International Labour Organization | the LAB MARKET SYSTEMS DEVELOPMENT FOR DECENT WORK

Child's Play

The case for developing childcare services to boost women's economic empowerment

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July 2020

Introduction

Meet Robinah

Robinah lives in a small town in Uganda, an hour away from Kampala. She is 24 years old, married and has two young children. For work, she runs a stall at the local market selling foodstuffs, toiletries and household products. On an average day, Robinah wakes up at around 6am and begins preparing breakfast for the family.

She then spends time getting her two children ready for the day ahead, before carrying them with her as she walks to the market. Once at work, she begins preparing lunch, while attending to customers and watching over her kids. It is not long before lunchtime arrives, when she pauses work to feed herself and her two children.

After lunch, Robinah continues to balance her paid work with caring for her children. She leaves the market early to prepare dinner for the household, after which she bathes the children and then serves dinner for the family – often cleaning the dishes afterwards. Next, she spends some more time caring for her children before finally preparing them for bed. A rare period of calm allows her to wash herself, pray and get some rest – before repeating it all again the next day.

What is clear from this portrait is how Robinah's **unpaid care work** significantly constrains the range of choices available to her. She is clearly unable to dedicate her full attention to her stall whilst at work and struggles to find time for herself at home. In many ways, Robinah's day is relatable for women across the world – who dedicate on average **over three times more time to unpaid care work than men**[1].

Box 1: What is unpaid care work?

Unpaid care work can be understood as all unpaid services provided by individuals within the household and community for the benefit of its members, including care of persons, housework and voluntary community work. Common examples include cooking, washing, cleaning, looking after children and caring for elderly, sick, or less able dependents.

Unpaid care work is a form of **work** as it involves activities requiring time and effort, it is **care** as it helps to sustain or develop a decent standard of living, and it is **unpaid** as those carrying out these activities are not remunerated for their time and effort.

Adapted from UN Women, Progress of the World's Women 2000

1 ILO (2018a)

Childcare Solution

The purpose of this brief is to explore one way to alleviate this burden of unpaid care work: through the provision of **childcare services**. This refers to care and education services for young children below primary school age which shift caring responsibilities away from parents or other unpaid carers, ideally to paid professionals or other regulated service providers[2]. The topic is of particular relevance to *young women*, who are most likely to have children of pre-school age while also trying to establish themselves in the labour market. In this regard, the availability of such services can alleviate time poverty, improve wellbeing and allow women to channel more time into income-generation – all contributing towards greater **women's economic empowerment**.

This brief is aimed at **development practitioners** keen to explore ways to improve women's empowerment through childcare services in a way that is locally owned, sustainable and, crucially, does no harm. The research looks at programmes taking a **market systems approach** to developing childcare services, outlining three different ways the issue has been addressed. It is hoped that this will enable more development programmes to engage with childcare in a **sustainable** manner as a means to boost women's economic empowerment.

Childcare is of significant importance to practitioners given its potential to enhance the **quality of care and education** for children, provide **greater labour market opportunities** for recent mothers and create **decent jobs within the care economy**: a *'triple-win'* for society. The topic is equally of relevance to **the Lab** as the ILO's global knowledge generation project applying the **market systems approach** to **decent work**[3] – particularly in this instance as it relates to gender equality; employment opportunities; and combining work, family and personal life.

2 See for instance Cooperatives Meeting Informal Economy Workers' Child Care Needs (ILO, WIEGO 2018)

3 Decent work is defined by the International Labour Organization as the aspiration that all women and men are able to work in conditions of freedom, equality, security and human dignity. See here for more information.

Box 2: What is the market systems approach?

A market system is made up of the many 'supporting functions' and 'rules' shaping how well a market works for women and men. A market systems approach, in turn, seeks to identify, address and remove constraints that inhibit the growth of more inclusive markets. The goal is impact that is both:

- **Sustained.** Projects achieve lasting behaviour change in public and private actors by aligning interventions to their incentives and capacity to adopt new ways of working. Impact continues long after interventions end because actors see organisational value in continuing the new way of working; and
- **Scaled.** Since constraints to industry growth are removed, change is replicated and mainstreamed across the sector – rather than being confined to just the actors that the project directly works with.

Projects usually partner with a small number of actors to test out new ways of working and, if successful, look to get others to copy the innovation. The range of activities that projects undertake to encourage partners to change can vary – from using 'soft' facilitation tactics such as advice or brokering relationships to 'harder' tactics like financial cost-sharing. Such facilitation is an art – not a science. It needs to strike a balance between support that ends up being too light to overcome resistance to change, and too heavy leading to dependence.

For more info see the Lab policy brief "A Systemic Approach for Creating More and Better Jobs", 2019

Context

Women's Economic Empowerment

A multitude of definitions exist for women's economic empowerment (WEE). Perhaps the most succinct of these is from the International Center for Research on Women:

> *"A woman is economically empowered when she has both the ability to succeed and advance economically and the power to make and act on economic decisions".*[4]

At the core of this definition are two key concepts: **access** and **agency**. Access refers to the opportunities available to women while agency reflects their ability to take advantage of these opportunities. To succeed and advance economically, women need *access* to the skills, resources and economic institutions to compete in markets, as well as the *agency* to make and act on decisions and control resources.[5] Both are necessary: increased income alone is unlikely to substantially improve women's economic empowerment. Interventions should therefore promote a **holistic approach** to promoting both access and agency for women.[6]

