦15 trillion ($17 billion and $35 billion) (De Henau 2021).[39] This is a considerable level of annual investment, and while the UN Women study anticipated that the government would fund universal childcare, it is unlikely that the government would do this alone, thus additional sources of funding are needed.

This study demonstrates that there is a significant childcare financing deficit. Almost two-thirds of childcare providers (61 percent) were self-financed, and only 18 percent had obtained a bank loan. Since providers are clearly unable to meet the unprecedented scale of demand from their savings, much more private sector financing is needed. Thus, there is an enormous opportunity for financial institutions to provide the funds that childcare entrepreneurs require so that they can establish new facilities, expand their existing ones, and grow the childcare sector.

Additional research is needed to scope the size of the childcare market opportunity in the private sector. In conducting the research for this study, IFC found that in the public domain, there were almost no government data on childcare facilities. This study helps to fill that void with a small sample of 358 providers. However, to help policy makers and investors to address gaps in the market, government data should be publicly available on a website.

39 UN Women developed two scenarios which vary, depending on the level of staff compensation and staff-to-child ratios.

4. The Legal and Regulatory Environment

4.1 Family-friendly Protections: International and Federal Law

Governing legal framework: At the level of international law, Nigeria has been a Member State of the International Labour Organization (ILO) since 1970. Under the ILO's system, Member States (countries) negotiate and ratify Conventions that establish rights and obligations that protect workers. Member States must then incorporate the provisions that they ratified in their national legislation. Nigeria has not yet ratified two key conventions that are relevant for women workers—the ILO's Maternity Protection Convention, 2000 (No.183), which is the international standard for maternity leave, and the ILO's Workers with Family Responsibilities Convention, 1981 (No. 156).

Nigeria's Labour Act (2004) is the principal law that regulates employment in Nigeria; however, the scope of application is limited, since it only legally regulates the employment of "workers" who provide manual and clerical services, and it excludes employees who perform administrative, executive, technical, or professional functions.[40] In practice, many employers use the Labour Act as a benchmark for determining their employees' maternity benefit; however, the specific duration and conditions are governed by the employee's employment contract and the employer's policies (Lambo and Agomuo 2022). In the absence of applicable laws, many employers used their discretion to determine the duration and pay rate for maternity leave, and this has resulted in a lack of protection for many new mothers.

Nigeria's Federal Public Service Rules (2008) (hereafter abbreviated as the Rules), which were issued by the Federal Civil Service Commission, are relevant for the protection provided to federal workers. While the Rules legally only apply to employees working for the federal government, the Rules are important for the private sector because they provide a standard for employers that enables them to compete in the labor market, and attract and keep top talent.

Under the Labour Act, employees who have been with the same employer for six months are entitled to maternity leave, but, as seen below, employers have their own policies.

"To be eligible for maternity leave, you must have worked for two years. Also, there have been instances when a woman was not allowed to take maternity leave for trivial reasons."

Employer, health sector, Port Harcourt (male)

In the World Bank's report, *Women, Business, and the Law 2023*, Nigeria scored "zero" on the parenthood indicator due to the country's lack of a robust legal and regulatory framework. There are legal gaps regarding paid maternity leave, paid paternity leave, and protections prohibiting the dismissal of pregnant women employees (World Bank 2023).

Maternity leave: The ILO's Maternity Protection Convention, 2000 (No.183), establishes employment protection standards for pregnant and breastfeeding women. The Convention states that women are entitled to a period of not less than 14 weeks (3.5 months) of maternity leave, at a rate of pay that is not less than two-thirds (66 percent) of the employee's regular income (Figure 4.1). The Convention also establishes that "to protect the situation of women in the labour market, benefits... shall be provided through compulsory social insurance or public funds, or in a manner determined by national law and practice" (ILO 2000a).

