

Multi-year Expert Meeting on
**ENHANCING THE ENABLING ECONOMIC ENVIRONMENT AT ALL LEVELS IN SUPPORT OF
INCLUSIVE AND SUSTAINABLE DEVELOPMENT,
AND THE PROMOTION OF ECONOMIC INTEGRATION AND COOPERATION**
Third session

25-26 February 2019

**Investing in the Care Economy: A Gender Equitable Strategy for Employment
Generation and Inclusive Growth**

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD

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How labour and macroeconomic policies can contribute towards
the achievement of the Sustainable Development Goals

Investing in the Care Economy:

A Gender Equitable Strategy for Employment Generation and Inclusive Growth

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Intervention Point 1:

Unpaid Care, Gender and Employment

UNCTAD Background Note, p.6

- *“Given the employment challenges associated with structural and technological change, and women’s primary responsibility for both paid and unpaid care work, transforming care activities into decent work should become an integral part of strategies aimed at building more inclusive economies.”*

Source: UNCTAD 2017, chapter 4.

Intervention Point 2: Fiscal Policy and Public Investment as a tool for Employment Creation and Inclusive Growth

UNCTAD Background Note, p.8

- “... monetary policy alone is not enough; a broad menu of proactive fiscal and industrial policies is essential for generating the structures and conditions that support the expansion of aggregate demand and domestic productivity growth.”
- “In the current context of weak demand in most individual economies and the global economy as a whole, fiscal spending should become the single most important ingredient in public policy for employment creation.”
- “However, the type of public spending matters, not only for its welfare implications but also for its macroeconomic impact. Government spending on social services, in particular in care activities that are typically underprovided by the State in most countries, generates much higher multiplier effects on employment.”

Recent Research on Linkages between Public Investment in Care, Gender Inequalities, Employment Generation and Inclusive Growth

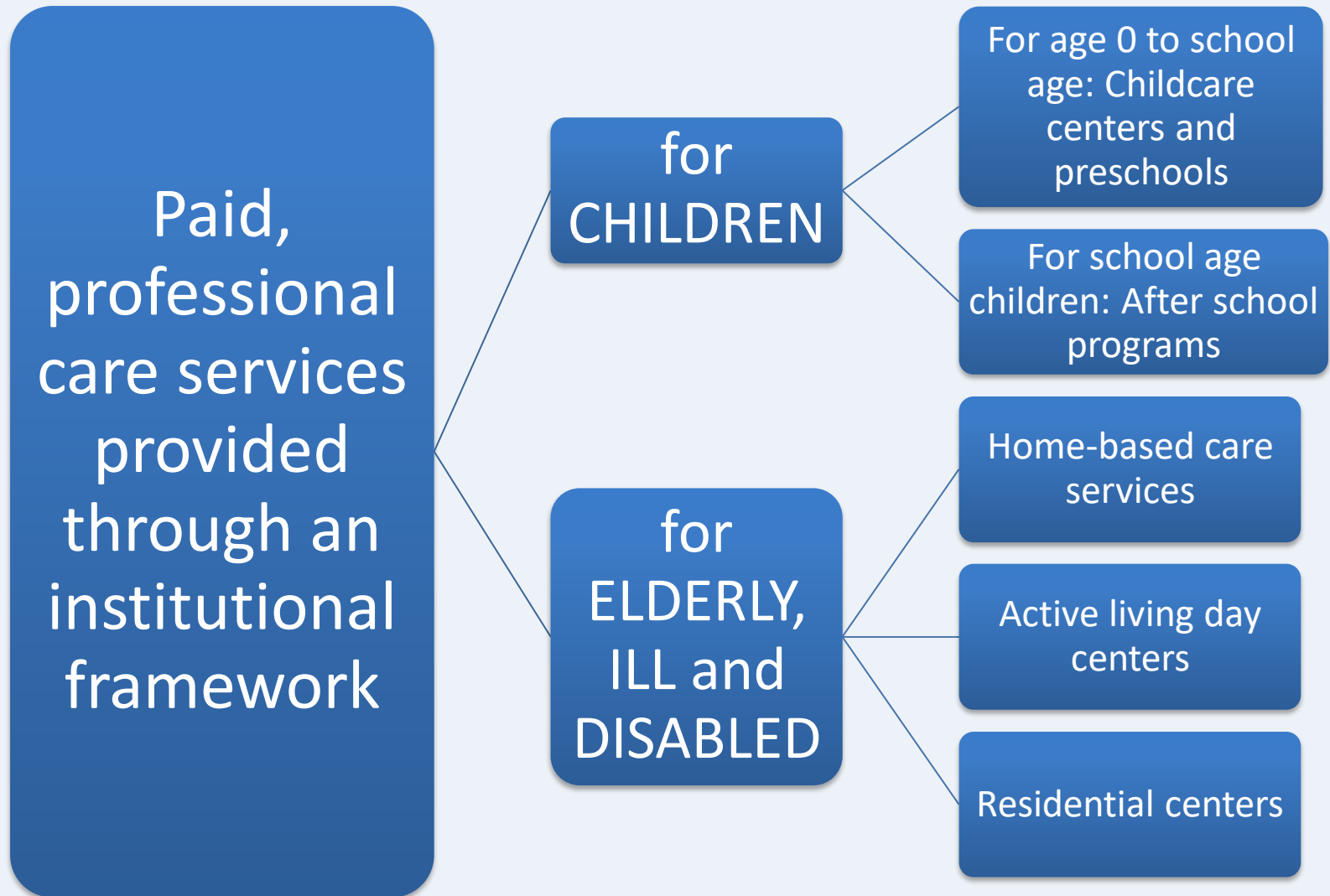
Policy simulations on the economic impact of an increase in fiscal spending on social care service expansion in terms of *short-run, labor demand-side* outcomes:

- Employment creation
- Poverty reduction
- Equality by gender and socioeconomic status
 - through the allocation of newly generated jobs and earnings by gender, education and household income

Comparison of spending on

- social care service infrastructure
- vs. physical infrastructure (construction)
 - vs. green energy
 - vs. cash transfers

What is a Social Care Service Infrastructure?



Steps of Analysis

1. Assessment of the Care Deficit and Estimation of Costs/Fiscal Expansion

- What are the country specific policy targets in social care service expansion?
- What is the cost of implementation? How does it compare to current fiscal spending patterns?
- What is the cost structure of service provisioning (allocation of expenditures across inputs)?

2. Estimation of Employment Generation (Input-Output Analysis)

- Share of new jobs in social care vs. other sectors from which social care procures inputs
- Distribution of new jobs by occupation and industry (and gender).

3. Estimation of Distributional Outcomes (Micro-simulation)

Assign generated jobs to unemployed and inactive workers to estimate:

- distribution of newly generated jobs by gender, age, education, household income quintile;
- increase in household earnings;
- impact on poverty alleviation.

Recent Research on Linkages between Public Investment in Care, Gender Inequalities, Employment Generation and Inclusive Growth

- **South Africa** - Levy Economics Institute; Antonopoulos and Kim (2008)
- **U.S.A.** - Levy Economics Institute; Antonopoulos, Kim, Masterson and Zacharias (2010)
- **Turkey** – *Istanbul Technical University and Levy Economics Institute; Ilkkaracan, Kim and Kaya (2015)*
.....
- **6 OECD countries** – ITUC; de Henau, Himmelweit and Perrons (2016)
- **7 developing economies** – ITUC; de Henau, Himmelweit and Perrons (2017)
- **45 high- and middle-income countries** – *ILO Care Jobs report; Ilkkaracan and Kim (2018)*
- **Kyrgyzstan** – OECD and UN Women; Ilkkaracan, Kim, Ablezova and Abdullaeva (2019)
- **Former Yugoslav Republic of Macedonia** - OECD and UN Women; de Henau and Mojsoska-Blazevski (2019)

The Impact of Public Investment in Social Care Services on Employment, Gender Equality, and Poverty: The Turkish Case

ISTANBUL TECHNICAL UNIVERSITY WOMEN'S STUDIES CENTER
AND THE LEVY ECONOMICS INSTITUTE OF BARD COLLEGE

IPEK ILKKARACAN, KIJONG KIM, and TOLGA KAYA

AUGUST 2015



WOMENSTUDIESCENTRE
IN SCIENCE, ENGINEERING AND TECHNOLOGY
ISTANBUL TECHNICAL UNIVERSITY

Research Study on Turkey

To explore the economic rationale for increased public investment and spending on social care expansion in Turkey.

- ***Why Turkey?***

- Dual Jobs Challenge:
 - Low (female) labor force participation plus
 - High unemployment + disguised forms of unemployment
- Gender gaps in the labor market intertwined with the unequal distribution of the care burden
- A highly underdeveloped social care service sector
 - including childcare centers and preschools,
 - mostly private accessible only to high-income households
- Fiscal expansion plus stimulatory spending in 2000's directed for most part to construction and physical infrastructure, cash transfers and public employment

Enrolment in Early Childhood Care and Preschool Education (ECCPE) Institutions in Turkey is on an increasing trend, but still very low for under age 5.

