RECOVERY WATCH

POLICY STUDY
July 2022

THE ROLE OF THE RECOVERY AND RESILIENCE FACILITY IN STRENGTHENING CHILDCARE POLICIES

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FORUM DISUGUAGLIANZE DIVERSITÀ

Policy Study published in July 2022 by

THE FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES (FEPS)
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This Policy Study was produced with the financial support of the European Parliament.
It does not represent the views of the European Parliament.

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ISBN: 978-2-930769-86-8
Editing: Helen Johnston
Layout and editing: Triptyque
Cover photo: Shutterstock.com

WHAT IS THIS PROJECT ABOUT?

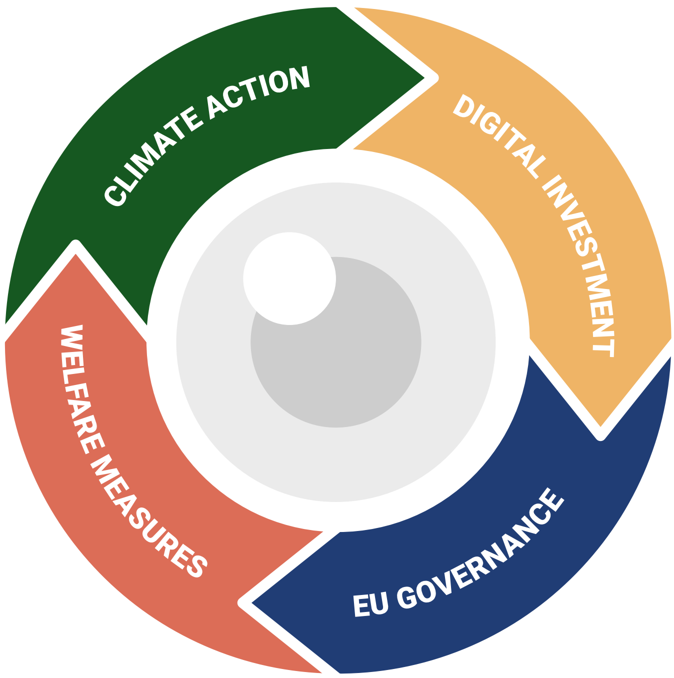
The National Recovery and Resilience Plans represent the new framework in which European member states identify their development strategies and allocate European and national resources – with the objective of relaunching socio-economic conditions following the coronavirus pandemic.

This process, initiated as part of the European response to the global health crisis, follows the construction of NextGenerationEU. It combines national and European efforts to relaunch and reshape the economy, steering the digital and climate transitions.

For European progressives, it is worth assessing the potential of these national plans for curbing inequalities and delivering wellbeing for all, as well as investigating how to create a European economic governance that supports social, regional, digital and climate justice.

The Foundation for European Progressive Studies (FEPS), the Friedrich Ebert Stiftung (FES) and the Institut Emile Vandervelde (IEV), in partnership with first-rate knowledge organisations, have built a structured network of experts to monitor the implementation of National Recovery and Resilience Plans and assess their impact on key social outcomes. Fact- and data-based evidence will sharpen the implementation of national plans and instruct progressive policymaking from the local to the European level.

The Recovery Watch will deliver over 15 policy studies dedicated to cross-country analysis of the National Recovery and Resilience Plans and NextGenerationEU. Monitoring the distributive effects of EU spending via NextGenerationEU, and the strategies and policies composing the national plans, the project will focus on four areas: climate action, digital investment, welfare measures and EU governance.



KNOWLEDGE PARTNERS

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SUMMARY

Investing in children is of crucial importance to break the circle of disadvantage, reduce inequalities, and increase female employment. The Recovery and Resilience Facility (RRF) represents a unique opportunity for member states to expand the offer of early childhood education and care services.

Preliminary evidence from five member states shows that countries like Italy and Spain are using the RRF to increase the service provision and reduce internal disparities; others, like Portugal and Germany, are using these resources increase spending on childcare, but without any attention to the distributional impact. Slovakia stands as a unique case of a country with traditional low levels of spending and coverage of childcare that does not foresee any investment in this regard.

When it comes to the implementation of the plans, we identify problems of a threefold nature: the lack of regular funds to cover running costs of the newly created or renovated infrastructure, the lack of support, technical assistance, to providers or local authorities to accurately develop projects' proposals, and – finally, the lack of time for the same authorities to present valuable projects.

Accordingly, we advance two key recommendations:

First, the Commission should monitor that the principle of territorial and social cohesion, at the hearth of the RRF, is respected and accordingly should guarantee that technical assistance is provided to most disadvantaged territories.

Second, a review of the current fiscal framework should be envisaged to allow member states to cover for the cost for running the infrastructure financed through the RRF.

Childhood represents a sensitive time in human life. Abilities and skills that will accompany individuals throughout life are nurtured after birth and before entering primary school. So are inequalities. Children of parents with a low income or level of education have fewer chances to acquire those abilities and skills that are essential to growing up and living in a complex and constantly changing world.

"

The Recovery and Resilience Facility (RRF) represents a unique opportunity for member states to invest in expanding the offer of early childhood education and care services.

"

INTRODUCTION

Evidence suggests that participation in early childhood education and care programmes might substantially enhance the chances, especially of poorer children, to acquire key life competencies.[1] According to a study conducted by FEPS in 2020,[2] children from the bottom 40% socio-economic status who participated in early childhood education and care (ECEC) under 3 years of age have higher chances of obtaining scores above the EU average in mathematics and reading, measured through OECD (Organisation for Economic Co-operation and Development) PISA (Programme for International Student Assessment) tests more than 10 years later, when aged 15 years old.

However, at present, only half of EU member states offer early childhood education and care services to more than 33% of children below age 3. In addition, most children enrolled in childcare services come from middle- to high-income families, not the poorest families.

The main factors undermining access to ECEC for the most disadvantaged children are the lack of provision, notably in marginalised suburban or remote and rural areas, combined with market-based solutions, making existing services inaccessible to children with low-income parents.

Accordingly, to guarantee equal access to services for all children, universal public, and free, provision must be in place (or at least free for children of low-income parents). In addition, services must be of high quality to promote the holistic development of the child. Quality is primarily ensured by trained professionals, and by the inclusiveness of the education project, or its ability to recognise and embrace children's differences in order to stimulate their learning potential.

The Recovery and Resilience Facility (RRF) represents a unique opportunity for member states to invest in expanding the offer of early childhood education and care services, at present lacking in most European countries, along with their quality. Reforms and investment in the next generation, including children, figure prominently in the RRF, which explicitly indicates the Child Guarantee as the normative framework to be used as a reference to design national policies.

The present analysis will focus on the role (if any) of National Recovery and Resilience Plans (NRRP) in strengthening the accessibility, availability and affordability of childcare facilities. We thus look both at the reforms included in the plan as well as the investment. A comparative analysis of the following countries will be provided: Italy, Spain, Portugal, Germany and Slovakia.

First, this study assesses the relevance, effectiveness and coherence of the proposed reforms and investments in the plans vis-à-vis the specific needs of the countries in terms of offer of quality childcare services. We provide figures on the number of places created, the regional distribution, the impact on the achievement of the 33% public coverage target and the amounts still needed to achieve that objective. Second, we look at the implementation phase of the plans, by shedding light on the obstacles and bottlenecks that have emerged so far. Third, we advance some policy recommendations to effectively develop equitable and sustainable early childhood education and care systems.

The study proceeds as follows. Section 1 illustrates our analytical approach, while Section 2 applies it to grasp the main features of the childcare facilities in the member states under investigation. In so doing, we aim to provide an illustration of the main limits of the current system that hinder equal access to childcare services to all children. Section 3 describes for each country the content of the reforms and investment included in the plans, assesses their relevance, effectiveness and coherence, takes stock of the implementation phase, and points to the main obstacles that have emerged so far. Section 4 concludes and provides recommendations.

1 Hemerijck, A., Burgoon, B., Di Pietro, A. and Vydra, S. (2016) *Assessing Social Investment Synergies (ASIS)*, Luxembourg: European Commission. Available at: https://iefp.eapn.pt/docs/Avaliar-as-sinergias-de-investimento-social.pdf

2 Morabito, C. and Vandenbroeck, M. (2020) 'Towards a child union! Reducing inequalities in the EU through investment in children's early years, FEPS. Available at: https://feps-europe.eu/wp-content/uploads/downloads/publications/towards%20a%20child%20union%20-%207.pdf.pdf

1. CHILDCARE POLICIES: BEYOND DE-FAMILIALISATION TOWARDS A CHILD-CENTRED APPROACH

Since the 1990s, childcare policy has undergone rapid change and expansion in many European countries, with the dual ambition of increasing investment in children and furthering work-care reconciliation, particularly for mothers.[3] Simultaneously, substantial advancements and improvements in childcare policies were further incentivised by the changing legal landscape, notably at the EU level, with the emergence of non-discrimination and equal rights cases that obliged employers to accommodate workers' care obligations.[4]

Scholarly attention has focused on developing analytical frameworks and tools for categorising different models of childcare policy across countries. Most prominently, the literature on (de)familialisation[5] has focused on the extent to which individuals' welfare is dependent on their family and, conversely, to which families are responsible for providing welfare to other family members. Key policy dimensions examined in this field include the provision of parental leave, formal childcare, and care provision for the elderly.[6] Parts of this literature have also explicitly focused on de-genderisation as an analytical lens, examining to what extent policy provisions reinforce gender divisions in society, including the division of labour and care.[7]

While the familialism perspective is a valuable tool for comparative childcare policy analysis, it tends to focus on the family unit, particularly on parents. Childcare is conceived primarily as a policy aimed to liberate families (and especially women) from a share of the needed caring work. Similarly, the gender perspective conceives childcare policies as a tool to promote the elimination of gender roles. By contrast, our main analytical interest is in looking at childcare policies from a children-centred approach and assessing the resources offered to their parents to access childcare and the associated benefits for their personal development (capabilities).

> "Looking at childcare policies from a rights-based approach means assessing four criteria: availability; accessibility; affordability; and quality."

Our assessment of childcare provisions is based on four criteria, which ultimately affect children's take-up of childcare facilities: **availability; accessibility; affordability; and quality.**

The first factor that plays an important role in explaining the take-up of childcare services is the existence or not of a legal entitlement to the service. Policy that guarantees a childcare place improves children's capabilities by enabling them to access education and the subsequent

3 Hemerijck, A. (2013) Changing welfare states, Oxford: Oxford University Press. Available at: https://www.cambridge.org/core/journals/journal-of-social-policy/article/abs/anton-hemerijck-2013-changing-welfare-states-oxford-oxford-university-press-2250-pp-485-pbk/B751CD5A37EF5C75904A23A44F722406

4 Yerkes, M. A. and Javornik, J. (2019) 'Creating capabilities: Childcare policies in comparative perspective'. *Journal of European Social Policy, 29*(4), pp. 529–544. Available at: https://journals.sagepub.com/doi/full/10.1177/0958928718808421

5 eg Leitner, S. (2003) 'Varieties of familialism: The caring function of the family in comparative perspective', *European Societies, 5*(4), pp. 353–375. Available at: https://www.tandfonline.com/doi/abs/10.1080/1461669032000127642; Saraceno, C. (2016) 'Varieties of familialism: Comparing four southern European and East Asian welfare regimes'. *Journal of European Social Policy, 26*(4), pp. 314–326. Available at: https://journals.sagepub.com/doi/10.1177/0958928716657275

6 Leitner, 'Varieties of familialism'.

7 Saxonberg, S. (2013) 'From Defamilialization to Degenderization: Toward a New Welfare Typology'. *Social Policy and Administration, 47*(1), pp. 26–49. Available at: https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1467-9515.2012.00836.x

benefits that can be derived from it. The more expansive such a legal entitlement is, the greater the positive effect. When a child can be refused a place based on preferential criteria, such as parental employment, income or siblings, service provision may be more restricted.[8]

Availability of childcare policies is affected by how childcare is provided. In this respect, as observed above, three main logics underlie the provisions of the service or goods: market provision (for profit); state provision; and mixed provision, whereby childcare is provided through formal private not-for-profit organisations with public subventions.

Depending on the fee structure set out in legislation, affordability of and therefore access to childcare may be influenced. Some countries prioritise market-based systems childcare services, with in many cases financial contributions to parents to cover part of costs. While other, public funding goes directly to services (that might be both publicly managed or managed by third parties, usually private non-profit). This influences access rates, with the first type usually undermining access, while the second promotes access and equity. When the government funds services, in some cases, fees are directly set or capped by governments, sometimes based on a sliding-fee scale, with discounts (or free for the lowest income) for certain groups.[9] These arrangements will have different effects on the net costs of childcare, and accordingly on children's capabilities as they relate to accessing early childhood education and care. Overall, a market-based system increases inequalities, while a public-funded one decreases inequalities.