The Nigerian Labour Act (2004) established that employees who have been with the same employer for a period of 6 months are entitled to a minimum statutory maternity leave of 12 weeks (3 months), which is divided into 6 weeks (1.5 months) pre-delivery, and 6 weeks post-delivery, at a rate of pay that is a minimum of 50 percent of the employee's normal pay (Figure 4.1). Thus, in Nigeria, maternity leave is two weeks less than the international standard and pay is 16 percent less. In Nigeria, maternity leave is not funded by a compulsory social insurance fund or other public fund, as the ILO recommends; instead, the employer bears the financial responsibility for maternity leave payments (ILO 2000a and Addati et al. 2014). This study found that women of childbearing age were not being hired—most likely due to the perceived cost. Social insurance funds can level the playing field between male and female employees, and help more women to be hired.

40 The classes of workers that are covered are under the Labour Act are explained here: https://iclg.com/practice-areas/employment-and-labour-laws-and-regulations/nigeria

In contrast to the Labour Act, the Federal Rules stipulate that a pregnant female employee is entitled to 16 weeks (4 months) of maternity leave, which must start at least four weeks before the employee's due date, and she must receive her full salary. Similarly, the state public service rules in Enugu, FCT-Abuja, and Lagos exceed the ILO standards and the Labour Act by offering between 16 weeks (4 months) and 24 weeks (6 months) of maternity leave at 100 percent of normal pay.

Paternity leave: There is no international convention governing paternity leave; however, the European Commission directive that establishes a minimum of two weeks of leave for fathers is considered to be international best practice (EC 2022). Nigeria's Labour Act does not establish any paternity leave for fathers. In November 2022, the federal government announced that civil servants can have 14 days of paternity leave (Figure 4.1). The circular on the Rules does not provide the rate of pay, but in practice this is understood to be 100 percent of the employee's current pay. This establishes Nigeria's federal government as a leader that other employers can emulate.

Figure 4.1: ILO, Labour Act, and Public Service Rules (Federal and State) Provisions for Maternity and Paternity Leave

	Maternity leave requirements	Rate of pay	Paternity leave
ILO Maternity Leave Convention	14 weeks (minimum)	66% of normal pay (minimum)	Not applicable
Labour Act (2004)	12 weeks	50% of normal pay (minimum)	Silent
Public Service Rules (2008)	16 weeks	100% of normal pay	14 days
Enugu State Public Service Rules	24 weeks	100% of normal pay	3 weeks
FCT- Abuja State Public Service Rules	16 weeks	100% of normal pay	n/a
Lagos State Public Service Rules	24 weeks	100% of normal pay	10 days

Breastfeeding: The World Health Organization (WHO) recommends that infants be fed breast milk, exclusively, for the first six months of their life, and due to the health benefits, they should continue to be given breastmilk for at least two years (WHO n.d.). The ILO's Maternity Protection Convention, 2000 (No.183) states that a woman has a right to be paid during her daily breastfeeding breaks, the duration of which is determined by national law. Breastfeeding breaks and lactation rooms yield a return of 3 to 1 on employers' investment because it increases employee retention and saves companies the costs of replacing women who quit their job so they can breastfeed (UNICEF 2019). In addition, since breastfed babies are healthier, this can reduce women's absences due to the baby's illness.

In Nigeria, the Labour Act provides for breastfeeding breaks of half an hour, twice per day. The Public Service Rules (2008) establish that female officers are entitled to two hours off every day for nursing for a period of six months, starting from the day the woman returns to work. Concerning lactation rooms, this study did not identify any laws that require employers to provide workplace lactation facilities for women who are breastfeeding.

Sick and dependent care leave: The Labour Act stipulates that workers are entitled to 12 days of sick leave, and six days of annual leave. In contrast, the Federal Rules specify a maximum of 42 days of sick leave in a calendar year for an officer who is not hospitalized, and annual leave of 14 days to 30 days, depending on the grade of the employee. Under the Labour Act, there are no provisions for dependent care leave.

Childcare: The ILO's Workers with Family Responsibilities Convention, 1981 (No. 156) recognizes the need for ILO Member States to ensure equal opportunities and equal treatment of workers with family responsibilities (ILO 1981). Article 5 of the Convention establishes that countries shall take measures "to develop or promote community services, public or private, such as child-care and family services and facilities." The Labour Act does not have any provisions for childcare.

