

THINK PIECE IN SHORT

# INNOVATIONS IN CHILDCARE TO ADVANCE WOMEN'S ECONOMIC EMPOWERMENT

Can inclusive Care Entrepreneurship  
be a pathway to address gaps in  
the childcare sector in Asia and the Pacific?



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# THE THINK PIECE IN SHORT

**The impacts of crises are never gender-neutral, and COVID-19 is no exception: UN Women has documented in real time<sup>1</sup> how the pandemic is rolling back decades of hard-won socio-economic gains.**

While everyone is facing unprecedented challenges, women are bearing the brunt of the economic and social fallout of COVID-19.<sup>2</sup> Across the globe, in economies of every size, existing gender inequalities and socio-economic barriers have only been exacerbated. Along with losing income, women have carried the exponential burden of increased unpaid care and domestic work.<sup>3</sup> **It is clear that action must be taken now to stop this backsliding, ensuring women are both the architects and beneficiaries of policies to build back stronger and better.<sup>4</sup>**

Crises can also spur a momentum for catalytic and positive change—this has proved to be the case in terms of childcare in Asia and the Pacific. During the pandemic, across the region governments, small businesses and non-governmental organizations (NGOs) had to scramble to accommodate lockdown mandates. In so doing they also created new partnerships, models, policies and practices for sustainable and affordable childcare that allowed parents to continue working, whilst knowing their children were safe. More advocacy and awareness have been created about the importance of increased investments into the childcare sector. **In fact, the provision of accessible, affordable and quality childcare provides what has been termed a “triple dividend.”<sup>5</sup> It can: improve female labour force participation rates;<sup>6</sup> enhance children’s education**

**and capabilities; and create decent jobs in the paid care sector in which women dominate.** This is also a sector that requires a labour-intensive, skilled workforce that cannot by its nature be automated, and to date is predominantly female.<sup>7</sup> Thus a scaled childcare ecosystem resourced by foundational investments could provide both quality jobs and quality care for children, bringing exponential benefits for families and the economy.<sup>8</sup>

Necessity can be the mother of invention. Even when governments recognize the public value of childcare, budget constraints and different priorities have precluded investments and limited the speed of delivery of childcare services. This is where Childcare Entrepreneurship, although in its early stages, can be one pathway to help close the persistent supply-and-demand gap in the care sector.

The delivery of childcare services can be supported by several types of structures, including: blended finance between the public and private sectors; the creation of new Care Entrepreneurship business models that leverage local talent and provide community-specific, tailored solutions; and pioneering cross-over tech solutions from other successful industries and impact investing spaces.

## DEFINITION: CHILDCARE ENTERPRISE

A childcare enterprise here is taken to mean one that provides and/or facilitates paid childcare work. Such enterprises may provide a variety of products and services, including on-demand or centre-based childcare services for families and corporates. The products and services provided reduce time and labour spent on unpaid care or provide training and decent work opportunities to professionalize caregiving, thus enhancing the quality of childcare. Products and services may also include technology and digitally enabled platforms that, for example, provide secure matchmaking between employers (including both corporates and private customers) and care workers.

## Can inclusive Care Entrepreneurship help close gaps in childcare in Asia and the Pacific?

This is the question at the centre of this Think Piece. Although the ecosystem is nascent, and early childhood care and education are still predominantly unpaid and carried out in the home, there are some promising models emerging in the region that could be replicated and scaled to fill childcare gaps.

This would in turn contribute to efforts to rebuild economies, and to reconsider the care economy as a public good with economic and social impact potential. **Now is the time to seize the momentum, since never before has the problem been so visible, and to so many.** This is an opportunity to identify challenges and opportunities and reach beyond the usual audience, to all the players in the ecosystem including governments, businesses, care enterprises and investors.

UN Women supports the creation of a dynamic Childcare Entrepreneurship ecosystem with ever more stakeholders to spark new ideas, design pilot projects, and provide insights into how to leverage and scale innovation to close the care gap. After all, the problem is so large that innovation is a vital policy lever for governments to reverse the gendered effects of Covid-19 and build resilient, inclusive economies where women can equally participate.

The Think Piece is grounded in existing policy and guiding frameworks, namely:

- **Sustainable Development Goal (SDG) 5**, which calls for the recognition and valuing of unpaid care and domestic work through public services, infrastructure and social protection policies, and the promotion of shared responsibility within the household and the family as nationally appropriate (target 5.4);<sup>9</sup>
- **The 2030 Sustainable Development Agenda and the Decent Work Agenda**, which includes commitments to acknowledge and resolve the challenges of providing formal, quality care services;<sup>10</sup>
- **The UN Secretary-General's High-Level Panel on Women's Economic Empowerment**, which states that providing care is fundamental to human development;<sup>11</sup>
- And the **International Labour Organization's (ILO) 5R Framework for Decent Care Work**, which maps out a high road for care work with gender equality.<sup>12</sup>

More recently, the Generation Equality Action Coalition on Economic Justice and Rights (AC EJ) convened by UN Women includes as its vision "a care economy that equitably shares and values care and domestic work."<sup>13</sup> The AC EJ has also established the Global Alliance for Care,<sup>14</sup> which can be a powerful vehicle also in Asia-Pacific to re-think the care economy in a more holistic and multi-stakeholder approach.