Finally, the quality of childcare affects the take-up of the service. Quality can be operationalised both in structural terms (eg maximum group size, child-to-staff ratios and the educational level of childcare staff) and process terms at the organisational/staff level (eg what happens in the setting: the play and learning environment; child-teacher and child-child interaction; and interactions with parents).[10] Any legislation on quality of childcare is important to consider, as the benefits for children, particularly those from lower socio-economic households, shown to have been associated with childcare provision are conditional on high quality in terms of teachers' qualifications, child ratios, group sizes and inclusive curricula and teaching/education practices, whereas low-quality services may lead to detrimental outcomes in terms of child development relative to home care.[11]

8 Yerkes and Javornik, 'Creating capabilities'.

9 Ibid.

10 Ibid.

11 Van Lancker, W. and Ghysels, J. (2016) 'Explaining patterns of inequality in childcare service use across 31 developed economies: A welfare state perspective', *International Journal of Comparative Sociology, 57*(5), pp. 310–337. Available at: https://journals.sagepub.com/doi/abs/10.1177/0020715216674252

2. THE STATUS QUO ANTE: CHILDCARE POLICIES BEFORE THE PANDEMIC

Based on the analytical framework outlined in the previous section, in what follows we summarise the main characteristics and the main shortcomings of the five countries under investigation.

Portugal is by far the country that guarantees the highest number of places to children under the age of 3 in childcare facilities (around 50%).[12] Although 60% of places are publicly funded, only a small share of children (living in the poorest households, according to national criteria) have free access, and fees are paid depending on a family's income. Inequalities in access are still persistent, with higher-income households having disproportionally greater access.[13] This is mainly determined by two factors.

First, the lack of places/supply in the regions of Lisbon, Porto and Setubal. These metropolitan areas are also those with the highest share of private providers: 41% in Lisbon, 32% in Porto and 44% in Setubal – compared to the national average, which is less than 20%.[14] The provision is particularly limited in those areas within the cities where lower-income families live.

A second problem with the Portuguese system is related to the way the government allocates financial contribution to ECEC services. The Ministry of Labour and Social Security (MTSS) provides funding directly to providers, once accredited to run their operations. However, the amount of the contribution by the MTSS does not cover the total cost per child. As a result, providers usually privilege enrolment of children from middle- to high-income families (to which they can charge maximum co-payments), to increase their revenue.

There are further drawbacks to the Portuguese system. Services are generally of low quality, testified to by the absence of standards and limited public expenditure devoted to ECEC (0.5% for childcare and preschool education, among the lowest levels of spending among OECD countries), while having nevertheless a high percentage intake.[15] Lack of educational guidelines, and low levels of staff qualifications and salaries, are among the main factors undermining quality. The absence of a specific curriculum or pedagogical guidelines, or standards for the learning environment, parental participation, leaving each provider applying its own practices and organisation, makes the system incoherent. More importantly, because of the absence of an overall pedagogical framework, inclusion practices are very rare.

Finally, there are other welfare policies targeting children, but they poorly interact with childcare services. For example, the child benefit, a universal allowance, is paid monthly until the child is 16 years old, with amounts established based on income and the composition of the family and age of the child. This is certainly a positive measure because it reduces the risk factors of children's learning outcomes and wellbeing. However, the child benefit does not cover all costs encountered by parents to enrol children in childcare services (and other basic needs).

Spain is in principle the highest-performing country, with a coverage rate of around 40.2% for children under 3.[16] Contrary to Portugal, however, in Spain only around half of the services are funded publicly, with a significant cross-community variation. The percentages indeed vary, from places available for 48% of the population under 3 in Andalusia to 21% in Murcia, 23% in the Canary Islands, and 24% in Asturias and Castilla y Leon. This problem is underpinned, in part, by very wide dispersion and heterogeneity in terms of the levels and types of funding that support ECEC services. There is significant variation in the degree of stable commitment to this funding among autonomous communities, and the economic burden has often been transferred to municipalities and to families, resulting in fewer childcare slots and reduced enrolment rates in times of economic downturn.

12 https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20220504-2

13 (OECD, 2017) 'Key OECD Indicators on Early Childhood Education and Care'. Available at: https://www.oecd.org/education/starting-strong-2017-9789264276116-en.htm

14 https://www.cartasocial.pt/inicio

15 Eurydice (2021) 'Portugal: Early Childhood Education and Care'. Available at: https://eurydice.eacea.ec.europa.eu/national-education-systems/portugal/overview

16 Spanish Government (2021) 'Las cifras de la educación en España. Curso 2019-2020 (Edición 2022)'. Available at: https://www.educacionyfp.gob.es/servicios-al-ciudadano/estadisticas/indicadores/cifras-educacion-espana/2019-2020.html

The expansion of the provision of childcare services based on local-level initiatives has resulted in wide variations in supply that do not respond to equity criteria. In this respect, the low co-ordination at both community and national level represents a limit. The higher costs of the privately provided childcare facilities representing half of the total offer in part explain the significant inequalities in the participation rates across terciles. In this respect, the existing income-related criteria to access childcare which are meant to support lower households are not efficient. The income thresholds established for preferential, more affordable, or free-of-charge access are usually very low, while fees of public providers remain too high for many families.[17] Not all vulnerable children are reached, as shown by the lower enrolment rates in municipalities with lower average yearly income per capita.[18]

Another limit of the Spanish system is in regard to the low salaries and temporary contracts of the childcare educators, which negatively affects the quality of the service. The lack of national standards on the minimum number of hours to be guaranteed affects the service take-up, if the community ECEC on offer cannot meet the family's specific needs (eg if the family only needs a few days or hours of childcare each week, with timings that change in response to the family's atypical schedules).

An additional limitation regards the low synergy with flexible working arrangements for parents. In this respect, the lack of administrative and organisational flexibility may also lead parents to deciding not to use ECEC services at all if the economic costs outweigh the benefits.[19] The orientation of Spanish childcare policies has been towards (standard) work-life balance objectives. More than 50% of children with employed mothers attend first-cycle ECEC, compared with 31% of those whose mothers are unemployed and just 24% of those with inactive mothers.[20]

Germany has in principle the third-best coverage (31.3%). Since the 1990s, Germany gradually expanded the right to childcare. Notably, the 2008 Child Support Law established a universal legal right to ECEC for all children from the age of 1, to officially come into force on 1 August 2013.[21] Between 2006 and 2015, the proportion of children aged 1 and 2 in care increased from 29.4% to 48.5%, with further increases between 2015 and 2020.[22] However, this share significantly drops if we consider the children aged 0-1, which explains why Germany is not among the countries with the highest rate of childcare coverage.[23]

The majority of the childcare services are publicly funded. This said, the German system also presents various drawbacks affecting children aged 1 to 3. First, in Germany, the funding structures for childcare are characterised by significant regional variation as a result of decentralisation, with municipalities generally responsible for the majority of the funding. The result is that access to and quality of childcare services depends strongly on where a family lives. In municipalities that have lower financial resources, less funding will in turn be available for childcare or costs for parents might increase. Similarly, subsidies to the most disadvantaged families for childcare differ by Land (region). In some regions there are general subsidies for all children, or childcare is free up to a certain number of years for families with several children; in others provision is completely free, up to a certain number of hours. In addition, there are various regional funding arrangements for lunch provision and additional services.[24] Costs remain a significant barrier to ECEC access in Germany, particularly for low-income families.

17 Save the Children (2019) *Donde todo empieza- Educación infantil de 0 a 3 años para igualar oportunidades*, Madrid: Save the Children. Available at: https://www.savethechildren.es/sites/default/files/imce/donde_todo_empieza_0.pdf

18 Ibid.

19 Ibid.

20 Morabito, C. and Vandenbroeck, M. (2020) 'Towards a child union! Reducing inequalities in the EU through investment in children's early years, FEPS. Available at: https://feps-europe.eu/wp-content/uploads/downloads/publications/towards%20a%20child%20union%20-%207.pdf.pdf

21 BPB (2021) ‚Frühkindliche Bildung'. Available at: https://www.bpb.de/gesellschaft/bildung/zukunft-bildung/174699/fruehkindliche-bildung

22 Bertelsmann Stiftung (2022) 'Bildungsbeteiligung in Kindertagesbetreuung'. Available at: https://www.laendermonitor.de/de/vergleich-bundeslaender-daten/kinder-und-eltern/bildungsbeteiligung/bildungsbeteiligung-in-kitas-und-kindertagespflege-gesamt-4?tx_itaohyperion_pluginview%5Baction%5D=chart&tx_itaohyperion_pluginview%5Bcontroller%5D=Plugin

23 https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20220504-2

24 Bertelsmann Stiftung (2021) 'Ländermonitor: Frühkindliche Bildungssysteme'. Available at: https://www.laendermonitor.de/de/startseite

2. THE STATUS QUO ANTE: CHILDCARE POLICIES BEFORE THE PANDEMIC

Thirty-one percent of families with children under 3 with a low net equivalent household income indicate that fees are a barrier to accessing ECEC.[25] Through the 2019 Good Daycare Facilities Act, parental contributions are required to be staggered according to social criteria, including parental income. Nevertheless, the precise determination of how fees are staggered depends on the legislation set out by the Land, and parents of children under 3 from lower-income families remain less likely than those from other families to use ECEC.[26] Some aspects of childcare provision may disproportionately benefit socially privileged groups, such as the common prioritisation of double-income households where both parents are working.[27] Overall, therefore, despite the legal entitlement to ECEC in Germany, financial barriers to ECEC remain significant.

With respect to providers, as in Portugal, the provision of ECEC is strongly governed by the subsidiarity principle and by the principle of diversity of providers. Only about one third of children in Germany are in publicly provided care, with the majority provided by not-for-profit private organisations traditionally run by the church.[28] Pay rates for staff can also vary immensely by provider, with an impact on the quality of the service. Such difference in quality is reflected also in the high degree of variation in the number of hours of care children are entitled to. Time entitlement to care is also defined at Land level, with ten of the 16 Länder – mostly eastern – defining a minimum number of hours per day.[29] Similarly, requirements regarding the children-to-staff ratio exhibit large regional variation according to Länder-specific regulation.[30] As a result, the de facto quality of childcare that children are entitled to varies immensely across Germany.

Italy has a lower coverage rate (around 26.9%) in comparison to Portugal, Germany and Spain, falling short of the 33% of the European Council of Barcelona target. This is mainly influenced by the strong regional differences within the country. Despite Law 107/2015 and subsequent Decree 65/2017, that defined nurseries and supplementary services as 'services of public interest', the ECEC system in Italy remained decentralised. Public nurseries are run directly by the municipalities, in accordance with general criteria defined at regional level, either directly or indirectly (through third parties and private non-profit organisations), and the organisation and financing of childcares services is the responsibility of the regions in their own territories. Municipalities also define criteria for admission for ECEC. Regions have to provide directly, but more often delegating to provinces and municipalities, services and assistance to students (canteens, transportation, textbooks for primary schools, aid to the less wealthy, social and health assistance) out of their own budget and they must finance plans for the building of schools. Because of a structural lack of state transfers over the past decades, different regions decided to organise by themselves to finance the service provisions, which resulted in significant territorial disparities not only in terms of service coverage, but also in the type of service (public or publicly funded private). While the north-eastern (34.5%) and central regions (35.3%) of Italy show higher coverage levels, the north-west shows slightly lower numbers (31.4%), while it is the southern regions (14.5%) and islands (15.7%) that stand out for their low coverage levels. The Emilia-Romagna region, on the other hand, stands out from the rest with the best coverage levels (36.4%), while the southern regions, especially Campania (9.3%) and Calabria (10.1%), are the worst performers.[31] Moreover, as in Spain, half of the services are provided by the publicly funded providers while half are provided by private providers, with strong regional differences.

One of the limitations of the Italian system is the high costs for parents. Although Italy offers support to families via tax deduction (equal to 19%) and childcare allowances (up to €1,500 per child annually, with no distinctions across regions), they pay an average of €1,581

25 DJI (2021) ‚ERiK Forschungsbericht I: Konzeption und Befunde des indikatorengestützten Monitorings zum KiQuTG'. Available at: https://www.dji.de/ueber-uns/projekte/projekte/entwicklung-von-rahmenbedingungen-in-der-kindertagesbetreuung-erik/aktueller-stand-des-forschungsprojektes.html

26 West, A., Blome, A. and Lewis, J. (2020) 'What characteristics of funding, provision and regulation are associated with effective social investment in ECEC in England, France and Germany?'. *Journal of Social Policy, 49*(4), pp. 681–704. Available at: https://www.cambridge.org/core/journals/journal-of-social-policy/article/abs/what-characteristics-of-funding-provision-and-regulation-are-associated-with-effective-social-investment-in-ecec-in-england-france-and-germany/79A359993D1DB188E256FA30149E5E64

27 BPB, 'Frühkindliche Bildung'.

28 Bertelsmann Stiftung, 'Ländermonitor: Frühkindliche Bildungssysteme'.

29 Ibid

30 BPB, ‚Frühkindliche Bildung'.

31 ISTAT (2021) 'Nidi e servizi integrativi per la prima infanzia- Anno educativo 2019-2020'. Available at: https://www.istat.it/it/archivio/263120

per year for each of their children enrolled in childcare. This figure, which is equal to one fifth of the expenditure incurred to provide these services, varies greatly in the different areas of the country: it is highest in the centre-north, where it is around €1,600-1,700, with a peak of almost €1,900 in the north-east, while it drops to around €600-700 in the south. Such amounts are quite significant if we consider that according to the Ministry of Education, 12.8% of families who do not use nurseries report having made this choice because they cannot afford the costs.

