

Supporting Access to and Retention in Employment for Women by Enhancing Child Care Services in Turkey



Authors Meltem ARAN, Evrim GORMUS, Nazli AKTAKKE, Merve UZUNALIOGLU (Development Analytics)

Coordination Laetitia DUFAY, Céline GRATADOUR, Yıldız KURUOGLU (AFD)

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AUTHORS

Development Analytics specializes in evidence-based quantitative and qualitative research for social programming and policy development. The domains of expertise of Development Analytics include diagnosing and defining societal problems, institutional capacity building and program and policy evaluation. **Website :** <http://www.developmentanalytics.org>

ABSTRACT

Female labor force participation remains low in Turkey compared to other OECD countries and labor market attachment is particularly low among women with children. In recent years, government policy has focused on the expansion of child care services as a means to support women's participation in employment. Yet there are significant gaps in the provision of flexible quality child care services and demand remains constrained by social norms, practices and affordability issues. Child care and preschool services are mostly organized by public providers. Legislation that aims to encourage businesses to set-up child care services for their employees lacks enforcement mechanisms to be effective. Greater public investment in private provision and regulation changes could result in more affordable private provision for families and encourage the development of private sector provision, including in Organized Industrial Zones. Municipalities could also play a stronger role in providing child care services.

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Background

While Turkey's female labor force participation has risen in recent years, it remains significantly low in comparison to other OECD countries. Although in the period 2007-2012, the labor force participation of women increased from 23.6 percent to 29.5 percent, it is still below the OECD average of 50.1 percent¹. Labor market attachment is particularly low among women with children, with mothers often leaving the workforce never to return.

Turkey's patriarchal family structure and women's care burden are some of the reasons behind women's low labor force participation. Women face responsibilities such as household work and child care that discourage them from joining the labor force or maintaining their job². A recently completed World Bank study³ on child care demand found that of the currently non-employed women in the household survey sample, 45 percent previously worked but decided to leave the labor force. Furthermore, most of these women (about 71 percent), reported leaving the labor force specifically "due to child care responsibilities". This study demonstrates the burden of child care on women regardless of their economic status or educational background and its negative association with women's participation in the labor force.

Going beyond cultural reasons, the pattern of low labor force attachment among women is also linked to economic reasons which can be partly addressed by policy. In the absence of affordable child care options, women have little economic incentive to re-join the labor market after the birth of their children, particularly if they have low educational attainment and low returns for their labor⁴. Indeed, many women underlined the earnings difference between their expected income and child care costs⁵.

International research signals that increased child care availability increases female participation in the labor force. In Italy for example, Del Boca (2002) investigates the impact of limited availability of part time jobs and child care services on fertility rates and female labor supply, both of which are low in Italy. He finds that availability of child care services increases both fertility and employment of women. For Argentina, Berlinski and Galiani (2007) find that a large scale construction of public pre-primary school facilities increased both participation of children aged between 3 and 5 in preschool as well as mother's participation into the labor force. In a similar vein,

¹ World Bank, World Development Indicators, 2012.

² See Dedeoglu and Elveren, 2012.

³ "Supply and Demand for Child care Services in Turkey", study conducted by Development Analytics for the World Bank, September 2015.

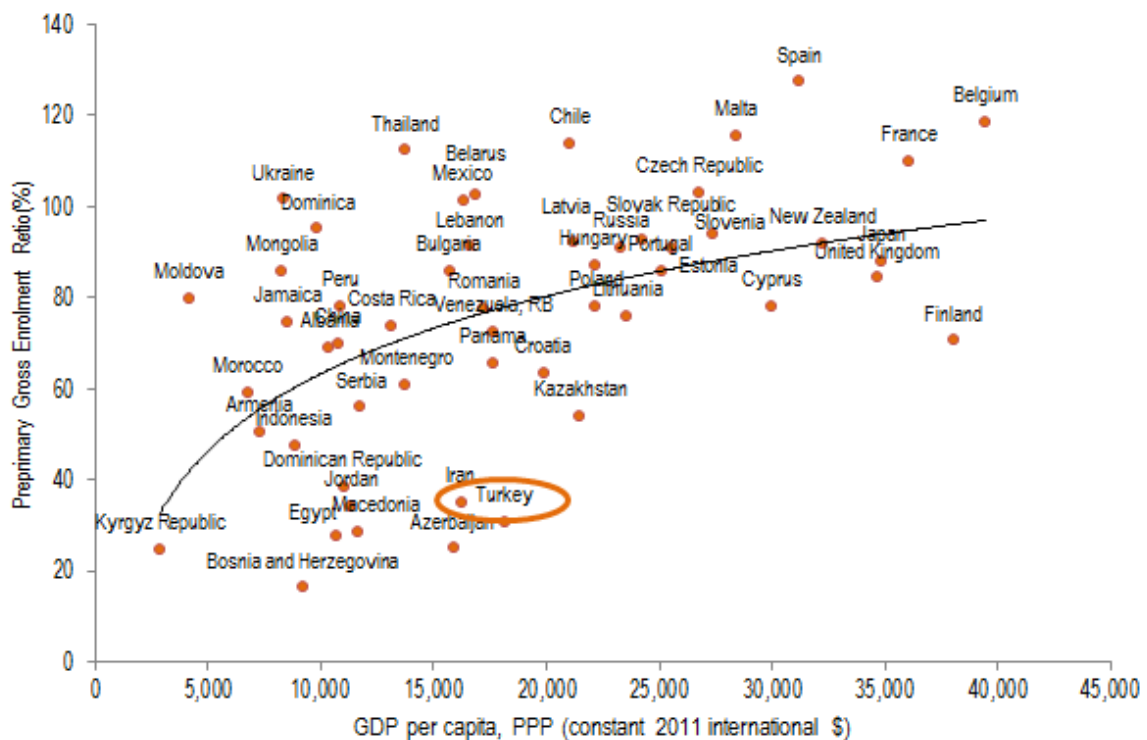
⁴ See Dayıoglu and Kırdar, 2010.

⁵ See Medrano, 2009; Barros et al., 2011

Baker et al (2005) analyze the effect of an expansion in subsidized provision of child care on labor supply of married mothers in Quebec, Canada. They find that the expansion had a significantly positive effect on the labor supply of married women.

In Turkey too, affordable child care services may increase female labor force participation however preschool enrollment remains low compared to other OECD countries⁶. The schooling attendance rate of 3-year-old and 4-year-old children for early childhood education in Turkey is 4 percent and 19 percent while the OECD average is 67 percent and 84 percent, respectively (OECD, 2011)⁷. The most recent World Development Indicators (WDI) data also shows that the gross pre-primary school enrollment rate (for children aged 4-5) in Turkey is 30.6 percent which is far lower than countries with similar levels of GDP per capita like Chile and Mexico in Latin America, and Bulgaria, and Romania in the Europe and Central Asia region (See Figure 1).

Figure 1 Pre-primary Gross Enrollment Rate (%)



Source: World Development Indicators 2012⁸

⁶ Preschool enrollment is not compulsory in Turkey. School enrollment is compulsory from the age of 66 months.

⁷ Key Facts for Turkey in Education at a Glance 2013
http://www.oecd.org/edu/Turkey_EAG2013%20Country%20Note.pdf

⁸ The figures include countries that have information on both pre-primary gross enrollment ratio and GDP per capita information for 2012. Countries GDP per capita of which is less than \$40,000 are included in the sample.

Findings from the World Bank study underline the reasons of this low preschool enrollment by highlighting the significant gap in the provision of affordable and quality child-care services and the unmet and unfulfilled demand for these services. Many participants assert that the availability of affordable child care services would enable them to enter the labor market. It is likely that comprehensive policies targeting both the supply and availability of child care while making it more affordable to the consumer is expected and likely to have a high employment impact — especially for women who have potential to join the labor market. With increased availability of quality and affordable child care in Turkey, we are likely to see a higher rate of participation in the labor market, particularly in urban areas. **Given the negative association between child care responsibilities, labor force participation of women, and the indispensability of women’s attachment to labor market for development, Turkey has started implementing policies and legislative regulations**⁹. Expanding child care services and their accessibility to increase female labor force participation is one of the objectives of the government’s “National Action Plan for Gender Equality” (2008-2013). Expanding child care services is also covered in the agenda of the government’s recently issued “New Action Plan for Protecting the Family and Dynamic Population Structure” (January 2015).

The World Bank (WB) published a comprehensive study “Supply and Demand of Child Care Services in Turkey” in 2015.¹⁰ This study was conducted under the framework of the Increasing Women’s Access to Economic Opportunities in Turkey Project implemented by the Ministry of Family and Social Policies General Directorate for Women’s Status and the World Bank with the financial support of Swedish International Development Cooperation Agency; it provides a comprehensive review of the sector.

To complement the World Bank study, the AFD commissioned this study on child care services to identify private sector opportunities for the expansion of child care services within Organized Industrial Zones, large-sized companies and Municipalities. The WB contributed significant information and data on child care supply and demand to the AFD study and both organizations have collaborated on improving the policy environment for expanding child care services in Turkey.

The study report is structured as follows:

- **Section 1** provides an overview of the child care services sector in Turkey, looking at public and private provision and assessing the institutional set-up of the sector.

⁹ See the section “Preserving the Family and Dynamic Population Structure” in the 10th 5-year Development Plan of Turkey (2014-2018)

¹⁰ <http://www.worldbank.org/en/country/turkey/publication/supply-and-demand-child-care-services-turkey-a-mixed-methods-study>

- **Section 2** assesses the demand for child care by households, using data from the World Bank study on child care in Turkey.
- **Section 3** focuses on private and local providers of child care in Turkey, first looking at the microeconomics of private providers (cost and pricing structure) in the sector and then focusing on field work results taken from in-depth interviews carried out for this study with agents at workplaces (Corporates, Organized Industrial Zones) as well as municipalities.

Overview of the Child Care Sector in Turkey

I. Current Supply of Child Care and Preschool Services in Turkey

Child care and preschool services in Turkey are mainly provided by the public sector and marginally by the private sector. They are accredited by either the Ministry of National Education (MoNE) or the Ministry of Family and Social Policies (MoFSP). In addition, child care centers are also operated by NGOs, municipalities and by public and private institutions for their employees. As of 2014, a total of 26,698 schools and care centers are in operation in Turkey, and a total of 50,466 classrooms operate with 63,327 child caretakers or teachers employed with 1.1 million children enrolled. Most of the facilities are run by the public sector—of the total number of service providers in the country, 83.8 percent are public facilities and only 16.2 percent are private providers. Of the current providers, 93.4 percent are accredited by MoNE and 6.6 percent by the MoFSP (See Table 1). Service providers accredited by MoNE are composed of public or private independent schools and classrooms inside primary schools, which again can be public or private. Service providers accredited by MoFSP are all privately owned and operated.

Table 1 Statistics About Child Care Provision in Turkey

	Public				Private				Total
	MoNE-Independent	MoNE-Preschool classes inside primary schools	Public institutions on crèche	Total Public	MoNE-Independent	MoNE-Preschool classes inside primary schools	MoFSP crèches	Total Private	
Numbers of									
Providers	2,087	20,575	109	22,771	1,642	693	1,592	3,927	26,698
Students	239,217	677,923	6,450	923,590	66,697	26,392	42,816	135,905	1,059,495
Teachers	12,603	35,206	524	48,333	5,802	2,263	6,929	14,994	63,327
Classrooms	8,362	28,580	445	37,387	5,224	3,072	4,783	13,079	50,466

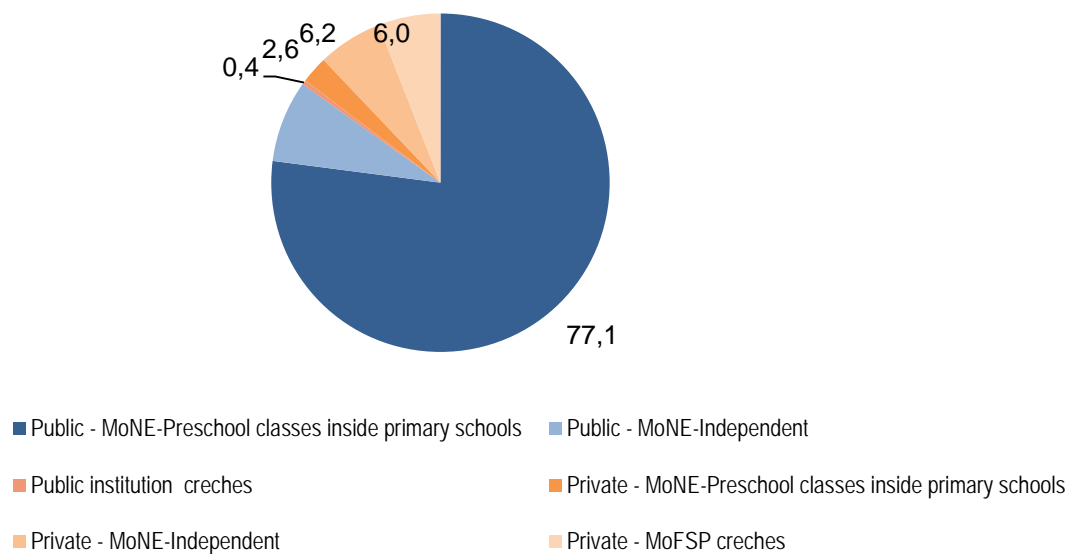
Source: National Education Statistics 2013/2014, Ministry of National Education of Turkey.

The majority of the service providers—84 percent—are both public and under the governance of MoNE. Furthermore, most of the delivery modalities are classrooms inside primary schools (See **Erreur ! Source du renvoi introuvable.**). Of all the service providers, 77 percent are preschool classrooms inside public schools, and 3 percent are preschool classrooms inside private schools, all of which are accredited by MoNE.

The majority—64 percent—of these enrolled children attend preschool classrooms in public primary schools, while just 2 percent attend preschool classrooms in private primary schools.

Apart from these child care centers, municipalities, NGOs and some of the public and private institutions that provide child care services for their employees are also smaller players in this field. Providing child care services used to be one of the duties of municipalities according to the Law of Municipalities¹¹. Although the line “Municipalities can operate child care centers...” has been removed from the Law of Municipalities according to the decision of the Constitution Court in 2007¹², some municipalities still provide child care services. These centers are established in line with municipalities’ duty of providing social services. However, there is no regulation regarding these facilities. According to the Law on Civil Servants¹³ while they are not obliged to, public institutions may provide child care services for their employees if the need arises. Private institutions on the other hand must provide a day care center for their employees if they employ more than 150 women¹⁴.

Figure 2 Percent of Service Providers by Type, Accreditation and Structure



Source data: Author’s calculations. National Education Statistics 2013/2014, Ministry of National Education

¹¹ Law of Municipalities numbered 5393 which was published in the official newspaper numbered 25874 on 13 July 2005.

¹² Decision of the Constitution Court on 24/1/2007 (numbered the E. 2005/95, K.2007/5).

¹³ Law on Civil Servants which was published in the official newspaper numbered 12056 on 23 July 1965. The relevant article numbered 191, was changed on 1984 to the version written in the text (published in the official newspaper numbered 18603 on 12 December 1984).

¹⁴ Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 28737 on 16 August 2013.

Service providers differ in the age groups for which they provide services. While child care providers accredited by MoNE do not serve children aged 0-2; according to Law number 2828 on Social Services¹⁵ and Regulation on the Establishment and Functioning Principles for Private Crèches and Day Care Centers¹⁶, MoFSP have the responsibility to regulate private crèches and day care centers for children aged 0-6. The MoNE must regulate¹⁷ preschool education which includes preschool classrooms operating inside primary schools and providing services for children who are 48-66 months old, as well as independent preschools are providing services for children who are 36-66 months old. Care centers in public institutions provide services for children aged 0-6 years old¹⁸ while care centers in private firms provide services for children aged 0-66 months old¹⁹ (See Table 2).

