

Investing in social care for gender equality and inclusive growth in Europe and Central Asia

Summary: The issues of unpaid domestic work and the care economy have gained in importance in recent years. It is increasingly understood that the disproportionate share of unpaid care work borne by women is a critical barrier to their employment and economic empowerment. In the Eastern Europe and Central Asia region, the legacy of relatively high women's labour force participation has eroded with the dismantling of public services and contraction of public employment. There are substantial gender imbalances in labour force participation. Women throughout the region perform much more unpaid domestic and care work than men, highlighting the need for publicly provided social care services for children, the sick, the elderly and persons with disabilities. New research shows that investing in a social care infrastructure yields multiple economic and social benefits. It creates employment for men and women and promotes inclusive growth, while reducing gender inequalities and enhancing human development. Social care expansion is thus a strategy to achieve several Sustainable Development Goals, reduce the burden of unpaid care work on women and advance women's economic empowerment.

I. Introduction

Women work more than men when both paid and unpaid work are taken into account. In the world economy, 52% of total work is performed by women. Yet only 50% of women of working age worldwide are in the labour force, compared with 76% of men. Women do 2.5 times more unpaid care work than men, which greatly limits their opportunities in the labour force and paid work. The unequal distribution of unpaid care work within households is a root cause of gender inequalities in labour market outcomes – such as the gender employment gap, horizontal and vertical gender segregation of jobs, and gender inequalities in wages, earnings, incomes and wealth. An egalitarian distribution of unpaid care work among men and women is, therefore, key to gender equality. This needs to be complemented by equal access to paid and decent work to achieve women's economic empowerment and inclusive growth.

National, regional and global policy agendas increasingly recognize the need for a gender balance in the distribution of unpaid work and caring labour. The Sustainable Development Goals (SDGs) agreed in 2015 to address the issue. With target 5.4, the SDGs advance the '3R' strategy of **recognition**, **reduction** and **redistribution** of unpaid care work, long proposed by feminist economists and gender advocates as a means to achieving gender equality.

The provision of care entails the production of goods and services for the physical, social and emotional wellbeing of care-dependent groups such as children, the elderly, the sick, and people with disabilities, as well as of healthy, prime working-age adults. Access to care is indispensable to the wellbeing of individuals, families and communities. It is essential to sustaining a vibrant economy with a healthy and

productive labour force. As such, it underpins human development, sustainable and inclusive growth, and poverty reduction. Care is part of the unpaid work performed within households. Care can also be provided by public or private services through employment of paid labour.

The success of the '3R' strategy in addressing unpaid care work hinges on public investment in a universal social care infrastructure that provides universally accessible, high-quality care services. This policy brief discusses how public investment in a social care infrastructure can also provide the fiscal stimulus for employment generation, which is a priority for the Eastern Europe and Central Asia region.¹ Drawing on the findings of recent research, it demonstrates that such investment can advance multiple SDG targets – of gender equality, decent employment generation, and reduction of poverty and inequalities – and discusses policy steps for public investment in a social care infrastructure.

II. Regional overview of trends

The Eastern Europe and Central Asia region's legacy of relatively high female labour force participation in some countries rests on an institutional past of centrally planned economies, which entailed generous public provisioning of care services, particularly in childcare as well as public employment. Transition to a market economy was accompanied by a dismantling of public services as well as contraction of public employment. Some countries such as Albania and Moldova experienced dramatic declines in female (and male) labour force participation rates in the transition period. In all countries where time-use studies are available, women perform more unpaid care work than men. They also perform more total work (paid and unpaid) compared to men. Many countries have high unemployment rates and women's unemployment rates are generally higher.

Labour force participation and unemployment

In all 18 countries and territories, the female labour force participation rate is lower than the male rate. In six countries (Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, and Ukraine) the rates are higher than OECD and EU averages. These are also countries – with the exception of Ukraine – with high shares of vulnerable employment, ranging from as high as 61% of total employment in Georgia to 29% in Kazakhstan. An important share of women’s labour market activity is in “vulnerable employment”.