Another limitation of the Italian system is the purchasing capacity of parents. According to ISTAT,[32] the frequency of nursery attendance remains below 14% for children in the poorest income brackets (first and second quintiles of income distribution), while it rises to 20% and 26% in the third and fourth income brackets respectively, and reaches 35% in the fifth income bracket.[33] This, combined with the fact that differences exist according to a family's education level, with the baccalaureate and secondary school leaving certificate being under-represented among families that do not access childcare' (31.8% and 18.7%, respectively, compared to 39.5% and 24.2% of all families), demonstrates that inequalities exist in the Italian system. Finally, although standards for quality (in particular process) are high in Italy, making running costs per child at the highest level among the countries studied, together with Germany, the temporary nature of childcare educators' contracts as well as the low pay rate compared to preschools' teachers might negatively affect the quality of the service provision. In order to tackle this issue, the 'Iori' Law established the minimum requirement for an ISCED 6 qualification[34] for childcare educators also. However, the lack of adequate funding for the related degree course risks shortages of qualified staff.

Finally, **Slovakia** has the lowest enrolment rate in ECEC, not only among the countries considered in this study but also among all OECD countries. Contrary to an OECD average expenditure on childhood education at 0.7% of GDP, Slovakia remains at 0.1%. With a 2.28% enrolment rate, participation in early childhood education and care is one of the main challenges that affects the country in the area of education and skills. This very low enrolment rate seems to be due mainly to the lack of places in all regions (the highest coverage rate, in the region of Bratislava, is below 5%, while the lowest, in Prešovský, is 1.08%) and to the relatively high costs of private childcare services, along with limited public provision. However, enrolment rates are low for all children, independently from the income group their family belongs to. ECEC settings, in fact, can be public or private, but in the majority of the cases (76%) they are run by private entities. When placing a child in a nursery, parents are entitled to a parental childcare allowance (€280 per month). When enrolled in 'municipal nurseries', parents pay €30 per month for food, while in private nurseries the monthly payment ranges from €50 per month in the region of Prešov to €170 per month in the region of Bratislava. With 12% of the of the average wage for a couple, net childcare cost for parents using childcare is one of the highest in the EU, which further disincentivises the use of the service.

Also, quality of ECEC seems to be a problem. In fact, since 2017, ECEC settings for children under the age of 3 come under the responsibility of the Ministry of Work, Social Affairs and Family, implying that *nurseries* are still considered and organised as a social service to support the reconciliation of family and work. They provide routine childcare and nutrition but there are no educational guidelines at national level and until the end of 2016, there were no official minimum qualification requirements to enter the ECEC profession[35]. Public nurseries are open from Monday to Friday, from 7:30 until 15:00, while private nurseries are open from 7:00 until 17.00, from Monday to Friday. A nursery can provide care for a maximum of 12 children in one day room, which fulfils the functions of playroom and bedroom.

In the following section, we illustrate the reforms and investments related to childcare included in the plans. We also illustrate the up-to-date implementation progress.

32 ISTAT (2020) 'Nidi e servizi integrativi per l'infanzia- Stato dell'arte, criticità e sviluppi del sistema educativo integrato 0-6'. Available at: https://www.istat.it/it/files/2020/06/report-infanzia_def.pdf

33 Ibid.

34 In the International Standard Classification of Education, level 6 corresponds to a bachelor's degree or equivalent tertiary-education level.

35 Since March 2017, the ECEC profession can be entered by individuals who have completed secondary vocational education in the field of education, whose professional focus contains, in accordance with the content of education and the graduate profile, theoretical knowledge and practical skills in the field of child care to the extent provided by Act No. 448/2008.

2. THE STATUS QUO ANTE: CHILDCARE POLICIES BEFORE THE PANDEMIC

TABLE 1. Childcare policies in Italy, Spain, Germany, Portugal and Slovakia: availability, accessibility, affordability and quality

			ITALY	SPAIN
AVAILABILITY	Legal entitlement		No	No
	Governance	Split*/ integrated	Split (moving towards integrated)	Split
		Responsible ministry	Ministry of Education	Ministry of Education
		Responsible level	Ministry of Education	Autonomous communities (except Ceuta, Melilla)
		Main providers	Municipalities and private for profit	Public childcare schools (escuelas infantiles) Childminder (only Madrid and Navarra)
AFFORDABILITY	Provision system		Publicly funded, public or non-profits (51%) and private for profit (49%)	Public (52%) and private for profit (48%)
	Coverage[36]		26.9% with strong differences across regions and municipalities	40.2% with strong differences across regions
	Funding mechanism		Central government allocates resources to local authorities Costs shared by municipalities and families Discretion in funding (regions/municipalities) Public centre can be directly or indirectly managed by third parties (but publicly funded) Private are always privately managed but can receive some sort of contribution from the public	State allocates resources to communities Costs shared, to different degrees, by ACs/municipalities, and families Discretion in funding (ACs/municipalities) Public centre can be directly or indirectly managed (but publicly funded) Private are always privately managed but can be publicly funded
	Net cost for parents (% household income) OECD		6% (couple) 2% (single)	6% (couple) 7% (single)
	Ad hoc policies for disadvantaged groups		Depending on municipalities	Depends on autonomous community
	Supporting policies		Tax deduction (19%) for childcare attendance and 'Childcare Bonus' (up to €1,500 based on household income)	Tax credit scheme for working mothers with children under age 3 (€1,200 per year) Bonus for childcare expenses in authorised centres (€1,000)

36 For Spain and Germany, data on the total number of places available are not available. However, the numbers presented in the table refer to an estimate that the enrolment of children is equal to the level of coverage since the level of demand for places exceeds the level of supply, for these countries.

			GERMANY	PORTUGAL	SLOVAKIA
AVAILABILITY	Legal entitlement		Yes	No	No
AVAILABILITY	Governance	Split*/ integrated	Split	Split	Split
AVAILABILITY	Governance	Responsible ministry	Federal Ministry for Family Affairs, Senior Citizens, Women and Youth	Ministry of Labour, Solidarity and Social Security	Ministry of Work, Social Affairs and Family
AVAILABILITY	Governance	Responsible level	Länder, with regulatory competence for the funding and licensing of ECEC, as well as for setting standards and developing curricula	Ministry of Labour and services	Municipalities
AVAILABILITY	Governance	Main providers	Municipalities and private non-profit	Private non-profit	Municipalities or private for profit
AFFORDABILITY	Provision system		Public (33%) and private non-profit (67%)	Public (3%), publicly funded private non-profit (80%), private for profit (17%)	Public (24%), private for profit (76%)
AFFORDABILITY	Coverage		28.7% with strong regional differences	48.8% with less coverage in Porto, Lisbon	2.28% with negligible differences across regions
AFFORDABILITY	Funding mechanism		Regional variation as a result of decentralisation. Municipality is responsible for the large majority of funding for ECEC, with limited involvement from the regional and, particularly, federal government	State allocates resources to private non-profits	If the providers are municipal, they receive financial support from the Ministry, while municipalities can also choose to support private institutions from their own sources
AFFORDABILITY	Net cost for parents (% household income) OECD		5% (couple) 2% (single)	4% (couple) 5% (single)	12% (couple and single)
AFFORDABILITY	Ad hoc policies for disadvantaged groups		Staggered fees for disadvantaged groups	Free attendance for all children whose families are in the lowest family contribution brackets for social services and support.	–
AFFORDABILITY	Supporting policies		Subsidies depending on Bundesland	Child Benefit, universal, with progressivity in relation to family income and age of child (highest amount for lowest income – child up to 36 months is €149.85) Unemployment Allowance Social Minimum Income	Allowance to parents upon enrolment (€280 euro per month)

2. THE STATUS QUO ANTE: CHILDCARE POLICIES BEFORE THE PANDEMIC

			ITALY	SPAIN
QUALITY	Structural	Educator-pupil ratio	Depends on region (varies from 1:5 to 1:10)	8 (children under 1), 10-14 (children aged 1 to 2), 16-20 (children aged 2 to 3)
		Educator ISCED	ISCED 6 level	ISCED 5 level
		Educator salaries (public)	Salaries in public centres are lower than pre-primary, higher than private Contracts temporary and non-standard but recent reform has set standards for qualification of staff, and this will increase salaries	Salaries in public centres are lower than pre-primary, higher than private
		No of hours	Depends on municipality	Depends on autonomous community
	Procedural		Educational guidelines at national level Process quality high	Educational guidelines at community level Process quality low

			GERMANY	PORTUGAL	SLOVAKIA
QUALITY	Structural	Educator-pupil ratio	3.9	10 (children under 1) to 18 (children aged 1 to 3)	1:5 (children aged 0 to 3)
		Educator ISCED	ISCED 6 level	No specific qualifications required	ISCED 3
		Educator salaries (public)	Salaries in private non-profit are lower than public High standards in place	Lower than pre-primary No standards and qualifications in place	According to official statistics, average monthly wage in education is €1,159 before taxes
		No of hours	Depends on autonomous Land	Almost all crèches between 7:00-8:00 and 18:00-19:00	From 7:30 to 15:00 (public)
	Procedural		Educational guidelines at regional level Process quality high	No educational guidelines Process quality low	No educational guidelines

Source: Own elaboration.

Note: * A split ECEC system distinguishes between nurseries (0-2) and kindergarten (3-5). An integrated system has one single cycle (0-5)

3. THE RECOVERY AND RESILIENCE FACILITY: MEASURES AND IMPLEMENTATION OBSTACLES

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The Portuguese plan is unclear on the actual financial effort to support childcare policies and lack a territorial criterion for the RRF funding distribution that accounts for regional disparities in the supply of public services.

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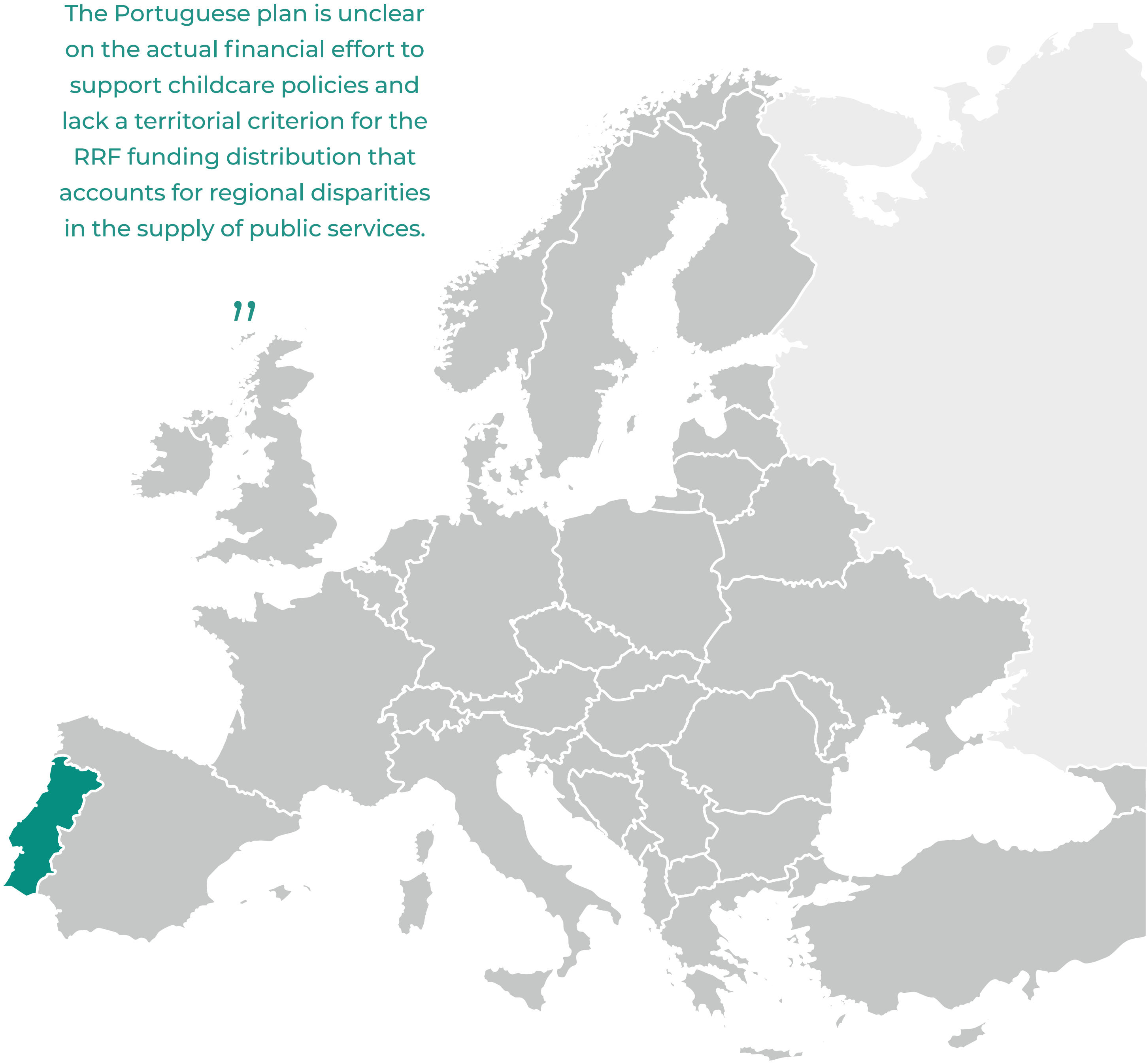

PORTUGAL

During the pandemic, the Portuguese government intervened with various measures in support of families with children, which included changing the period of reference for the calculation of the minimum income scheme and of child benefit and the introduction of an extra allowance of child benefit. To support parents with children aged below 12 whose school had been closed by a decision of the government or the health authority, an extraordinary support to families was provided to compensate workers for the income loss from work due to absence for care. The conditional benefit was put in place in March 2020 and corresponded to one third of the base wage for the self-employed and two thirds of the base wage in the case of employees, with a range between a minimum of €438 to a maximum of €1,905. In addition, it was granted to all parents who need to be in precautionary self-isolation the right to be absent from work for a maximum of 14 days and a related benefit to cover the loss of remuneration resulting from absence from work.