Table 2 Age Groups served by Child Care Providers, by Type of Provision and Accreditation

Provision	Accreditation	Location	Ages served						
			0-12 months	13-24 months	25-36 months	37-48 months	49-60 months	61-66 months	67-72 months
Public	MoNE	Independent				✓	✓	✓	
		Preschool classrooms inside primary schools					✓	✓	
	MoNE & MoFSP	Public institutions employing civil servants	✓	✓	✓	✓	✓	✓	✓
Private	MoNE	Independent				✓	✓	✓	
		Preschool classrooms inside primary schools					✓	✓	
	MoFSP	Independent	✓	✓	✓	✓	✓	✓	✓
	Ministry of Labor	Private firms	✓	✓	✓	✓	✓	✓	

¹⁵ Law on Social Services numbered 2828 which was published in the official newspaper numbered 18059 on 27 May 1983.

¹⁶ Regulation On The Establishment And Functioning Principles For Private Crèches And Day Care Centers which was published in the official newspaper numbered 22781 on 8 October 1996 and the most recent changes has made in the official newspaper numbered 27986 on 6 July 2011.

¹⁷ Article 4 of Regulation on Preschool Education Institutions and Basic Education Institutions, published in the official newspaper numbered 29072 on 26 July 2014.

¹⁸ Article 2 of Regulation on Child Care Centers that will be operated by Public Institutions, published in the official newspaper numbered 19658 on 8 December 1987.

¹⁹ Article 4 of Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 28737 on 16 August 2013.

Child care capacity and preschool services have expanded in Turkey in the last decade but mainly for 4-5-year-olds²⁰. Compared to 2006, the total number of service providers increased by 30.5 percent in 2015,—72.1 percent of this rise is due to increased public sector provision. A major component of this expansion can be explained by the increased number of preschool classrooms within public primary schools for 4-5-year-olds (children aged 48 months and older). The number of such classrooms has increased from 19,466 in 2006, to 28,864 in 2015, making an increase of 48.3 percent in the last 9 years.

While there has been a significant expansion over the recent years, there is still a large portion of children who do not have access to preschool and/or child care services. By aggregating district level data gathered from MoNE and MoFSP at province level, it has been calculated both the unmet total national and provincial shortfall. According to these calculations, gross enrollment rate in pre-primary education is 29.5 percent²¹. Thus, out of 3.8 million children in Turkey aged 3 to 5 years, 2.7 million children are not enrolled in pre-primary education. To reach the average pre-primary OECD enrollment rate of 80.6 percent²², 1.9 million children in this age group need to enroll in pre-primary education.

To provide services for all underserved children, new facilities are needed since the current supply is insufficient. According to calculations made in the framework of the World Bank study, to reach the OECD average of pre-primary school enrollment rate of 80.6 percent, 42,388 new child care facilities are needed for the 3-5 year olds, taking into account the average rates of enrollment per facility, to cover all the children in this age group. To achieve 100 percent enrollment rate, 58,380 additional facilities are required²³.

A wide variation exists in terms of child care service provision across the provinces and in terms of numbers of underserved children in each province. Unsurprisingly, there are greater numbers of child care centers in more populous cities like Istanbul or Ankara (Map 1 Panel A). However, big cities also have a higher number of children per child care center. Apart from the big cities like Istanbul, Ankara, Izmir and Bursa, the number of children per child care center is also high in Southeastern Anatolia (Map 1 Panel B). There is a large variation by province in terms of underserved children, and the total number of facilities needed to serve these populations (Map 2). The highest amount of underserved children as well as the

²⁰ Note that before the Regulation on Preschool Education Institutions published in 21/7/2012 in the official newspaper, the age group that is served by preschool classes inside primary schools used to be 60-72 months old children. With this regulation the age group that is served by these schools has been changed to 48-66 months old

²¹ World Bank, September 2015.

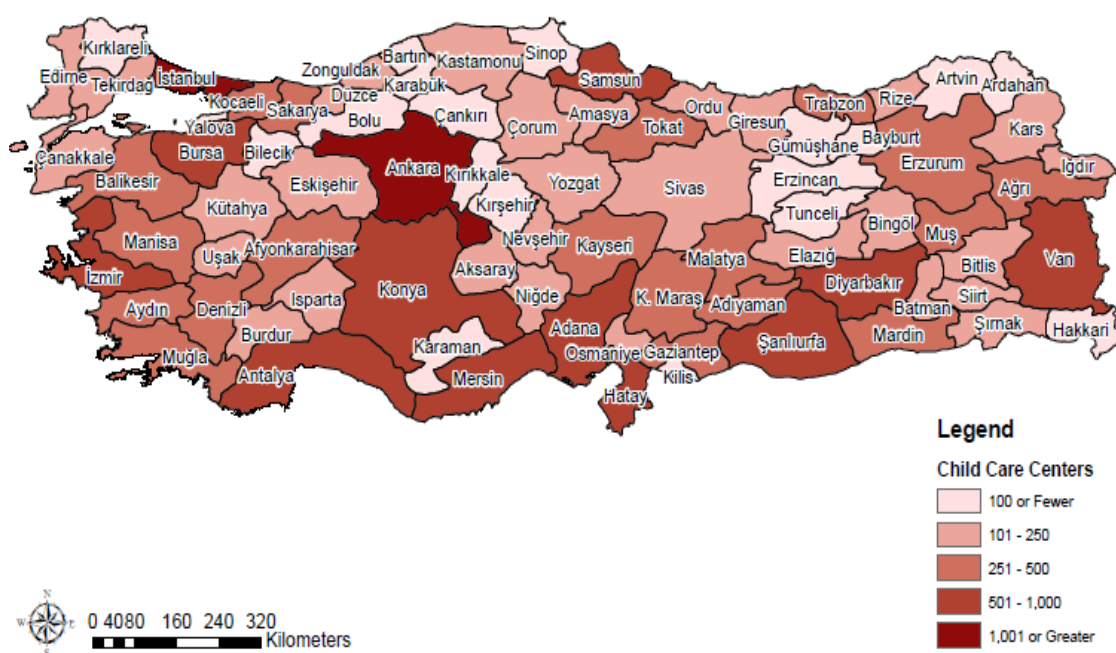
²² Source data: Enrollment in child care and preschools for year 2010, OECD Family Database.

²³ World Bank, September 2015.

highest amount of facilities needed to serve them are in large metropolitan areas like Istanbul, Ankara, Izmir as well as Southeastern Turkey, where the population of children is higher and the supply of services does not meet demand.

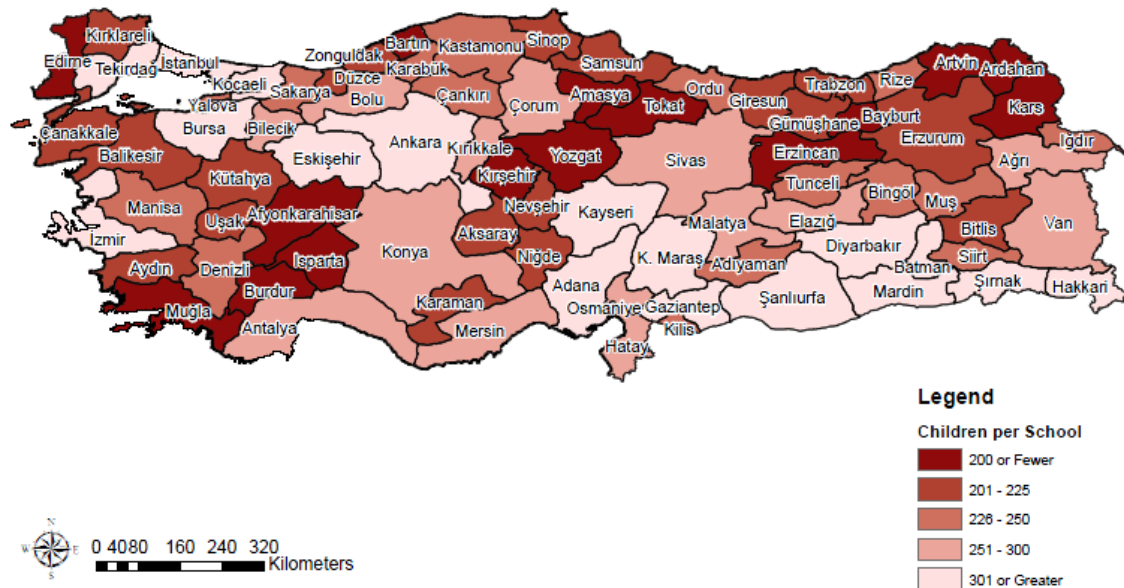
Map 1 Total Preschool and Child Care Service Capacity by Province²⁴

Panel A: Total number of child care and preschool service providers, by province



²⁴ Source: World Bank, September 2015.

Panel B: Population of children ages 0-5 per child care center, by province



Source: World Bank “The Supply and Demand of Child Care Services in Turkey”, September 2015

Map 2 Total Unserviced Need by Province

Panel A: Total number of service providers needed to accommodate all children ages 3-5, by province



Panel B: Total number of children ages 3-5 not enrolled in center-based care



Source: World Bank (2015) *The Supply and Demand of Child Care Services in Turkey*.

II. Governance of Early Child Care and Education Services

These different types of service providers are bound by different sets of regulations and managed by different entities. Apart from service providers accredited by MoNE and MoFSP, child care providers operated by public institutions for their employees are bound by both of these ministries. Child care centers operated by private firms for their employees are governed by the Ministry of Labor and Social Security who is also responsible for detecting if firms are implementing the rules about providing or breastfeeding room or on-site child care center.

A large number of standards and regulations exist for establishing new service centers²⁵. Regardless of provider, space specifications are the most numerous and are

²⁵ For child care centers accredited by MoFSP the regulations are stated in Regulation on founding and operating of private crèches, day care centers and child clubs which was published in the official newspaper numbered 22781 on 8 October 1996. For child care centers operated by public institutions for their employees the regulations are stated in Regulation on Child Care Centers that will be operated by Public Institutions, published in the official newspaper numbered 19658 on 8 December 1987. For child care centers operated by private firms for their employees, the regulations are stated in Regulation

detailed in the regulations. They include location of the building, indoor and outdoor space along with more detailed standards regarding heating, floor, painting etc.

For all the child care service providers (except the ones operated by public institutions for children of civil servants) having a playground is a requirement.

While for private firms the size of the playground is not specified, for child care providers accredited by MoFSP and MoNE there should be a minimum of 1.5 m² outdoor space per child. Furthermore, the location of the child care center should be either in a detached building, on the ground floor of a multi-floor building, or on a floor connected to the ground floor for all service providers, with the exception of centers operated by private firms for their employees. However private child care centers cannot be located on the basement floor, or in a place with no direct access to the open-air.

Minimum indoor space requirements for each child vary by type of provider. The largest indoor space requirement is for private firms with 3m² area and 8m³ of air per child followed by centers accredited by MoFSP and centers operated by public institutions for civil servants with 2m² space and 6m³ air per child (for MoFSP accredited child care centers this requirement is for sleeping rooms) and the smallest requirement is for centers accredited by MoNE with 1.5m² minimum space per child in the classroom and 10m³ air in the sleeping rooms (for private schools). If the child care center is opened up in an independent building with a garden sized 250m², then the 1.5m² requirements per child is not enforced and the institution may enroll up to 250 children.

Safety requirements are a small sub-set of overall minimum physical requirements. Public institutions are required to be safe and secure in terms of fire and heating systems, without going into further detail. There are no safety requirements stated in the regulations for private firms providing services for their employees. Centers accredited by MoNE have much more specific requirements, including having a certificate from relevant public authorities indicating emergency fire

on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breastfeeding Rooms and Child Care Centers, published in the official newspaper numbered 28737 on 16 August 2013. Lastly, for the child care centers accredited with MoNE, there is more than one regulation. These are: (i) Rudiments on Opening and Closing Institutions which was published in the Bulletin of Communiqué numbered 2630 on March 2010; (ii) Regulation on Preschool Education Institutions and Basic Education Institutions, published in the official newspaper numbered 29072 on 26 July 2014; (iii) MoNE Law On Private Education Institutions No:5580 which was published in the official newspaper numbered 26434 and published in 14 February 2007, (iv) MoNE Directive On Private Education Institution Standards

http://ookgm.meb.gov.tr/meb_iys_dosyalar/2014_10/16101119_standart_ktap.pdf; (v) MoNE Regulation on Private Education Institutions which was published in the official newspaper numbered 28239 and published in 20 March 2012, (vi) For education degree of MoNE teachers it is required that they have graduated from a higher education institute that is approved by Teaching and Education Commission (Tilim ve Terbiye Kurulu), Regulation on MoNE Teachers' Appointment and Relocation which was published in the official newspaper numbered 27573 on 6 May 2010.

procedures. Service providers accredited by MoFSP have the most detailed safety regulations. These regulations are as follows: (i) institutions cannot be set-up next to or in a building producing and/or storing explosive and flammable materials, (ii) institutions must have a fire door and an emergency stairway, (iii) there should be a sufficient number of fire extinguishers and fire warning signs, (iv) indoor and outdoor play equipment should be appropriately set-up and maintained, (v) all windows and balcony doors must have security keys as well as appropriately covered electricity buttons, plugs and cables, and, lastly, (vi) a staff member must travel on the school bus with children to ensure their safe transportation to school.

Human resource requirements are similar across the service providers. For all service providers (except those accredited by MoFSP), teachers should have a four-year university degree in preschool education or child development and education. For MoFSP accredited service providers, teachers (referred to as group leaders in the regulation) must have a two-year or four-year university degree in Social Services, Psychology, Child Development and Education, Preschool Education, Psychological Counseling or in the case these qualities cannot be met, the group responsible may have a vocational high school degree in Child Development and Education, or he/she can be a nurse of 0-2 year olds. The facility director must hold a 4-year university degree for all service providers although the subject of the degree changes from provider to provider.

Service providers that are accredited by MoNE and child care centers established by private firms use the curriculum of MoNE while MoFSP accredited service providers use a different curriculum. In public institution-run child care centers, teachers are required to implement the curriculum that is prepared by MoNE.

MoFSP accredited child care providers are inspected at least once a year by the provincial directorate,²⁶ while MoNE child care providers are inspected once every three years²⁷. Child care centers run by public institutions are also subject to MoNE inspection in matters related to education, while for matters related to child care they are inspected by MoFSP. Lastly, child care centers that are opened up by private firms are supposed to be inspected by the employer every month.

Private firms are bound by regulation to provide a child care center when the firm employs more than 150 women. According to the Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breastfeeding

²⁶ Source: Article 28 of Regulation on founding and operating of private crèches, day care centers and child clubs which was published in the official newspaper numbered 22781 on 8 October 1996.

²⁷ Source: Article 70 of Regulation on Ministry of National Education Presidency of Guidance and Inspection and Presidency of Inspectors which was published in official newspaper numbered 29009 on 24 May 2014.

Rooms and Child Care Centers²⁸, if 100-150 women are employed by the institution regardless of their age and marital status, the institution is obliged to provide a breastfeeding room no further than 250 meters from the facility. If the number of women working in the institution exceeds 150, then the institution is obliged to open a child care center. Fathers who have legal custody of their children and fathers whose wives have died are also included in this calculation. In the regulation it is also stated that employers can open joint facilities or they can outsource the service to contracting accredited providers. Firms operating in OIZs are also bound by this regulation.