The gender gap in labour force participation rates is more than 40 percentage points in Kosovo² and Turkey, 30 points in Turkmenistan, and more than 20 points in the former Yugoslav Republic of Macedonia, Kyrgyzstan, Bosnia and Herzegovina, and Albania. In addition, gender inequalities are widespread in other aspects of employment, such as in gender wage and earnings gaps. Industrial and occupational segregation patterns are persistent.³

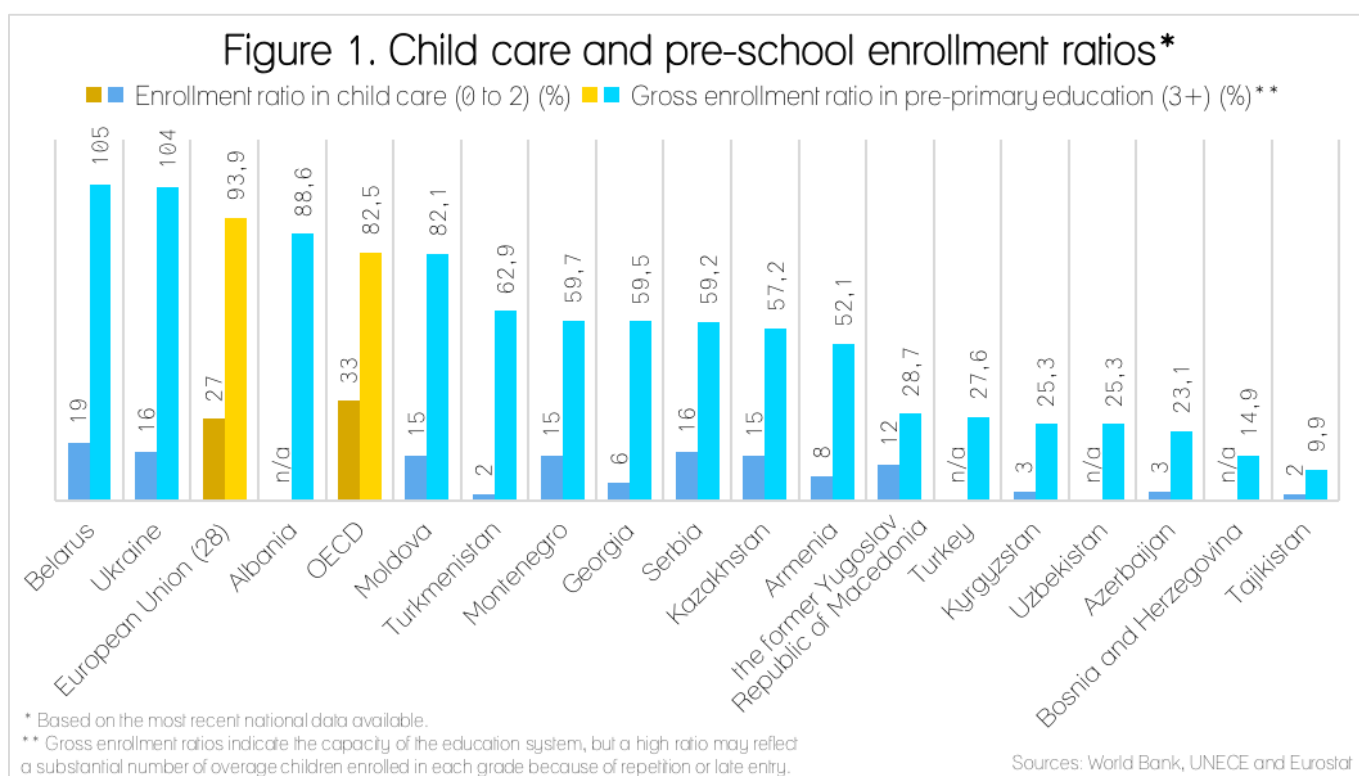
Most countries in the region have two-digit unemployment rates. Particularly striking, for example, are Kosovo (30%), Bosnia and Herzegovina (28%), the former Yugoslav Republic of Macedonia (28%), Serbia (22%), Montenegro (19%), Armenia (17%), and Albania (16%). The actual lack of employment opportunities in the ECA region is, however, worse than indicated by official unemployment rates. Many are underemployed (people who would like to work more hours, but do not have access to more hours of work), and many have dropped out of the labour force having given up hope of finding a job (discouraged workers). Broader measures of unemployment that include these groups indicate that the “actual” unemployment rates are higher. Since 2000, in most countries (with the exception of Belarus, Moldova and Ukraine) women’s unemployment rates have, on average, remained above those of men.⁴ The creation of employment that especially targets women is an urgent imperative in this region.