4.2 Family Protections – State Laws

In addition to reviewing international and federal legal frameworks, this study reviewed legal provisions at the state level and, specifically, the public service rules that apply to state government employees regarding maternity leave, paternity leave, emergency leave, bereavement/compassionate leave, childcare, and paid benefits.

Regarding maternity leave, the Public Service Rules in Enugu, FCT-Abuja, and Lagos states had provisions that were equal to, or better than the ILO 14-week standard, but Ogun and Kano States mirrored the Labour Act with 12 weeks for maternity leave (Figure 4.2). Regarding paternity leave, two states led; Enugu provides three weeks, and Lagos provides 10 days.

Job sharing was allowed in the Public Service Rules of two states—FCT-Abuja and Lagos. There were no provisions at the state government level for flextime, exemption from travel, a childcare subsidy/allowance, sick and emergency childcare leave, and wellness/health promotion.

Figure 4.2: Availability of Family Protections at the State Level

State	Relevant statute	Flextime	Exemption from travel	Childcare subsidy/ allowance	Job sharing	Maternity leave	Paternity Leave	Sick/ emergency childcare leave	Wellness - health promotion
Enugu	Enugu State Public Service Rules Act 100218	Not covered				Covered (24 weeks)	Covered (3 weeks)	Not covered	
FCT-Abuja	FCT Public Service Rules on Maternity (Act 100218) and Job sharing (Act 130141)	Not covered			Covered	Covered (16 weeks)	Not covered		
Lagos	Lagos State Public Service Rules Maternity (Subsection 120235) Job Sharing Act 150112	Not covered			Covered	Covered (24 weeks)	Covered (10 days) for the first two babies	Not covered	
Ogun	Ogun State Public Service Rules "Subsection 03301"	Not covered				Covered (12 weeks)	Not covered		
Kano	Kano State Civil Service Rules Subsection 03301a and b	Not covered				Covered (12 weeks)	Not covered		
Rivers	No document reviewed								

4.3 Regulation of Childcare Services

Childcare regulatory context: In 2004, the Nigerian Educational Research and Development Council (NERDC) think tank, with support from the Ministry of Education (MoE), Ministry of Health (MoH) and UNICEF Nigeria, established "The National Minimum Standards for Early Child Care Centers in Nigeria" (World Bank 2013). This details the minimum standards for establishing and operating early childcare centers in Nigeria (NERDC 2004). In conducting a study on education in Nigeria in 2013, the World Bank found that Nigeria has the policies necessary to implement an early childhood education system that effectively caters to the needs of all pre-school-age children.

The World Bank found that Nigeria's legal framework was at an "established" level, and was ahead of the other countries in Africa (World Bank 2013). However, policy coordination, the scope of programs, quality standards, and equitable distribution were categorized as "emerging," which indicates that the actors involved, such as the government, private sector, and other stakeholders, were making meaningful efforts in the right direction. Nigeria should continue to improve its policy implementation efforts so that the country achieves "advanced" status.

This study, like the World Bank's 2013 study, found similar challenges regarding quality assurance, compliance with the required standards, the availability of accurate data, effective monitoring, and adequate coverage—especially for the most disadvantaged and underserved children. The World Bank also identified access to finance as a significant challenge because most childcare centers in Nigeria have limited or no access to public or private funding. This study found that all these challenges are still relevant today.

For a childcare center to operate, it must be registered with, and licensed by the Corporate Affairs Commission and the Ministry of Women Affairs and Social Development. The requirements for registering a childcare business include filing an application and undergoing screening by the relevant government departments (Education/Women Affairs and Social Development/Health). This includes a site inspection and a review of personnel, infrastructure, and funding/management arrangements. Operating licenses are only issued following approvals from all of the required government departments and a satisfactory assessment by the the Ministry of Women Affairs and Social Development.

NERDC requirements: NERDC recognizes the need to regulate and control the operation of pre-primary education establishments, and prescribes the minimum standards and practices that are expected in early childcare centers in Nigeria. Below is a summary of these minimum standards.

