G²LM|LIC Synthesis Paper No. 18 | August 2026

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Evidence on the role of economic opportunities and childcare services

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ABSTRACT

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Evidence on the role of economic opportunities and childcare services

This brief summarises evidence from six G²LM|LIC-funded research projects on the two-way relationship between fertility and women's economic opportunities in low-income settings. The studies show that childbearing can have lasting consequences for women's labour market trajectories, especially when it occurs early in life, but also that marriage and fertility decisions respond to the economic opportunities available to women and their families. Evidence from Bangladesh and Ethiopia suggests that improving women's economic prospects can delay marriage and childbearing without necessarily reducing fertility over the life cycle and with positive intergenerational spillovers. The brief also reviews evidence on childcare as a policy lever for weakening the labour market penalties associated with childbearing. While accessible childcare can improve women's economic activity, household income, and child development, evidence from Egypt and Kenya shows that these gains depend on take-up, quality, trust, and compatibility with local labour market opportunities.

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Introduction

Fertility is one of the most important determinants of gender differences in labour market outcomes. A large body of evidence documents substantial and persistent *child penalties* following childbirth, with women experiencing long-lasting reductions in employment and earnings while men's labour market trajectories remain largely unaffected. Recent work, including the Child Penalty Atlas (Kleven et al., 2025), shows that these patterns emerge across countries at all income levels, highlighting the central role of family formation in shaping women's economic opportunities.

The relationship between fertility and labour markets may be particularly consequential in low-income countries. Women are more likely to work in agriculture, self-employment, and family enterprises, while access to childcare services and social protection is often limited. As a result, the time and physical demands associated with pregnancy, childbirth, and childcare may constrain women's ability to participate in market work and other productive activities. Mulungu and co-authors (2025) collect evidence from four African countries and show that births occurring during peak agricultural seasons reduce labour input, lower farm productivity and, as a consequence, increase food insecurity and worsen child nutritional outcomes. Thus, in low-income settings, the consequences of childbearing may extend beyond women's labour market outcomes to affect household production and long-run welfare.

This summary paper explores two policy-relevant aspects of this relationship through evidence from six G2LM funded research projects in five low-income settings.[1] First, we review evidence on whether expanding women's economic opportunities—through labour market development and programmes that strengthen women's agency—can influence marriage and fertility decisions. The evidence suggests that economic opportunities can have an impact, particularly by delaying early transitions into marriage and motherhood, and thus enabling women to take advantage of new economic opportunities. Second, we examine evidence on a policy that has received substantial attention as a potential mechanism for weakening the labour market penalties associated with childbearing: childcare. While holding many promises, the evidence on policies that strengthen childcare services is mixed, thus pointing to the need for further research. Together, these studies shed light on the two-way relationship between women's economic opportunities and family formation, and on the policies that may help women reconcile productive and reproductive roles in low-income settings.

Economic opportunities, agency, and fertility decisions

The child penalty literature has highlighted the lasting consequences that childbearing can have for women's labour market trajectories. These consequences may be particularly severe when childbearing occurs early in life. Child marriage and teenage motherhood can

[1] Bangladesh, Egypt, Ethiopia, Kenya, Uganda.

interrupt schooling, limit opportunities to accumulate labour market experience and skills, and weaken women's attachment to the labour market at a critical stage of their lives. At the same time, early transitions into marriage and motherhood are shaped by the economic opportunities available to girls and their families. When households face severe poverty and young women have limited prospects for productive work, the perceived returns to delaying marriage and childbearing may be low. This raises the question of whether improvements in household economic circumstances and the expansion of labour market opportunities can delay these transitions.

Evidence from Bangladesh suggests that this may indeed be the case. BRAC's Ultra-Poor Graduation (UPG) programme provided extremely poor households with productive assets, training, mentoring, and other forms of support designed to help them establish sustainable livelihoods. A long-run follow-up of the programme shows that these economic gains persisted well beyond the intervention itself. Seventeen years after programme completion, beneficiary households continued to exhibit higher levels of consumption and asset ownership.

Sulaiman and co-authors (2025) show that these improvements in household economic circumstances also translated into important gains for the next generation. Daughters of beneficiary households were more likely to engage in income-generating activities, accumulated higher savings, and were less likely to become teenage mothers than their counterparts in comparison households. Notably, these effects emerged despite relatively small impacts on the timing of marriage. The findings suggest that sustained improvements in economic opportunities can impact family formation in way that increases women's participation in economic activities and reduces the incidence of teenage fertility.