THE CONTENT AND SET-UP OF THE INTERVENTION

The Portuguese plan includes a number of measures with a direct impact on children and young people. Notably, the plan envisages an increase in the capacity of childcare facilities and subsidies to low-income households as an incentive to promote pre-school and nursery participation. This is part of the third component of the Portuguese plan, 'New Generation of Social Services and Facilities', with a total budget of €417 million, and aimed at upgrading and expanding the social care services network. While the plan does not indicate how much should be allocated to childcare under this component, the tender notice of November 2021, which allocates €247 million, earmarked €64.9 million (26% of the total) for crèches.[37] At the same time, the plan does not include a clear target for the number of new places in crèches to be created but simply refers to an overall number of 28,000 places in social facilities for children, the elderly, persons with disabilities and families to be created or renovated by the first quarter of 2026. Nevertheless, one can make some crude estimates to grasp the magnitude of the investment. The standard cost per new crèche place is €9,675. Therefore, assuming that the ratio of funding earmarked for crèches in the 2021 tender (26% of the total) will be also applied to the remaining line budget of €170 million, a maximum of 11,100 new childcare places could be created.

As illustrated in the table below, the RRF investments are expected to increase by 9% the availability of childcare places in Portugal (60% of which are publicly funded). At the same time, we do not have information on how the funds will be distributed. As stressed above, two areas of the country are lagging behind: the North (city of Porto) and the Lisbon (cities of Lisbon and Setubal) areas. To catch up with the best-performing regions, these two areas would need around 30,000 new places to be created, which, however, is below the target set by the plan for the entire country. An additional investment of €184 million would be needed to compensate for regional asymmetries.

37 See: https://recuperarportugal.gov.pt/wp-content/uploads/2021/11/Aviso_PRR_Equipamentos-Sociais_3a-republicacao-3.pdf

TABLE 2. Key statistics of the Portuguese RRF investments' impact on the availability of childcare places

Regions	Public coverage (%)	Number of public places	Places needed to reach equal coverage (60%) between unserved regions (Lisbon and North) and the rest of the country	Investment RRP (EUR mln)	Places RRP	Increase in places (%)	Places gap	Additional investment needed (EUR mln)
North	37.4	30,707	18,514	N/A	N/A	N/A	N/A	N/A
Centre	60.0	29,236	-	N/A	N/A	N/A		-
Alentejo	63.7	10,263	-	N/A	N/A	N/A	-	-
Algarve	53.9	7,011	-	N/A	N/A	N/A	-	-
Lisbon	46.8	41,063	11,604	N/A	N/A	N/A	N/A	N/A
PORTUGAL	**46.0**	**118,280**	**30,118**	**110**	**11,000**	**9**	**19,118**	**184.97**

Source: Own elaboration, based on GEP, Carta Social Capacidade das Respostas Sociais – Continente, Ano 2020, and INE, Estimativas anuais da população residente, 2021.

PRELIMINARY ASSESSMENT:
INNOVATION AND IMPLEMENTATION OBSTACLES

While the intervention in support of the childcare system is to be welcomed, the number of potential new places created is not enough to align the coverage of the least-served regions, Lisbon and the North, to the national average (see Table 2). This would require approximately 30,000 more places, that is, more than twice of the number of places planned to be built through the RRF. These places should be publicly funded in order to compensate the prevalence of private providers and therefore ensure access to childcare to middle- to low-income families, and funds directed, principally, to unserved areas (which is not the case at present), also by co-sharing financing decisions with local authorities.

Therefore, the action included in the plan, while it will certainly expand services in disadvantaged areas, will not be sufficient to decisively reduce geographical gaps in the offer of childcare. To do so, the RRF funding should be integrated by additional regular budget funds. Increasing regular budget will also be necessary to ensure the full implementation of the reform adopted by the Portuguese parliament in January 2022 (Law 2/2022), making all crèches receiving a contribution from MTSS free for all children. The financial needs, additional to RRF, could be estimated at €200 million for building expansion of infrastructures, along with €470 million annually for gratuity of all services (existent, and newly established), on top of the current contribution of €247 million granted by the MTSS to services providers.

Yet, while the combined investment (RRF and national budget) would ensure that a sufficient number of affordable places (ie free of charge at the point of use) would be provided equally across regions and metropolitan areas, therefore reducing, consistently, existent inequalities, the quality of the service will remain relatively poor. It would also be essential to further increase the financial contribution to improving quality, starting from working conditions (and qualifications) of the staff. In addition, clear standards and regulations should be in place to increase transparency of all providers (non-profit and for profit), including standards about process quality. Pilot projects could be also envisaged in this respect, also to test the efficacy, and inclusiveness, of the educational guidelines for crèches that the Directorate-General for Education and the Institute of Social Security is currently developing.

3. THE RECOVERY AND RESILIENCE FACILITY: MEASURES AND IMPLEMENTATION OBSTACLES

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The Spanish RRF positively contributes to address the existing shortages in supply of childcare services within the country, yet the effort is still not enough to achieve the minimum coverage of 33% of public places in all regions.

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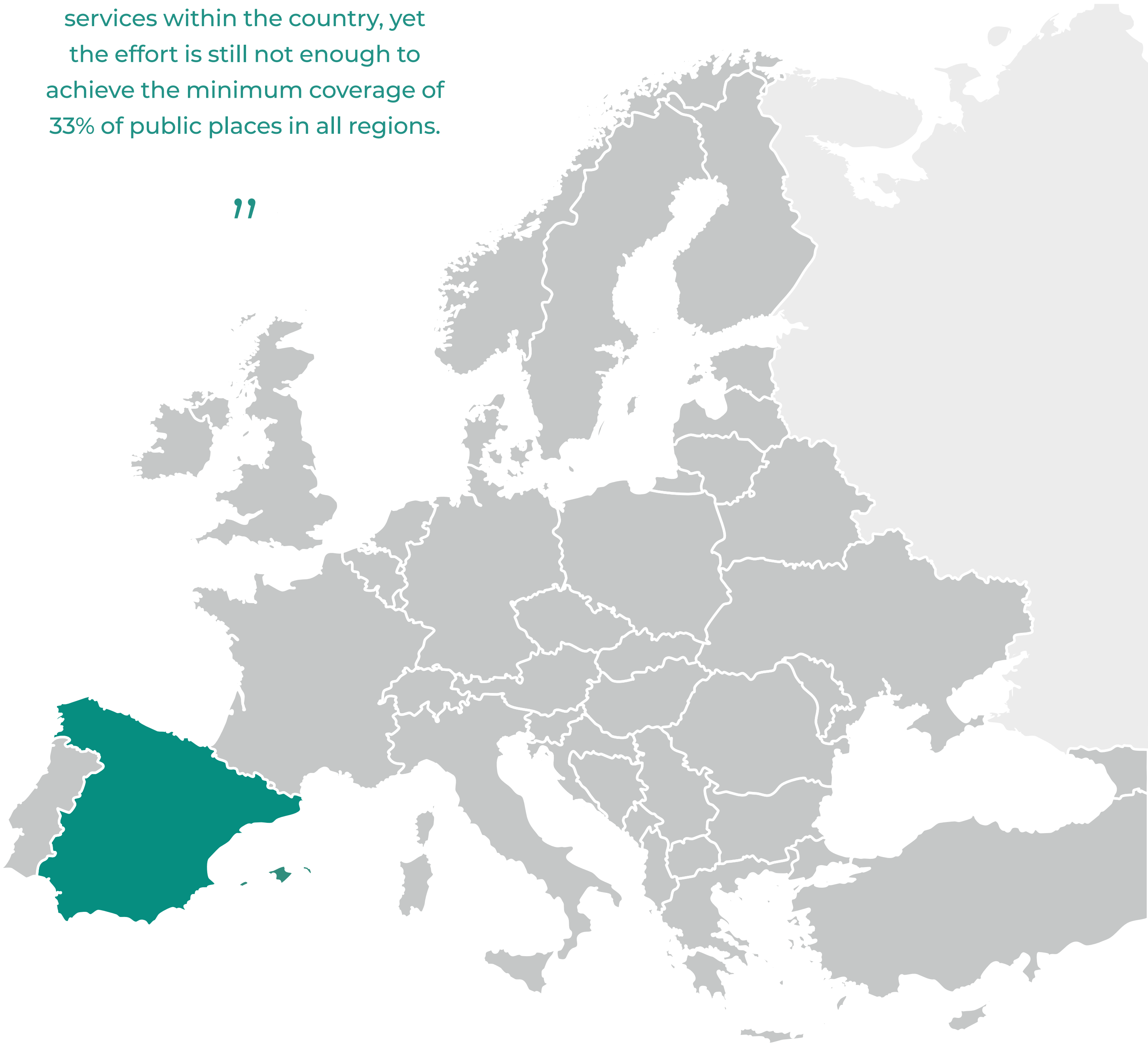

SPAIN

The closure of schools caused a stir in Spain. To address the consequences of the pandemic, the plan 'Taking care of me'[38] was launched to allow flexible working arrangements for workers with care responsibility. In addition, new allowances were introduced for families with children under the age of 3 unable to attend the nursery and notably targeting autistic pupils. Most important, during the pandemic the government adopted in December 2020 a new organic law on education targeted at early childcare, pre-primary, compulsory education and baccalaureate with the aim to increase educational opportunities, especially for the most disadvantaged groups, and strengthen the digital skills at all educational levels. Furthermore, amendments to the legislative provision on parental leave were adopted to extend the duration to 12 weeks for each parent, distributed as follows: four weeks can be taken before the birth, six weeks immediately after the birth and the remaining weeks can be accumulated or interrupted in the following 12 months.

To be effective, such measures need to be accompanied by an extension and strengthening of the childcare system, which remains affected by persistent territorial and affordability challenges. The RRF in this respect intends to intervene by financially supporting the increase in supply of public places.

THE CONTENT AND SET-UP OF THE INTERVENTION

The Spanish plan includes a €677 million investment in childcare as part of component 11 of 'Modernisation and digitisation of the education system, including early education for 0-3 years of age'. The objective of the investment is to provide affordable public places for children in areas with higher risks of poverty or social exclusion and rural areas, especially for the age group 1 to 2 years old. €519 million has been allocated to cover the infrastructure costs to create 65,382 new publicly owned places for children below 3 years, which should increase the average coverage of public places by around 27%. €147 million are allocated to cover the running costs of 40,000 of the newly created public places. The funds will be distributed in three tranches and by Quarter 4 of 2023 the whole budget of the investment should have been awarded to the regional or local authorities, and by Quarter 4 of 2024 all places should have been created.

With respect to the distribution of the funds, the Sectoral Conference on Education (*Conferencia Sectorial de Educación*) established the criteria for the distribution of the investments from the MEFP (Ministerio de Educación y Formacion Profesional) to the autonomous communities and approved the first tranche (€200.79 million). Each community is free to allocate funds to nursery schools and has complete autonomy. The criteria included for the distribution are the following:[39]

- 40% weight: level of education of the population 25-64 years old, in each autonomous community, according to the consolidated data of the year 2020
- 40% weight: net schooling rates 0-2 years old
- 20% weight: population dispersion, according to the official population figures of the National Statistics Institute as of 1 January 2020

The percentage resulting from the weighting of the three distribution criteria described above is applied to the population aged 0-2 in each autonomous community. Assuming that the same distribution criteria will be used also for the second and third tranche, in the table below we provide a breakdown of the funding across regions of the entire RRF childcare investment and indicate the number of places that will be created.