4 ICRW (2018)
5 *Ibid.*
6 Jones, L. and Bramm, A. (2019)

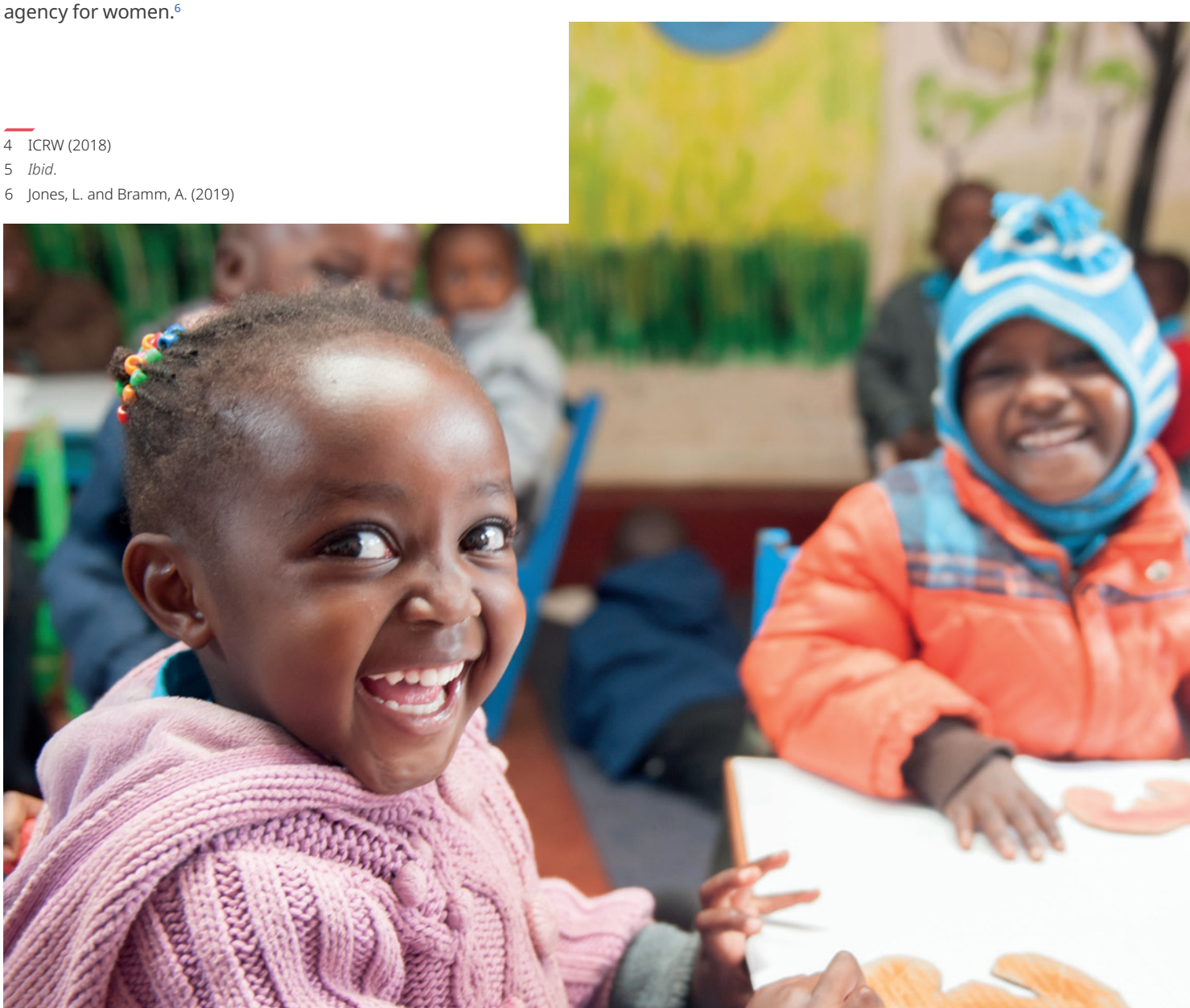
Gender Gaps

Constraints to women's economic empowerment can be reflected in **gender gaps**: differences in observed outcomes between males and females. Gender gaps present themselves in a number of ways across labour markets, typically to the detriment of women. Globally, women are less likely than men to **participate** in the labour market[7] and their ***Not in Employment, Education or Training*** (NEET) rate – at 31 per cent – is more than double the male rate.[8]

Occupational segregation sees women who *are* employed over-represented in the lowest paid jobs[9], while in developing countries, women are also over-represented in the **informal economy** – typically characterised by high precarity and low productivity.[10] Women are also more likely than men to live in **extreme working poverty.**[11]

What is clear from the data is that these gender gaps are a global phenomenon, transcending economic and geographic boundaries and manifesting themselves in both unequal access to the labour market and unequal work-

7 ILO (2020)
8 *Ibid.*
9 ILO (2016)
10 ILO (2018b)
11 ILO (2020)



ing conditions within it.[12] Clearly, this has negative implications for **decent work** for women, which in turn is likely to inhibit their economic empowerment.

Unpaid Care Work

Unpaid care work is a key contributing factor to gender gaps in labour market outcomes. **Globally, women perform more than three-quarters of all unpaid care work**, 3.2 times more time than men. This equates to roughly **12.5 billion hours** of unpaid care work done by women every single day.[13] The gender imbalance in unpaid care work starts early, with girls aged five to nine spending 30 per cent more time helping around the house than boys, which rises to 50 per cent for those aged ten to fourteen.[14]

Gender inequality in the distribution of unpaid care responsibilities is **positively correlated** with gender gaps in labour market outcomes: the larger the gender gap in unpaid care work, the larger the gender gaps in labour force participation, quality of employment and wages.[15] Unpaid care work constrains the total amount of possible time that can be dedicated to market activities.

12 ILO (2019)
13 ILO (2018a)
14 UNICEF (2016a)
15 OECD (2014)

It therefore is clear that **a key factor for achieving equality in paid work is equality in unpaid work**.