An alternative approach works through policies targeted specifically at young women. Evidence from Bangladesh shows that such interventions can have large and persistent effects. Field et al. (2026) study a programme that provided adolescent girls with either a six-month empowerment intervention or a financial incentive to delay marriage. More than a decade later, women exposed to either intervention were substantially more likely to participate in the labour force, worked more hours and in better paid jobs. Interestingly, the study also finds evidence of intergenerational effects: children of women who received both interventions were more likely to be in school.

Expanding economic opportunities can improve women's labour market outcomes while delaying early transitions into marriage and motherhood. A natural conclusion might be that women's employment and fertility are substitutes, and that better labour market opportunities will therefore reduce fertility over the life cycle. Evidence from Ethiopia shows that this need not be the case.

Kotsadam et al. (2025) study a randomized intervention that offered young married women access to formal wage employment in the manufacturing sector. In the short run, women who received job offers did not have fewer children than women in the control group, despite facing the time constraints associated with factory work. Over the longer run, however, treated women had more children, not fewer. The authors interpret this pattern as evidence that women postponed childbearing while employed, accumulated income and savings, and then had children once they were no longer constrained by rigid factory schedules.

Childcare as a policy lever

If childbearing affects women's labour market outcomes partly by increasing the time demands of care, childcare services are a natural policy candidate for weakening the child penalty. Evidence from Uganda illustrates this potential clearly. Bjorvatn and co-authors (2022) study an intervention that offered households free full-time childcare for young children. The programme substantially increased childcare enrolment and raised household income. These gains were driven by higher business revenues among mothers and increased wage earnings among fathers, suggesting that childcare can relax household time constraints and allow adults to allocate labour more productively. Importantly, the intervention also improved child development, showing that childcare can generate gains for both women's economic outcomes and children's human capital.

However, the effectiveness of childcare policies depends critically on whether families are willing and able to use the services provided. Evidence from Egypt highlights this challenge. Caria and co-authors (2024) evaluate the provision of childcare subsidies and employment services for mothers of young children in low-income areas of Greater Cairo. Despite childcare being frequently reported as a barrier to work, take-up of the childcare vouchers was low, and neither the subsidies nor the employment services increased maternal employment. The study points to several possible reasons: nurseries were often perceived as too far away or unsuitable for young children, parents had concerns about quality and safety, and available jobs often failed to match mothers' preferences, especially for part-time work. This suggests that reducing the monetary cost of childcare may not be sufficient when other constraints limit demand.

One such constraint may be the quality and reliability of childcare provision. Evidence from Kenya shows that policy-relevant models for improving childcare quality do exist. Beam and co-authors (2025) study a social franchising model for childcare providers in urban informal settlements. The programme offered training, mentorship, branding, quality checks and other support to childcare centres. It improved provider survival and raised measured childcare quality, with positive spillover effects on competing providers outside the programme. However, at least in the short run, these quality improvements did not translate into higher enrolment, prices or revenues.

Taken together, these studies show that childcare can be an important policy lever, but only under the right conditions. The Uganda evidence demonstrates that accessible childcare can improve household income, women's economic outcomes, and child development. The Egypt and Kenya studies show why these effects may not automatically materialise: take-up may be low, quality and trust may constrain demand, and improvements in supply may not be sufficient to shift enrolment in the short run.

Conclusion

Fertility is a central outcome in women's lives and one of the key drivers of gender differences in labour market outcomes. The evidence reviewed in this paper shows that the relationship between fertility and women's economic opportunities runs in both directions. Childbearing can interrupt women's labour market trajectories, especially when it occurs early in life, but decisions about marriage and fertility are themselves shaped by the economic opportunities available to women and their families.

This has important implications for policy. Expanding women's economic opportunities—whether by improving household economic conditions or through programmes targeted directly at women and girls—can help create a virtuous cycle. When women have stronger economic prospects, the returns to delaying marriage and childbearing may increase, allowing them to accumulate education, skills, work experience, and savings before starting a family. These shifts can improve women's labour market outcomes and may also generate benefits for the next generation.

At the same time, the evidence cautions against interpreting this relationship as a simple trade-off between employment and fertility. Economic opportunities may change the timing of childbearing without necessarily reducing fertility over the life cycle. This distinction matters for policy: the goal is not to reduce fertility as such, but to expand women's ability to choose when to form families and how to combine family life with productive work.

Childcare policy is central to this agenda because it addresses one of the main mechanisms through which childbearing affects women's economic outcomes: the time demands of care. The evidence reviewed in this paper shows that accessible childcare can improve household income, women's economic activity, and child development. However, these gains are not automatic. Childcare services must be affordable, trusted, accessible, and of sufficient quality, and they must be compatible with the labour market opportunities available to mothers. Evidence on childcare therefore points to an important research and policy agenda: understanding both the demand-side constraints that shape whether families use childcare and the supply-side constraints that determine whether providers can deliver care at scale and at quality.

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