Despite the regulation for private companies providing child care services for their employees, many companies find ways to avoid this regulation. The institution that is responsible for compliance inspections is the Ministry of Labor and Social Security. There is little enforcement of this regulation by this Ministry. The latter recently stated that there are 1,658 public institutions and 7,204 private institutions with more than 150 women employees²⁹. In total, only 299 firms employing more than 100 women have been inspected. Among 127 firms that were supposed to have a breastfeeding room and among the 172 firms that were supposed to have a child care center only 96 had one. The fines associated with non-compliance is around 1,232 TL (per month) and hence many companies of this size prefer to pay these fines rendering the regulation non-binding³⁰.

III. Historical Evolution of Child Care Services

The supply of child care and preschool services only started expanding in Turkey after the 1960s. When the Turkish Republic was founded in 1923, scarce resources for the education sector were allocated to the primary school level (Ural, 2007). In essence, preschool education was not considered an important area for policy makers and the number of schools and students remained static for 40 years. In 1923, there were 80 preschools accredited by MoNE, with 5,880 children enrolled while by 1963 the number of schools rose to 146 with an even smaller number (4,767) of children enrolled (Ural, 2007). With the inclusion of preschools in the Law on Primary Education numbered 222 in the 1960s,³¹ preschool education started to gain importance. The law defines preschool education institutions as “schools that provide

²⁸ Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 28737 on 16 August 2013.

²⁹ Source: Radikal Newspaper dated 8/8/2013 (http://www.radikal.com.tr/turkiye/isyerinde_krese_yer_yok-1145289).

³⁰ CNNTurk news dated 25/4/2014 (<http://www.cnntrk.com/haber/turkiye/kres-haktir>)

³¹ Law on Primary Education and Education numbered 222 which was published in the Official Newspaper numbered 10705 on 12 January 1961.

services for children who are not yet in compulsory schooling age". The first regulation, "Regulation on Pre-primary Schools and Classes", released on 18 July 1962³², declared the general purpose of preschools and defined standards for public and private preschool education centers. By 1983, the number of schools serving preschool-aged children rose almost 20-fold, reaching 2,784 schools (Ural, 2007 and Kocak, 2001). From 1983 onwards, the number of preschools and the number of students enrolled continued to increase.

The Child Protection Agency, which was founded in 1917 as an association, has been another service provider for child care over the years. It established a number of day care centers to meet the child care needs of families, and especially of working mothers. Service provision of the agency rose from just 3 day care centers in 1930 to 45 in 1945 (Ural, 2007). The association was terminated due to financial reasons in 1981 and its obligations were absorbed by the Ministry of Health³³. Afterwards in 1983, Social Services and Child Protection Agency was founded with law number 2828³⁴ as a public entity. Following this, a regulation for private day care centers that are regulated by this agency has been issued to define the principles on setting up and operating the child care centers³⁵. Finally, in 2011, the Social Services and Child Protection Agency transferred its operations to the Ministry of Family and Social Policies on its foundation. Since then, private crèches and day care centers have operated under the governance of Ministry of Family and Social Policies.

In addition to the two main service providers, public institutions and private firms also started providing child care services for their employees. The first regulation on providing child care services for employees of private firms bound by the Labor Law dates back to 1953 (Ecevit, 2010). This was Turkey's first child care services regulation. According to this regulation, workplaces had to provide a breastfeeding room, if they employed between 100 and 300 women, and a day care center if there were more than 300 female employees.³⁶ The number of women comprising the threshold was changed in 1987³⁷.

³² Regulation on Pre-primary Schools and Classes, published in the official newspaper numbered 11157 on 18 July 1962.

³³ Published in the official newspaper numbered 17331 on 5 May 1981.

³⁴ Law on Social Services numbered 2828 which was published in the official newspaper numbered 18059 on 27 May 1983.

³⁵ Regulation On The Establishment And Functioning Principles For Private Crèches And Day Care Centers which was published in the official newspaper numbered 18263 on 26 December 1983.

³⁶ Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 8504 on 10 September 1953.

³⁷ Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 19427 on 10 April 1987.

Public institutions also provide child care services for their employees. This practice, however, started 31 years after private institutions. In 1984, Article 191 of Law number 657 regarding civil servants³⁸ was changed to, “if need arises child care centers and social facilities can be established for civil servants.” Hence, public institutions are not legally obliged to provide child care centers. In 1987, the Regulation on Child Care Centers Operated by Public Institutions was issued.³⁹ In this regulation, the minimum number of children and other requirements for these child care centers were standardized. For example, it was stated that “A child care center can be opened up for children of civil servants aged 0-6 in case the number of children is no less than 50 and if the relevant minister approves.”

In line with the laws and regulations, the provision of child care services has gradually gained importance in Turkey’s 5-Year-Development Plans. Early childhood education first appeared on the 2nd Development Plan covering the period of 1968-1972 and continued to be included in all subsequent Development Plans (Ural, 2007). The 5th Development Plan was the first to set preschool enrollment rate targets. Unfortunately, none of these targets have ever been met, including the most current. By the end of the 2007-2013 Development Plan, the gross pre-primary enrollment rate for 4-5 year olds was targeted to be 50 percent⁴⁰. The actual gross pre-primary enrollment rate for this age group was 44 percent⁴¹. The 2018 target rate is set at 70 percent.

The current focus on preschool education has shifted to 4-5 year olds with the introduction of the 4+4+4 plan on basic education institutions. In the previous regulations, children who were 72 months old by the end of 31st of December had to be enrolled in primary education.⁴² With the Regulation on Basic Education Institutions published on 21 July 2012,⁴³ the primary school enrollment age has been changed so that children who are 66 months old by the end of September should be enrolled in primary education. Children who are 60-66 months old can be enrolled in primary education if their parents think that the child is cognitively and physically ready.⁴⁴

³⁸ Article 191 of Law on Civil Servants numbered 657, which was first published in the official newspaper numbered 12056 on 23 July 1965 and the relevant article has been changed to this version in the official newspaper numbered 18603 on 12 December 1984.

³⁹ Regulation on Child Care Centers that will be Operated by Public Institutions which was published in the official newspaper numbered 19658 on 8 December 1987.

⁴⁰ 9th Development Plan, page:63, (<http://pbk.tbmm.gov.tr/dokumanlar/kalkinma-plani-9-genel-kurul.pdf>)

⁴¹ MoNE National Education Statistics 2013-2014, (http://sgb.meb.gov.tr/istatistik/meb_istatistikleri_orgun_egitim_2013_2014.pdf)

⁴² MoNE Regulation on Primary Schools, published in the official newspaper numbered 25212 on 27 August 2003.

⁴³ Regulation on Basic Education Institutions published in official newspaper numbered 28360 on 21 July 2012.

⁴⁴ Regulation on Changing the MoNE Regulation on Primary Schools, published in the official newspaper numbered 28360 on 21 July 2012.

However, the parents of children who are 66-71 months old can provide a medical report stating that the child is not yet ready for primary education and postpone enrollment for a year.

IV. Current National Plans and Incentives

Turkey's 10th 5-year Development Plan established an extensive child care system by engaging private actors for child care services, which is directly associated with female labor force participation. Investment subsidies are also on Turkey's agenda to encourage private actors to establish child care services and create a more woman-friendly work environment. Turkey set its objectives on four main pillars in the current development plan: (i) human capital and social welfare expansion, (ii) innovative production for high and stable growth, (iii) sustainable environment and the eradication of regional disparities, and (iv) collaboration with other countries to benefit from international development as well as to play an active role in global decision-making for development.⁴⁵ The first pillar, 'Qualified Individuals, Strong Society', underlines the necessity of human capital development for Turkey's future. Since advancement in the labor force is associated with education quality and early access to it, great emphasis is placed on early childhood education.

The Turkish Government has committed to improving the accessibility of preschool education as it can be seen in recent national plans and programs. According to the current 2013-2018 Development Plan,⁴⁶ a target for preschool gross enrollment rate of 4-5 year olds has been set at 70 percent by 2018, which is the same target set in Ministry of National Education's 2010-2014 Strategic Plan⁴⁷ (the age group is not specified in the plan); stating that alongside increasing enrollment for girls, encouraging preschool education is one of the government's important priorities.⁴⁸ Child care is also included as part of a pro-birth "Protecting the Family and Dynamic Population Structure" program, which includes "increasing opportunities for quality, affordable and accessible child care services". Hence overall, it can be said that increasing access to child care services has been on the government's agenda for a while.

In order to increase the private sector's enthusiasm for providing child care related services, the government has introduced incentives for private investments in this sector. Private preschools, like all private schools, are exempt

⁴⁵ 10th 5-year Development Plan, 2014-2018
[http://www.mod.gov.tr/Lists/RecentPublications/Attachments/29/Brochure%20of%20Tenth%20Development%20Plan%20\(2014-2018\).pdf](http://www.mod.gov.tr/Lists/RecentPublications/Attachments/29/Brochure%20of%20Tenth%20Development%20Plan%20(2014-2018).pdf)

⁴⁶ Ministry of Development 10th Development Plan, Page: 32 (accessed from www.kalkinma.gov.tr)

⁴⁷ Strategic Plan of Ministry of National Education 2010-2014 (sgb.meb.gov.tr).

⁴⁸ 62th Government Plan, Page: 62. (basbakanlik.gov.tr)

from corporate income tax for a period of 5 years.⁴⁹ This is an important incentive since corporate income tax constitutes 20 percent of such institution's total profits. The same type of exemption also holds for personal income tax. According to the Law on Income Tax, preschool services revenues are also exempt from income taxes for a period of five years.⁵⁰ These laws do not include private crèches in the tax exemptions and they rather focus solely on MoNE accredited preschools. However, it must be noted that both of these tax exemptions have been in operation for more than 30 years, albeit under a different law.⁵¹ It can be therefore said, that these tax exemptions alone have not been and will not be enough to increase the supply of these services in the private domain.

First as of 2012⁵² and then as of 2014⁵³, the government introduced some further incentives for private parties interested in investing in child care services. The amendments to the Decree on the State's Support for Investments prioritized incentives for private investments in preschools (in 2012), crèches and day care services (in 2014). Investors can benefit from additional state assistance should they be located in Region 5,⁵⁴ a group that comprises provinces whose development status is second-to-last in Turkey. The state support in this scheme includes tax deductions, interest subsidies, exemptions from value-added tax, etc. There is also additional assistance for investments taking place in the Organized Industrial Zones in region 5, and are eligible for benefits applicable to region 6.

⁴⁹ Article 5 of the Law on Corporate Income Tax No: 5520 which was published in the official newspaper numbered 26205 on 21 June 2006.

⁵⁰ Article 20 of Law on Income Tax No: 193 which was published in the official newspaper numbered 10700 on 6 January 1961. This article has been updated to this version with Article 27 of Law number 5228 which was published on the official newspaper numbered 25539 on 31 July 2004.

⁵¹ The article 3 of Law on Private Education Institutions (numbered 625) was changed in 1983 to say that private preschools that are opened up in areas that have priority in development would be exempt from corporate and income taxes for 5 years (published in the official newspaper numbered 18081 on 18 June 1983). Later, this law was changed again in 1984 (as published in the official newspaper numbered 18472 on 28 July 1984), to say that all private preschools in Turkey would be made exempt from revenue and corporate taxes for a period of 5 years. Hence, the incentives under the current Law on Corporate Income Tax and Law on Income Tax have been in effect since 1984 for preschools. With the Law numbered 5228 which was published on the official newspaper numbered 25539 on 31 July 2004, article 3 of Law numbered 625 on Private Institutions was changed again. The specific mention of tax exemptions for private schools was changed into "Investments regarding education that will be made under this law will benefit from incentives that were set forth in development plans and programs." Instead, with the same law numbered 5228, tax exemptions for only preschools –not crèches- were added in the Law on Income Tax numbered 193 and Law on Corporate Income Tax numbered 5422. The subsequent Law on Corporate Income Tax numbered 5520 also did not include private crèches in tax exemptions.

⁵² Article 2 of Decree on the Change in Decree on the State's Assistance for Investments which was published in the official newspaper numbered 28440 on 13 October 2012.

⁵³ Article 2 of Decree on the Change in Decree on the State's Assistance for Investments which was published in the official newspaper numbered 28995 on 9 May 2014.

⁵⁴ Provinces in Turkey are divided into 6 groups according to their socio-economic status. Region 6 is the least developed region for which the highest amounts of assistances are provided. For the provinces in each group see Decree on the State's Assistance for Investments which was published in the official newspaper numbered 28328 on 19 June 2012.

Under this scheme, tax deductions are made for new investments in the form of deductions from corporate income tax and income tax. To be more specific, according to the current plan,⁵⁵ the government will pay 30 percent of the total investment amount on investments made after January 1st 2015 by decreasing the corporate tax rate (or income tax rate) by 70 percent. This applies to investments made both in priority areas and in regions 1-5. For investments in Organized Industrial Zones in region 5 and all investments in region 6, will pay 35 percent, and corporate tax rate will be reduced by 90 percent.⁵⁶ In addition to this support scheme, there is also a subsidy for employee insurance and exemptions in paying value added tax and customs tax.

An additional benefit under the same scheme is the “bank loan interest support”, which allows investors to take bank loans at a lower interest rate at the government’s expense. For these investments, the government pays 5 percentage points of the annual interest rate in regions 1-5 and 7 percentage points in region 6. The maximum amount the government can pay is capped at 700,000 TL (regions 1-5) and 900,000 TL (region 6). The maximum amount that the investors can take up as a bank credit is limited at 70 percent of the total investment amount. According to the website of the Ministry of the Economy⁵⁷, protocols have been signed with the banks to make the assistance possible in practice and 27 banks have signed the protocol to participate in this program. These banks include Ziraat Bankasi, Halk Bankasi, HSBC, ING, etc.

An increase in investments in child care can now be expected that investments in child care services have been added to the list of “priority investment topics” in the government support scheme. Private investment in primary, secondary and high schools were officially classified as priority investment areas in June 2012.⁵⁸ They were joined by preschools in October 2012; crèches and day care centers were further

⁵⁵ Article 1 of Decree on the Change in Decree on the State’s Assistance for Investments which was published in the official newspaper numbered 28995 on 9 May 2014

⁵⁶ Source: Website of Ministry of Economics
(http://www.ekonomi.gov.tr/portal/faces/oracle/webcenter/portalapp/pages/content/htmlViewer.jspx?contentId=UCM%23dDocName%3AEK-167551&parentPage=yatirim&_afLoop=152211487478458&_afWindowMode=0&_afWindowId=1bi05waf00_124#!%40%40%3F_afWindowId%3D1bi05waf00_124%26_afLoop%3D152211487478458%26contentId%3DUCM%2523dDocName%253AEK-167551%26parentPage%3Dyatirim%26_afWindowMode%3D0%26_adf.ctrl-state%3D1bi05waf00_160)

⁵⁷ Source: http://www.ekonomi.gov.tr/portal/faces/home/yatirim/mevzuatYat/Yatirim-YTM;jsessionid=YKr1JZTGCwT17JDQ6FL1H8QfgT55JLPvQQCvhT4p1DJyhBGjCMy!-201334414?_adf.ctrl-state=1b72h7dwfd_4&_afLoop=426948188465736&_afWindowMode=0&_afWindowId=null#!%40%40%3F_afWindowId%3Dnull%26_afLoop%3D426948188465736%26_afWindowMode%3D0%26_adf.ctrl-state%3Dxb4slvw7m_4

⁵⁸ Decree on the State’s Assistance for Investments which was published in the official newspaper numbered 28328 on 19 June 2012.

added in May 2014. As a result, the share of educational related investments has increased from 1.5 percent in 2011 to 2.8 percent in 2012⁵⁹ out of total investments receiving government assistance. The share dropped in 2013 to 2.1 percent, but the overall amount of investment in education was still higher than in 2012. Hence it is not unreasonable to also expect an increase in the share of investments related to child care.