38 Plan MECUIDA, Article 6 of the Royal Decree-Law 8/2020, https://www.boe.es/buscar/act.php?id=BOE-A-2020-3824

39 BOE (2021) 'Resolución de 23 de diciembre de 2021, de la Secretaría de Estado de Educación, por la que se publica el Acuerdo de la Conferencia Sectorial de Educación de 25 de noviembre de 2021, por el que se aprueba la propuesta de distribución territorial de los créditos destinados al Programa de impulso de escolarización en el primer ciclo de Educación Infantil, en el marco del componente 21 del Mecanismo de Recuperación y Resiliencia', No. 312, p. 166415. Available at: https://www.boe.es/boe/dias/2021/12/29/pdfs/BOE-A-2021-21761.pdf

TABLE 3. Key statistics of the Spanish RRF investments' impact on the availability of childcare places

Region	Public coverage (%)	Number of public places	Places needed to reach 33% target	Investment RRP (EUR mln)	Places RRP	Increase in places (%)	Places gap	Additional investment needed (EUR mln)
Andalusia	181	39,816	32,782	123	12,069	30	20,713	164.72
Aragon	21.9	6,975	3,537	19	1,818	26	1,719	13.67
Principality of Asturias	20.8	3,775	2,204	13	1,314	35	890	7.08
Balearic Islands	18.1	5,572	4,605	25	2,418	43	2,187	17.39
Canary Islands	10.4	4,756	10,329	40	3,879	82	6,450	51.29
Cantabria	24.1	2,966	1,100	9	861	29	239	1.90
Castile and Leon	16.5	7,645	7,690	38	3,765	49	3,925	31.21
Castilla La Mancha	23.4	11,781	4,843	38	3,717	32	1,126	8.95
Catalonia	24.6	49,536	16,868	111	10,884	22	5,984	47.59
Valencian Community	16.7	20,200	19,830	70	6,837	34	12,993	103.33
Extremadura	28.3	6,922	1,162	21	2,052	30	0	0.00
Galicia	27.3	15,019	3,105	35	3,417	23	0	0.00
Madrid Community	23.7	43,030	16,831	54	5,259	12	11,572	92.03
Region of Murcia	10.0	4,549	10,438	40	3,939	87	6,499	51.68
Navarre, Community of	24.8	4,326	1,430	12	1,173	27	257	2.04
Basque Country	28.8	14,933	2,170	15	1,518	10	652	5.19
Rioja, La	21.5	1,669	897	5	462	28	435	3.46
Ceuta	10.3	302	669	0	0	0	669	5.32
Melilla	14.1	547	737	0	0	0	737	5.86
SPAIN	**20.9**	**244,319**	**141,227**	**667**	**65,382**	**27**	**77,047**	**612.72**

Source: Own elaboration based on the Sectoral Agreement of 25 November 2021,[40] Figures on education in Spain. Academic year 2019-2020 (Edition 2022)[41] and Spanish RRP.[42]

40 https://www.boe.es/boe/dias/2021/12/29/pdfs/BOE-A-2021-21761.pdf

41 https://www.educacionyfp.gob.es/servicios-al-ciudadano/estadisticas/indicadores/cifras-educacion-espana/2019-2020.html

42 https://www.lamoncloa.gob.es/temas/fondos-recuperacion/Documents/05052021-Componente21.pdf

As illustrated in the table above, RRF is expected to increase on average by 27% the total coverage of public childcare places. In particular, the plan is expected to support the autonomous communities currently with the lowest coverage, such as Murcia, Castilla y Leon, the Canary Islands and the Balearic Islands. This notwithstanding, the RRF investments are not expected to cover the places gap to achieve the Barcelona target of 33% coverage, except for Galicia and Extremadura.

PRELIMINARY ASSESSMENT: INNOVATION AND IMPLEMENTATION OBSTACLES

Overall, the funding allocation for childcare under the RRF is to be positively assessed as well as the distribution criteria that correctly address the actual social needs of the system. This notwithstanding, the allocated amount remains insufficient to reach the target of 33% coverage of childcare services. Currently, Spain has a publicly funded childcare services coverage of around 21%. According to our calculations (see Table 3), to achieve a coverage of 33% in all the autonomous communities, Spain should create 141,227 new places. However, the RRF only proposes to create 65,382 new places. To achieve such a target, we estimate that, considering an infrastructural cost per place of €7,953,[43] an additional investment of €612 million would be needed.

With respect to the implementation, we can observe some preliminary obstacles that are emerging in the implementation of the first tranche. First, despite the fact that the autonomous communities are the main subjects in the implementation, they were barely involved in the drafting of the plan. Some of the communities in this respect have complained about the distribution criteria of the funds that does not account for the actual balance of public and private providers, with the risk thus of leaving some money unspent due to the incapacity to 're-invent' in a very short period of time a publicly provided service in areas where it is currently provided by the private sector. The plan approved by the European Commission stipulates that the new posts created will be public. The risk at the moment is twofold: (1) in addition to the creation of public places financed with the RRF, private places will be created and financed with the autonomous communities' resources so as not to leave the private providers unsatisfied; (2) there will be a transfer of pupils enrolled in private schools to public schools, but in no case will this lead to an increase in enrolment.[44]

Second, it is explicitly specified in the agreement between the state and the autonomous communities that from 2024 onwards it will be the communities that will have to assume the running costs of the new posts created.[45] As recalled above the RRF envelope for childcare will temporarily cover also the current expenditure (on a transitory and extraordinary basis[46]) for 40,000 of the 65,000 new places. Yet, as in the case of Italy, the risk is that some municipalities will renounce the creation of these new places in the coming years due to a lack of funds for its future maintenance costs.

43 We calculate this figure using the infrastructure and running costs included in the Spanish plan for all of the places that will be created (see component 21 of the Spanish Recovery and Resilience Plan for an explanation of the costs included in the investment, https://www.lamoncloa.gob.es/temas/fondos-recuperacion/Documents/05052021-Componente21.pdf).

44 http://fenacein.es/el-parlamento-europeo-admite-a-tramite-la-peticion-de-las-escuelas-infantiles-privadas-para-que-se-revise-el-destino-de-los-fondos-europeos/

45 BOE, 'Resolución de 23 de diciembre de 2021', p. 166416.

46 Ibid.

3. THE RECOVERY AND RESILIENCE FACILITY: MEASURES AND IMPLEMENTATION OBSTACLES

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The German plan positively introduces investments on childcare facilities, yet it lacks a territorial criterion for funds distribution, thus missing the opportunity to fill the gap in services' supply between Eastern and Western Ländern.

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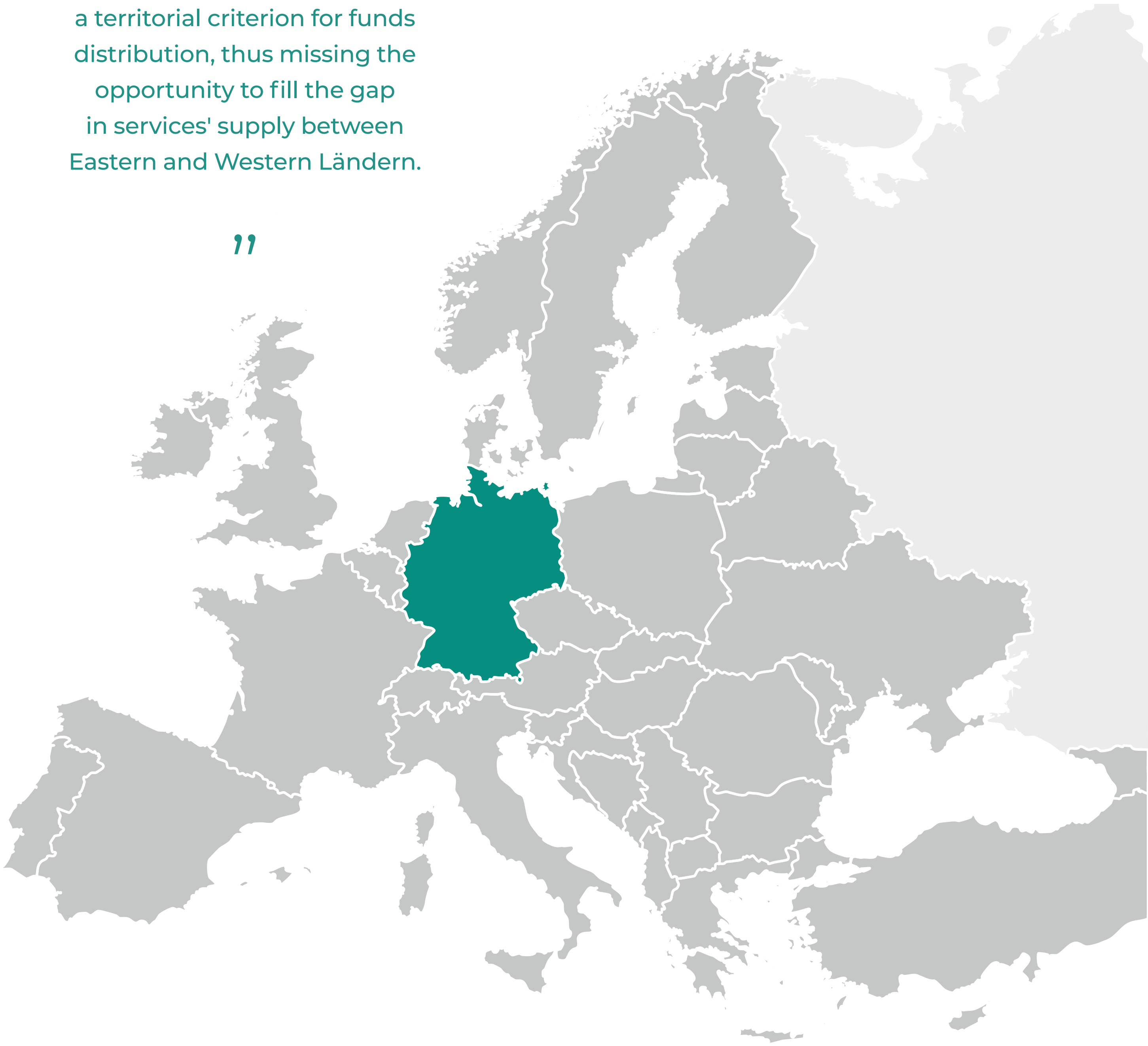

GERMANY

As was the case for most member states, with the advent of the pandemic, Germany was forced to close its education and childcare facilities. The federal government put in place a number of measures aimed at mitigating the negative effects of the pandemic.[47] With the Infection Protection Act adopted in March 2020, caregivers of children up to the age of 12 (without age limit in case of disability) were entitled to a compensation for loss of earnings if they were not able to carry out their professional activity after the closure of childcare facilities or schools. It only applied to employees not working from home and it consisted of 67% of net pay, with each parent entitled to 10 weeks, or 20 weeks in case of single parents. Second, in January 2021, the German government decided that the child sickness benefit was granted if a child up to the age of 12 (without age limit in case of disability) was unable to attend school due to the closure of the school or quarantine of his or her group. This benefit consisted of 90% of the net wage loss, with a duration of 20 days per child and per parent (doubled for single parents). Third, a child bonus of €300 for each child was introduced as a one-off benefit to support families for additional pandemic-related expenses for families with children. Finally, a temporary amendment of the parental leave regulation was also adopted, mainly consisting of three interventions:[48] "i) parents who work in system-relevant industries and professions are able to postpone their parental allowance months; ii) The partnership bonus, which encourages parents to work part time in parallel, should not be eliminated or have to be repaid if parents work more or less than planned due to the COVID-19 pandemic; iii) Income-replacement benefits that parents receive due to the COVID-19 pandemic should not reduce the amount of parental benefits".

THE CONTENT AND SET-UP OF THE INTERVENTION

As a part of component 4.1 'Strengthening of social inclusion', the German government incorporates the intervention 'Childcare-financing 2020/21: special fund Child Day-care Expansion' providing €500 million from the RRF and €500 million from the national budget of financial support to the Länder with the aim of creating new childcare facilities and refurbishing existing ones. The investment will lead to the creation of 90,000 additional places. The intervention was already included in the German amendment of the Childcare Financing Act and the Federal Financial Assistance Act adopted at the end of 2020. By Quarter 4 of 2023 an interim report is expected to be published on approved and created childcare places and investments in equipment, while by Quarter 4 of 2025 the Länder shall submit the final report confirming the creation of 90,000 childcare places in child daycare facilities (*Kindertageseinrichtungen*) and child daycare services (*Kindertagespflege*). With respect to the distribution of funds, according to Section 27 of the Law on Federal Financial Aid for the Expansion of Day Care for Children (*KitaFinHG*) the only criterion used to distribute them was the number of children in each Land. Like in Spain, once the funds have been allocated to the Länder they have the responsibility for the implementation of the federal financial assistance, as they have to produce specific funding guidelines that regulate the application, approval and use of the funds.