Pre-school enrollment

In 2002, in Barcelona, the Council of Europe set a target of 33% coverage for childcare for children under three and 90% coverage for children between the age of three and the mandatory school age. Childcare coverage rates in most of the ECA region are far below these targets. Enrollment in childcare centres for children under age three is below the EU and OECD averages (27% and 33% respectively). While a handful of countries have achieved two-digit enrollment rates, ranging from 19% in Belarus to 15% in Montenegro, Moldova and Kazakhstan, the rest have less than 10% enrollment rates. Five countries (Albania, Bosnia and Herzegovina, Kosovo, Turkey and Uzbekistan) do not even have official statistics for this younger age group. Access to preschool for children age three and above presents a relatively better picture, but also with higher disparities: Albania, Belarus and Ukraine provide almost universal coverage at one end, and Azerbaijan, Bosnia and Herzegovina, Kosovo, Kyrgyzstan, the former Yugoslav Republic of Macedonia, Tajikistan, Turkey and Uzbekistan attain less than 30% enrollment rates at the other (Figure 1).

Time use in the ECA region

Time-use data, available for only eight countries in the ECA region, indicates that there are substantial gender imbalances in paid and unpaid work with women performing a higher number of hours of total (paid and unpaid) work. Women’s unpaid work is as much as 7.5 times that of men in Albania, 5.6 times in Armenia, 3.3 times in Turkey and the former Yugoslav Republic Macedonia, and more than double in Kyrgyzstan, Kazakhstan and Serbia. By contrast, women’s paid work time is only 26% that of men in Turkey, 34% in Armenia, 46% in Albania, and about 50% in the former Yugoslav Republic of Macedonia, Serbia and Kyrgyzstan. When paid and unpaid work are combined, women work more than men in all countries, ranging from 1.5 times more in Albania to 1.12 times in Kyrgyzstan (Figure 2).



III. Public investments in social care as a strategy for gender equality, decent work and poverty reduction

In a context of gender gaps in employment, paid and unpaid work, as well as high and persistent unemployment rates and limited social care services, public investment in the care economy can be an effective strategy to reduce gender inequalities and produce inclusive and sustainable growth.

An assessment in 2014 by the United Nations Economic Commission for Europe (UNECE) on women's empowerment underlines the importance of policies "to decrease the burden of care responsibilities on women", and emphasizes "affordable, good quality childcare facilities" as "perhaps the most effective way" to narrow the gender employment gap.

An EU recommendation adopted in 2013 emphasizes investment in affordable early childhood education and care services as key to breaking the cycle of disadvantage in the early years. Recent research studies find that preschool education yields the highest returns in terms of higher future earnings and that the positive effects are particularly large for children from disadvantaged households. Public provisioning of childcare services is important because private childcare options are not affordable for all, especially for poor families, leading to a vicious cycle of poverty and vulnerability for women and children in these households.

Building a universal social care infrastructure requires public investments and expenditure, while orthodox macroeconomic policies widely prevalent today have emphasized austerity, expenditure restraint, and privatization. Given the competing claims on tight public budgets, how strong an argument can be made for making social care investments a priority in fiscal spending? UNECE recommends that, in an environment of economic crisis and the threat of fiscal austerity, spending decisions should avoid exacerbating inequalities and that stimulatory spending must target areas other than male-dominated sectors such as construction or infrastructure so that women also benefit from the resulting job creation.⁵