TABLE 2: ENROLLMENT RATES IN PRESCHOOL EDUCATION BY AGE GROUP, 2007–2015

| Year | 0–35 Months | | | 36–48 Months | | | 48–60 Months | | | 60–72 Months | | |
|---------|----------------|--------------------|-----------------|----------------|--------------------|-----------------|----------------|--------------------|-----------------|----------------|--------------------|-----------------|
| | Age Population | Number of students | Enrollment rate | Age Population | Number of students | Enrollment rate | Age Population | Number of students | Enrollment rate | Age Population | Number of students | Enrollment rate |
| 2007–08 | 3,453,863 | — | | 1,117,092 | 32,614 | 2.9 | 1,162,951 | 151,361 | 13.0 | 1,182,909 | 517,787 | 43.8 |
| 2008–09 | 3,603,131 | — | | 1,200,634 | 43,415 | 3.6 | 1,194,493 | 170,228 | 14.3 | 1,176,727 | 591,122 | 50.2 |
| 2009–10 | 3,707,156 | — | | 1,230,724 | 50,804 | 4.1 | 1,217,441 | 201,033 | 16.5 | 1,194,415 | 728,817 | 61.0 |
| 2010–11 | 3,666,151 | — | | 1,273,837 | 53,766 | 4.2 | 1,238,735 | 237,292 | 19.2 | 1,225,563 | 824,760 | 67.3 |
| 2011–12 | 3,655,783 | — | | 1,265,286 | 58,330 | 4.6 | 1,278,755 | 245,865 | 19.2 | 1,244,302 | 865,361 | 69.5 |
| 2012–13 | 3,671,579 | — | | 1,245,342 | 91,443 | 7.3 | 1,282,036 | 456,363 | 35.6 | 1,283,007 | 530,127 | 41.3 |
| 2013–14 | 3,717,426 | 8,878 ¹ | 0.2 | 1,240,578 | 96,145 | 7.8 | 1,248,411 | 402,053 | 32.2 | 1,290,772 | 561,297 | 43.5 |
| 2014–15 | 3,821,735 | — | | 1,229,654 | 111,970 | 9.1 | 1,243,144 | 402,326 | 32.4 | 1,250,908 | 642,365 | 51.4 |

Source: Compiled from MoE statistics and Turkstat population statistics.

1. Number of enrolled children in 0–35 months obtained from the MFSP for the 2013–2014 school year.

What is the necessary expenditure for Turkey to attain OECD average preschool enrollment rates for childcare?

TABLE 9: ESTIMATED SCALE OF PUBLIC EXPENDITURES FOR ECCPE EXPANSION FOR TURKEY TO REACH OECD AVERAGE ENROLLMENT RATES

| Age | a. Age population | b. Number of enrolled students | c. OECD average ¹ | d. Required total capacity to reach OECD average (a x c) | e. Required additional capacity (d - b) | f. Annual cost per student (TRY) | g. Total annual cost (e x f) | h. Annual cost per student (TRY) | i. Total annual cost (e x h) |
|---------------|-------------------|--------------------------------|------------------------------|--|---|----------------------------------|------------------------------|----------------------------------|------------------------------|
| < 1 | 1,229,012 | — | | | | | | | |
| 1 | 1,262,391 | — | | | | | | | |
| 2 | 1,226,023 | — | | | | | | | |
| Under 3 total | 3,717,426 | 8,878 | 33% | 1,211,881 | 1,203,003 | | | 8,472 ² | 10,191,841,416 |
| 3 | 1,240,578 | 96,145 | 70% | 868,405 | 772,260 | | | | 4,763,299,680 |
| 4 | 1,248,411 | 402,053 | 84% | 1,048,665 | 646,612 | | | | 3,988,302,816 |
| 5 | 1,290,772 | 561,297 | 94% | 1,213,326 | 652,029 | | | | 4,021,714,872 |
| 3-5 total | 3,779,761 | 1,059,495 | | 3,130,396 | 2,070,901 | | | 6,168 ³ | |
| 0-5 total | 7,497,187 | 1,068,373 | | 4,342,276 | 3,273,903 | 6,333 ² | 20,732,320,646 | | 22,965,158,784 |

1. OECD average enrollment rates for 2010 for children under 3 years old and for 2012 for children 3-5 years old; OECD Family database [http://www.oecd.org/edu/EAG2014-Indicator%20C2%20\(en\).pdf](http://www.oecd.org/edu/EAG2014-Indicator%20C2%20(en).pdf).