In Table 4 we estimate the number of places that can be potentially created considering an average construction cost per place of €20,576.[49] We observe that the RRF will increase on average by 13% the number of public places, with slightly higher percentages in western Länder, typically lagging behind in terms of coverage. In no case is the envisaged investment enough to achieve the 33% target in those states that were already lagging behind.

47 ESPN thematic report for Germany (2021). Available at: https://ec.europa.eu/social/main.jsp?pager.offset=10&advSearchKey=%20ESPN_covid2021&mode=advancedSubmit&catId=22&policyArea=0&policyAreaSub=0&country=0&year=0; Picken, N. Feyerabend, K. Kunertova, L. Galimberti, S. Rosa Brown, E. (2021) 'Juggling work and childcare during COVID-19: How EU Member States supported working families in 2020'. EPIC fourth annual thematic report. Available at: https://ec.europa.eu/social/main.jsp?langId=en&catId=750&furtherNews=yes&newsId=10134

48 ESPN thematic report for Germany.

49 We estimate this number based on the average infrastructural cost per place obtained dividing the total allocation and the total estimated places created. However, since the German legislation specifies €1 billion RRF investment will cover only 54% of the total infrastructural costs to create 90,000 new places, we calculate the actual total cost of the investment and then obtain the final average infrastructural cost per place.

TABLE 4. Key statistics of the German RRF investments' impact on the availability of childcare places

Region	Public coverage (%)	Number of public places	Places needed to reach 33% target	Investment RRP (EUR mln)	Places RRP	Increase in places (%)	Places gap	Additional investment needed (EUR mln)
Baden-Württemberg	24.1	79,213	29,253	136.47	12,283	16	16,970	349
Bavaria	27.1	104,590	22,771	159.81	14,383	14	8,388	173
Berlin	41.1	48,040	0	48.86	4,397	9	0	-
Brandenburg	50.5	31,798	0	27.99	2,519	8	0	-
Bremen	25	5,193	1,662	8.48	763	15	899	18
Hamburg	43.3	26,369	0	25.00	2,250	9	0	-
Hesse	25.9	47,379	12,988	76.93	6,924	15	6,064	125
Mecklenburg-Western Pomerania	49.3	19,389	0	17.55	1,579	8	0	-
Lower Saxony	25.2	56,438	17,469	94.41	8,496	15	8,972	185
North Rhine-Westphalia	19.6	101,851	69,633	217.91	19,612	19	50,021	1,029
Rhineland-Palatinate	26.5	30,501	7,481	48.20	4,338	14	3,143	65
Saarland	26.9	6,600	1,497	10.37	934	14	563	12
Saxony	44.8	48,314	0	47.98	4,318	9	0	-
Saxony-Anhalt	53.7	28,196	0	23.43	2,109	7	0	-
Schleswig-Holstein	26.7	20,518	4,841	32.83	2,955	14	1,886	39
Thuringia	49.7	26,113	0	23.78	2,140	8	0	-
GERMANY	**28.7**	**680,502**	**101,957**	**1,000**	**90,000**	**13**	**96,906**	**1,994**

Source: Own elaboration based on KitaFinHG,[50] data from Federal Statistical Office (2022).

50 KitaFinHG (2020) 'Gesetz über Finanzhilfen des Bundes zum Ausbau der Tagesbetreuung für Kinder'. Available at: http://www.gesetze-im-internet.de/kitafinhg/BJNR240700008.html#BJNR240700008BJNG000500125

PRELIMINARY ASSESSMENT: INNOVATION AND IMPLEMENTATION OBSTACLES

The intervention embodied in the plan is positive and to be welcomed. Yet the RRF money allocated to finance this measure is, first, not new, to the extent that this expenditure was already budgeted by the German government. Second, the allocation key of the funds based on solely on the population aged 0-2 only partially accounts for the regional differences and needs. Third, the lack of an intervention on the inclusion of the most disadvantaged groups, often excluded from these services, might result in a further widening of inequalities in access to childcare.[51]

Furthermore, despite the efforts made and the incorporation of the investment in the plan, the creation of 90,000 places is not sufficient to reach the desired 33% public coverage. Based on our estimation, to achieve the 33% target in all German states, an additional 96,906 places should be created, with a total additional infrastructural investment needed of around €2 billion.

51 (DGB, 20212021) 'Stellungnahme des Deutschen Gewerkschaftsbundes zur Umsetzung des deutschen Aufbau- und Resilienzplans (DARP) Partnerschaftliche Konsultation am 02.12.2021'. Available at: https://www.dgb.de/downloadcenter/++co++d443467c-569a-11ec-8a9f-001a4a160123

3. THE RECOVERY AND RESILIENCE FACILITY: MEASURES AND IMPLEMENTATION OBSTACLES

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The Italian plan seizes the opportunity of the RRF to strengthen its childcare system, by increasing the coverage of public places available, at the same time addressing the existing territorial gap in the supply of service. Still the 33% public coverage is not met in all regions.

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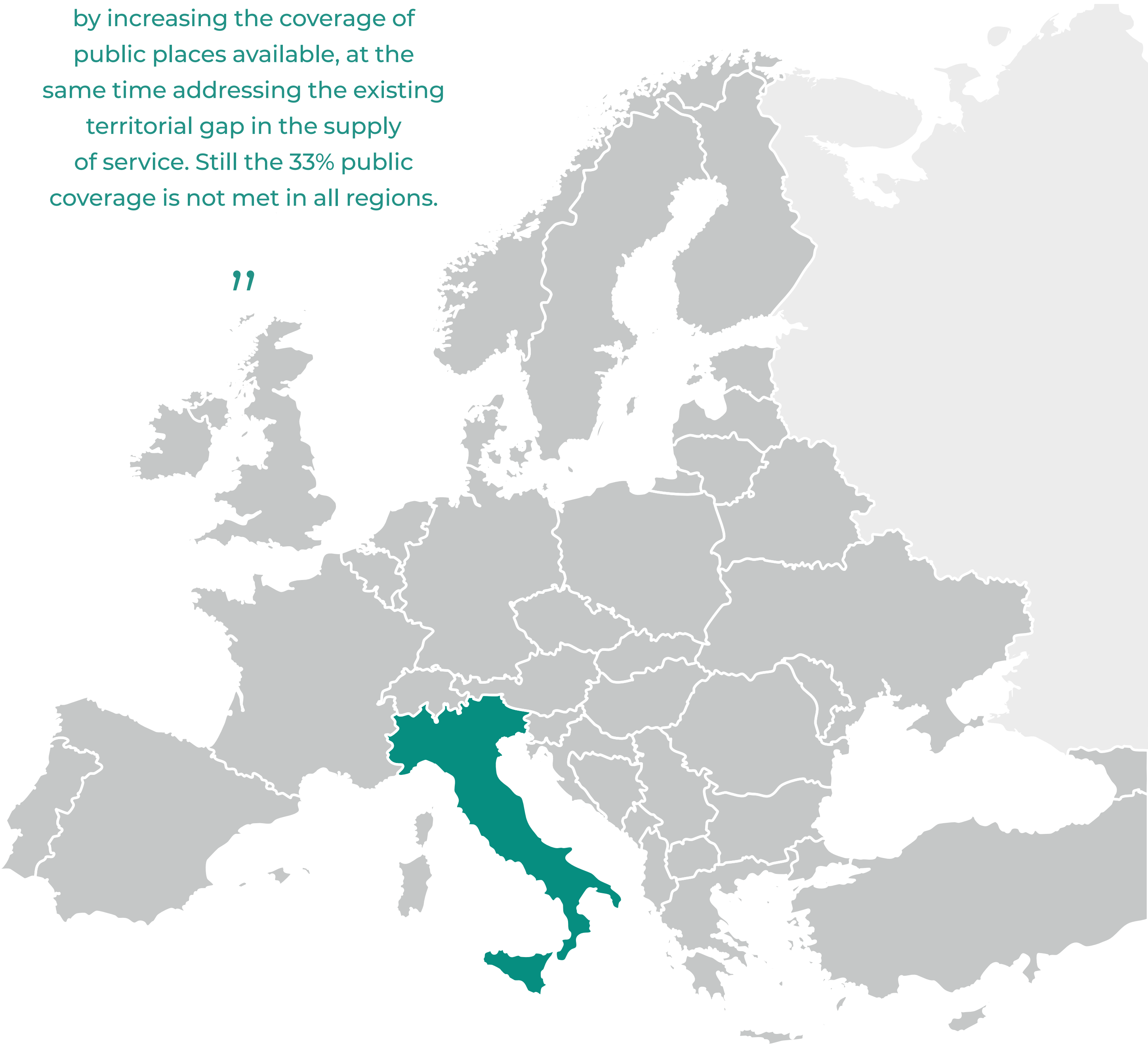

ITALY

The outbreak of the pandemic with school closures and physical lockdown brought the issue of children's education, care and wellbeing to the centre of the public debate. The Italian government intervened with various measures, including an ad hoc parental leave, a 'baby-sitting bonus' and partial coverage of management costs of early childhood education services.[52] The extraordinary COVID leave was introduced for the care of children under 12 during periods of suspension of school and educational services, indemnified at 50% of the salary and usable alternatively by both parents for a maximum period of 15 days per unit (then extended to 30 days). The bonus was conceived as an alternative to the leave and amounted to €600-1200 and could be used also for supplementary services and summer camps. The support for ECEC services consisted in access to short-time working (STW) schemes for educators, the recognition of the fixed costs of suppliers and the possibility of co-planning remote educational activities.

On top of the emergency measures, during the pandemic Italy adopted two important structural reforms in the field of childcare services and work-life balance policies: the implementation of the reform on the Integrated System 0-6 provided for by Decree no. 65/2017 and the 'Family Act'. The introduction of the 0-6 integrated system, formally introduced with the legislative decree of 2017, was not yet implemented. In summer 2021, however, the Ministry of Education began to take more decisive steps in taking responsibility for the entire 0-6 system and towards creating an ad hoc Directorate, an element considered decisive for the implementation of the reform by all the players in the field. The Family Act refers to a legislative decree discussed in summer 2021 and formally approved in April 2022 regarding 'Delegations to the Government for the support and enhancement of the family'. It contains various types of intervention to support families with children, including the so-called Universal Child Benefit (*Assegno Unico Universale*), the reorganisation of support measures for children's education and the introduction of new instruments such as contributions to fully cover the tuition fees of nurseries and pre-primary schools and home support services for families with children up to 6 years of age. In particular, the parliament delegates to the government the introduction of contributions to cover the for nursery schools, kindergartens and spring schools, as well as for home support services for families with children who are less than 6 years old.

The adoption of the 0-6 legislation and the Universal Child Benefit set the stage for a coherent ECEC system in Italy. What was missing, however, was places in services and the RRF looked for these. Already in the draft version of December 2020, a line was budgeted for investments aimed at strengthening the ECEC services for a total amount of €4.2 billion, without specification on the distribution between early childcare and pre-primary schools. In January the plan specified two lines of intervention: (1) the 'Nursery and integrated services plan' (€3.6 billion); and (2) the 'Strengthening of childhood school (3-6 years) and spring sections' (€1 billion). The final text presented in April and approved by the Commission includes a 'Plan for nurseries and preschools and early childhood education and care services', worth €4.6 billion. In what follows we illustrate the content and objectives of the intervention as illustrated in the approved Council Implementing Decision (CID) and we then focus on the implementation phase.

52 For an overview see: Sabatinelli, S. and Pavolini, E. (2021) 'Italian family policies between ECEC services and work-family reconciliation in pandemic times'. *Politiche Sociali, Social Policies*, *2*, pp. 305-326. Available at: https://www.rivisteweb.it/doi/10.7389/

3. THE RECOVERY AND RESILIENCE FACILITY: MEASURES AND IMPLEMENTATION OBSTACLES

THE CONTENT AND SET-UP OF THE INTERVENTION

The plan for nurseries and pre-schools and ECEC services is included in the fourth mission, component one of 'Strengthening the provision of education services: from crèches to universities. The aim is to increase the supply of childcare facilities by building, renovating and ensuring the safety of nurseries and pre-schools, to ensure an increase in the educational offer and the available slots for the 0-6 age group, and thus improve teaching quality. The measure is expected to encourage women's participation in the labour market and support them in reconciling family and professional life. In more detail, by Quarter 2 of 2023, the local authorities' beneficiaries of the financing are expected to notify the award of public contracts for the eligible intervention, in compliance with the Do Not Significantly Harm technical guidance. By Quarter 4 of 2025, at least 264,480 new places should be created for educational and early childhood care services (from 0 to 6 years old). To receive the reimbursement the government will have to provide a list of the projects and for each of them a description of the number of new places created as a result of each project as well as a certificate of completion of works.