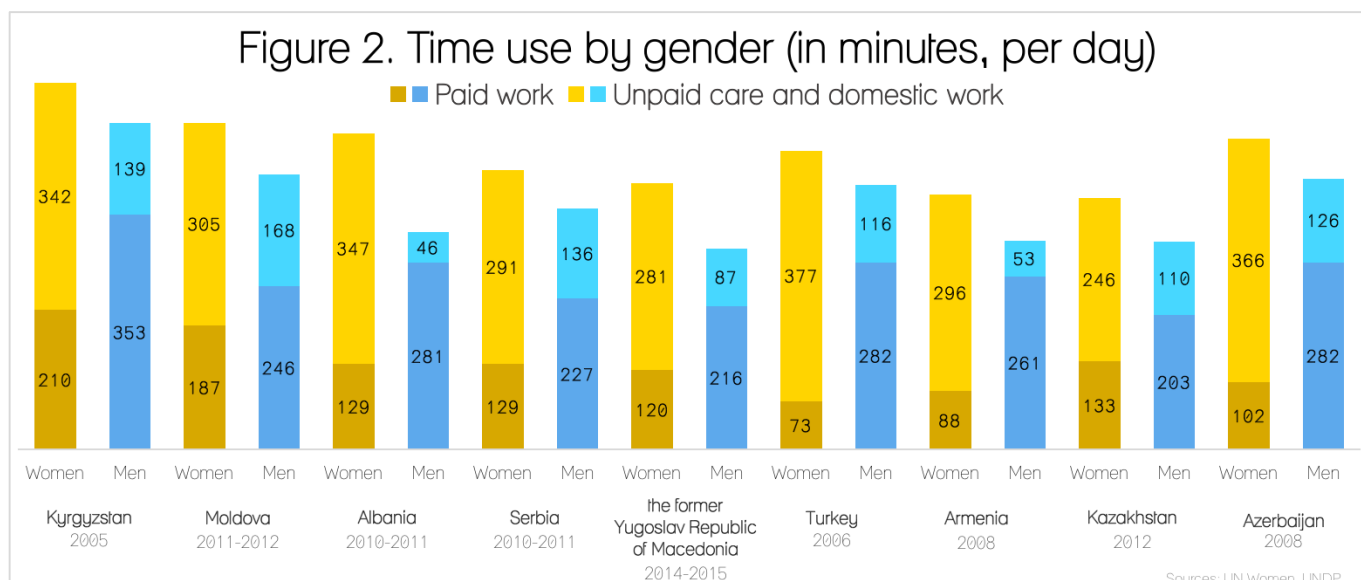
Lessons from policy research

Recent research studies approach the issue from such a perspective. They evaluate the short-run economic rationale of allocating additional resources to the expansion of social care service infrastructure versus physical infrastructure, which attracts large public expenditures in most countries. The returns are evaluated in terms of job creation and its effects on enhancing incomes, and reducing unemployment, poverty and gender inequality. These important economic and social policy goals strengthen the rationale for the fiscal prioritization of social care expansion in the budget.

A policy simulation on Turkey, which has the lowest female labour force participation rate and the lowest rate of early childhood care and preschool education (ECCPE) among OECD countries, produces some striking results. To catch up with the average OECD preschool education enrollment rate among children under age six, Turkey needs to add 3.27 million places in preschool education programmes. This involves an estimated increase in expenditure of 1.18% of GDP, which can potentially generate 719,000 jobs directly in ECCPE and indirectly in other sectors.

By contrast, the same investment in the construction sector (including physical infrastructure and housing) would create only 290,000 jobs. While 73% of jobs created in an ECCPE expansion are estimated to go to women, as little as 6% of jobs created in a construction boom would go to women. Moreover, 85% of jobs created via social care spending would be decent jobs compared to 30% of jobs created via physical infrastructure. The study also finds that a social care expansion targeting disadvantaged households can reduce the relative poverty rate by as much as 1.14 percentage points, versus 0.35 percentage points in the case of increased spending on physical infrastructure.

Recent research in other countries provides similar evidence. A policy simulation on South Africa shows that investment of 13.3 billion rand (3.5% of public expenditures and 1.1% of GDP in 2007 prices) in home-based health care and early childhood care services generates 772,000 direct and indirect jobs, with 60% going to women. In addition, labour demand generated through social care expansion is more pro-poor than physical infrastructure expansion, with a substantially higher potential to reduce unemployment.