This Think Piece is the first in a series on the care ecosystem, to show how Childcare Entrepreneurship could address gaps in the sector. It captures insights from various case studies, an ecosystem landscaping exercise, employer surveys, and a pilot programme: the UN Women Care Accelerator (CA), which is funded by the European Union.<sup>15</sup> The CA is a concept for Asia and the Pacific that illustrates how an ecosystem approach can bolster Childcare Entrepreneurship and strengthen market-based solutions to provide affordable, accessible and quality childcare. We hope it sparks new ideas, encourages new actors to contribute to the Care Entrepreneurship ecosystem, and helps produce solutions that respond to a vital and as yet unmet need, and in turn unleash the opportunity of Care Entrepreneurship to accelerate yielding the triple dividend of childcare for economies and societies in Asia and the Pacific.

While the CA is a first-of-its-kind programme in Asia and the Pacific, the number of care entrepreneurs is increasing around the globe and more efforts are being made to make these solutions visible. In 2022, as part of the global TCEI research initiative, 175 businesses with promising models operating in the care economy were researched and documented on the Care Economy Knowledge Hub.<sup>16</sup>

## In Conclusion:

**Care Entrepreneurship can be one pathway to address gaps in the childcare sector in Asia and the Pacific.** In fact, the business case for investing in affordable, accessible and quality Childcare Entrepreneurship solutions is pro-women, pro-children and pro-poor. However, the Think Piece also shines a light on the urgency of collective action and investments to ensure a concerted implementation that emphasizes the benefits and minimizes the risks involved in some Care Entrepreneurship solutions.

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4 UN Women (2020). *From insights to action: Gender equality in the wake of COVID-19*. Link: <https://www.unwomen.org/en/digital-library/publications/2020/09/gender-equality-in-the-wake-of-covid-19>

5 UNICEF (Jun. 2021). *Where do rich countries stand on childcare?*. Link: <https://www.unicef-irc.org/publications/1203-where-do-rich-countries-stand-on-childcare.html>

6 Blau, F. & Kahn, L. (2013). *Female Labor Supply: why is the United States falling behind?* *American Economic Review*, 103 (3), pp. 251-5.

7 Gathmann, C & Sass, B. (2018). "Taxing Childcare: Effects on Family Labor Supply and Children". *Journal of Labor Economics, University of Chicago Press*, 36(3) pp. 665-709

8 Mateo Diaz & M. Rodriguez-Charmussy, L. (2012). *Childcare and women's labour participation: evidence for Latin America and the Caribbean*. IDB Technical Note 586.

9 Kashen, J. Potter, H. & Stettner, A. (2016). *Quality Jobs, Quality Childcare*. The case for a well-paid, diverse early education workforce. *The Century Foundation*. Link: <https://tcf.org/content/report/quality-jobs-quality-child-care/>

10 World Bank (Dec. 2020). *Better Jobs and Brighter Futures: Investing in Childcare to Build Human Capital*. Link: <https://openknowledge.worldbank.org/handle/10986/35062>

11 UN n.d. Goal 5: Achieve gender equality and empower all women and girls. Link: <https://sdgs.un.org/goals/goal5>

12 UN n.d. Goal 5: Achieve gender equality and empower all women and girls. Link: <https://www.un.org/sustainabledevelopment/gender-equality/>

13 UN Secretary General's High Level Panel on Women's Economic Empowerment. Link to website: <https://hlp-wee.unwomen.org/en>

14 ILO (2018). *Care and Care Jobs for the Future of Decent Work*. Link: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_633135.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_633135.pdf)

15 UN Women (2021). *Action Coalitions Global Action Plan*. Link: <https://forum.generationequality.org/sites/default/files/2021-06/UNW%20-%20GAP%20Report%20-%20EN.pdf>

16 UN Women (Jun. 2021). *Global Alliance for Care: an Urgent Call to Action*. Link: <https://forogenerationigualdad.mx/7740-2/?lang=en>

17 Seedstars, Bopinc and WeEmpowerAsia (23 Apr. 2021). *UN Women launches new programme to foster women's economic participation in the care industry* (Blog Post). *UN Women*. Link: <https://asiapacific.unwomen.org/en/news-and-events/stories/2021/04/un-women-launches-new-programme-to-foster-womens-economic-participation-in-the-care-industry>

18 The Care Economy Knowledge Hub. Link to website: <https://www.the-care-economy-knowledge-hub.org/>

## THINK PIECE INSIGHTS

We have argued that entrepreneurship is an important lever to fill the childcare supply gap. The way to do this is to build a holistic ecosystem that can reap a triple dividend: increased female labour-force participation; better early childhood education quality; and an increased number of quality jobs for women and women-led companies.