1) **Registration and permits:** Childcare facilities must be registered and licensed. Providers obtain operating permits following the satisfactory assessment and screening of the site, personnel, infrastructure, and funding/management arrangements.

2) **Infrastructure:** There are requirements for the physical soundness of the building, and the minimum size, depending on the number of children the provider plans to enroll. The requirements also list the standards for ventilation, illumination, a non-slippery floor, and non-rigid seating.

3) **Safety and security:** Systems and procedures must be in place for fire safety, and for the protection of children from intruders, child abuse and neglect, mosquitoes, and other dangers.

4) **Health and hygiene:** The NERDC standards require weekly health screenings of children, first aid equipment and supplies, the provision of a health and nutrition corner, monthly growth monitoring, regular de-worming (every four to six months), and daily physical exercise periods.

5) **Nutrition:** Childcare facility owners are required to provide a private section for the exclusive use of breastfeeding mothers, and to ensure that children are receiving adequate micronutrients by providing them with complementary vitamins, and especially Vitamin A and iron for children aged six months to two years.

6) **Staff-to-child ratios:** The NERDC standards require a minimum of two adults up to a maximum of 35 children, depending on the age. Specifically, "there should be one caregiver and one helper per 20 to 25 children (ratio 2:25) aged zero to three years, and one caregiver and one helper per 30 to 35 children (ratio 2:35) aged three to five years."

7) **Staff qualifications and training:** Owners of childcare facilities should have a degree in education. Caregivers for children aged zero to three years can be anyone with basic literacy who is age 21 or older. Preferably, caregivers for children aged three to five years should be National Certificate of Education holders, retired nurses, teachers, educated retirees, or someone with at least a senior secondary school certificate and a childcare proficiency certificate.

8) **Quality curriculum:** Facilities must use the early childhood education curriculum specified in the National Policy on Education, which is divided into two cohorts: children aged zero to three years and children aged three to five years. This high-quality curriculum must be provided to help children to develop social, moral, and cultural behaviors; encourage them to explore their surrounding environment (as well as art and music); and learn the alphabet, numbers, and the names of shapes and colors.

5. Recommendations

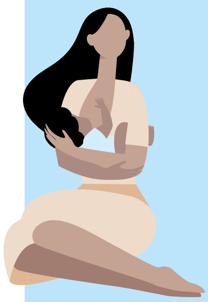
As Nigeria's population continues to grow and the middle class continues to expand, the already strong demand for family-friendly policies and childcare will escalate rapidly. This study found that employees, both women and men, need formal childcare to enhance their productivity but working parents are struggling to afford good quality childcare that is conveniently located. Further, to enable more women to stay in the workforce, have good paying jobs, and pursue careers that can enhance a company's competitiveness, family-friendly policies and the supply of good quality childcare will need to be expanded.

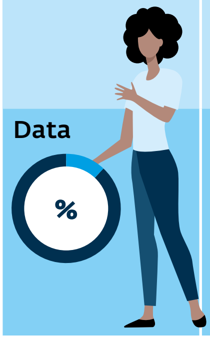
Employer-supported childcare is a key part of the solution, but other stakeholders are also needed. As discussed in the recommendations below, governments, employers, associations, financial institutions, and childcare providers all have important roles to play. For additional guidance, see IFC's 2019 publication *Tackling Childcare: A Guide for Employer-Supported Childcare* and the World Bank's 2020 report *Better Jobs and Brighter Futures.*

Although the private sector is the focus of this study, there is a compelling need for public-private cooperation to improve family-friendly policies. Governments have a duty to facilitate an environment where both enterprises and employees can thrive. Federal government action will help to create uniform standards across the nation, and this will go a long way toward the implementation of better standards for working parents. Further, having more women who are engaged in economic activity will increase Nigeria's GDP.