Childcare Services

One way to significantly reduce unpaid care work is to provide **early childhood education and care services**, which shift caring responsibilities away from parents or other unpaid carers to paid caregivers. In turn, this can narrow gender gaps in labour market outcomes and increase **women's economic empowerment** through greater *access* to labour market opportunities and greater *agency* in control over manageable workloads.

In Mexico, a government programme which subsidised childcare for working mothers seeking employment or studying **increased female employment by 18 percentage points** and the **number of hours women spent in paid employment by 24 hours per month**.[16]

Similarly, in the Korogocho slum area of Nairobi, subsidised access to childcare **increased women's employment by 20 percentage points** amongst those who used the service and **women were able to work fewer hours of paid work** without any loss of earnings.[17]

The Problem

Evidence of these positive effects on women's labour market outcomes complements the beneficial impact that quality childcare services has on early childhood education and development. However, despite this, **universal access to quality childcare services is far from being realised**, especially in low and middle-income countries. Globally, barely over half of all children under five are enrolled in pre-primary education[18], while just 3 per cent of low-income countries guarantee at least one year of free and compulsory childcare services[19].

Access to quality childcare services is critical to achieving the Sustainable Development Goals. As a normative, rights-based organisation, the ILO advocates that **all children should have the right to childcare services** and that this should be a **public good** provided by the state. However, in the absence of these public services – as is the case in most low-income countries – we have to be practical: we cannot expect parents simply to stop working altogether or to bring their children into potentially dangerous work environments. So, whilst publicly funded childcare is the ideal, in its absence we should also **look to other market actors to fill the gap.**

16 Angeles *et al* (2014)
17 Clark *et al* (2017)
18 UNICEF (2016b)
19 UNESCO (2017)

The Market Systems Approach

Three Solutions

Given the importance of childcare services and its lack of availability in low-income countries, the practical question for development practitioners is: *what action can we take to address this?*

This brief seeks to address the above question through research on four market systems projects that have integrated childcare-related interventions into their programming. The research process consisted of scanning for market systems programmes addressing childcare; carrying out a desk review of relevant documentation from these programmes; conducting semi-structured interviews with project staff; analysing the primary and secondary data collected; and synthesising this data into key findings and lessons.

Based on the research, **three approaches to addressing childcare services through the market systems approach emerged:**

1. Looking at the Market for Childcare Services
2. Influencing Policy
3. Making the Business Case to Enterprises

1. Looking at the Market for Childcare Services

This approach essentially considers **childcare as its own market system**, which means analysing the **core market** for childcare services as well as the **wider ecosystem** surrounding it. The core market here refers to the supply-demand transactions for childcare services while the wider ecosystem includes various 'rules' and 'supporting functions' that allow for the smooth running of the core market and help facilitate its development.

Looking at the **core market**, supply is offered by childcare service providers while demand emanates from mothers (and families) with young children. Projects can investigate the key constraints to developing the childcare market faced by both sets of actors. On the demand side, this might include factors influencing consumer choice such as **willingness to pay**; concerns over **quality and safety**; and **distance from the home/workplace**. On the supply side, constraints that might challenge the profitability and sustainability of the delivery model include **fluctuations in attendance** from day to day, making it difficult for service providers to plan ahead; **seasonality of enrolment** due to holiday periods, where children may instead be left with older siblings; and **collection issues** where parents are not able to pay their fees regularly or on time.

Understanding the key constraints in the core market can often bring to light challenges in the **wider childcare ecosystem**. Looking at the 'supporting functions', there may be a relative scarcity of trained caregivers – which could lead projects to look at **skills providers** such as public and private training institutions. Also within skills could be the availability of **business development service providers** to help childcare businesses grow. Another challenge may be the availability and affordability of physical **infrastructure** such as buildings or plots of land that can be used for childcare centres. A third limitation may be a lack of **access to finance** to cover the initial start-up costs of such centres.

Three additional potential constraints fall under the 'rules' of the market system and will be described in more detail in the following sections: government **regulation** and minimum standards to assure a balance between the scaling up of providers and the quality they provide; the lack of clear **mandate** for childcare within government which may impede greater coherence and coordination in policymaking; and the **social norms** that govern the behaviour of the target communities.

The diagram below provides an illustrative example of the childcare market system:

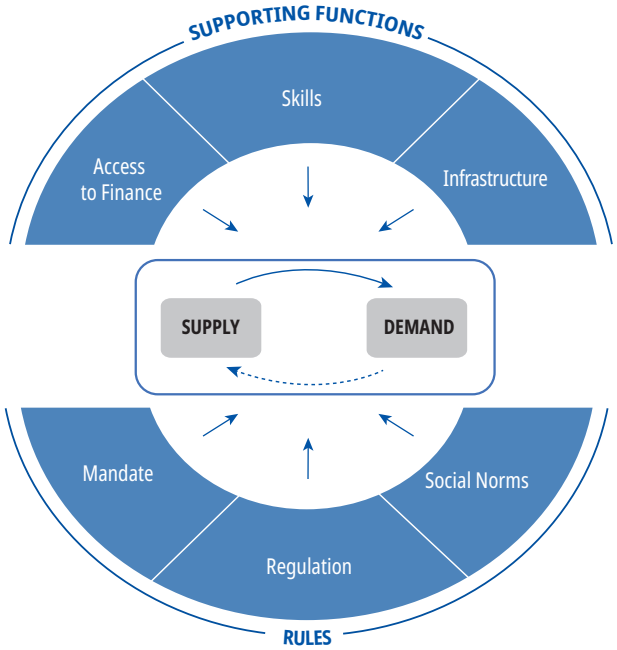


Figure 1: Illustrative example of the childcare market system

Case Study: Livelihood Improvement for Women & Youth, Ethiopia

The **Livelihood Improvement for Women & Youth (LI-WAY)** project aims to contribute to sustainable poverty reduction and social stability in Addis Ababa through increased access to wage and/or self-employment opportunities – with young women the primary target group.