While incentives exist for setting up child care centers for investors, companies that are obliged to provide mandatory child care centers, are not eligible. The regulation⁶⁰ stipulates that the firm must pay all child care center costs such as the building, start-up, decoration, materials, transportation and food. Given the outright initial cost of setting up and operating a child care center paired with the little risk of government inspection (and low fine if they are caught), the incentives for private firms to open up child care centers for their employees is limited if not non-existent.

As mentioned earlier, municipalities also provide child care services, despite it no longer being included among their duties.⁶¹ However, according to Law on Municipalities,⁶² municipalities have a duty of answering the local and joint needs of citizens in the shape of all kinds of activities and initiatives. Hence, due to the flexibility of the law, child care provision can be included in these activities. Another way for the municipalities to be useful in the provision of child care services is to assist service providers financially. According to the Law on Public Finance Management and Control⁶³, municipalities can financially support organizations such as associations, foundations, institutions, etc., as long as the support is for the benefit of society (such as child care) and it has been shown in the budget of the municipality (UNICEF, 2013).

Some opportunities exist in the sector, in light of the Government's recently issued "New Action Plan for Protecting the Family and Dynamic Population Structure". This is one of the programs listed in the "Priority Reform Programs" under the government's 2014-2018 Development Plan. The action plan was issued publicly on January 2015. The program has three main components: (i) Improving services for families, (ii) Improving family welfare and cooperation between generations, and (iii) Protecting the dynamic population structure. One of the four policies outlined in the

⁵⁹ Author's calculations using government assistance for investment statistics published in website of Ministry of Economics (http://www.ekonomi.gov.tr/portal/faces/home/yatirim/istatistiklerYayinlar?_adf.ctrlstate=9ntmoym3h_4&_afLoop=160347826268511#!)

⁶⁰ Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 28737 on 16 August 2013.

⁶¹ According to the decision of the Constitution Court on 24/1/2007 (numbered the E. 2005/95, K.2007/5)

⁶² Law of Municipalities numbered 5393 which was published in the official newspaper numbered 25874 on 13 July 2005.

⁶³ Article 29 of Law on Public Finance Management and Control which was published in the official newspaper numbered 25326 on 24 December 2003.

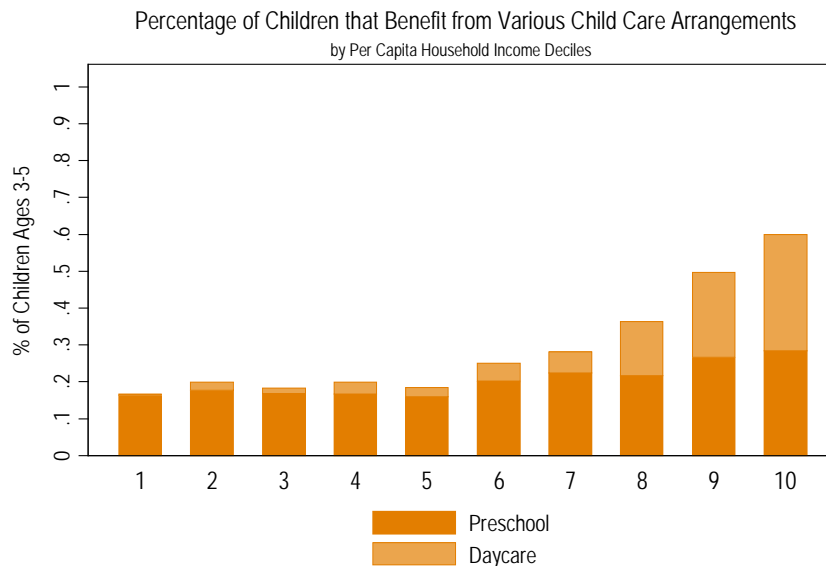
action plan under the component Protecting the Dynamic Population Structure is “increasing crèches and preschools that are affordable, easy to reach and that provide quality services”. Under this policy, the actions to be taken are listed as (i) Crèches that are affordable, easy to reach and that provide quality services will be increased, (ii) Crèches and day care centers of public institutions will be used more effectively, (iii) Preschools that are affordable, easy to reach and that provide quality services will be increased, (iv) Crèche services provided by the private sector will be increased, (v) Play rooms will be made more widespread for women to leave their children while attending occupation classes of ISKUR. As of January 26, 2015 a small section of the action plan was also submitted as a draft proposal to the Parliament. While the rest of the proposal includes items related to maternity leave, part-time work and other work-life balance related issues it also includes three changes related to child care service provision: (i) a change in the law of municipalities officially allowing them to operate child care centers, (ii) exemptions from corporate income tax for private day care centers and crèches, and, (iii) exemptions from personal income tax for private day care centers and crèches. The proposal discussed in Parliament has not been passed yet (as of June 2015) as a law.

Household Demand for Child Care in Turkey

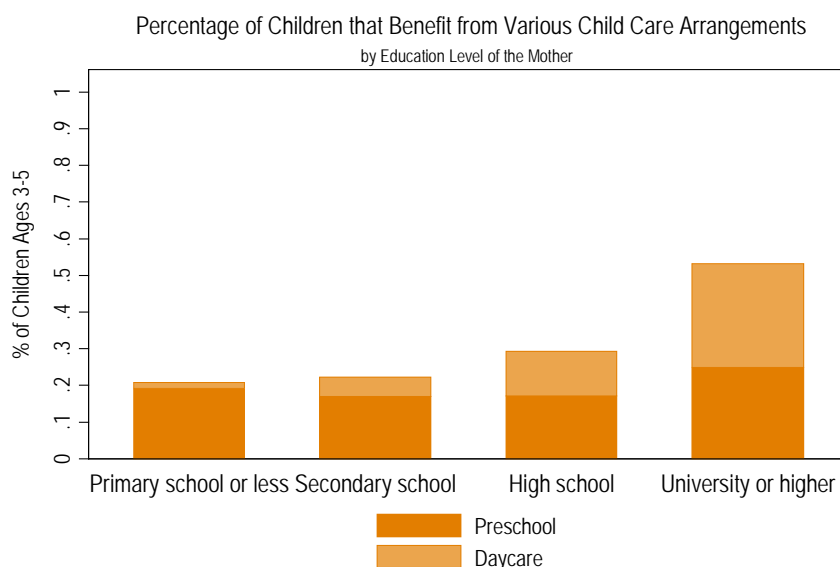
I. Current Utilization and Demand for Child Care in Turkey

The utilization of child care services is low and regressive in Turkey with mainly richer households benefitting from center-based care services. An analysis of the EU Survey of Income and Living Conditions of Turkey (2012) indicates that only 24.9 percent of children aged 3-5 benefit from center-based child care services. Furthermore, there is a stark difference in the use of child care services depending on income (See Figure 3). Of the children in the age group 3-5 in the poorest per capita income decile, 16.8 percent use center-based child care services (16.4 percent at preschool, and 0.4 percent at day care) while this level is 60 percent for the children in the same age group in the richest decile (28.4 percent at preschool and 31.6 percent at day care).⁶⁴

Figure 3 In Turkey, child care and preschool utilization is low and regressive for children aged 3-5



⁶⁴ EU SILC 2012 questionnaire lists these services as “preschool” (anaokulu/okul öncesi) and “day care” (Gündüz Bakım Evi/kreş) services. It is not possible to disentangle in the data public and private provision of these services.



Source: Turkey EU-SILC 2012 and authors' calculations

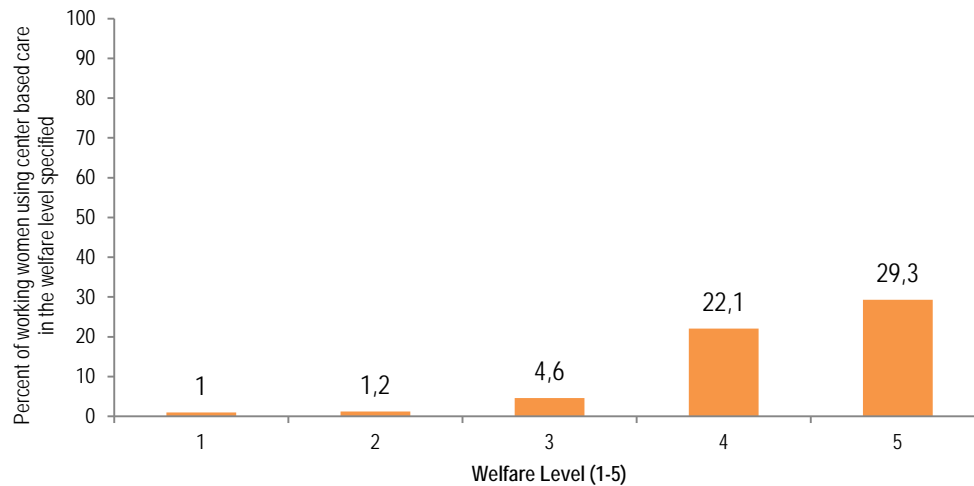
Use of child care services also varies depending on the education level of the mother. 53.2 percent of children whose mothers have a university degree or higher benefit from center-based child care services whereas only 20.8 percent of children whose mothers have completed primary school or less benefit from these services. As can be seen in Figure 3, the main difference between these levels is day care use, which is a service almost always provided privately. While almost none of the mothers who have the lowest education level use day care services (1.8 percent), 28.4 percent of mothers who have university degree or higher use these services.

Center based care is the third preference for working mothers for taking care of their children while they are at work after getting help from the grandmothers and looking after the children themselves. The recently published report on Demographic and Health Survey of 2013 mentions the rate of use of center-based child care services for working mothers.⁶⁵ According to the results of the survey, most of the working mothers who have children at the age of 5 or younger and responding to the survey, report that they get help from their mothers or mothers-in-law for child care while they are working (32.8 percent) or they look after their children themselves (27.1

⁶⁵ Demographic and Health Survey is collected in other countries to obtain comparable information has been collected every 5 years in Turkey by Hacettepe University's Institute for Population Studies since 1993. A similar survey from 1968 called "Population Studies" was collected again every 5 years. Survey includes information on mother and child health, fertility, mortality of babies and children and family planning. This survey of 2013 includes information from 11,794 households and 9,746 women in their reproductive ages (15-49). Information used here is from the report for the DHS 2013 that is published by Hacettepe University's Institute for Population studies online: http://www.hips.hacettepe.edu.tr/TNSA_2013_ana_rapor.pdf

percent). These answers follow the use of center based child care services, which stands at 14.7 percent.

Figure 4 Among working mothers with children aged 0-5, center-based child care use is very regressive



Source: Hacettepe University, Institute for Population Studies, 2014

While this is the overall case, use of center based-child care is actually more common among certain groups of mothers. Firstly, regional differences show the use of center-based care is the most common among mothers residing in East Marmara Region (with 25.7 percent) followed by Istanbul (with 21.8 percent) while it is the least common among mothers residing in Southeastern Turkey (with 4.3 percent). Secondly, there are differences resulting from welfare levels of the mothers such that on a scale of 1 to 5, 1 being the poorest and 5 being the richest, 29.3 percent of the working mothers in the richest welfare level use center based care while only 1 percent of working mothers in the poorest welfare level do so (See Figure 4). Lastly, education level of the working mothers may also be correlated with the use of center based care: 28.5 percent of working mothers who have a high school degree or higher use center-based care services while only 0.5 percent of the working mothers without any degree and 2.6 percent of working mothers who have primary school degree do so.

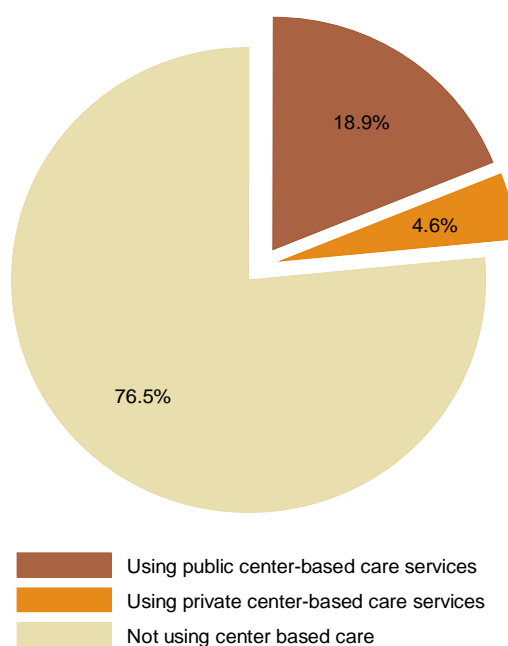
In order to assess household demand for child care services, the World Bank and Development Analytics have collected demand-side data on child care from mothers and fathers in five provinces including a household quantitative survey and focus group discussions.⁶⁶ The household level quantitative data was collected from 371 mothers with children between 0 and 6 years old residing in the Turkish

⁶⁶ For the World Bank study's demand side analysis, surveys have been collected from 371 mothers with children aged 0-6 residing in provinces Istanbul, Denizli, Eskişehir, Samsun and Gaziantep of Turkey.

provinces of Istanbul, Denizli, Eskişehir, Samsun and Gaziantep. The sample of mothers included both beneficiaries of public and private child care services as well as non-beneficiaries. A total of 25 focus group discussions were also held with working and non-working mothers as well as fathers in these provinces (with a total of 146 mothers and 53 fathers) in order to carefully assess (i) the level of unmet demand for child care, (ii) the minimum and ideal expectations of households from child care services and (iii) their willingness to pay for these services.⁶⁷

The results from the field work and the data collected by the World Bank and Development Analytics from households are in line with the national statistics regarding the low and regressive use of child care services. Among 23.5 percent of the surveyed mothers who report using center-based child care service, the majority of the mothers using center-based care use public services (18.9. percent) while only a small group use private child care services (4.6 percent) (See **Erreur ! Source du renvoi introuvable.**).

Figure 5 Most households in the sample do not use center based care



Source: World Bank (2015) *Supply and Demand for Child Care Services in Turkey*.

The mother’s education level and the household per capita income affect the decision to use child care services. Less than 20 percent of women with basic educational attainment or less, utilized public services, and none of these women

⁶⁷ Information in this part of the report is based on the World Bank study “Supply and Demand for Child Care Services in Turkey”, September 2015.

reported using private facilities. Among women with high school degrees a similar percentage used public center-based services, and an additional 6 percent reported using private facilities while university educated women were most likely to be using center-based care with 42 percent of university educated mothers reporting using center-based care (25 percent of university educated mothers used public center based care services and 17 percent reported using private services). Use of private services is not observed among households with low levels of per capita income. For households with less than 300 TL/ month capita income there are no reported incidences of private service utilization while 3 percent of households with per capita income 300-600 TL /month have reported using private services and about 10 percent of households with over 600 TL / month capita income have reported using private center based services. The employment status of the mother is also correlated with the use of center-based child care. The use of public centers is close in percentage amongst employed and non-working mothers (17 percent and 20 percent respectively), while employed mothers are more likely to use private care centers (among the private care center users 82 percent are employed).

According to Focus Group Discussion (FGD) results as reported in World Bank, there is high and unfulfilled demand for center-based care services.⁶⁸ 50 percent of employed mothers in the FGDs stated that they are currently not using child care but are willing to use these services (See Table 3). Demand is also high among mothers in all income levels. Mothers in the lowest income group actually have the highest level of demand for child care services with 43 percent of them stating a willingness to use these services while currently not using them. This group is followed by mothers with per capita income higher than 600 TL with 34 percent of them stating a willingness to use child care services. Lastly, 33 percent of mothers with per capita income level between 300 and 600 TL state their willingness to use these services. Demand is high even among mothers with low educational attainment (less than high school) with 40 percent of them stating that they are not using child care services currently but they are willing to use these services.

⁶⁸ 25 focus group discussions were hold with a total of 146 mothers and 53 fathers.