Contrary to the initial version of the RRF plan, there is no ex-ante definition of the envelope to be allocated to early childcare and to pre-primary schools, which will be instead defined through the publication of public tenders. The first was published on 2 December 2021 (n. 343) and amounts to €3 billion, which will be distributed as follows: €2.4 billion for the enhancement of infrastructures for the 0-2 age group and €0.6 billion for the enhancement of infrastructures for the 3-5 age group. The public tender also establishes that 55.29% of the resources for the strengthening of infrastructures for the 0-2 years age group and 40% of the resources for the strengthening of infrastructures for the 3-5 years age group should be allocated to candidatures proposed by local authorities belonging to the regions of southern Italy. The resources are allocated across regions based on two criteria: (1) the gap in services for the 0-2 age group, understood as the number of places per 100 children in the 0-2 age group in the regional context (75%); and (2) the population 0-2 years old in 2035 (25%). See Table 5 for the distribution of resources across regions of the first tranche. A second tender, worth €1.2 billion, will be published at a later stage.

Assuming that the distribution criteria of the fund across regions will be the same in the second tranche and considering an average infrastructural cost per place of €16,000, in Table 5 we provide some estimates on the number of places created, the increase in the provision of public places, the persisting gap and the additional investment needed to achieve the target. With 225,000 places created, Italy will almost double the supply of public places and will almost fill the gap to achieve the 33% target in many regions. Positively, the distribution of the funds and therefore places accounts for the territorial asymmetries, as can be observed in Table 5, where the regions lagging behind are expected to increase the most the number of public places.

Contrary to Germany and Spain that allocate the funding to the regions, the Italian plan directly funds the local municipalities. The targets of the tender are municipalities and unions of municipalities, and owners of public buildings used as nurseries or schools without being affected by conflicts of interest, fraud or corruption. The tender also specifies that the resources under the RRF can be used exclusively to finance new construction, replacement of buildings, safety measures, renovation and conversion of public buildings to be used. It further defines with detail the conditions that must be respected such as the ratio between number of children and size of the infrastructure, as well as the arrangement of the spaces. Most importantly the tender specifies that 'the local authorities undertake to maintain the educational use of the buildings concerned by the interventions referred to in this tender and to guarantee their functionality for a minimum period of 5 years from the final settlement of the funding granted'. Further details are included with respect to the financial dimension, duration and terms of implementation of the projects and a list of eligible expenses is included.

TABLE 5. Key statistics of the Italian RRF investments' impact on the availability of childcare places

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

Source: Own elaboration based on Pnrr Istruzione[53] and ISTAT (2020).

53 https://pnrr.istruzione.it/infrastrutture/asili-nido-e-scuole-dellinfanzia/

3. THE RECOVERY AND RESILIENCE FACILITY: MEASURES AND IMPLEMENTATION OBSTACLES

PRELIMINARY ASSESSMENT: INNOVATION AND IMPLEMENTATION OBSTACLES

The RRF intervention in the domain of early childcare can be broadly welcomed as a needed and targeted intervention. As stressed above, the 2015 reform and 2017 legislative decree represented a key change in early childcare policies in Italy, yet without its financial leg the intervention risked remaining a dead letter. The intervention is expected to largely compensate for the places gap in early childcare structure, currently estimated to be around 265,398 units, to achieve the targets of 33% of public coverage in all regions. With the RRF plan, Italy will create around 225,000 new places, which will largely compensate for the places gap. Indeed, in eleven regions the 33% target will be achieved. In order to compensate for the remaining regions, an additional 67,371 places should be created, and thus an additional infrastructural investment of €1 billion would be needed (see Table 5).

With respect to the implementation, we can see three main problems, of a financial, regulatory and time nature. The very first problem regards the time frame to submit the project proposals. The deadline for the presentation of the projects by municipalities or unions of municipalities was delayed twice and even a third time in three regions. Indeed, municipalities did not have the time to present their projects and those in the south in particular did not present their proposals on time. The reason for the delay is twofold and is directly linked to the other challenges listed above.

First, the municipalities, especially those in the south, are not able to cope with the high costs of running the infrastructures (personnel, for example). As stressed above, the costs covered by the RRF are only for capital expenditure, while all current spending is on the budget of local administrations. As stressed, in the public tender, when applying for the RRF funding, the local authorities commit to maintain the educational use of the buildings and to guarantee their functionality for a minimum period of five years from the final settlement of the funding granted. Even though the government put in place a contribution of €1 billion to support, this is well below the needed amounts (ca €2.7 billion annually, according to the Alleanza per l'Infanzia[54]). In this respect, the government also allowed the municipalities to deviate from their internal stability pacts. This notwithstanding, many municipalities decided to renounce to present projects as they foresee the incapacity to cope with maintenance and recurrent costs of the infrastructure.

The second problem is that the municipalities do not have the necessary competences to carry out complete planning in this field, first because of the lack of experience in this field and, second, because of the overlapping of different calls for proposals. As observed above, the requirements in the public tender are very detailed as they have to comply with the objectives and conditions set in the milestones and targets agreed upon with the Commission, as well as other administrative requirements. Such complexity within a limited timeframe, with overlapping calls for tender, represent a significant problem for local authorities. Notably, small and medium-sized municipalities in inland and southern Italy, with little experience in nurseries, have found it difficult to invest time and resources in them, as they have had to respond simultaneously to different calls for proposals in different sectors.[55]

As a result of these two implementation constraints, applications received for the first instalment RRF cover only half of the amount allocated (€1.2 billion), and most of the demand comes from northern regions, or areas that already have a good offering of childcare services. All regions except Emilia-Romagna submitted applications below the allocated budget. The risk is clearly to further increase rather than decrease inequalities, in contrast with the objectives of the Child Guarantee. Now that the deadline has been further extended and the government has put in place some technical expertise to support municipalities to present their projects, we might expect some improvements, but time will tell. To avoid these problems persisting it is important to act fast and quickly. First, attention should be paid to avoid the resources ending up in the better-off territories. To this end, it is not enough to define criteria ex ante, rather concrete technical support to local municipalities should be granted. At the moment, the government has put in place three instruments to support small municipalities. Yet this does not seem enough to counter the problem. Therefore, further effort in this direction should be envisaged.

54 Alleanza per l'infanzia (2020) 'Investire nell'infanzia: Prendersi cura del futuro a partire del presente'. Available at: https://www.savethechildren.it/cosa-facciamo/pubblicazioni/investire-nell-infanzia-prendersi-cura-del-futuro-a-partire-dal-presente

55 Alleanza per l'infanzia (2022) 'Interventi educativi per la prima infanzia'. Available at: https://www.educazioni.org/interventi-educativi-per-la-prima-infanzia/

3. THE RECOVERY AND RESILIENCE FACILITY: MEASURES AND IMPLEMENTATION OBSTACLES

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Despite scoring the lowest in terms of availability, affordability and quality of childcare services, Slovakia does not include any intervention on childcare in the recovery and resilience plan.

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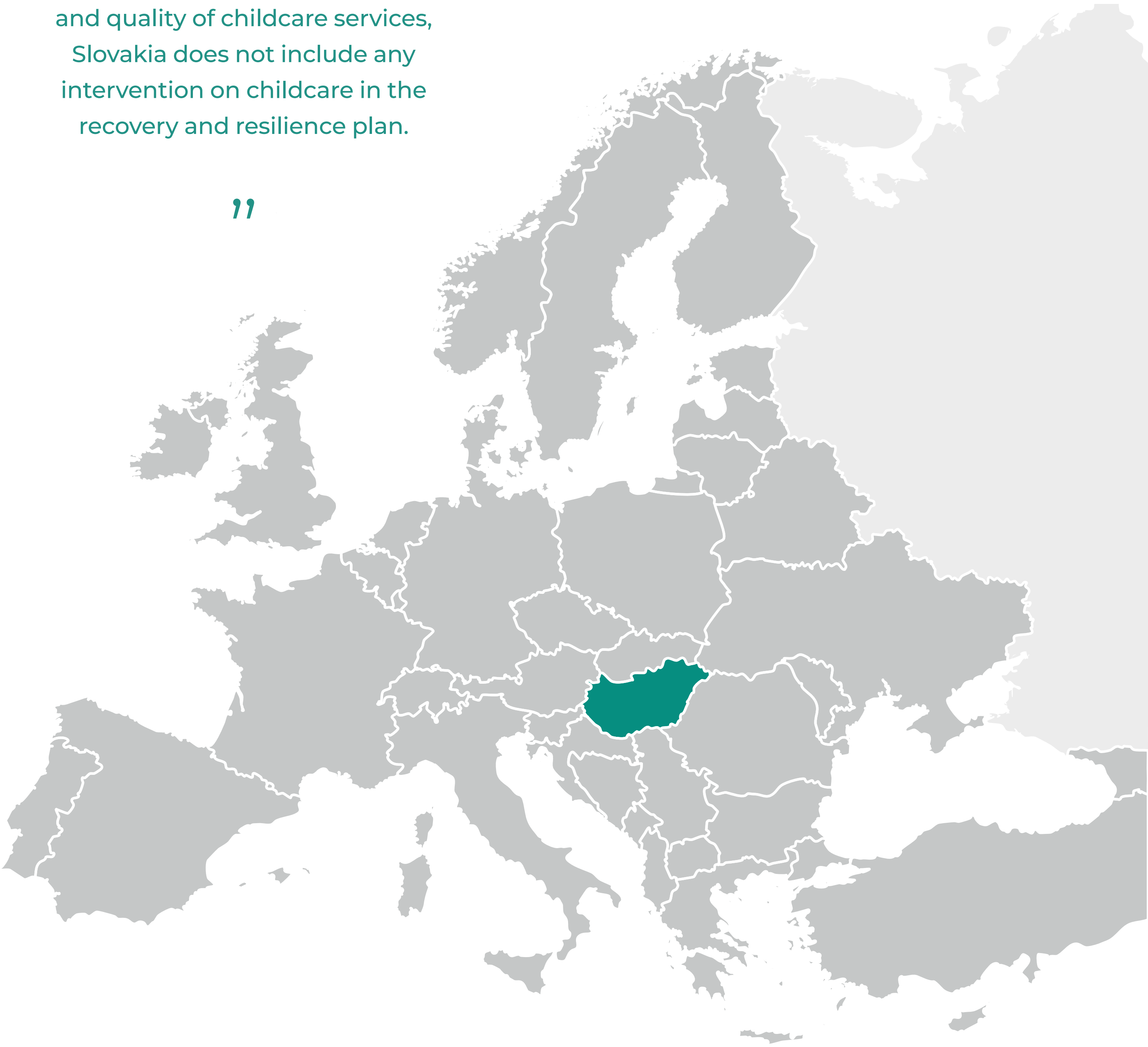

SLOVAKIA

To cushion the impact of the pandemic, notably childcare and school closures, and support working parents in care duties, the Slovak government intervened mainly with strengthening the leave policies. A new *pandemic benefit for care of a sick child* was introduced, targeting all parents who have to stay home and care for their children under the age of 12 (16 in exceptional circumstances) because of the following reasons: closure of schools and pre-school facilities; quarantine of child; and/or quarantine of the baby-sitter. The benefit was paid at the same level as the standard benefit for the care of a sick relative (55% of gross daily earning) but it was extended in duration, covering the whole period during which schools and social service facilities are closed. The measure was targeted at employees, including non-standard workers and self-employed persons. No intervention instead was envisaged in the specific area of childcare to support families with children enrolled in 0-3 services.

THE CONTENT AND SET-UP OF THE INTERVENTION

The lack of attention to childcare is also reflected in the Slovak Recovery and Resilience plan, which does not include any provision in that direction. Yet, the NRRP introduces some important measures in the field of pre-primary school that are worth being mentioned. Notably, the plan includes a reform aimed at providing conditions for the implementation of compulsory pre-primary education for children from the age of 5 and introducing a legal entitlement to a place in kindergarten or other pre-primary education providers from the age of 3. The reform commits to gradually implement a system of compulsory education for children from the age of 5 and establish a legal entitlement to a place in kindergarten or other pre-primary education providers from the age of 3 by September 2025 (Component 5, Reform 1). The Operational Arrangements (OA) signed between the Slovakian authorities and the Commission include the details on the intermediate measures to be adopted before the introduction of the legal entitlement. These include changing prescriptive funding for kindergartens based on the real staff and operational costs of the facility concerned, upgrading the skills of teaching staff and specialist staff in pre-primary schools, and increasing the capacity of kindergartens by providing at least 12,352 places in the facilities. The construction and renovation of the new pre-primary schools has an estimated cost of €142 million that will be entirely financed by the EU through non-repayable grants, since Slovakia did not request any loans from the RRF. This means that in the case of Slovakia meeting both targets and milestones, the EU will, upon verification of the Commission, finance the entire amount needed to make entitlement to pre-primary education from the age of three concretely operational. Furthermore, the plan envisages to change prescriptive funding for kindergartens based on the real staff and operational costs of the facility concerned with the objective to ensure stability, resilience and the ringfencing of funds allocated to education. Finally, the plan envisages that by 1 January 2029, teaching staff and specialist staff shall be obliged to upgrade skills to a higher education degree in the teaching programme for early and pre-primary education.