LI-WAY's labour market diagnosis identified **domestic duties** as one of the key constraints to improved labour market outcomes for women. Within domestic duties, lack of affordable **childcare services** was recognised as the predominant challenge for low-income women. After giving birth, most of these women are out of the labour force for up to four years – until their child reaches primary school age. Those who instead return to work during this time are often forced to downwardly adjust their skill or experience level in order to balance their paid and unpaid work. Factoring in that these women tend to have multiple children, this clearly has long-term, negative consequences for their labour force participation.

LI-WAY's analysis of the childcare market system yielded a number of interesting findings. Looking at supply, the key challenge was the limited **availability** of service providers. There were generally not a lot of childcare centres, and these were not widely marketed. The private childcare market tended towards nannies hired by richer families to look after their young children within the household.

On the demand side, the two key issues were **affordability** and **trust**. The childcare centres that did exist were very expensive and beyond the reach of the target group: the average monthly earnings of the target group were below USD $45 while the average cost of childcare was between USD $60 and $120 per child per month. As childcare centres were not widespread, a secondary issue was that mothers did not feel comfortable leaving their children at the childcare provider, preferring a peer support system.

In the wider ecosystem, LI-WAY traced the high cost of childcare centres largely to **expensive rental prices** in Addis. Moreover, the **low supply of trained caregivers** seemed due to the high costs of childcare training courses at training institutions – which were charging between USD $200 and $300 for a 3-month course. The cost of these courses was clearly out of reach for many who might otherwise have decided to pursue them, particularly without adequate **access to finance**. Similar to the childcare centres, this high cost was largely a function of the expensive rental prices that training institutions had to pay.

Based on this analysis, as well as a multi-stakeholder workshop with government actors, childcare service providers and training centres, LI-WAY is seeking to help develop the market for affordable childcare services through three interventions:

- **Working with public institutions to facilitate lower cost private childcare provision**

Primary schools already have sufficient (or even surplus) space, and in some cases are already providing childcare for their staff. LI-WAY is working with two public schools to pilot expanding this childcare to low-income families in the local community through a public-private partnership. The idea is that a private provider pays rental income to the school to use its space, which would be lower than commercial rates and therefore more appealing to the private provider. In turn, the school gains additional income from its existing facilities. Finally, the lower operating costs for childcare providers should translate to lower fees for end-users, making the service more affordable for the target group LI-WAY is supporting. With more than 170 public primary schools across Addis, the potential for scaling up this model – should it yield promising results through the pilot phase – is highly encouraging.

- **Supporting childcare training centres to make their services more affordable**

LI-WAY is also initiating partnerships with childcare training centres to help make courses more accessible to low-income women. The project is currently exploring support to centres relating to the provision of trainers, training materials and rental space. The goal is to reduce operating costs, and by extension tuition fees, to help scale up childcare training opportunities to 1,000 people over 6 months. At the same time, the project is engaging with financial service providers to facilitate access to finance for women who are seeking to obtain childcare training but cannot afford the fees upfront.

- **Integrating childcare services within government-backed industrial parks**

Finally, LI-WAY is discussing with government agencies how large-scale childcare centres can be incorporated into newly created industrial parks, manufacturing centres and other labour-intensive areas. The centres would be able to serve the high number of employees in these areas and ideally also encourage greater female employment amongst the firms based there. For these larger scale centres, a social franchising model is being explored, inspired by its emerging trend within East Africa (see Box 3 below).

Box 3: Social Franchising Models of Childcare in Nairobi, Kenya

Kidogo and ***Tiny Totos*** are two social enterprises that have established themselves within the low-cost childcare space in Nairobi over the last five years. They both seek to address the poor-quality childcare services that exist in Nairobi's informal settlements through a *social franchising model* that creates a network of community-owned, quality-assured childcare centres.

In the social franchising model, services are provided to existing informal childcare centres in return for an affordable franchise fee. For example, Kidogo's and Tiny Totos' service offers include **monthly trainings** on how to improve the quality of early childhood education and learning, the health & nutrition of children and the safety of facilities; **business management** trainings to enhance enterprise development; **biweekly visits** from a local field officer who can provide support and feedback to centres; **monthly community of practice meetings** for childcare operators to provide peer support; and the use of a **mobile-based application** to assist centres in tracking their attendance, payments and cashflow.

Scaling up high-quality, affordable childcare lends itself well to a franchising model, given the high degree of **standardisation** possible across the franchise network and the brand being a clear **signal of quality** for parents deciding where to send their kids. While both organisations are relatively small players in Nairobi's large informal childcare market, systems change can still be achieved by these market actors putting pressure on similar-priced, non-franchised centres to improve their quality or risk losing customers.

Overall, the social franchising models of childcare in Nairobi demonstrate strong potential to enhance the quality of care for ***children***, provide greater labour market opportunities for ***young mothers***, and improve business outcomes for the largely ***female microentrepreneurs*** working in the childcare space: a **win-win-win** outcome.

Lessons

1. Unpack the childcare market system

Projects should understand and analyse childcare as its own system: identifying key underlying constraints within the core market and wider ecosystem, addressing these through pilot interventions to see what works and scaling this up.