Table 3 Current Utilization of and Willingness to Use Child Care Services

	Current use of center-based care	Currently not using center-based care, yet stated willingness to use in FGDs ⁶⁹	Total Estimated Demand
	(a)	(b)	(a+b)
Employed	22%	50%	72%
Not Employed	26%	31%	57%
Rural	18%	29%	47%
Income >600 TL	23%	34%	57%
Income 300-600 TL	35%	33%	67%
Income <300 TL	15%	43%	57%
University or more	29%	19%	48%
High school	30%	42%	72%
Less than high school	14%	40%	54%
Overall	23%	38%	61%

Source: World Bank (2015) *The Supply and Demand of Child Care Services in Turkey*.

In the current situation, the employment status of mothers does not lead to differences in use of center-based child care as much as differences resulting from income level or the education level of mothers. 30.9 percent of children whose mothers are employed benefit from center-based child care services while 22.4 percent of children whose mothers are not employed use these services. In fact, currently there is no significant correlation between employment status of the mother and utilization of child care in Turkey. The findings of the World Bank point out that use of public child care services is not associated with higher probability of employment for mothers. In this study a regression analysis using data from a sample of women from Turkey and controlling for a number of other factors that might affect employment status like level of education of the mother and household per capita income, shows that utilization of public child care and preschool services is not associated with higher probability of employment for women while on the other hand utilization of private child care services is actually associated with higher employment for women. This result suggests that private services might be answering to working mothers' needs in a better way than public services do, due to differences in working hours between these services and age groups they serve.

⁶⁹ Column a comes from data in Turkey Child Care Assessment Demand Side Household Data Set while Column b represents the percentages of mothers in FGDs who stated either that they are willing to send their young children to kindergartens, or that they wish they could have sent their children to kindergartens but could not due to their current circumstances.

II. Positive and Negative Attitudes towards Center-Based Care

In the FGDs mothers stated a number of benefits of the child care centers as well as their concerns about these centers and the barriers in using them. The most common benefits of the child care centers stated by the mothers were (i) the socialization and discipline of the child, and (ii) preparation for primary school education. It was further noted that staying at home all day could be harmful for the children due to the limited opportunities for socializing, the great amount of time spent in front of the TV or the computer and the limited amount of physical activity. In addition, mothers emphasized that care centers were helpful in teaching children discipline and how to behave properly. It was also believed that children with special needs, such as hyperactive children might especially benefit from these services.

In addition to the socio-emotional benefits of the child care centers, mothers also mentioned potential cognitive benefits. Care centers were perceived as helpful in improving children's pre-literacy and pre-numeracy, artistic, and language skills. Mothers also pointed out that child care centers might be helpful in giving a strong foundation for children in their future academic life.

Child care centers were seen as beneficial not only for children but also for their mothers. Mothers mentioned that access to child care facilities can ease the burden of housework and might increase the quality of time they spent with their children. They also mentioned feeling inadequate at times in responding to children's pedagogical needs and that trained teachers might be more helpful in this regard.

Mothers also stated some concerns about using child care centers. The children's safety at care centers turned out to be their main concern of the mothers. Issues raised included possible negative behaviors of the caregivers towards children, possible neglect of the children due to low staff to pupil ratio and improper hygiene conditions in the facility, etc. Some mothers said they believed that children should stay with their mothers until they were self-sufficient, able to talk and express themselves for emotional and physical reasons.

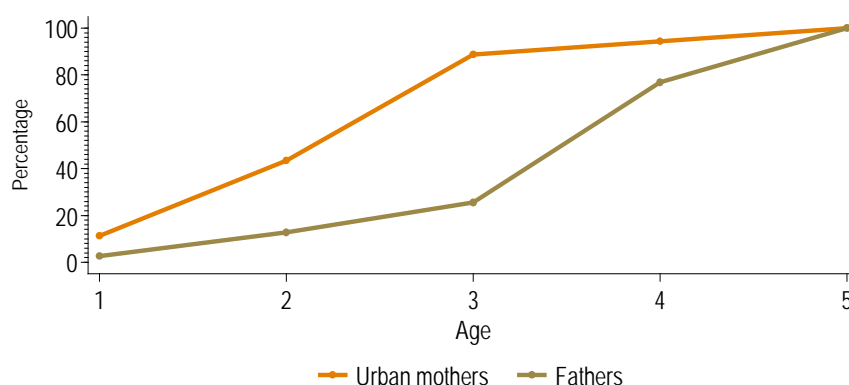
Lastly, mothers cited a number of external barriers to accessing child care services. Affordability and the quality of services were discussed as barriers in the FGDs. The high costs of existing services were raised as a major issue. The barriers mentioned in the FGDs are: (i) Lack of child care centers nearby, (ii) Concerns about safe transportation of children to centers/schools, (iii) High costs of child care centers for children below 5; (iv) Calendar and opening hours that do not meet the needs of working mothers, and, (v) Lack of quality child care centers for children below 3.

III. Minimum Acceptable Age for Using Centre-based Child Care Services

The FGDs revealed that the lack of availability of child care services for the age group 0-4 was a concern among mothers. In their experience, public preschools serve children from 5 onwards while private child care centers and preschools serve children aged 3-6. While private child care centers serving younger children was seen as positive, their high fees constitute a key barrier to access for mothers. In addition, child care centers serving children aged between 0 and 3 years old are almost non-existent in many mothers' neighborhoods and the quality of the ones that they are aware of was highly questionable.

The demand for child care centers serving children aged 0-3 was low in the FGDs. Mothers generally stated that they preferred younger children to be taken care of at home and by the mothers if possible. However, this result was also linked with the low levels of availability of services for younger children and the belief that they are of low quality.

Figure 6 Perceptions about proper (earliest) age to use child care services among urban groups (assuming the mother is working and has no other means of child care support)^{70,71}



Source: World Bank (2015) *Supply and Demand for Child Care Services in Turkey*.

The accepted norm for mothers to send children to center-based care is age 3 if the mother is working. According to the FGDs, 50 percent of the mothers said the earliest age to send a child to center-based care was 3 years old if the mother of the child is not working. And the acceptable age was also 3 when the mother was working according to 45 percent of the mothers. However, the number of women stating that

⁷⁰ During focus group discussions participants were asked to share their thoughts on the earliest age of the child when she can start attending kindergarten and they were asked to raise their hands to vote if it was "acceptable" to send children to center based case for each age level.

⁷¹ Cumulative percentage of urban mothers and fathers who think that it is acceptable for a working mother to send her child to center based care for each specified age level

ages 1 and 2 are also acceptable was higher amongst working mothers. Overall 88 percent of the mothers (cumulative sum of the mothers stating that ages 1, 2 or 3 are acceptable) believed that 3 years old children can attend kindergarten if the mother is working and have no other child care support means. On the other hand, most fathers (77 percent, cumulatively) believed that age 4 is the minimum acceptable age to send a child to kindergarten. Figure 6 summarizes the difference of perception between mothers and fathers regarding the earliest appropriate age to enroll a child in child care. Hence overall, the demand for child care starts in a later age for the fathers while it is quite limited for both mothers and fathers for children in the age group 0-3.

IV. Willingness to Pay

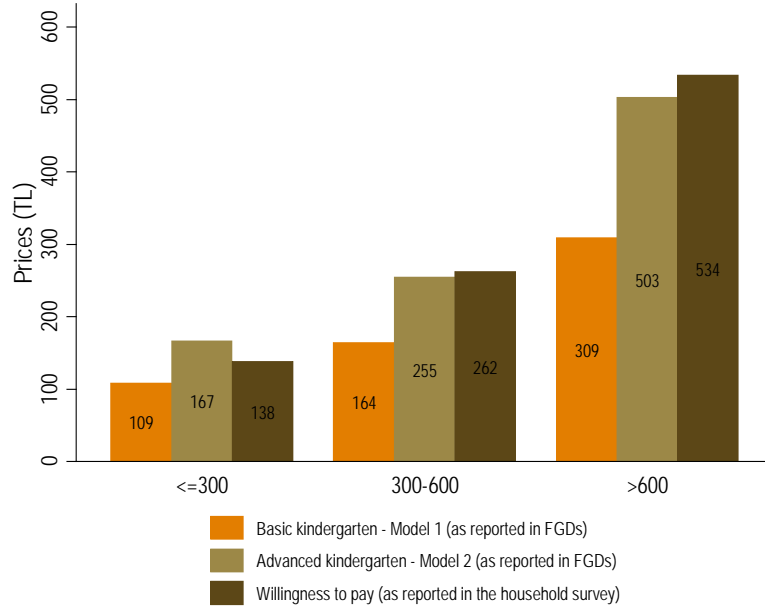
Mothers have differing levels of willingness to pay depending on their income and education levels. In the FGDs an interactive game called “Design Your Own Kindergarten” was set-up in order to understand mothers’ expectations on quality and their willingness to pay for models at different quality levels. Firstly, a basic kindergarten model⁷² was provided to mothers and then they were questioned about their willingness to pay for this service. In the second stage of the game, mothers were asked to make three choices among the nine additional options⁷³ provided to them, while also keeping in mind that their choices would increase the costs. They were then quizzed about their willingness to pay for the advanced model. As can be seen in Figure 7, the mothers’ willingness to pay for the advanced kindergarten model was similar, on average, with the answers to the question, “how much would you be willing to pay for kindergarten in your neighborhood that is safe, secure, and clean and of ‘acceptable’ quality?”. Overall, it can be seen from the figure that mothers with higher education levels and household per capita income demonstrate greater willingness to pay for child care.

⁷² Characteristics of the basic model are: Teachers are graduates of vocational high schools in early childhood development or related field; Facility meets basic safety and security standards and is well-prepared for disasters; There is sufficient number of cleaning staff for indoor and outdoor cleaning; Healthy meals are provided; Child:Staff ratio is at 15:1; Curriculum includes art (painting & drawing), music, numbers, letters, etc.; Services are provided in mixed-age groups/class rooms; Sufficient amount of subject/play materials (stationary, books, toys, pencils, etc.) 2 toys per child are provided; Sufficient number of clean beds and pillows for children exist; Classrooms and indoor spaces get sufficient sunlight.

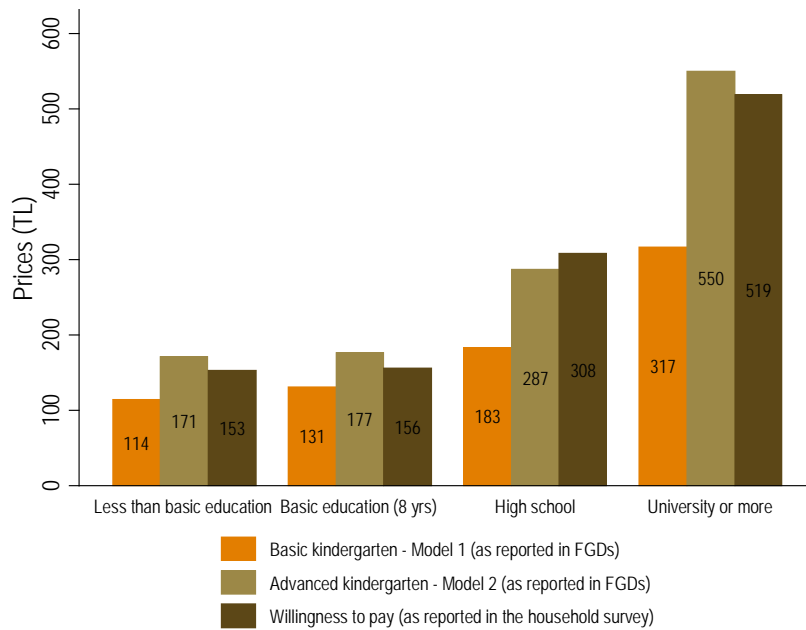
⁷³ Additional options are: Single age classrooms; Garden/playground; Teachers who are graduates of universities on early childhood development; Lower Child:Staff ratio (8:1); Child psychologist; Extracurricular activities (like sports, dance, etc.); School trips (to museums, theatres, etc.); Nurse; At least 3 toys per child.

Figure 7 Average Willingness to Pay for Basic and More Advanced Child Care Models, by Mother and Household Characteristics (TL per month for full day services)

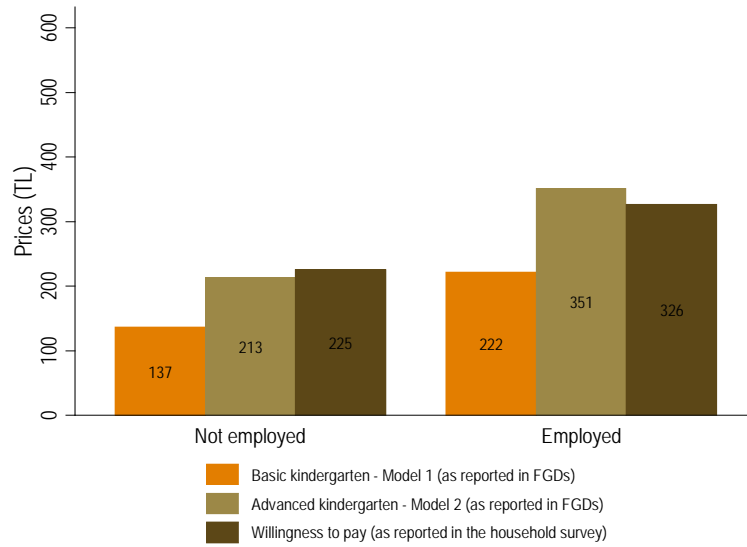
Panel A: By household per capita income



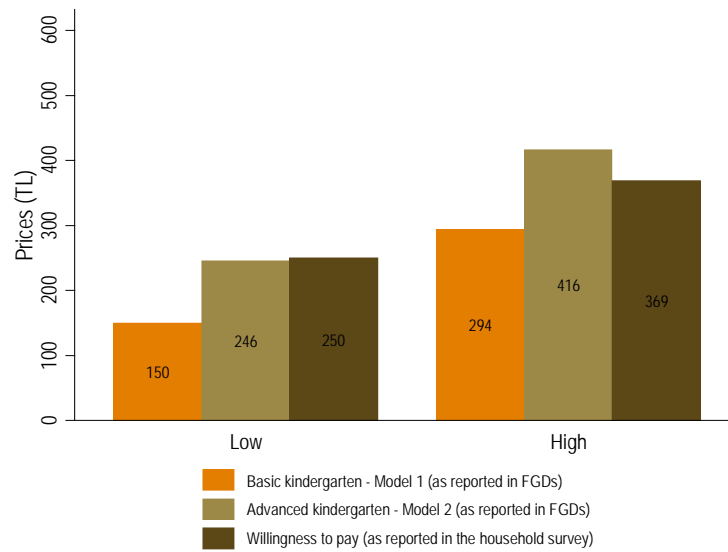
Panel B: By educational attainment of the mother



Panel C: By employment status of the mother



Panel D: By level of support provided at home to the mother⁷⁴

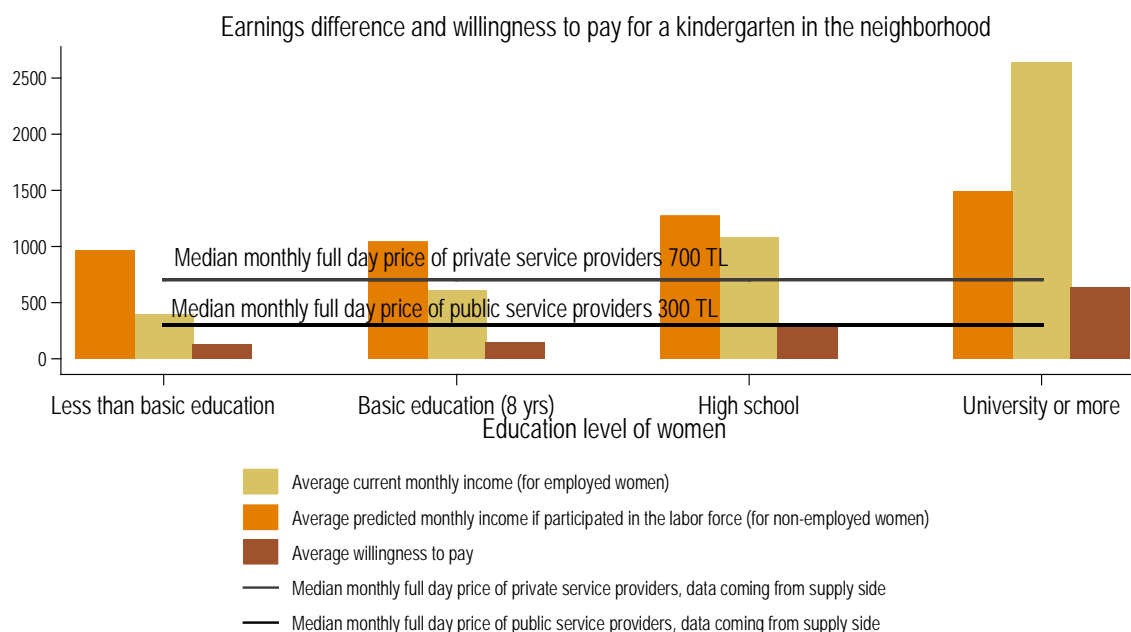


Source: World Bank (2015) *Supply and Demand for Child Care Services in Turkey*.