5.1 Recommendations for Government and Policy Makers

Area	Recommendations
Parental leave and non-discrimination	1. Maternity Leave: Update the Labour Act to provide a minimum of 14 weeks of leave, at a minimum rate of 66 percent of regular pay (ILO 2000, World Bank 2021a). o Consider laws that establish a dedicated source of funding by the government, such as a social insurance fund, to pay for maternity leave. This could also cover all classes of workers. This approach creates a level playing field that helps mitigate gender discrimination in employment. 2. Paternity Leave: Establish a minimum for paternity leave of 2 weeks at 100 percent pay. 3. Labour Act: Expand the classes of workers covered so that all Nigerian workers can benefit from maternity leave and lactation breaks (30 minutes, twice a day). 4. Protect workers who take leave (both mothers and fathers) from discrimination. Prohibit the dismissal of pregnant and breastfeeding women workers. 5. Sign, ratify, and enact into domestic law, ILO Conventions No. 156 on Workers with Family Responsibilities, and No. 183 on Maternity Protection.
Lactation Support	1. Establish minimum standards for lactation rooms at workplaces that include hygiene, privacy, and refrigeration. o Ensure that employers have flexibility in implementing these facilities.



Childcare	Childcare support
	1. Raise private sector firms' awareness about the business case for employer-supported childcare. In doing so, the government could partner with local and international organizations. 2. Introduce new government policies that address the issues of quality, affordability, distance, and access. a. Quality: Effectively supervise and ensure compliance with the licensing requirements and operating standards. i. Through a robust quality assurance system, ensure that children are in a safe and stimulating environment, and supported by a capable workforce. ii. Through communications outreach, help employers and aspiring childcare providers to easily find information, and parents to easily find licensed providers. iii. Facilitate resources for training, as well continuing education, to improve the qualifications of childcare center staff. b. *Affordability:* Offer incentives to both providers and employers to invest in making quality childcare available to employees. These types of policies could help to reduce or eliminate childcare fees, especially for families that are financially strained. i. Providers and employers: Support the establishment of childcare centers in key locations. Incentives could include direct financial support to providers, grants, quality-based financial incentives, land and tax breaks, rebates, stipends, vouchers and/or allowances. These could be financed with employers' taxes, public-private partnerships, social impact bonds, and entrepreneurship funds from philanthropic donors. ii. Financial Institutions: Support the provision of loans to childcare business owners. Additional measures may be required to encourage and support banks in making credit accessible to childcare providers. c. *Distance:* Incentivize individual employers or a consortium of employers to meet employees' childcare needs by facilitating the opening of childcare facilities that are either on-site at the employer's workplace, near-site in business or industrial hubs, or in the communities where employees tend to live. d. *Access:* To encourage equitable access to affordable childcare for all working parents, employer-supported childcare policies should be based on the total number of male and female employees, rather than only on the number of female employees. This will reduce the likelihood that women employees will face gender-based discrimination. 3. Address the challenges identified in the World Bank's 2013 report and in this report on policy coordination, the scope of programs, quality standards, effective monitoring, compliance with the required standards, the availability of timely and accurate data, adequate coverage (especially for middle- and low-income children), equitable distribution of the supply of childcare across regions, and access to finance from public and private sources.
Data 	1. Facilitate childcare investors' decision-making by regularly collecting and making current data on the supply of childcare publicly available on a website. a The data on the supply of childcare centers could include their geographic location, the number of centers that are formally registered, and enrollment trends over the last few years. b. Data on demand could include information on births, and the population of children aged 0 to 5.