Working on childcare-related interventions is a relatively new phenomenon for MSD programming. A practical starting point for projects is to treat childcare like any other sector and analyse the entire system to see where the obstacles to developing the market lie – similar to LI-WAY's approach. As with all MSD programming, these interventions should focus on sustainability, local ownership and pathways to scale.

However, given that childcare is a service affecting the lives and future prospects of children, additional considerations should be given to their safeguarding and educational development. There is therefore much benefit in working with existing players in the childcare market system, who are more likely to have a good level of expertise on the subject including a solid understanding of cost and sustainability issues. The progress of pilot interventions and their effect on women's economic empowerment can be monitored and assessed over time using a set of relevant results indicators, with high potential intervention models then being scaled up over time.

2. Cities as more mature markets

Cities appear most promising for exploring the wider market for childcare. This is because these urban centres are most likely to have developed childcare markets on the one hand, while also being more commonplace for both sexes to be working.

Where projects are situated – particularly in regard to population concentration – can determine their most effective strategy for engaging with childcare. Cities, more so than rural areas, present an opportunity to work across the childcare market system. For instance, despite a limited supply of service providers, LI-WAY still identified existing childcare centres, nannies and childcare-related training institutions operating within Addis Ababa. Estimates of over 3,500 informal childcare centres in Nairobi seem to back up this claim, as do the prevalence of low-cost childcare services in many other large cities. These 'thicker' markets can provide projects with a number of potential entry points for their interventions.

At the same time, urban areas tend to have lower gender gaps in labour force participation, which can make it easier for projects to navigate prevailing social norms and allow them to implement models that are in high demand – and therefore more easily scaled up.

2. Influencing Policy

Influencing policy, within the market systems development (MSD) context, refers to facilitating improvements in the formation and implementation of laws, regulations and standards by the state – encompassing national, regional and local government.[20] Influencing policy can enhance childcare in two ways: **quality** and **provision**. This can either be addressed explicitly, such as by enacting laws on the matter, or implicitly through other policies that may indirectly address childcare.

The **quality** of childcare can be improved by policy through regulation and licensing. A clear set of **regulations** could define the basic minimum levels of quality and safety required to operate a childcare service – such as the acceptable ratio of caregivers to pupils. Here, projects can convene government and other relevant stakeholders to draft a set of realistic **minimum standards**. A common constraint to improved regulation in developing countries is the **lack of a clear mandate** over childcare services by a single government agency. Responsibility is often spread across ministries of education, health and social services, so it is important for projects to ensure that all those with responsibility are involved throughout, perhaps even suggesting the streamlining of responsibility under one agency.

Even if regulations and minimum standards are established, **enforcement** still remains a challenge to ensuring that these levels of quality and safety are maintained. One way in which enforcement can be enhanced is through **licensing** of childcare service providers – which allows government to register these facilities, ensure they meet basic standards and provide the database for revisiting them in future. However, a key challenge to licensing is the huge level of informality – which means most childcare providers are unlikely to be registered and have few incentives to do so.

Provision can include three aspects. Firstly, encouraging government to fund **publicly provided childcare**, perhaps by demonstrating the positive effects this can have on children, parents and the wider economy or carrying out a more rigorous cost-benefit analysis. Perhaps more realistic is the second situation where resources already exist for the provision of services such as childcare, but **access** to these resources are limited – particularly for marginalised groups. Here, projects can promote greater inclusion by facilitating access to public services for those not currently benefitting from them (see case study below). Where public provision of childcare is absent and government lacks the resources or infrastructure to deliver these services, a third option is to encourage **public subsidies** to lower the cost of *private* childcare services for end users. While subsidies are often seen as distortionary in market systems programming, it is important to note that in many countries childcare is partially or fully subsidised by the state as a public good, with OECD member states on average spending more than 0.7 per cent of GDP on early childhood education and care.[21]

20 For more research on influencing policy in MSD programming, see the forthcoming brief by the Lab: Influencing the Rules of the Game.

21 OECD (2020)

Case Study: Alliances Caucasus Programme, Georgia

The **Alliances Caucasus Programme (ALCP)** is a market systems project working in the **livestock market system** across Georgia. Since 2011, the project has mainstreamed gender and women's economic empowerment throughout its interventions, incorporating a gender lens into its market systems analyses and carrying out more detailed, standalone **gender analyses**.

The gender analyses showed multiple constraints on women's time, mobility, access and agency, including a **lack of childcare and running water**. However, the key cross-cutting constraint identified by the programme was **women's exclusion from local decision-making processes**. Public decision-making often revolves around voting in municipal meetings, but women were strongly disenfranchised – with a participation rate of barely 5 per cent. Most did not even feel comfortable entering the municipal building. **Without meaningful participation in village meetings, women could neither voice their needs nor vote for resources to be channelled towards these needs.**

To enhance their voice, the ALCP supported the development of **women's rooms,** which **provided a dedicated space for women and children within local municipal buildings. Additionally, the project trained local village representatives** on how to include women in meetings. Here, the ALCP helped operationalise a government law on gender equality that lacked practical guidance on its implementation. The team helped put together a simplified set of **gender guidelines** which included a code of conduct for village representatives and a meeting checklist, addressing mobility and agency constraints limiting women's participation.

