

**GENDER  
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Unlocking  
Gender-Smart Capital  
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# The care economy

An introduction

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# Introduction

**Care work underpins and drives economic, social and environmental wellbeing.** It enables modern societies and economies to function. The global COVID-19 pandemic exposed the important yet precarious state of the world's care infrastructure generally and the disastrous gendered consequences of inadequate care services specifically.<sup>1,2,3</sup> The disproportionate burden of unpaid care work on women causes them to do less paid work, enter lower quality jobs and reduce their overall labour force participation rates.<sup>4</sup> Reliable access to affordable and quality care is widely recognised as a driver of women's increased workforce participation.<sup>5,6</sup> It is a lever for gender equality.

Care Work includes paid and unpaid, formal and informal domestic work and care of people (children, elderly, disable, special needs etc.).

**Investing in care is good for the full spectrum of the economy- employees, investors and other stakeholders.**

It is estimated that if 2% of global GDP were invested in the care economy, there would be an increase in overall employment ranging from 2.4%-6.1% in OECD countries<sup>7</sup> and 1.2% to 3.2% in emerging markets.<sup>8</sup> Furthermore, providing childcare to women could add USD 3 trillion to global GDP and expanding the childcare workforce to meet the current needs can create 43 million jobs globally.<sup>9</sup> In addition, demand for care is increasing rapidly; for instance, demand for paid care services is projected to rise from 8.7% of global GDP in 2015 to 14.9% in 2030.<sup>10</sup> Ageing populations, displacement and

health issues stemming from climate change, changing family structures and care needs, increased care dependency ratios combined with increased levels of women's employment in certain countries, have created demand for alternative (paid) care provisions. The number of care recipients is projected to reach 2.3 billion by 2030, a 10% increase from 2015.<sup>11</sup>

**The business case for investing in care is gaining traction.** In terms of the business opportunity, the US market alone is valued at \$648 billion.<sup>12</sup> Firms from the US to China are reporting improvements on key performance indicators including revenue growth, customer acquisition, employee productivity, and talent acquisition and retention as a result of investment in care policies.<sup>13</sup> Moreover, access to affordable and quality care such as child or elder care is also increasingly understood by investors as critical to achieving a more diverse and inclusive workforce – a point that was further amplified during the global COVID-19 pandemic.<sup>14, 15</sup>

**Despite the catalytic and gender transformative impact potential, the care economy is not yet on the radar of most investors.** Investors must first dive deeper into what constitutes the care economy and explore how care aligns with their strategic priorities, in order to map out capital deployment strategies. Care businesses are perceived by some investors to have a high-risk profile, uncertain return, and the context specific nature of the work can be an obstacle to scale. Even investors with more of an impact focus wrestle with the early-stage nature of many care businesses and their capital needs.

1 FP Analytics. *'Elevating Gender Equality in COVID-19 Economic Recovery, An evidence synthesis and call for policy action.'*

2 IWDA. *"Care in Crisis - Understanding the value of paid and unpaid care in the aftermath of COVID-19."*

3 UNECE and UN Women. *"Public investment in the care economy in the UNECE region: opportunities and challenges for gender equality in the COVID-19 recovery."*

4 Bill and Melinda Gates Foundation. *"Investing in child care: good for families, good for children, good for economies"*. 2022.

5 OECD. *"Enabling Women's Economic Empowerment. New Approaches to Unpaid Care Work in Developing Countries."*

6 Ferrant, Gaelle, et al. *"Unpaid Care Work: The missing link in the analysis of gender gaps in labour outcomes"*. 2014.

7 ITUC. *"Investing in the care economy, A gender analysis of employment stimulus in seven OECD countries"*. March 2016.

8 ITUC. *"Investing in the care economy, simulating employment effects by gender in countries in emerging economies"*. January 2017.

9 Bill and Melinda Gates Foundation. *Investing in child care: good for families, good for children, good for economies*. 2022.

10 ILO. *'Care Work and Care Jobs for the Future of Decent Work'*. ILO Website. 2018. Op. cit.

11 ILO. *'Care Work and Care Jobs for the Future of Decent Work'*. 2018.

12 Ibid.

13 IFC. *Tackling Childcare: A Guide For Employer Supported Childcare*. 2019.

14 Ibid.

15 Pivotal Ventures. *Investors Guide to the Care Economy: Four dynamic growth areas*.

In order to **amplify the importance of the care economy, provide investors with an understanding, raise awareness and spotlight actionable roadmaps**, the GenderSmart & 2X Collaborative [Care Economy Working Group](#)<sup>16</sup> commissioned two briefs.<sup>17</sup> The first is a primer on what the care economy spans, what different business types are emerging and the breadth of the sector to set up the foundation for investing in the care economy. The second brief provides practical guidance to investors and employers on how to engage.

The audience for both briefs are investors, investment influencers and related actors who are interested in starting or deepening their engagement with the care economy in terms of allocating more gender-smart

capital towards this investment theme. As the care economy is a new and rapidly evolving investment theme, without consensus, the authors relied heavily on key informant interviews to contextualise the available literature. These primers are not exhaustive, but provide a picture of the current state of this quickly evolving field. Also note, throughout the two briefs the authors refer to women, however, acknowledge the importance of an intersectional gender analysis (i.e. women from different backgrounds, thinking about diversity across race, ethnicity, migrant status, income, age, sexual orientation etc). These dynamics can further impact access, affordability and impact.

## About the Care Economy Working Group

The [Care Economy Working Group](#), convened by GenderSmart, in partnership with the 2X Collaborative, represents a full range of global actors (with varied experience and perspectives) across the investment spectrum. It is connected to a comprehensive research initiative commissioned by IDRC and OSF and their seminal programme focused on [Transforming the Care Economy through Impact Investing \(TCEII\)](#), consisting of a consortium of multiple players. This working group kicked off in 1Q2022 and is now also supported by Generation Foundation and the Swiss Agency for Development & Cooperation (SDC) so as to widen the scope and amplify insights further.

The Working Group's goals are to: i) engage GenderSmart and 2X Collaborative's global community and move the dialogue forward through deep dive working sessions and action-oriented discussions, ii) better enable and equip investment allocators and related intermediaries to integrate care economy and infrastructure opportunities into their portfolios, or as a core investment thesis, iii) enhance the growing body of evidence and storytelling while amplifying key insights for a wider audience. Overall the vision is to build investor capacity and ultimately shepherd more capital towards the care economy and underlying infrastructure.

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<sup>16</sup> The GenderSmart Investing's care economy working group is in partnership with the 2X Collaborative.

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