⁷⁴In the household survey, women were asked to report who is mainly responsible in their household for a number of tasks related to child care. These tasks are dressing the children, putting the children to bed, staying at home and taking care of the children when they are ill, playing with the children, helping children with their homework and taking children from school or from leisure activities. Next, a simple support index was constructed to look at the averages of the answers to these questions on "support". The answers range between 1 and 5 (1: always me, 5: always someone else). Lastly, level of support provided to the mother at home is estimated using this index; high support is defined as receiving a score above 2.5 on the support index (which varies between 1 and 5).

Current prices charged by private providers are much higher than what mothers are willing to pay on average, as well as the average woman’s actual and potential earnings in the labor market. In Figure 8, averages of actual and potential earnings of women by levels of education are plotted with their average willingness to pay for child care (as reported in the household survey), and the median prices of available public and private full day care options from the supply-side data. As can be seen from the figure, the median price for a full day of private center-based care is more than half of mothers’ earnings in the labor market for women with high school degrees. At the level of their willingness to pay for child care, only public services exist and these services often only enroll children after the age of 5 and usually only for half a day. Given these circumstances, it is difficult for these women to count on these services to join the labor market.

Figure 8 For most women - particularly for those with low levels of education- the earnings difference (between earnings and the cost of care) is too low to justify joining the labor force and their willingness to pay for care does not cover the current median prices for child care and kindergarten services



Source: World Bank (2015) *The Supply and Demand of Child Care Services in Turkey*.

For women with lower levels of education the situation is even worse since the average actual income of these mothers is already lower than the median private child care center prices. It seems from the graph that the only group of women who can afford child care services and thus in return use them more often are the university graduates, as evidenced in the national statistics and in the sample. As a matter of fact, average willingness to pay of the university graduate mothers for child care services is close to the median private child care center price on the market.

Private and Local Providers of Child Care in Turkey

I. Private Preschools and Child Care Providers in Turkey

In order to assess the supply of child care services in Turkey, the World Bank and Development Analytics have collected supply-side data from a total of 603 public and private child care service providers from 5 provinces (Istanbul, Denizli, Eskişehir, Samsun and Gaziantep). Surveys were collected from a total of 377 public and 163 private service providers under Ministry of National Education (MoNE) and 63 private providers under Ministry of Family and Social Policies (MoFSP). The supply-side service provider quantitative survey consisted of 8 modules: (1) information about child care service provider, (2) availability and enrollment, (3) pricing and costing, (4) human resources, (5) daily routines, (6) family involvement, (7) regulations and standards, and (8) observations in the child care facility. The first seven of these modules included questions asked to the persons in charge at the schools, while the final module included observation to be undertaken by the enumerator at the facility.

Private services providers in the sample constituted 42 percent of the total capacity while 37 percent of the total enrollments were in private child care centers. Compared to public facilities there were more vacant spots available in the private facilities. Of the total vacant spots for all children ages 3-6, 56.8 percent are in private facilities. Similarly, of the total vacant spots available for children aged 0-2, 83.7 percent are in private facilities.

Private services providers operate for longer hours during the day for a higher number of weeks during the year compared to public service providers. While they have similar opening times in the morning, private services providers on average operate until 17.53 pm while public service providers operate till 16.50 pm. Furthermore, during summer months, private service providers usually continue to operate. Private services providers operate on average 2 weeks in July and August each, while public providers don't operate during the summer months since they follow the academic calendar.

1. Costs and Prices of Private Child Care Providers

Set-up costs for private providers include renovation, furniture, teaching materials as well as licensing. These set-up costs total an average of approximately 278,800 TL, as reported by private child care centers in May 2014 (See Table 4). Note that set-up costs do not include the purchasing price of the building and rent (or

imputed rent if building is owned). These costs are considered under operational costs. Renovation costs make up the highest share in the set-up costs with 41 percent, followed by 22 percent on teaching materials costs, 19 percent on furniture costs, 6 percent on licensing costs and 12 percent on other costs.⁷⁵

Table 4 Average Investment and Operational Costs of Child Care Service Providers

	Private providers	Public Providers ⁷⁶
Investment Costs⁷⁷	278,800	60,000
Renovation costs	112,800	
Furniture costs	53,600	
Teaching material costs	61,800	
Licensing costs	16,400	
Other costs	34,200	
Operational Costs per month	21,200	16,200
Rent ⁷⁸	7,100	3,800
Repair costs	1,500	900
Utilities	2,000	1,400
Salary of the director	2,900	2,900
Salaries of the caregivers	2,300	4,600
Salaries of janitorial staff	1,400	1,200
Stationery & cleaning materials	3,700	900
Travel	300	500

Source: World Bank (2015) *The Supply and Demand of Child Care Services in Turkey*.

Monthly operational costs are higher for private providers compared to public providers. On average, monthly operational costs are estimated at 21,200 TL for private schools and 16,200 TL for public schools in the sample. For private child care

⁷⁵ Service providers were asked in the data how much it would cost them to set up a center of this kind today (their hypothetical set up costs) and they were also asked how much it originally cost them to set-up the center (in the past). The historic data included the breakdown of costs by type. Since historic costs are no longer valid in nominal terms, the distribution across items of reported historic costs were applied to the average hypothetical cost of setting up the center today.

⁷⁶ Only 4 public schools have reported hypothetical setup costs in the dataset. Average and median are 60,000 TL.

⁷⁷ Total setup costs are based on hypothetical setup costs that would be incurred if the school is going to be found today. The distribution of set-up costs is based on historical data.

⁷⁸ Rent is the amount that is paid monthly by the institution or the "hypothetical" rent if the building is owned by the institution. Hypothetical rent is calculated using the answer to the question in the supply side survey "If you would rent the facility out, how much would you ask for it today?" asked to service providers that reported they own the building in which the facility is located. Tax is included in rental cost estimations.

centers the operational costs are mainly driven by rent (or imputed rent for centers that own their buildings) with rent making up 34 percent of overall operational costs. Rent is followed by salaries of director and caregivers making up 24 percent of overall operational costs for private child care providers. For public child care providers on the other hand salaries of director and caregivers make up the highest share in operational costs with 46 percent, it is followed by imputed rent—a value that reflects the value of the building rather than an actual cost that is paid monthly. Rent makes up 23 percent of the overall operational costs for public providers. The rest of the operational costs for these service providers are due to repair costs, utilities, material costs, costs related to travel and salaries of the janitorial staff.

Average level of rent for private providers is double the average level of imputed rent for public providers. Rent is on average 7,100 TL for private providers while it is 3,800 TL for public providers. As mentioned before, rent is imputed for public providers since public schools are not subject to the same kind of rental costs. Public services providers operate in facilities that already belong to the state hence rent payments are not required. Hence for public providers, the neighborhood location does not affect the operational costs through higher rents while for private providers, rent is very much dependent on real estate prices in a neighborhood. Real estate prices can be measured by the neighborhood income⁷⁹ where the school is located. Results show that median rent changes dramatically for service providers depending on neighborhood income. Median rent paid by private service providers is 9,375 TL in high income neighborhoods in Istanbul while it is 6,250 TL and 3,812 TL respectively for providers in middle and low income neighborhoods in Istanbul. These amounts are lower for private service providers located outside of Istanbul.

2. Prices and Access to Services by Disadvantaged Children

Monthly prices for child care services differ significantly across public and private providers (See Table 5). The median monthly full day price for private providers is 700 TL while it is 300 TL for public providers. Prices of child care centers also depend on location of the service provider, and are highly correlated with rental costs. In high income neighborhoods in Istanbul median price of private child care centers for full-day services is 1,200 TL while it is 700 TL and 540 TL in middle and low income neighborhoods in Istanbul respectively. Median prices are lower for private child care providers located outside of Istanbul. Further analysis shows that rent of the

⁷⁹ This is reported subjectively by the respondents. Service providers were asked in the Supply Side Survey about the welfare level of the neighborhood of the school. They chose among the options high, medium and low.

facility is positively and significantly associated with prices of private service providers while salaries of the caregivers are not.

Given the high prices of private service providers, it is difficult for children from disadvantaged backgrounds to reach these services. As a matter of fact, only 31.4 percent of private providers reported that at least 40 percent or more of their enrolled children were from economically disadvantaged backgrounds while 67.4 percent of public providers reported so. Children from disadvantaged backgrounds are usually not prioritized in the admissions of neither private nor public child care providers. In the sample, although free of charge child care service provision for a number of students was common among providers that almost half of private and public child care service providers state that they have students that attend free of charge.

Table 5 Average and Median Prices for Public and Private Service Providers (including VAT)

	Private	Public
Average		
Monthly half day price	528 □	249 □
Monthly full day price	790 □	504 □
Median		
Monthly half day price	500 □	100 □
Monthly full day price	700 □	300 □

Source: World Bank (2015) *The Supply and Demand of Child Care Services in Turkey*.

Overall, of the total number of students enrolled in private child care centers only 3 percent and only 4 percent of the total number of students enrolled in public child care centers are enrolled free of charge. Private schools are already legally required to admit at least 3 percent of the total number of children free of charge according to Law on Private Education Institutions.⁸⁰ However this is not always the case in practice, and 92 percent of private child care centers report that they would admit students free of charge or increase the number of students free of charge if a partial payment by the government is provided. Tax deductions, discounts on utilities and co-payments of employment insurance schemes were other ways mentioned by private providers that would enable them to admit more students based on need.

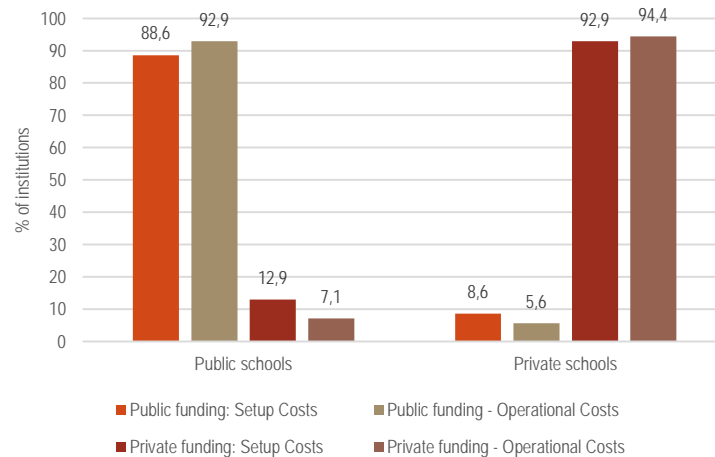
3. Funding Sources and Use of Credit

Public and private providers largely differ in terms of the sources they use for funding. 93 percent of the private providers reported that they used private means for

⁸⁰ Article 13 of the Law on Private Education Institutions No:5580 which was published in the official newspaper numbered 26434 on 14 February 2007

funding during set-up of the child care center while 9 percent reported also using public means (See Figure 9). For public providers the amounts are almost vice-versa such that 89 percent of public providers reported that they used public means for funding during the set up while 13 percent reported using private means.

Figure 9 Sources of Funding for public and private child care providers



Source: World Bank (2015) *The Supply and Demand of Child Care Services in Turkey*.

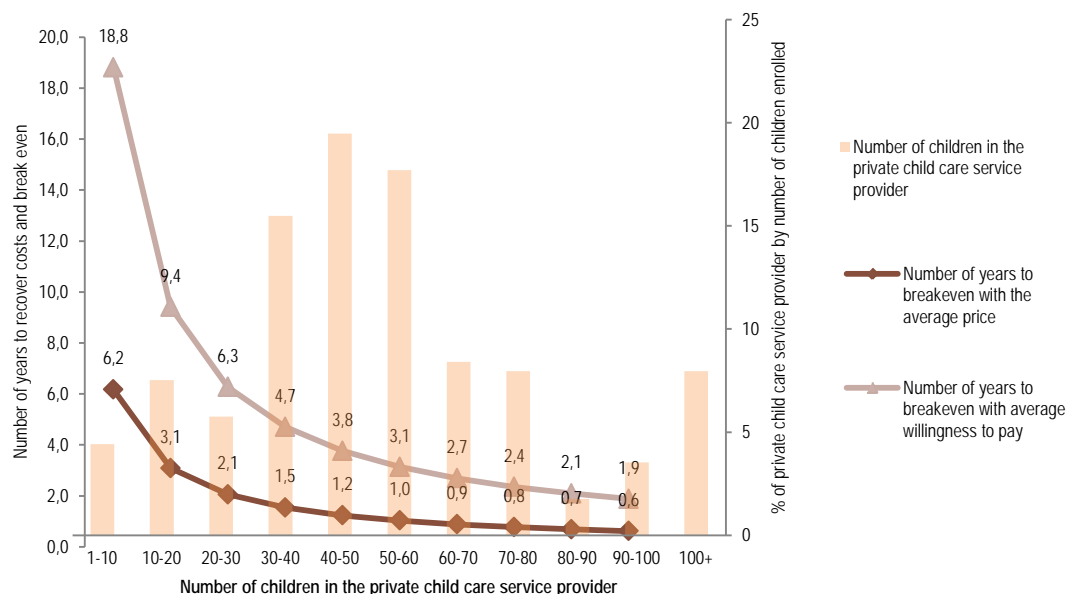
4. Feasibility of Investment for Private Child Care Providers

Setting up a private child care center in a neighborhood serving a small number of children is found to be infeasible given average costs and prices of private providers. A break-even analysis was employed in order to find out the number of years required to recover investments with different levels of pupil enrollment at the current average price and costs of private schools. It was found that it would take 6.2 years to recover costs of investment and break even with a capacity of 10 children, 3.1 years with a capacity of 20 children, and 2.1 years to recover costs with 30 children using the care provider's services (See **Erreur ! Source du renvoi introuvable.**)⁸¹ Hence only after this amount of time an average private provider begins to make profits from his/her investment.⁸²

⁸¹ It must be noted that this analysis does not take into account the possible investment cost increases coming from increasing the number of children. Instead an average fixed amount is used in the analysis as investment costs. However due to the indoor and outdoor space requirements for each child, initial setup costs can be higher for facilities with higher number of children which would lead to an increase in the time to break-even. Hence, the curves in the figure are expected to drop more slowly and our findings should be regarded as lower bound estimates.