After this, **female participation in village meetings increased** to 30 to 40 per cent on average. This led **to significant changes in village priorities**, with two 'women-oriented' issues consistently being raised in meetings: **childcare** and **running water**. Once women were able to voice their needs and vote on them, municipal budget was allocated towards them. As a result, kindergartens were finally realised as a true public good for these communities: **between 2014 and 2018 seventy kindergartens were made operational, serving over 2,500 children.**

Looking at the impact of these kindergartens on women's economic empowerment, the ALCP documented a number of findings, including:

- **Increased income and control over resources:** childcare has allowed women to be more involved in income-generating activities such as the ALCP-facilitated dairy SMEs.
- **Decreased feeling of over-work:** despite greater involvement in income-generating activities, women reported feeling less overloaded due to a reduction in unpaid care work.
- **More time for self-care:** this included visiting beauty salons, dental clinics, relatives and celebrating birthdays, contributing to a greater sense of well-being.
- **Greater involvement in decision-making:** women saw the results of their participation in municipal decision-making and took part even more in meetings, especially as their time had been freed up by the kindergarten service.
- **New jobs for women:** 30 new jobs were created for women at the kindergarten centres – an important impact on women's economic empowerment often overlooked when focusing only on the benefits to mothers and their children.

Lessons

3. Public sector incentives matter

It is important to recognise government as a key player in the system and understand its motivational drivers. When public sector incentives are well aligned to those of an intervention, the potential to bring about systemic change is much stronger.

For the ALCP, piloting the women's rooms with three government municipalities encouraged other municipalities to adopt the model and allowed it to reach scale. This was feasible due to the alignment of incentives between the project and local municipal officials, who felt strong pressure from national government as well as female constituents to improve gender-based outcomes.

The ALCP's offer provided guidance and assistance to local officials in improving these gender-based outcomes for their municipality: increasing their political capital with national government and their social standing within the community. In this regard, it was important that the ALCP maintained low visibility and let local government take full ownership over the intervention. Developing childcare services in rural, high poverty areas such as those targeted by the ALCP in Georgia is not an easy task. In such areas, outreach through local municipalities and other public sector actors may provide the only feasible way to reach the rural poor at scale.

4. Gender analysis is critical

If gender is absent at the analysis stage, it won't be present in interventions or impact. Ideally this consists of a standalone gender analysis. If this is not feasible, gender-based constraints should at least be well-incorporated into market systems analyses.

Without a proper gender analysis, the ALCP would not have realised women's cross-cutting constraint of a lack of access to local decision-making processes. Even if other interventions in the livestock sector improved women's employment and income, it may have come at a significant cost to these women – whose access and agency may still have been limited in other ways.

Whilst the gender analysis identified a number of key constraints to women's empowerment (including childcare and running water), it was important that the ALCP did not *prescribe* these solutions – instead facilitating a platform for women to voice and prioritise their own needs, which contributed to greater access and agency.

5. Holistic understanding of WEE

Capturing the full effects of childcare provision on women's economic empowerment requires a holistic approach to WEE, looking beyond income generation and factoring in both quantitative and qualitative indicators.

The impact data from the ALCP demonstrate the multidimensional effects that childcare services can have on women's economic empowerment. However, without a holistic understanding of WEE in the first instance, these findings would not have been documented by the project. It is therefore critical that projects build on their initial gender analysis to define a broad base of WEE indicators to track during interventions.

Often, this requires going down to the household level and collecting data on changes in women's income, decision-making power, time use and subjective well-being – using both quantitative and qualitative methods. Importantly, reducing women's unpaid care work does not mean that they *necessarily* spend more hours in paid work – a common assumption amongst many programmes working with women. In fact, economic empowerment can still occur without increasing women's paid work, for instance by reducing drudgery, increasing leisure time and generally contributing to improved well-being.

3. Making the Business Case to Enterprises

Making the 'business case' to enterprises is about establishing a convincing argument for why it is in employers' interests to support childcare for their employees. There are a number of ways in which supporting childcare can potentially benefit a company.

Box 4: The Business Case for Employer-Supported Childcare

Based on extensive research through its *Tackling Childcare* Initiative, the International Finance Corporation documents the key business benefits of employer-supported childcare:

- **Recruitment:** childcare support can enhance a company's ability to attract and recruit high-quality staff, contributing to greater profitability.
- **Retention:** providing childcare can improve retention and reduce employee turnover, lowering employee replacement costs.
- **Productivity Gains:** childcare can substantially impact productivity by reducing absences; improving motivation, commitment and focus at work; and improving quality.
- **Workforce Diversity:** childcare can promote women's career advancement, improving diversity and in turn potentially enhancing financial performance vis-à-vis competitors.
- **Corporate Social Responsibility:** investments in childcare can form an important part of a company's CSR agenda, which can enhance their reputation with investors, consumers and other stakeholders.
- **Compliance:** investments in childcare can improve compliance with government laws and supplier policies, which can help companies access new markets and buyers, or open new sources of finance and investment.
- **Community Relations:** investing in childcare can improve public relations by contributing to local economic development and bolstering an image of the company as a caring employer.

Source: IFC Tackling Childcare (2017)

Enterprises can support childcare in different ways. This commonly takes three forms, ordered in increasing resource intensity: **subsidies**, **public-private partnerships** and **on-site childcare centres**. Subsidies consist of vouchers and other payment mechanisms where an employer partially covers the cost of childcare for its employees. Public-private partnerships can be used by enterprises to expand childcare provision within a local area, often prioritising spaces for children of a company's staff in return for a certain level of investment. On-site childcare centres provide a space at the workplace – operated either in-house or by an external childcare service provider – where employees' children can be looked after.

Within the developing country context, existing childcare services may not be prevalent – particularly in more rural areas. This makes it difficult for enterprises to support childcare through subsidies or public-private partnerships. Instead, on-site childcare centres are the more likely solution. However, these involve a significant initial investment from companies, which in turn requires a compelling business case – and may still not be feasible for smaller enterprises. Similar to traditional market systems interventions, projects can target 'lead firms' within industries, conducting an analysis of their main 'pain points' and seeing if any of these could potentially be relieved by investment in childcare.