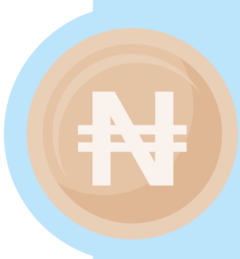
5.2 Recommendations for Employers

Area	Recommendations
Invest in a broad suite of family-friendly policies	1. Maternity leave: Consider investing in policies that provide a minimum of 14 weeks of maternity leave, at a minimum rate of 66 percent of regular pay (ILO 2000 and World Bank 2021a). Advocate establishing a government-financed social insurance fund that pays for maternity leave for all classes of workers. 2. Paternity leave: Invest in policies that provide a minimum of two weeks of paid paternity leave at 100 percent pay. 3. Lactation: Invest in formal policies that provide lactation breaks for all breastfeeding employees (30 minutes, twice a day). Provide a lactation room that is clean, provides privacy, and has refrigeration. 4. Establish a broad suite of family-friendly policies, including flex-work, job sharing, emergency and/or dependent care leave, and exemption from travel. Introduce emergency and back-up leave benefits. 5. Support returning mothers with phased-in return to work, job sharing, fair performance appraisals (prorated to only cover the time that the employee worked during the performance evaluation cycle), and job recognition and reward practices that are equitable. 6. Disseminate policies, generate greater awareness about them, and encourage employees to take parental leave. 7. Enforce non-discrimination policies and practices while avoiding retribution.
Invest in childcare	1. Individual employers or a consortium of employers could support employees' need for access to good quality, affordable, and convenient childcare by facilitating the opening of childcare centers that are either on-site at the employer's workplace, near-site in business hubs or industrial clusters, or in the communities where employees tend to live. 2. As part of employee retention schemes and benefit packages, implement strategies that support working parents by facilitating access to childcare that is convenient, good quality, and affordable. 3. Bearing in mind that the financial needs of individual childcare providers are modest—childcare entrepreneurs need between ₦6 million ($14,400) and ₦19 million ($45,600) to start up a new facility and operate it, annually, while existing providers need an average of ₦15 million ($37,000) and in some cases up to ₦100 million ($240,000) for upgrading facilities and growth. Given the substantial financial resources that many large companies have, they could form innovative partnerships with childcare providers, and financial institutions to help bridge providers' financing gaps.
Engage men	1. Offer paternity leave and encourage men to take it. 2. Conduct sensitization communications campaigns to debunk gender stereotypes and encourage both working parents to actively engage in raising their children. 3. Help change stereotypes through internal campaigns, setting examples at the senior management level (such as C-suite executives and managers taking paternity leave and sharing their stories), and creating employee resource groups for fathers and mothers.

5.3 Recommendations for Early Childhood Education Associations and Industry Associations

Area	Recommendations
Accelerate change 	1. An association for early childhood development providers could raise the quality bar with voluntary standards that exceed the legal requirements, and also offer a transparent, national accreditation system (IFC2019a, NAYEC n.d.). Widely advertise these quality standards to parents and employers. 2. Industry associations can look for common solutions to gaps in family-friendly policies and practices, and champion change. 3. Industry associations can help facilitate the establishment of childcare centers in business hubs, industrial clusters, and on-site at employers' locations by working with providers that are positioned to expand. 4. Both early childhood education associations and industry associations can help raise awareness about the business case for employer-supported childcare and other family-friendly policies. Create webinars and trainings, experience-sharing sessions for business leaders, and awards that encourage and publicize corporate leaders who promote change. Create a list of locally and internationally available resources for companies to learn more about childcare and family-friendly policies. On behalf of association members, encourage governments to provide greater support for childcare such as the policies recommended in this report.

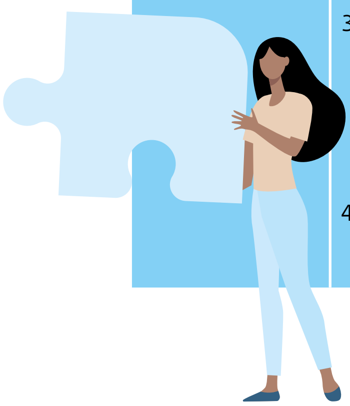
5.4 Recommendations for Financial Institutions

Area	Recommendations
Access to finance 	1. Facilitate access to finance for childcare entrepreneurs through learning exchanges, enhanced market scoping, tailored financial products, and pilots. a. Identify risks, and address myths and misconceptions about women childcare entrepreneurs, as well as the bottlenecks that they encounter—such as their lack of land-based collateral—and then provide alternative types of guarantees. b. To gain greater acceptance in the market while addressing the needs of childcare providers, explore innovative financing solutions such as blended finance. c. Address the needs of women-owned small and medium-sized childcare facilities with customized financial products that have favorable terms and conditions. d. Conduct pilots that demonstrate the opportunities, challenges, and solutions involved when investing in childcare providers.
Capacity building	1. Target childcare providers with non-financial solutions, such as training for childcare entrepreneurs to help them manage their financial records appropriately, scale up their business, and manage risks. 2. Partner with other organizations, such as business accelerators and educational institutions, to increase providers' financial literacy.