PRELIMINARY ASSESSMENT: INNOVATION AND IMPLEMENTATION OBSTACLES

As stressed above, the lack of any intervention in the domain of childcare policies in the country that before the pandemic already performed the worst in the EU is not positive news. This is not to dismiss the relevant measures adopted to address the existing challenges in the pre-primary school system where indeed important qualitative and rights-based innovations are introduced. Also in this case, however, we might identify some potential shortcomings in the implementation that merit being considered. First, the transition to a compulsory right-based (from the age of 5) system is gradual and is expected to enter into force only in 2025. Similarly, the transition towards a more skilled labour force in pre-primary education is expected to be achieved only in 2029. In both cases the significant delays in the implementation represent a risk since they leave the adoption of such important measures to the final part of, if not after, the duration of the RRF, with the risk of not having the political support to implement then. Another potential problem is instead related to the decision per se to reinforce the pre-primary system without acting on age 0-3. The risk here is a further reinforcement of the dual system with potentially increasing demand to pre-enrol children in the kindergarten, as is the case in Italy. While this is not bad per se, it still might have consequences on the psychological and educational development of the pupils, being not all of them necessarily cognitively prepared to join pre-school one year in advance. This will unavoidably affect children from a lower socio-economic background, who in an already weak system are showing an enrolment rate lower than that of their peers.

4. CONCLUSIONS AND RECOMMENDATIONS

Investing in children is of crucial importance to break the circle of disadvantage and represent the lynchpin of the new welfare social investment paradigm, centred around the work-family life course approach.[56] The period from conception to the first two to three years of life indeed represents a phase of particular sensitivity in which the possibility of supporting the acquisition of fundamental skills is maximised.[57] The quality of care and education have a strong preventive meaning, because they allow the neuro-psychological system of children to better structure itself, in cognitive as well as socio-emotional and relational terms, developing resilience skills.[58] Studies by James Heckman and his collaborators[59] have shown that investment (by families and the education system) in the very first years of life is crucial for individual cognitive development. In fact, the investment made in this period of life has both higher returns than an investment made later and lower costs, as 'damage' already occurring in previous years does not have to be remedied (episodes of school dropout, unemployment). At the same time, empirical evidence shows how increasing the supply of public places in childcare services, also reducing the costs borne by families, has a positive impact on the participation of mothers in the labour market.[60] In particular, it is usually mothers with a lower educational level that benefit the most from the provision of public service, with positive externalities in terms of social integration and inequalities reduction.[61] Furthermore, enrolment in childcare and pre-primary school has an impact in terms of occupation and salaries thanks to the acquisition at an early age of non-cognitive skills that are remunerated in the labour market.[62]

In this study, we surveyed the measures (if any) included in the national recovery and resilience plans to strengthen the supply of public childcare services in five countries: Spain, Italy, Portugal, Germany and Slovakia. Each of these member states did undertake reforms during the COVID-19 pandemic to expand and strengthen coherence and effectiveness of welfare interventions targeting children, in particular support to families' income. The missing link in the equations has been, and continues to be, the lack of offer of childcare services. The limited provision of public, and therefore affordable, ECEC undermines efforts towards ensuring children's positive development and wellbeing, augmenting, rather than reducing, inequalities of life chances, as well as narrowing opportunities for parents, in particular mothers, to enter or stay in the recovery labour market.

The selected countries differ significantly in terms of overall coverage of childcare systems, with Portugal, Spain and Germany among the best performers and Italy and Slovakia lagging behind, notably the latter. The countries also differ in terms of provision of the service, with Portugal and Germany having a majority of ECEC funded by the public sector, while Italy, Spain and Slovakia are still mostly characterised by a private provision of childcare. The countries also differ in terms of quality (both structural and procedural), with Germany and Italy spending on average, per child, substantially more than the others.

At the same time, similarities seem to characterise the five countries, especially when it comes to within-country territorial disparities in the provision of the service that varies significantly across regions and between urban and rural areas. Furthermore, all countries – even though to a different extent and depending on the child's age – are characterised by a problem of affordability, with high cost for parents.

What emerges from our analysis is that with the only notable exception of Slovakia, the other four countries

56 Hemerijck, *Changing welfare states.*

57 Cavioni, V. and Zanetti, M. A. (2015) 'Social-Emotional Learning and Students' Transition from Kindergarten to Primary School in Italy'. In H. Askell-Williams, *Transforming the Future of Learning with educational research*, pp. 241-258. Available at: https://www.salzburgglobal.org/fileadmin/user_upload/Documents/2010-2019/2018/Session_603/Transforming_the_Future_of_Learning.pdf

58 Del Boca, D., Oggero, N., Profeta, P. and Rossi, M. (2020) 'Women's and men's work, housework and childcare, before and during COVID-19'. *Review of Economics of the Household, 18*, pp. 1001-1017. Available at: https://link.springer.com/article/10.1007/s11150-020-09502-1

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included childcare investments in their plans. The investments might in fact increase coverage in these countries, while also reducing existing territorial inequalities. By any means,[63] Italy is the country that puts in the highest budgetary effort and is expected to more than double the provision of public places by 2026, followed by Spain which will increase the supply of public places by almost 30%, then Germany (13%) and Portugal (9%). Surprisingly, Slovakia, the country with the lowest coverage of public places in childcare, does not intervene to fill this gap. In terms of territorial distribution of the investments, Italy and Spain include an explicit territorial criterion in the allocation key of the childcare funds, accounting for the ex-ante unequal distribution of services. By contrast, this criterion is not considered in the allocation key of the German investments, nor in the case of Portugal.

Table 6 summarises the national statistics on the public places created by the RRF, the improvement compared to the status quo ex ante, and the additional infrastructural investment needed to achieve the 33% coverage in all regions.[64]

TABLE 6. Summary statistics of the RRF investments' impact on the availability of childcare places

Country	Public coverage (%)	Number of public places	Places needed to reach 33% target	Investment RRP (EUR mln)	Places RRP	Increase in places	Places gap	Additional investment needed (EUR mln)
Germany	28.7	680,502	101,957	1,000	90,000	13%	96,906	1,994
Italy	13.5	183,737	265,398	3,600	225,000	122%	67,371	1,078
Spain	20.9	244,319	141,227	667	65,382	27%	77,047	613
Portugal	46	118,280	30,118	110	11,000	9%	19,118	185
Slovakia	2.28	4,074	58,966	0	0	0%	58,966	*

Source: Own elaboration.

63 Considering the fact that capital and running costs for a new place are much higher in Italy than in other countries, like Spain and Portugal, and almost equivalent to Germany.

64 The target is 60% for Portugal.

4. CONCLUSIONS AND RECOMMENDATIONS

Overall, we might conclude that prima facie some positive news comes from the NRRPs in terms of willingness and ability to strengthen childcare systems. With the only exception of Slovakia, the other countries take the need for social investment in early childhood education seriously. The RRF is certainly a game changer in Italy, where the inflow of EU financial resources opened a window of opportunity to finance infrastructural projects that otherwise would have remained on paper. Good news comes also from Spain – a country that undertook the social investment recalibration turn in the late 2000s, then undercut investments over the Great Recession austerity conservative reflex, but that now takes the occasion of the RRF to strengthen its supply of public services and especially filling the existing territorial asymmetries. A mixed assessment emerges in the case of Portugal and Germany where the increase in public places is good news and a codification of a social investment turn already taken, but the lack of territorial attention in the distribution of the funds might widen existing within-countries asymmetries.

When it comes to the implementation of the plans, three sets of obstacles emerge so far, especially in Italy and Spain, the two countries most advanced in this respect: the lack of funds to cover running costs; the lack of support and technical assistance to providers or local authorities to accurately develop projects' proposals; and the lack of time to present projects. With respect to the financial constraints, the RRF in principle supports only capital investments while recurrent costs should be borne by national governments. This in principle risks discouraging especially local authorities, notably in southern regions, from applying for this funding due to the lack of certainty around the capacity to bear these costs after the end of the RRF. Second, given the very tight time constraints, the distribution of the funds is done via public tenders, with very strict and detailed requirements. This risks discouraging authorities and potential providers in marginalised areas (which have also fewer planning capacities) to present projects and acquire RRF funds given the lack of technical capacity to apply for such tenders. With respect to the tight timing in the implementation of the Recovery and Resilience Facility, this is forcing public administrations to significantly accelerate the presentation of fundable projects and often – given the limited technical capacity to present projects and the financial constraints – this is forcing public authorities to apply for a limited number of projects. In this respect, the fact that the design of the NRRPs in all member states was centralised at the level of the national government, without any significant involvement of sub-national authorities, is now turning into a problem in the implementation phase.

“Three main implementation obstacles currently hamper the potential effectiveness of the RRF investments in childcare: timing constraitns, public tender complexity and lack of financial resources to cover the recurrent costs.”

AGAINST THIS BACKGROUND, WE ADVANCE TWO RECOMMENDATIONS.

First, the implementation phase of the investments in childcare infrastructure has just started. It is of utmost importance that the territorial dimension of the public investment under the RRF is not quickly dismissed. The Commission should monitor that the principle of territorial and social cohesion, at the heart of the RRF, is actually respected by all member states, looking not only at inequalities between regions, but also within regions (rural vs urban areas, and central-urban vs suburban areas). Unfortunately, the Operational Arrangements signed by the Commission with member states identify only output indicators (number of places created) at the national level and not at the regional and local levels. This implies that where member states show that a certain number of places have been created in line with the OA, the Commission can just approve the disbursement request. We recommend integrating the existing national targets and milestones with regional ones and over possible lower levels (within provinces, and in city areas). If identifying new regional or local targets is not possible, we recommend guaranteeing a qualitative assessment of the implementation of the plans that is not solely based on a tick-box exercise that only flags whether national targets are achieved or not. Rather a more case-by-case approach is recommended that looks at the implementation at regional and local level and considers the reasons for (potential) delays or partial implementation and – if the case – negotiates with member states a postponement of milestones and targets to give some leeway to local administrations. This should be accompanied by adequate technical support to small and/or disadvantaged municipalities and local authorities. Except for in Italy, we do not see any programme to technically support the local authorities to present projects in line with the requirements set in the Operational Agreements and public tenders. Such regulatory obstacle might ultimately disincentivise the take-up of this opportunity, especially in more disadvantaged territories. Actions in this direction are highly recommended.

Second, fiscal constraints have been one of the main causes for under-investment following the Great Recession. With the activation of the general escape clause, member states have been given the fiscal leeway to intervene to support their economies during the pandemic. Such clause allowed national governments, like in Italy, to introduce a suspension of the local stability pacts in municipalities. This however has a sunset clause that is the end of 2023. In the RRF, recurrent costs are not covered. National governments envisage support for local administration to cover these costs for the entire duration of the RRF. Yet, as observed in the cases of Italy and Spain, beneficiaries are then legally required to carry the costs of running infrastructure after the RRF is over. This requirement alone is enough to disincentive local administration from engaging with investments in childcare, since they do not know how to maintain and run the infrastructure once the RRF is over. The risk is that to reduce the running costs, authorities reduce the quality of services, which is in some countries, like Portugal and Spain, already very limited. There should be reflection at the EU level on how to treat these kinds of expenditure under a post-pandemic revisited fiscal framework to avoid the paradox whereby the EU provides great amount of funds to 'build services' but keep fiscal rules that prevent countries to 'spend money to sustain these services'. Furthermore, since despite the RRF intervention many regions will not achieve the 33% target of public coverage of childcare services, there should be a reflection on the opportunity to grant member states the fiscal leeway to carry additional capital investments to achieve the target.

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RECOVERY WATCH

RECOVERY WATCH

Investing in children is of crucial importance to break the circle of disadvantage, reduce inequalities, and increase female employment. The Recovery and Resilience Facility (RRF) represents a unique opportunity for member states to expand the offer of early childhood education and care services.

Preliminary evidence from five member states shows that countries like Italy and Spain are using the RRF to increase the service provision and reduce internal disparities; others, like Portugal and Germany, are using these resources increase spending on childcare, but without any attention to the distributional impact. Slovakia stands as a unique case of a country with traditional low levels of spending and coverage of childcare that does not foresee any investment in this regard.

When it comes to the implementation of the plans, we identify problems of a threefold nature: the lack of regular funds to cover running costs of the newly created or renovated infrastructure, the lack of support, technical assistance, to providers or local authorities to accurately develop projects' proposals, and – finally, the lack of time for the same authorities to present valuable projects.

POLICY STUDY PUBLISHED IN JULY 2022 BY

FEPS
FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES

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ISBN : 978-2-930769-86-8