⁸² The costs do not include the cost of financing (in other words the opportunity cost of money) and does not take into account the interest rate. The costs calculated here only include investment costs and

Figure 10 Given the current structure of costs, it is not feasible to set up private child care centers serving a small number of children in a neighborhood⁸³



Source: World Bank (2015) *The Supply and Demand of Child Care Services in Turkey*

When the average household’s willingness to pay is taken as the current price reported in the demand side survey (rather than the current prices in the market), the number of years necessary to break-even turns out to be even higher, since the average household’s willingness to pay is lower than the average prices. It is estimated that 18.8 years is necessary to recover costs when 10 children use the facilities, and an estimated 9.4 years is necessary for recovering costs when 20 children are enrolled. A minimum scale of around 50 children seems to be necessary in order to break-even in a shorter period of time—given the average current prices, they break even within 1.2 years with 50 children, and given the average willingness to pay of households (from demand-side survey), they break even at around 3.8 years. **Erreur ! Source du renvoi introuvable.** highlights this analysis and provides in the histogram columns the percentage of private service providers in the current supply-side data set that have the stated number of children in the x-axis. In the supply-side data, 52.7 percent of private providers have between 30-60 children, and 19.5% of them have between 40-50 children enrolled.

In order to reach children from poor and middle class families, Turkey needs a new and more flexible model of child care coupled with public financing of

operational costs of the facility as provided by the private service providers in the data set. Hence, this is a lower bound estimate on how long it would take to recover costs.

⁸³ (Number of years it takes to recover setup and operational costs with current prices, and with current willingness of households to pay for services)

private provision. The feasibility and break-even analysis presented above shows that a minimum level of scale at around 40-50 children per provider is necessary at current market prices and set-up costs, which make it extremely difficult to set up centers at a smaller scale at the neighborhood level. This analysis provides insight on the difficulties of setting up small-scale private initiatives in urban neighborhoods, using the current models. Private providers currently have zero or little access to public financing, and under the current regulations they operate with some very high rental costs to cover the infrastructure requirements imposed by the central government, and operate with little profit in the short term. Strict regulations and high standards imposed on the private sector, coupled with no public financing drives the prices of private provision of child care up, making the services available only to children and families above a certain purchasing power.

II. Workplace and Local Solutions for Child Care

Provision of child care in the workplace is a way to increase female labor force participation for a certain segment of the population, particularly for women in the formal sector who work defined hours and who can commute to work conveniently with children. Provision of child care facilities in workplaces also brings crucial benefits for employers as, “it reduces absenteeism and lateness, attracts new employees, increases productivity and focus, and enhances employees’ morale, commitment, motivation and job satisfaction, while reducing stress and stress-related disorders in the workplaces.”⁸⁴ Additionally, having a child care center could be an attraction point for the workplaces and could make them an “employer of choice” to recruit highly trained staff.⁸⁵

In order to expand the resources available for child care, governments have passed legislation that requires employers of a certain number of women to provide a crèche in some developing countries where public provision of child care is small.⁸⁶ Legal stipulation for provision for child care facilities in workplaces has long existed in the Turkish Labor Law, although significant problems exist in the actual implementation and enforcement of these regulations. As discussed earlier, the first regulation requiring companies to provide a breastfeeding room if they employed more than 100 and less than 300 women, and to establish a day care center if they

⁸⁴ Catherine Hein and Naomi Hasser, *Workplace Solutions for Child Care*, ILO, 2010, p.69

⁸⁵ Some contrasting views also exist regarding child care provision in workplaces. According to Sengul Akcar, Executive Director of Foundation for the Support of Women’s Work (KEDV), child care centers need to be located in local neighborhoods and children should not commute to their mothers’ work every day. In her opinion, children would be homogenized and their identities will be neglected in child care centers provided by workplaces. Fieldwork interview, in December 2014.

⁸⁶ See Brazil, Chile and India for some examples.

employed more than 300 women, was issued in 1953 in Turkey.⁸⁷ In 1987 the law changed slightly, and workplaces with between 100-150 women were obliged to provide a breastfeeding room, and with more than 150 women were obliged to provide a free of charge crèche for their female employees.⁸⁸

Today, according to Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breastfeeding Rooms and Child Care Centers, passed in 2013, private firms employing 100-150 women are required to open up a breastfeeding room no further than 250 meters from the facility. Establishments employing more than 150 women should provide an appropriate place for child care facilities.⁸⁹ The employers are not obliged to establish preschool classes complying with the programs of Ministry of Education. The so-called “employment package”, Law no.5763 lifted the legal obligation of establishing preschool classes and provided the option of outsourcing such facilities (Article 6,37).⁹⁰

1. Current Provision of Child Care Services in Workplaces

In order to comprehend the current provision of child care services in workplaces, as part of this study AFD and Development Analytics have conducted a total of 30 interviews with organized industrial zone (OIZ) directorates, private companies in OIZs, and large corporate firms in Adıyaman (southeastern Turkey), Kayseri (central Turkey) and Istanbul (See Annex for details on data collected for the study).

Despite the legislation, the supply of child care services on-site by direct provision is weak for private sector companies. Direct child care provision is also rare in the sample of provinces where this study has taken place. Among the OIZ Directorates visited, two have a child care center located in the OIZ and operated by OIZ Directorates, located in Istanbul and Adıyaman. Neither OIZ firms operate child care centers. Instead of establishing their own centers, OIZ companies mostly demand from OIZ directorates to provide child care services. However, the child care facilities provided by OIZ directorates are still limited. Despite the recent government regulations

⁸⁷ Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 8504 on 10 September 1953.

⁸⁸ Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 19427 on 10 April 1987.

⁸⁹ Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 28737 on 16 August 2013.

⁹⁰ In May 2008, “employment package” was introduced to ameliorate the adverse effects of the global crisis on employment. Law Amending the Labour Act and Other Acts (İş Kanunu ve Bazı Kanunlarda Değişiklik Yapılması Hakkında Kanun), Official Gazette, 26 May 20 source:

that keep promising to increase child care centers in OIZs, OIZ directorates are not required to open a day care center by their statute-law. “My Mom’s Job is my Future” operated by Borusan Holding in collaboration with MoFSP and Ministry of Science, Industry and Technology is important in this respect by offering the first public-private partnership child care model in OIZs. Starting from 2013 until 2017, the project aims to establish day care centers for 0-6 year-old children in ten OIZs. The first child care center was opened in Adiyaman OIZ in May 2014. Additional child care centers are planned to be opened in Afyonkarahisar, Malatya, Balikesir, Sanliurfa, Corum, Karaman and Ordu-Fatsa.⁹¹ During the visit to Adiyaman OIZ, it has been observed that ongoing operational costs of the child care center are met by the OIZ Directorate and child care center is currently free of charge. While the total capacity of the child care center is 75, only 35 children currently attend. The main reason behind the gap is the hours of operation of the child care center. The center operates between 7:20am and 6pm, and does not provide any facilities for the night shift workers. The other OIZ in our sample that provides child care services is located in Istanbul. The center costs of this Istanbul OIZ are 935 TL for OIZ employees (about equivalent to the net minimum wage in Turkey) and 1,435 TL for outsiders. The firms visited in Istanbul OIZ complained about the high prices of the child care center due to the fact that minimum wage earners in the OIZ are not able to receive child care services provided by OIZ directorate. **Large corporate companies, on the other hand tend to offer different types of child care support to their employees, such as cash benefits, flexible benefit solutions, flexible working hours and special discounts in selected child care centers rather than establishing an on-site child care center.** For large companies, these options have merits of providing workers with more flexibility while being less risky and less costly for the employers. **Erreur ! Source du renvoi introuvable.** lists the types of child care benefits that are provided by workplaces visited for interviews.

Table 6 Current situation of child care provision by number of sources

	Direct Child Care Provision	Cash Benefits	Flexible Benefit Solutions	Flexibility in Working Hours	Special Discounts in Selected child care centers	Total Numbers of Interviews
OIZ Directorates	2	0	0	0	0	6
OIZ Factories	0	4	0	1	0	16
Corporate Companies	0	1	2	2	3	8

⁹¹ Source: <http://www.anneminisi.org/en/Project.aspx>

Total	2	5	2	3	3	30
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Here are some examples that go beyond direct provision among large corporate companies in the sample:

“Within the scope of union rights and collective bargaining, we provide cash transfers to our blue collar workers who have children.” (Corporate in Pharmaceuticals in Istanbul)

“We have a flexible benefit scheme. This system allows employees to choose the benefits that they want to have from among all benefits offered by the employer. We did not want to restrict our employees. We wanted them to be free to choose any school they want. With this scheme our employees are able to choose any school that they want to enroll their children and use this contribution for the school fees.” (Corporate in Telecommunications in Istanbul)

“We have flexible working hours. This option allows employees with young children to work from home when they need and want to.” (Corporate in Tobacco in Istanbul)

“We have agreements with some private schools. They provide special discounts for our employees.” (Corporate in Telecommunications in Istanbul)

The fieldwork interviews show that employers are mostly reluctant to establish on-site child care centers. The majority of actors interviewed do not have future plans for investing in child care. Compared to other actors interviewed, OIZ directorates had a relatively stronger tendency for providing child care services in the future. On the contrary, most OIZ firms are not interested in providing on-site child care services. Instead they stated that they could contribute if OIZ Directorate makes an effort in the provision of these services. However, the interaction between OIZ directorates and OIZ firms regarding child care services is quite limited especially in the big OIZs. For example, none of the interviewees among the firms in OIZ located in Istanbul knew that the OIZ directorate has a plan to invest in child care in near future. Table 7 shows the future investment plans for on-site child care services by workplaces visited during interviews.

Table 7 Future investment plans for on-site child care services by number of sources

	Future investment plans		Total number of interviews
	Positive	Negative	
OIZ Directorates	3	1	6 ⁹²
OIZ Factories	1	15	16
Corporate companies	1	7	8

⁹² Note that two of the OIZ's in the sample already have child care facilities.

Total

5

23

30

2. Main Obstacle for the Establishment of Child Care Services at Workplaces

The analysis revealed that there are three main barriers to on-site child care service investment. These obstacles could be listed as (i) cost of provision, (ii) lack of expertise in the child care sector, and, (iii) regulatory requirements.

Cost of Provision

The cost of establishing and operating a child care center was mentioned as one of the most important barriers against child care facilities at workplaces. It has been observed that setting up a child care center is considered as a financial burden for especially small and medium sized enterprises (SME). As the current legislation lacks a cost sharing mechanism, all the costs of child care centers is covered by the employer.⁹³ Employers have to bear all the costs of establishment, conduct and functioning of child care facilities.

Employers are reluctant to shoulder the whole cost of child care services to be provided for employees' children. When there are no arrangements for sharing the cost of child care among different actors, employers are mostly reluctant to shoulder the whole cost of child care provision in Turkey, where legal stipulation for on-site care centers are not strictly enforced and trade unions are weak in pushing employers through collective bargaining to provide such provision. In addition, a perceived low return on investment discourages private firms in investing in child care facilities. A medium-sized firm explained the situation as such:

“Companies are profit seeking establishments. We would prefer investing in new equipment rather than building a day care center here. It would be more beneficial for our employees because as long as we operate and make more profit we can pay their salaries.” (Textile Company in OIZ, Istanbul)

Rather than establishment-related costs, high operational costs were mentioned as a crucial obstacle to investing in child care services by large corporate companies. As corporate companies employ thousands of employees in various locations, operation of child care services in terms of arranging modes of transport between work and where workers live is considered financially and technically very difficult by large corporate companies. High operational cost of direct provision of child care was mentioned as such:

⁹³ Regulation on Employment Conditions of Pregnant Women and Breastfeeding Mothers and On Breast Feeding Rooms and Child Care Centers, published in the official newspaper numbered 28737 on 16 August 2013.

“We have 12 different centers spread over Istanbul. If we decide to open a day care center we have to do it in every single location we are operating our business. This will increase our costs extensively.” (Corporate in Industry in Istanbul)

“It is also related to location. We are located in Nisantasi and the cost will not be the same when you open a day care center in Nisantasi and Hadımköy.” (Corporate in Telecommunications in Istanbul)

Lack of expertise in child care services

Employers have been reticent to establish on-site child care centers because they feel they lack adequate expertise in providing child care services. They think that running a child care center is not their primary profession and would distract them from doing their main business. Out of eight corporate companies interviewed, seven mentioned a lack of expertise in the child care sector as the main obstacle to investing in child care services and offering direct provision of child care:

“Establishing a child care center is like running a new business. It is a big responsibility. Our core business is to produce and sell our product. Running a child care center distracts us from our focus. Children are such a sensitive issue. You need to take care of everything, from teachers to hygiene.” (Corporate in Beverages in Istanbul)

“I have 7,000 employees. Our offices and factories are located in various neighborhoods. If I establish a child care center according to number of total employees, it would be a giant establishment. If I open a day care for twenty children, how would I choose these twenty kids? It would be a discrimination.” (Corporate in Industry in Istanbul)

Difficulty in managing operational issues is also cited as an important barrier to investment on-site child care provision by OIZ firms:

“Opening a day care in this company building has many pillars. It is not just about cost. You also have to take safety, security and quality issues into consideration. Those are not our business.” (Textile Company in OIZ, Istanbul)

“We could not deal with finding a good teacher, nurse etc. It is not our business.” (Textile Company in OIZ, Istanbul)

Regulatory requirements

The fieldwork interviews also revealed that employers are reluctant to establish on-site child care centers because they are either not obliged to provide child care services or they are not able to meet the requirements of minimum standards set by the legislation. Meeting requirements relating to child care staff, space, hygiene, ventilation etc. proved very difficult for employers. The difficulty of setting up appropriate premises at the workplace is exemplified in the sample as follows:

“Establishing a day care center involves many difficulties. You need to find a psychologist, a good teacher. You need to take care of hygiene issues and food. They

are all important details. Running the operational part of the crèche is too difficult for us.” (Corporate in Telecommunications in Istanbul)

“We would not have any financial constraints to open a day center, however we have spatial constraints. We could not even find a place for a parking lot. If I bring this crèche issue to the executive committee, their first question would be ‘Where?’” (Corporate in Beverages in Istanbul)

“Our working environment is not suitable for opening an on-site day care center. It is quite noisy here, also, inhalation of cotton dust might cause asthma for children.” (Textile Company in OIZ, Istanbul)

3. Policy Suggestions for Increasing Workplace Contributions to Child Care

In both industrialized and developing countries, child care facilities at workplaces are mostly shaped by the legislation set by governments. Our fieldwork data shows that implementation of the current legislation on the *Working Conditions of Pregnant or Breastfeeding Women, Nursing Rooms and Child Care Facilities* has been difficult for all the actors because of legislative loopholes. This issue was frequently raised during our meetings with private companies. It has been observed that companies find various ways not to comply with this regulation either by showing their female workers in different official records or simply refraining from employing women. Additionally, the present penalties do not act as a sufficient deterrent and the likelihood of inspection remains low. Legal stipulation for provision of on-site child care is not strictly enforced. According to the Ministry of Labor and Social Security, there are 1,658 public institutions and 7,204 private institutions employing more than 150 women. However only 299 establishments employing more than 100 women have been inspected and only 46 firms had a breastfeeding room out of 127 firms and 96 firms had a child care center out of 172 firms.⁹⁴

The legal obligation based only on the number of female employees is problematic in itself. According to Article 16 of the current legislation, the children of working men can also attend on-site child center if he has legal custody. According to the ILO Committee of Experts, which reviews legislations related to the Workers with Family Responsibilities Convention, *“measures designed to promote harmonization of work and family responsibilities, such as child care services, should not be specific to women. Legislation on workplace provisions for child care that excludes fathers’ access perpetuates the idea that women alone are responsible for their children’s care, and*

⁹⁴ Radikal Newspaper dated 8/8/2013 (http://www.radikal.com.tr/turkiye/isyerinde_krese_yer_yok-1145289).