2. In 2014 prices; derived from IPSOS field survey (see Appendix I), adjusted for Turkey by the regional real estate and consumer price deflators for 2014 (see explanation in discussion of Table 9).

3. Calculated from data based on MFSP pilot exercise for the 2013-2014 school year for an exemplary nursery/day-care center with a capacity of 40 children under 3 years old and a teacher and teacher's assistant for every 10 children.

4. Calculated from data based on MFSP pilot exercise for the 2013-2014 school year for an exemplary nursery/day-care center with a capacity of 60 children 3-5 years old and a teacher and teacher's assistant for every 20 students.

**What would be the economic impact of
the Turkish Government investing the equivalent of 1.8% of GDP in
social care service infrastructure
vs.
physical infrastructure and construction
vs.
cash transfers to the low-income households for child allowances?**

***Economic returns measured in
terms of***

- *Employment Generation*
- *Poverty Reduction*
- *Gender Equality*
- *Short-run fiscal feasibility*

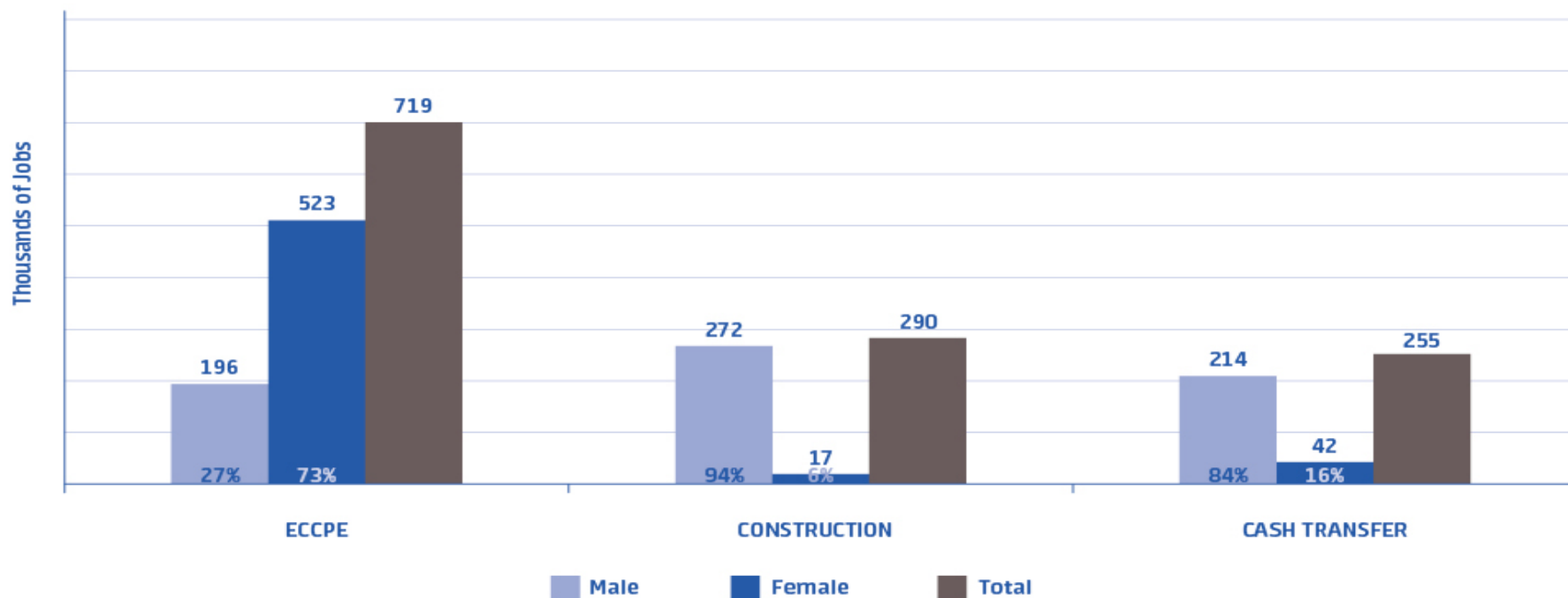
**A Two-Step
Methodology**

1. Input-output analysis
2. Micro-simulation

The same magnitude of expenditure on social care generates 2.5 times the number of jobs as in construction, and 30 times the number of jobs for women.