41 The National Association for the Education of Young Children (NAYEC) has ten standards of quality to accredit early learning providers in the United States. These cover relationships; curriculum; teaching; assessment of child progress; health; staff competencies, preparation, and support; families; community relationships; physical environment; and leadership and management in early-learning settings (IFC 2019). www.naeyc.org/accreditation/early-learning/interested

5.5 Recommendations for Childcare Providers

Area	Recommendations
Address gaps in the market	1. Address issues of affordability, quality, location, and operating hours through partnerships, collaborations, and innovation. 2. Create partnerships with employers to address gaps in the market by establishing on-site childcare centers at employers' locations, and in business hubs or industrial clusters that serve multiple employers. 3. Invest in improving quality by obtaining and maintaining appropriate licenses; reducing the child/teacher ratio (particularly for children aged 0-3); investing in training to improve staff qualifications, including essential first aid training; and improving the physical infrastructure of childcare facilities to become more attractive to an important segment of the market. 4. Target services to meet the specific needs of working parents. 5. Provide employers with discounted fees if they refer a certain number of employees. 6. Help educate companies about the business case for employer-supported childcare.
Tap market opportunities to scale up more cost-effectively	1. Consider growth strategies through a combination of organic growth, and mergers and acquisitions. 2. Establish networks with other providers to harmonize standards that will consistently deliver high-quality care across multiple locations. 3. Scale up to serve more children, more affordably. Adopt business strategies that create economies of scale, such as volume discount pricing for purchasing equipment and supplies, and that reduce operating costs by sharing back-office functions such as HR, IT, finance, security, and legal services with other providers. These cost savings can ultimately contribute to making services more affordable. 4. Compensate care workers with appropriate wages.



6. Conclusion

High-quality, reliable childcare enables women to access good jobs and higher-level positions, and this can enhance a company's competitiveness. But if childcare is too costly, this can lead to women dropping out of the workforce or scaling back their career ambitions. This can have negative consequences for a company's performance, and a country's economic growth. Around the world, countries are losing $172 trillion in wealth because of the differences in the lifetime earnings of women and men (Wodon 2020). In 2022, the World Bank estimated that closing the gender gap in key sectors of Nigeria's economy could yield an economic gain of as much as $23 billion or 6 percent of Nigeria's overall GDP. Despite the benefits, globally, childcare that aligns with parents' needs, values, work hours, and income level is scarce.

Working parents in Nigeria face numerous challenges, and this study shows that they seek longer and better-compensated maternity and paternity leave, as well as flexible work policies. A large share (64 percent) of the employees who were surveyed for this study rely on informal childcare, in part, because only 5 percent of their employers had on-site childcare facilities, or they cannot afford childcare. Also, only 20 percent of their employers provide some type of support for childcare. Consequently, employees struggle to find good quality, affordable childcare that is near their work or home.

The high costs of childcare are draining many households' finances, and commuting to and from distant childcare facilities is taking up too much of employees' valuable time. These problems generate substantial stress, which negatively impacts employees' productivity at work, and their willingness to take on demanding tasks and positions that would advance their careers and increase their earnings. Notably, 67 percent of men and women surveyed in this study reported that employer-provided childcare increased their productivity.

This study is a wakeup call for Nigerian employers as it indicates that they can be an important part of the childcare solution if they address the issues of affordability, quality, and location. Family-friendly policies and employer-supported childcare are important not only because they can improve employees' performance, and enhance a company's reputation with customers and shareholders, but they also give the company an advantage in a competitive labor market by helping to attract and retain top, and emerging talent, and especially talented women (IFC 2021b). All these benefits help companies to perform better, and they enhance corporate competitiveness.