*raises the possibility that employers will discriminate against women in order to avoid legal obligations linked to the numbers of female workers in their employ.*⁹⁵

All the women's NGOs interviewed also stated that the current legislation is discriminatory, and enforces gender-based prejudices by assuming that child care is solely women's responsibility. Most employers already see women's pregnancy and maternity leave as factors that increase the cost of hiring women. Rather than increasing female labor force participation, on-site child care legislation based on the number of women workers contributes to the cost of employing women for employers in many cases. All of the women's NGOs in our sample suggested that the regulation on the *Working Conditions of Pregnant or Breastfeeding Women, Nursing Rooms and Child Care Facilities* needs to be changed so that private companies employing more than 150 employees—not 150 women—are obliged to establish a day care center.

Additionally, since most of the female workers are working in SMEs and/or in informal enterprises, the legislation based on counting female employees for the quota seems not very helpful for meeting child care needs of working mothers. The required number of workers in the regulation should be reduced in this respect. When the number of employees is below a specific level, Article 15 in the Regulation, which reads as *"Employers may come together to provide centers and crèches or fulfill in this regard by contracting with private facilities satisfying required specifications"* should be put into effect. In order to reach a more compressive on-site child care provision, a 'cluster approach' could be adopted when micro and small enterprises could not provide child care facilities on their own. Private sector should be encouraged by financial incentives to pool their financial resources in a joint effort to expand child care facilities.

The fieldwork data demonstrates that for child care facilities to further expand there is a need to develop a progressive model with the participation of all relevant actors in a cost sharing structure. Not only the employers, but also the government and employees should contribute to the cost of child care. It has been observed that most employers are reluctant to set up on-site child care centers because of a lack of satisfactory financial incentives. Even though there are some incentives including tax deductions, interest subsidies and exemptions from value-added tax available for private investors for establishing child care centers, these incentives are not applied to private companies that employ more than 150 women. All of the interviewees agreed on the central role of the government in promoting on-site child care provision. Many employers in the sample expect the government to provide

⁹⁵ ILO 1999, Paragraph 3, in *Workplace Solutions for Child Care*, ILO, 2010, p.55-6

the following incentives as a way of increasing the participation of employers in child care provision:

Child care staff support and social security premium support: Many employers voiced the difficulties associated with financing child care staff's salaries and social security premium payments. Therefore, they expect the government to help in paying these costs.

"The wages and the other operational costs should be covered by the state." (Textile Company in Adiyaman OIZ).

"Social security premium support from the government is essential to diminish the child care center's operational cost in OIZs" (Adiyaman OIZ Directorate).

Tax deductions in the form of deductions from corporate income tax and income tax: Employers have expressed that investing in child care through deductions from corporate tax could provide incentives to the private sector to provide these services.

"Companies that invest in child care facilities should be supported by income and corporate tax deductions." (Corporate in Pharmaceuticals in Istanbul).

Flexible regulations that go beyond direct provision: Employers find the current legislation regarding the establishment of on-site child care provision quite stringent and ask the government to introduce flexible regulations that go beyond direct child care provision in the workplace.

"The current legislations are too strict. It should offer some other alternative options for companies that are not able to establish on-site child care centers." (Corporate in FMCG in Istanbul)

III. Child Care Provision by Municipalities

In many countries, municipalities are responsible for child care provision. For example, in France, child care services have been decentralized to municipalities and more than 60 percent of child care centers are run by municipalities and inter-municipality institutions. In the United Kingdom, municipalities are responsible for commissioning and supporting child care provision in order to reach a sufficient level in their area.⁹⁶ This section considers the availability of child care provided by municipalities in Turkey and the potential for the expansion of services through this local channel.

⁹⁶ Workplace Solutions for Child Care, ILO, 2010, p.83-4.

1. Current Provision of Child Care Services by Municipalities

Currently, there is a serious legal vacuum regarding municipalities' child care provision in Turkey. Article 14, paragraph 1(b) in the Law on Municipalities no. 5383, which gives municipalities permission to launch and manage preschool education institutions have been suspended by the Constitutional Court on 2007 on the grounds that there were strong indications the provision is unconstitutional and that its enforcement could lead to irremediable negative consequences. Even though municipalities do not have legal permission to launch and operate child care centers, municipalities can provide child care services (either offering direct provision or supporting child care service providers financially) through Article 14, paragraph 1(a) in the Law on Municipalities which makes reference to social service and assistance functions of municipalities. Out of six District Municipalities interviewed in Istanbul, Adiyaman and Kayseri; only one District Municipality operates child care centers based on Article 14, paragraph 1(a).

This legal uncertainty is however subject to change with the Government's "New Action Plan for Protecting the Family and Dynamic Population Structure," proposed on January 2015. For child care services to further expand, the new proposal seeks to introduce the legal regulations for municipalities to open child care centers and preschools by changing the Law of Municipalities, numbered 5393 Article 14, paragraph 1(b) during the period between January 2015 and December 2018. As of January 26, 2015 a section of the action plan was submitted as a draft proposal to the Parliament, including the relevant change in the Law of Municipalities. Currently, the proposal is still discussed in the commissions. With the implementation of this change in the law, it can be expected that supply of child care provision through municipalities will increase in Turkey.

For this study, AFD and Development Analytics have carried out in-depth interviews with 6 District Municipalities in Adiyaman, Kayseri and Istanbul provinces and analyzed their provision of care services (See Annex for more information on the sample). Only one of the six district municipalities visited has child care facilities. This district municipality is located in Istanbul and has in fact three child care centers (for ages 3-6 years). One of its centers serves 60 children and the other two centers provide child care services for 45 children. The municipality financed the establishment and operation costs of centers by its own means and mentioned that in the future they would be interested in using its own resources and grants for expanding such services.

2. Main Obstacles for the Establishment of Child Care Services by Municipalities

Our analysis revealed that there are two main barriers to on-site child care service investment for municipalities. These obstacles are cost and regulatory requirements.

Cost of Provision

The cost of establishing and operating a child care center was cited as one of the most important barriers for the provision of child care services by municipalities.

It has been observed that setting up child care center is considered a financial burden especially for small municipalities that have serious budgetary constraints for such investments. All the municipalities interviewed tend to use grants from the local development agencies or the European Union. This situation was expressed in our sample as follow:

“Many municipalities already have lots of difficulties in running their own tasks. Only rich municipalities could invest in child care facilities.” (District Municipality in Kayseri)

“Our financial situation is tight. We could only invest in child care by using grants.” (District Municipality in Adiyaman).

Regulatory requirements

Meeting regulatory requirements proved difficult for municipalities as they are in an uneasy position of providing child care facilities without any legislation. This situation creates many operational difficulties:

“Municipalities don’t have a statue law to hire someone for child care centers. Our regulations do not allow us to pay the teacher’s social security premium in a real rate.” (District Municipality in Kayseri)

“Municipalities provide child care services but it is not well known. They use different names. It is named as day care center instead of crèche as crèche is not in our regulations.” (District Municipality in Istanbul)

Concluding Remarks

Although the Turkish Government has set out its aspirations to expand child care services for improved female labor force participation in its development plans, it is not clear whether these plans will materialize in the short term. Turkey has already committed to increasing private sector provided child care services by generating subsidies for private sector companies establishing care center for their employees in various national programs and plans. Most recently, the government's "New Action Plan for Protecting the Family and Dynamic Population Structure", issued on January 2015 promises to increase the number of care centers that serve in OIZs. However, this document remains vague in the sense that it does not refer to any specific measures which the government needs to take to increase child care centers.

The fieldwork for this study has shown that there is currently little demand from the private sector, in terms of (i) private companies and organized industrial zones providing these services to workers, and in terms of (ii) municipalities offering these services to their jurisdiction. Private child care services are in high demand, however they are currently operating with some very strict infrastructure requirements, with low profit margins, and low internal rate of return to investment and long-break even periods. The private providers who are able to operate with a profit margin, charge prices well above the willingness and ability to pay of the average Turkish household. Hence targeting private services, while may have some impact in the rolling out of enrollments in this sector, is also likely to be quite regressive (pro-rich) in targeting, especially in the short term.

A number of constraints exist in the sector, linked to both regulations/legislation and public financing of child care services. If there is a change in any of these regulations that govern the sector, there may be significant changes and demand for the expansion of services by the private sector, in workplaces and provided by municipalities. In particular, there are four types of developments in the sector that could be important game changers.

1. Changing regulations regarding child care provision so that private provision is less costly

As mentioned earlier, the regulations for private child care centers can be quite stringent, particularly in urban settings since the provisions include having a garden, as well as other indoor and outdoor space requirements. These requirements make it more costly for private providers in two ways: firstly, in terms of high set up costs, and, secondly, in terms of high operational costs due to rents. In order to decrease these costs for child care providers, regulations need to be made more flexible. If the government introduces a new and more flexible model of child care or revises the

regulations, there might be a significant increase in the supply of services in terms of the average size of the provider (in terms of number of children enrolled) and falling investment costs. This will have the effect of private and community-driven services opening up in low and middle class neighborhoods in urban areas, with more modest means and in smaller facilities. Such a change in regulations that govern private providers would be a game-changer in the sector, allowing more agents to enter the sector and possibly demand credit for investment and operational costs.

2. Regulations that govern child care services provided by firms/in workplaces

Currently, all costs of child care centers operated by private firms for their employees are borne by the firms themselves. In order to make it less costly for the firms to provide such services, a cost sharing structure might be put into operation so that not only the employer but also the government and the employees will share the costs. In addition, apart from making it less costly, inspection frequency and the fines might be increased by the government in order to effectively implement the regulation. If this type of co-payment mechanism is put in place where the costs of child care are shared by the government, the private sector employers and the employees, this could drive up the demand for center based care and drive investments in this sector.

Another change in the regulations that would have an effect on the private sector's demand for credit for establishing child care centers in-house might be if the minimum number of women stated in the regulation to open up a child care center is reduced. In addition, rather than specifying the number of women, specifying the number of total employees (male and female) in general would reduce potential discrimination against hiring women. If the government makes changes to these regulations for workplaces or Organized Industrial Zones (OIZs) to provide direct child care services or to contribute to child care provision, these changes could have an invigorating impact on the sector.

3. Increased Public Funding for Operational Costs of Private Care Centers

Currently a model for increasing public funding for private provision is being discussed although the model still remains vague, and the implementers of the model are still unclear. The Ministry of Family and Social Policy or the Ministry of Education may take the lead in preparing and launching the model. If implemented, there are two scenarios that public funding might flow into private provision, for investment costs or for supporting operational costs of child care centers, in exchange for limiting fees to make it affordable for families. The model is still being discussed at the time of writing but if the public funding goes into covering investment costs of private providers, this is likely to reduce demand for credit in the child care sector even further. However, if the government chooses to subsidize the operations of private providers through an on-

going subsidy for operational costs, this may have an impact on increasing demand for investments by private providers in the sector. It remains to be seen how the model will be designed and implemented but in the event that the public sector begins to share costs with (middle class and poor) households for child care provision, this is likely to have a significant positive impact on demand for credit in the sector.

4. More responsibility allocated to local governments for the provision of child care

Municipalities need to be given an active role for decentralizing child care funding and making child care facilities more responsive to local needs. When legal ambiguity in municipalities' child care service provision ceases to exist, municipalities could be activated in expanding child care investments in Turkey. Child care services through municipalities are particularly important because they serve not only for working parents but also for those who are informal or irregular employees.

Our findings revealed that municipalities have a relatively stronger potential interest in investing in child care services in the present context. Apart from investing in their own child care facility centers, municipalities are also full of resources for providing community services for mobilizing and facilitating multi-enterprise child care centers in the areas where micro and small enterprises are concentrated within their realm. Municipalities could also play a key role in expanding community driven child care models. Women co-operatives could be useful partners in this respect. However, the current stringent regulations for private child centers which put high establishment and operational costs need to be made more flexible to make community driven models such as women co-operatives widespread and feasible alternatives in child care provision.

The “New Action Plan for Protecting the Family and Dynamic Population Structure” suggests that providing child care services should be defined as a municipality responsibility. In fact, in the latest draft proposal submitted to the Parliament on January 26, 2015, which is still in commission, the relevant change in the Law of Municipalities is also listed. This will be an important change in the regulation, and would make it “legal” for municipalities to provide the services, although still a far cry from making it mandatory for municipalities to provide the services. If municipalities are finally placed in a position where they have to open up child care centers for their constituencies, it could also be a significant game changer in the sector, with increased provision and financing for child care through municipality budgets.

Abbreviations

AFD	French Development Agency
FGD	Focus group discussion
MoFSP	Ministry of Family and Social Policies
MONE	Ministry of National Education
NGO	Non-governmental organization
OIZ	Organized Industrial Zones
SILC	Survey of Income and Living Conditions
SME	Small and Medium-sized Enterprises
WB	The World Bank

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ANNEX

Data and Methodology for Field Work for the Study

The results in the paper from Workplaces (Organized Industrial Zones, and Corporate Firms) and District Municipalities are based on case study data collected in three selected provinces in Turkey: Adiyaman, Kayseri and Istanbul. While not nationally representative, the sample was selected to provide a snapshot of child care provision provided by various actors in different regions in Turkey. As one of the most important textile manufacturing centers in Turkey, Adiyaman holds a great potential for positive development in female labor force participation in South East Turkey. Borusan's Nese Fabrikasi, the first example of public and private partnership child care model in OIZs was opened in Adiyaman OIZ in May 2014. Kayseri experienced an industrial boom from the mid-1980s and became one of the leading examples of the 'Anatolian Tigers'. As a typical rapidly industrialized Central Anatolian province, the traditional family structure is a strong factor affecting female labor force participation. Istanbul, located at the hub of trade routes has the largest industrial center in Turkey and has eight OIZs hosting thousands of companies.

The fieldwork was conducted in December 2014 and January 2015. A total of 47 interviews have been conducted with municipalities, organized industrial zone (OIZ) directorates, private companies in OIZs, and large corporate firms in order to comprehend the current supply of child care services and the demand for establishing on-site child care from point of diverse actors in these cities. Public and private banks have been also visited in order to provide an assessment for the Turkish banking sector's potential and interest in taking part in a child care sector specific loan program. Finally, four women's NGOs have been interviewed, all of them working on child care and women's empowerment in Turkey.

Table 1. Number of In-depth Interviews, by Province

Type of Institution	Istanbul	Adiyaman	Kayseri	Total
OIZ Directorates	2	2	2	6
OIZ Firms	4	6	6	16
Corporate Companies	8	0	0	8
Municipalities	2	2	2	6
NGOs	4			4
Banks	7			7
Total	27	10	10	47

Coding and Analysis of Interviews

Structured interview questions have been used to guide the interviewees through the points to be addressed during the interviews. Interviewees have also been given the opportunity to openly express their views on the topic. Notes were taken during each interview, as well as audio recordings for all interviews, except bank meetings. In order to quantify the qualitative data, the recordings were transcribed and coded, and analyzed on NVivo10 Software. The coding tree was designed in accordance with interview guidelines.

Table 2 Coding Tree

1.Current supply in child care services	2. Future child care service investment plans	3. Interest in using credit	4 Main obstacles to investing in child care services
Direct child care provision	Positive	Positive	Cost
Cash benefits	Negative	Negative	Lack of expertise in child care
Flexible benefit solutions			Regulatory requirements
Flexible working hours			
Special discounts in selected crèches			

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Agence Française de Développement
5 rue Roland Barthes – 75598 Paris cedex 12
Tél : +33 1 53 44 48 86 – www.afd.fr

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