Case Study: Market Development Facility, Pakistan

The **Market Development Facility (MDF)** is a market systems development project working in the dairy, meat, horticulture and leather sectors in Pakistan. In-depth poverty and gender analyses conducted in the **leather sector** showed **clear challenges for women** in terms of their **unpaid care workload**, a **lack of available services** such as transport, and **socially conservative norms** which constrained their participation in paid work. Therefore, despite the leather sector's strong growth potential in Pakistan, it was important for MDF to focus on how to expand the role of women within it.

Servis Footwear is one of the largest leather shoe manufacturers and exporters in Pakistan. A significant challenge to the growth of Servis' operations, as well as other firms in the sector, was a **labour constraint** linked to *male* workers. Men tend to have comparatively higher labour mobility, which meant that businesses like Servis would often devote resources to recruiting and training male workers only for them to leave after a short period of time. On top of this, skilled labour was difficult to entice and often required paying an advance of up to USD $1,200 – a significant investment despite the high turnover rate.

Targeting this constraint, MDF supported Servis to test the business case for hiring **female workers** based on **business benefits for retention** and **improved compliance**. On retention, a reduction in turnover would lead to savings in recruitment and training costs, which could then be reinvested elsewhere in the company to stimulate growth. On compliance, increased female workforce participation and childcare facilities would score additional marks for socially responsible practices and open up markets to new international buyers.

However, the challenges of hiring female workers within the socially conservative context of Pakistan were twofold. Firstly, it required a **separate working space** in order for women to feel safe and for the practice to be socially acceptable. Second, MDF's gender-sensitive analysis found that many women would feel uncomfortable leaving their children at home whilst they worked, which in turn could affect their productivity. Some form of **on-site childcare** would therefore help mitigate this.

In 2017, MDF partnered with Servis to facilitate a new, **women-only unit** and **childcare facility**. This involved creating a separate space within the factory for the unit, setting up two new stitching lines with the necessary machinery, hiring and training new female workers, furnishing a room for childcare purposes and hiring female carers for the children. MDF cost-shared the procurement of machinery for the stitching lines while Servis covered the remaining expenses, including all costs associated with the childcare facility.

Looking at the combined intervention of a women-only unit and childcare facility, some of the key findings shared by MDF include:

Enterprise-level

- **Retention:** The turnover rate between men and women was actually similar in the long run, despite the initial assumption of lower turnover for women. What is more, turnover was actually *higher for women during the first few months of training as it took them some time to settle into their new jobs.*
- **Compliance:** The additional facilities helped Servis gain additional marks in audits performed by international buyers. Some of these buyers even made a *specific request for their orders to be processed by female workers – presumably because this is being demanded by consumers and can be sold in higher-value markets.*
- **Quality:** The rework rate for footwear was lower in the female stitching lines compared to those operated by men, suggesting that women were working to a higher quality level.

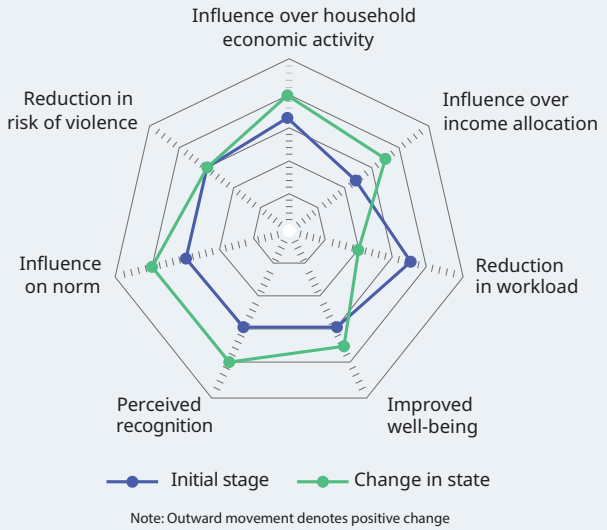


Figure 2: Changes in women's economic empowerment due to the Servis intervention, across seven WEE dimensions. (Source: MDF, 2018)

Target Group

Women's economic empowerment:
A direct result of this intervention was that Servis created 250 new jobs for women. These women gained greater financial independence and control over their income as Servis opens a bank account for each new worker, into which their wages are deposited. Regarding agency, the women reported experiencing a positive shift in recognition, confidence and responsibility within the household. Finally, while women's total workload increased – as most were not engaged in paid work before joining Servis – qualitative evidence suggests that the concurrent benefits of securing their own income and reducing their unpaid care work more than offset this.

Lessons

6. Female workforce a key entry point

The business case for employer-supported childcare seems most compelling for enterprises seeking to shore up their female workforce. In this case, childcare can form an integral part of a wider female engagement strategy.

Companies may want to shore up their female workforce for two reasons: they are trying to expand their workforce by encouraging new female entrants, like Servis, or they are trying to improve the productivity of an already largely or exclusively female workforce, as was the case with Afghan Bazaar Carpets – a partner firm of the ILO Road to Jobs MSD project in Afghanistan whose carpet weaving centres were all-female.

For Servis, childcare support was one aspect of a wider strategy that included *inter alia* culturally appropriate female-only facilities; training to improve women's skills and productivity; and transport services to and from the workplace. Small changes can yield large impact on female participation: Servis introduced a fixed wage for women instead of a piece rate, which was disincentivising potential female recruits given their low initial productivity and, by extension, daily income. A final point is to ensure that sex-segregated facilities do not reinforce occupational segregation – restricting women to lower skill, lower paid roles.

7. Working with lead firms has pros and cons

Lead firms are often the most willing and able to trial new interventions such as employer-supported childcare. But this can come at the expense of adoption by smaller firms, where such interventions are unfeasible given their relative lack of resources.