In summary, employers can benefit from improving parental leave benefits, investing in childcare, and implementing a broad suite of family-friendly policies, including ones that encourage men to counter the stereotype that women are solely responsible for childcare. Also, large companies could lead in increasing Nigeria's inadequate supply of childcare by forging partnerships with childcare providers so that they offer more locations in business hubs and industrial clusters where many parents work. This would benefit a wide range of employers and their employees. In addition, privately held companies could collaborate in closing the maternity, paternity, and flexible work benefit gap between themselves and publicly traded companies. Finally, industry associations could help to accelerate solutions on a larger scale by encouraging employers to offer family-friendly policies and employer-supported childcare in the sectors where these benefits are less available.

Governments could play a critical role, too, in leveling the playing field regarding maternity and paternity leave for all Nigerian employees because having a child is a human event—not just an employee event. Thus, governments could do more to protect all workers—not just certain classes and segments of workers—and help to catalyze greater investment in the childcare industry by gathering and making key industry data publicly available.

In addition, financial institutions could address the 10 percent growth in private sector demand by 2025. They could tap into a ₦35 billion market opportunity by tailoring financial products to meet the needs of childcare providers and providing them with training and other non-financial services to help them respond to the needs of the market.

Finally, childcare providers should consider expanding to meet the needs of companies in business hubs and industrial clusters. They could also partner with corporations to reserve space for their employees and ensure that their services meet the needs of employees. In addition, providers could reach out to employers to promote their services and consider institutionalizing their business model to scale up and create childcare provider networks, and especially ones in the areas with a large concentration of employers. Working together with government and the private sector, networks of childcare providers could create win-win solutions for companies, parents, children, and individual providers. Investing in childcare can enhance the competitiveness of Nigeria—a country with a vibrant private sector and one of the most rapidly growing populations in the world.

Annex A:
Family-friendly Policy Definitions

Family-friendly workplace policies/practices: These are policies and practices that help to balance and benefit both work and family life, and they typically provide three essential resources that parents, and caregivers of young children need: time, finances, and services.

Flextime: This is scheduling that allows employees to complete their required hours every week in a flexible manner. Employees can choose when they work, such as starting work later, and departing early.

Exemption from non-scheduled work: Parents with young children are exempt from work obligations that were not initially, or are not, typically, in their work schedule.

Exemption from travel on short notice: Parents with young children are exempt from work trips that arise on short notice, and they would only travel if an agreed-on period of advance notice is given.

Exemption from working away from the worksite: New parents are exempt from work obligations and duties that require them to leave their worksite, and work at other locations.

Childcare subsidy/allowance: The employer provides additional pay for working parents to fully cover, or subsidize the cost of certified in-home, or provider-based childcare.

Part-time work: This employs a person for fewer hours per work week than a regular full-time job.

Working from home/virtual work: The employee can work from home, or some other remote site, some or all of the time, or may telecommute—which means using their telephone, e-mail, and/or an internet video conference program to carry out their work.

Job-sharing: This means sharing a single position and work tasks between two employees, each of whom works for an agreed amount of time. This allows workers to continue to hold the position they want, and still have time to spend with their children and/or ageing parents or take care of other family responsibilities.

Parental leave: This is leave that is granted by an employer to either a female parent (maternity leave) or a male parent (paternity leave) for the birth, adoption, or acceptance of a foster child. Maternity leave could be taken prior to and/or after the birth of a child, while paternity leave is typically taken after the arrival of the child. The employee may be entitled to receive all of his or her regular pay, a percentage, or no pay.

Short notice/emergency leave. This is leave granted for family emergencies. An employee could use this leave to take care of an ageing parent, or family member with a long-term illness, or for any emergency problems that affect his/her family. Advance notice for taking emergency leave is usually short, as the situation is typically unexpected, and this leave may be paid or unpaid.

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For more information about Nigeria2Equal please contact:

Anurika Azubuike
Email: aazubuike@ifc.org
Location: Nigeria
www.ifc.org/nigeria2equal

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