The following insights are intended to spark further discussion and catalyse actions to build the **Childcare Entrepreneurship ecosystem in Asia and the Pacific**:



1

**Care Entrepreneurship can support a shift from unpaid to paid childcare that is affordable, accessible and of high quality.**

Market-based solutions through Care Entrepreneurship have the potential to complement and enhance the public provision of care and/or support the delivery of public-supported childcare.

2

**Technology not only helps to fill information gaps, but can be leveraged to provide other complementary services.**

Like other online 'labour' platforms in the region (e.g., Gojek, Grab), online childcare businesses have an important function as marketplaces that match care workers with consumers more quickly than conventional, offline platforms.

3

**To build the new Childcare Entrepreneurship ecosystem, foundational finance, capacity building and development are needed;**

From ideation, incubation, to acceleration programmes supporting ecosystem building to co-develop integrated approaches. Blended finance can mitigate the perceived risks of childcare businesses, which are not always viewed as financially viable or interesting investments; furthermore, not all childcare businesses wish to be 'unicorns'—beyond equity financing, these businesses seek other forms of investment and non-financial support.

4

**Models to reach the base of the pyramid market exist, but they are few and often informal.**

They tend to be run as micro-enterprises and receive limited financing. There are possibilities to grow this segment through franchise models or models supported by NGOs and blended investment in ways that serve low-income communities. More research is needed, including country-specific studies, to identify existing models in other entrepreneurship ecosystems in Asian countries. Cross-sectoral learning can support efforts to create new ideas that embrace a multi-stakeholder approach.

5

**Not all care enterprises are impact-driven or gender-inclusive.**

Childcare enterprises in the region have limited awareness of gender equality, and only a few have policies and practices that promote inclusive business conduct and decent work opportunities. Further, many do not yet consider themselves social-impact businesses.

6

**Data is scarce.**

Given the emergent nature of this space, there is limited data available on the size of the Childcare Entrepreneurship market; and well-established data platforms, such as the Global Entrepreneurship Monitor (GEM) do not capture such segmented data. Equally, no sex-disaggregated data is available on the ownership of enterprises, nor is any other data on the size of these enterprises.

To build an inclusive Childcare Entrepreneurship ecosystem, all players must contribute.

### For governments



- ➔ Enable new delivery mechanisms for childcare entrepreneurs to close the gap between care supply and demand
- ➔ Provide structural investments, blended finance, subsidies and/or (tax) incentives for employers to provide childcare
- ➔ Strengthen legal protections for children, parents and employees
- ➔ Simplify business processes for care entrepreneurs
- ➔ Collect data on the hidden economic burden of childcare

### For business corporations (employers)



- ➔ Learn the lessons of COVID-19 and embrace flexible, family-friendly policies to increase productivity and retain workers
- ➔ Create partnerships with care enterprises to provide flexible on- and offsite childcare solutions for employees

### For (care) entrepreneurs



- ➔ Take advantage of the range of business models for childcare services: From B2C (business-to-consumer), B2B (business-to-business) and B2G (business-to-government), there are now a range of approaches that can be deployed and that offer business development opportunities
- ➔ Take advantage of digital and tech-enabled platforms to expand customer base and make new solutions available
- ➔ Embrace impact-driven and gender-inclusive business approaches
- ➔ Look for entrepreneurship support programmes for knowledge exchange, network building and access to investments

### For investors and entrepreneurship organizations (including NGOs)



- ➔ Remember that entrepreneurs need different kinds of support along the way
- ➔ Build ecosystem capacity on gender-smart practices and equality to make Care Entrepreneurship a source of women's empowerment for founders, employees, and beneficiaries
- ➔ Leverage existing and established entrepreneurship support organizations and raise awareness on the business and investment case in care

### For donors, academics, civil society organizations (CSOs) and NGOs



- ➔ Investments in the care sector are pro-poor and pro-women, yet often still risky for private investors; donors can support blended-finance approaches
- ➔ Research must be laser-focused on what entrepreneurs really need and research needs to be gender-responsive
- ➔ Donors can invest to bring together different stakeholders to accelerate efforts to build an inclusive Care Entrepreneurship ecosystem

## UN Women Regional Office Asia and the Pacific

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### WeEmpowerAsia (WEA)

WEA was a 2019-2022 joint programme of the European Union and UN Women aimed at increasing the number of women who lead and participate in business across seven countries: China, India, Indonesia, Malaysia, the Philippines, Thailand and Viet Nam. WEA aimed to build inclusive and sustainable growth and stronger links between European and Asian markets through gender- sensitive trade and supply chains.



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