A simulation covering seven high-income OECD economies shows that investment in the care economy of 2% of GDP would increase overall employment by 2.4% to 6.1% and create over 21 million jobs, with 59% to 70% of them going to women. A macro-simulation of the eurozone countries and the UK finds that “a gendered investment plan” designed to expand public childcare services would lead to 2.4% growth in GDP in five years and create 4.8 million jobs, more than half of which (2.7 million) would go to women.

IV. Conclusions and policy recommendations

As governments in the region embark on the implementation of the global 2030 Agenda, social care investments embedded in an active growth and employment promotion strategy have the potential to produce substantial returns both in the short and the long run by meeting multiple SDG targets (**Box 1**). Designing a care economy policy entails the following steps:

1. Collecting periodic time-use data to obtain a complete picture of all forms of work (paid and unpaid) and monitor SDG 5.4.
2. Undertaking a gendered analysis of labour markets to assess the connections between paid and unpaid work, in particular the determinants of labour force participation, employment, unemployment, under-employment and their relationship to unpaid care and domestic work.
3. Undertaking an analysis of care services in the monetized economy (i.e., the availability of services for different groups such as pre-school age and school-age children, the elderly, the long-term sick, and persons with disabilities) and identifying gaps and deficits in the public provisioning of care services for various groups.
4. Setting targets for social provisioning of one or more types of care, and conducting a costing exercise based on them, with the ultimate goal of building a social care infrastructure with universal coverage, while assessing the immediate costs of investments in social infrastructure against their long-term benefits.
5. Incorporating these analyses and targets in national and local development plans, long-term development strategies, employment strategies, gender equality plans, and plans to achieve the SDGs.
6. Assessing fiscal space in central and local budgets, once targets are set for social care service expansion and the scope for spending is determined.
7. Ensuring that resources are allocated to such public investment through, for example, gender-responsive budgeting initiatives at the macroeconomic and local levels.

Box 1. Why invest in a social care infrastructure?

- To promote gender equality and empowerment of all women and girls (SDG 5) by “recognizing and valuing unpaid care and domestic work through the provision of public services and infrastructure” (SDG 5.4);
 - To reduce poverty (SDG 1) and “ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as basic services” (SDG 1.4);
 - To promote inclusive and sustainable economic growth (SDG 8) through generation of “full and productive employment and decent work for all women and men” (SDG 8.5).
 - To reduce inequality within and among countries (SDG 10) by promoting “income growth of the bottom 40 percent of the population at a rate higher than the national average” (SDG 10.1);
 - To reduce “inequalities of outcome, including by eliminating discriminatory laws, policies and practices” (SDG 10.3) through adoption of “policies, especially fiscal, wage, and social protection policies and progressively achieve greater equality” (SDG 10.4).
8. Targeting low-income households for service delivery and employment creation, as part of short-run policy implementation.
 9. Coordinating active labour market policies with efforts in social care expansion, by identifying women and men who are potentially employable in the care sector and providing them with appropriate skills training.
 10. Complementing social care service provisioning with work-life balance policies aimed at labour market regulation (e.g., paid and use-it-or-lose-it paternity leave) and economic incentives to change social norms regarding the gendered division of unpaid and paid labour.

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¹ The countries and territories covered in this brief are: [Albania](#), [Armenia](#), [Azerbaijan](#), [Belarus](#), [Bosnia and Herzegovina](#), [Georgia](#), [Kazakhstan](#), [Kosovo](#), [Kyrgyzstan](#), [Moldova](#), [Montenegro](#), [Serbia](#), [Tajikistan](#), [the former Yugoslav Republic of Macedonia](#), [Turkey](#), [Turkmenistan](#), [Ukraine](#), [Uzbekistan](#).

² References to Kosovo shall be understood to be in the context of Security Council Resolution 1244 (1999).

³ UNDP Regional Human Development Report, Istanbul 2016.

⁴ UNDP Regional Human Development Report 2016, p.37

⁵ UNECE (United Nations Economic Commission for Europe). 2014. “Gender-sensitive Economic and Social Policies to Support the Empowerment of Women and Girls in the ECE Region: Note by the Secretariat.” ECE/AC.28/2014/5. ECE Beijing+20 Regional Review Meeting, Geneva. p. 29