Both MDF and Road to Jobs made traction with childcare interventions through partnering with larger businesses serving international markets. This made it possible to pilot the intervention and document its dual benefits to business and women's economic empowerment. The interventions encouraged both enterprises to scale up their model, with Servis increasing the number of women-only stitching lines in their factory from two to five and Afghan Bazaar increasing its provision of kindergartens from one to four, serving a total of nine carpet weaving centres.

However, despite both projects documenting and disseminating their positive findings to other industry players, these companies have not yet followed suit – suggesting they may not have the financial resources for a similar investment. Interested smaller companies would instead request heavy financial support from the projects, which is unlikely to be sustainable or scalable in the long run. Finding ways to support these 'second movers' – striking the right balance between too little and too much support as well as jointly defining a scaling strategy – is important for wider systems change.

One emerging idea – as mentioned in the LI-WAY case study – is to encourage the clustering of smaller companies within certain industries through, for example, industrial parks or special economic zones where they can come together to cost share the provision of such services. Linked to Lesson 6, this could be particularly promising for those industries with a high female workforce.

8. Social norms matter

Simply providing access to childcare is not sufficient if women do not feel comfortable using this service or fear adverse consequences as a result. It is therefore important not only to work within existing social norms, but also seek to shift these over time.

Social norms form part of the market system and are particularly important in childcare-oriented interventions. The first step is to *acknowledge* the status quo and understand how to respect this while attempting to facilitate positive change. For example, MDF and Servis offered a female-only unit to make this proposal more acceptable amongst a socially conservative community. The company also held 'family days' where they invited members of the community to visit the factory to assure them of the appropriateness of the working facilities for women. Similar analyses could be developed to understand social norms around the use of childcare services.

The next step is to *influence* the social norms that limit women's economic empowerment, which would create an environment for gender-transformative change. Specifically for childcare services, this would consist of interventions that would make it more socially acceptable for women to use such services – rather than staying at home to look after their children themselves or relying on extended family members. For MDF, proactively influencing social norms presented two challenges: first, it was difficult to decide *if* the project should even attempt to address this issue – a common trend across MSD programmes due to the 'non-market' actors and long timeframe needed – and second, it was not clear *how* to do this using the MSD approach.

Despite not focusing explicitly on influencing social norms, qualitative evidence from MDF's partnership with Servis suggests that families became more comfortable with women going to work; other women's aspirations were positively influenced by viewing the initial group of working women as role models; and male staff at Servis were even encouraging their female household members to join the company. Thus, acknowledging the importance of social norms and tracking them over time can reveal significant benefits to women's empowerment that may not be explicitly targeted by interventions.

Summary of Key Lessons

1. Unpack the childcare market system
Projects should understand and analyse childcare as its own system: identifying key underlying constraints within the core market and wider ecosystem, addressing these through pilot interventions to see what works and scaling this up.

2. Cities as more mature markets
Cities appear most promising for exploring the wider market for childcare. This is because these urban centres are most likely to have developed childcare markets on the one hand, while also being more commonplace for both sexes to be working.

3. Public sector incentives matter
It is important to recognise government as a key player in the system and understand its motivational drivers. When public sector incentives are well aligned to those of an intervention, the potential to bring about systemic change is much stronger.

4. Gender analysis critical
If gender is absent at the analysis stage, it won't be present in interventions or impact. Ideally this consists of a standalone gender analysis. If this is not feasible, gender-based constraints should at least be well-incorporated into market systems analyses.

5. Holistic understanding of WEE
Capturing the full effects of childcare provision on women's economic empowerment requires taking a holistic approach to WEE, looking beyond income generation and factoring both quantitative and qualitative indicators.

6. Female workforce a key entry point
The business case for employer-supported childcare seems most compelling for enterprises seeking to shore up their female workforce. In this case, childcare can form an integral part of a wider female engagement strategy.

7. Working with lead firms has pros and cons
Lead firms are often the most willing and able to trial new interventions such as employer-supported childcare. But this can come at the expense of adoption by smaller firms, where such interventions are unfeasible given their relative lack of resources.

8. Social norms matter
Simply providing access to childcare is not sufficient if women do not feel comfortable using this service or fear adverse consequences as a result. It is therefore important not only to work within existing social norms, but also seek to shift these over time.

Conclusion

This research brief has demonstrated the importance of **childcare services** in alleviating the burden of **unpaid care work** for women, and made clear the positive contribution this can have on **women's economic empowerment**. It has shown how the market systems approach can yield opportunities to facilitate improvements in childcare provision and quality – documenting three broad approaches that MSD projects have taken to do so. Finally, it has made the case for development practitioners to engage with childcare services, summarising the key lessons drawn from recent project experiences for donors and implementers encouraged to move into this space.

Investing in childcare services has the potential to enhance the quality of care and education for children, provide greater labour market opportunities for recent mothers and create decent, skilled and paid jobs for other women within the care economy: a ***'triple-win'*** for society.

There is a **nascent** but growing appreciation of the importance of childcare and its impact on women's economic empowerment within market systems programmes. However, as a relatively unfamiliar territory for most projects, there has been some **reluctance** from both donors and implementers to engage directly in childcare services.

Rather than shy away from this sector, projects should not be afraid to **test promising initiatives**. Taking a **systems approach** would allow programmes to engage with childcare in a more **sustainable** manner: scaling up high quality childcare services, enhancing labour market opportunities for women, and boosting women's economic empowerment.

The author would like to thank Aga Khan Foundation, ALCP, Kidogo, LI-WAY, MDF Pakistan, Road to Jobs and Tiny Totos for sharing their time and experiences, as well as Linda Jones and Julia Hakspiel for their valuable inputs and peer review.

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