FIGURE 11: EMPLOYMENT GENERATION POTENTIAL OF EXPENDITURE ON ECCPE SERVICE PROVISIONING VERSUS CONSTRUCTION

FIGURE 11: EMPLOYMENT GENERATION POTENTIAL OF EXPENDITURE ON ECCPE SERVICE PROVISIONING VERSUS CONSTRUCTION BOOM VERSUS CONDITIONAL CASH TRANSFERS



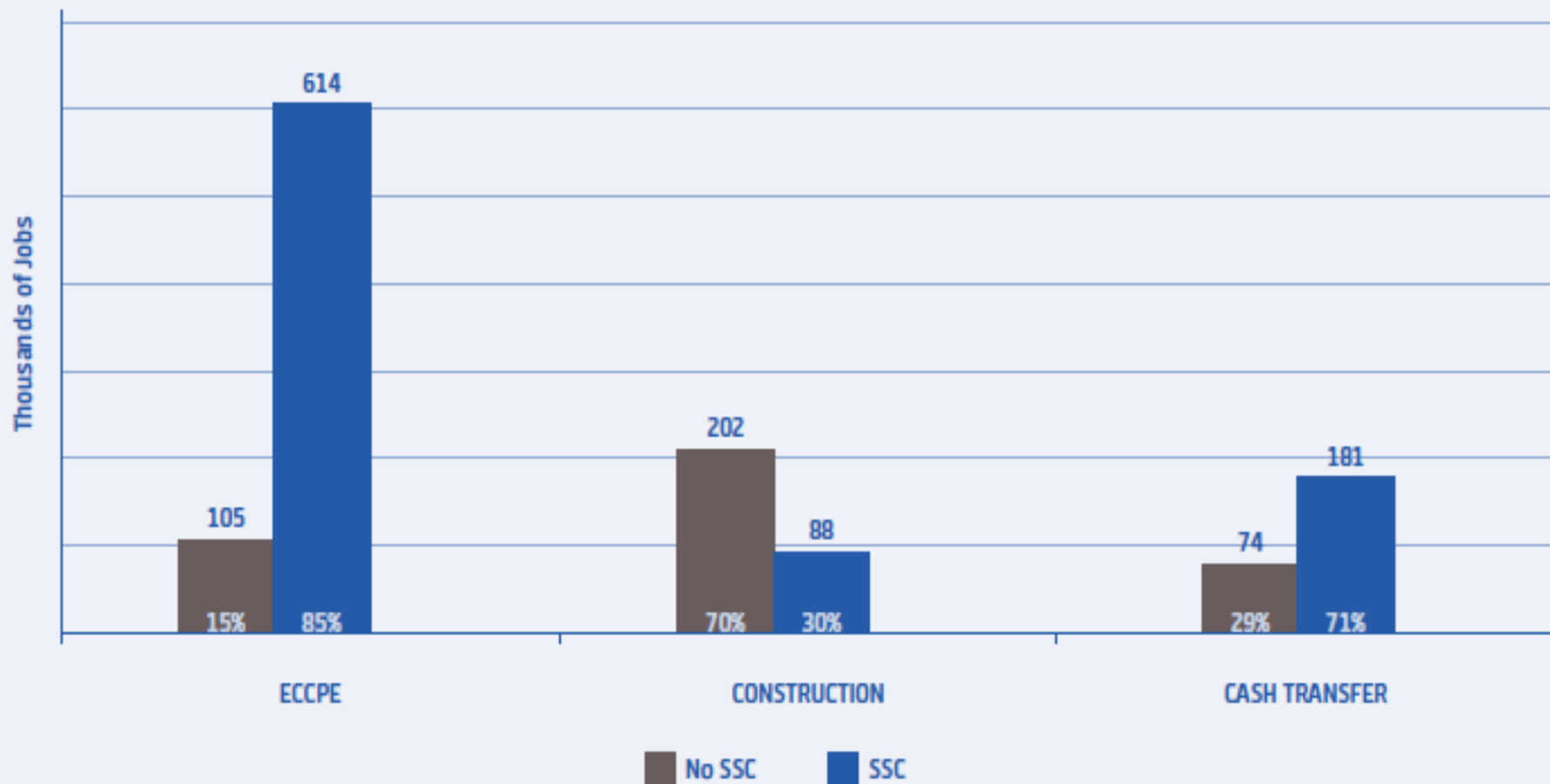
Source: Authors' calculations.

Male Female Total

Source: Authors' calculations.

The jobs generated through social care expansion are predominantly decent jobs unlike in construction.

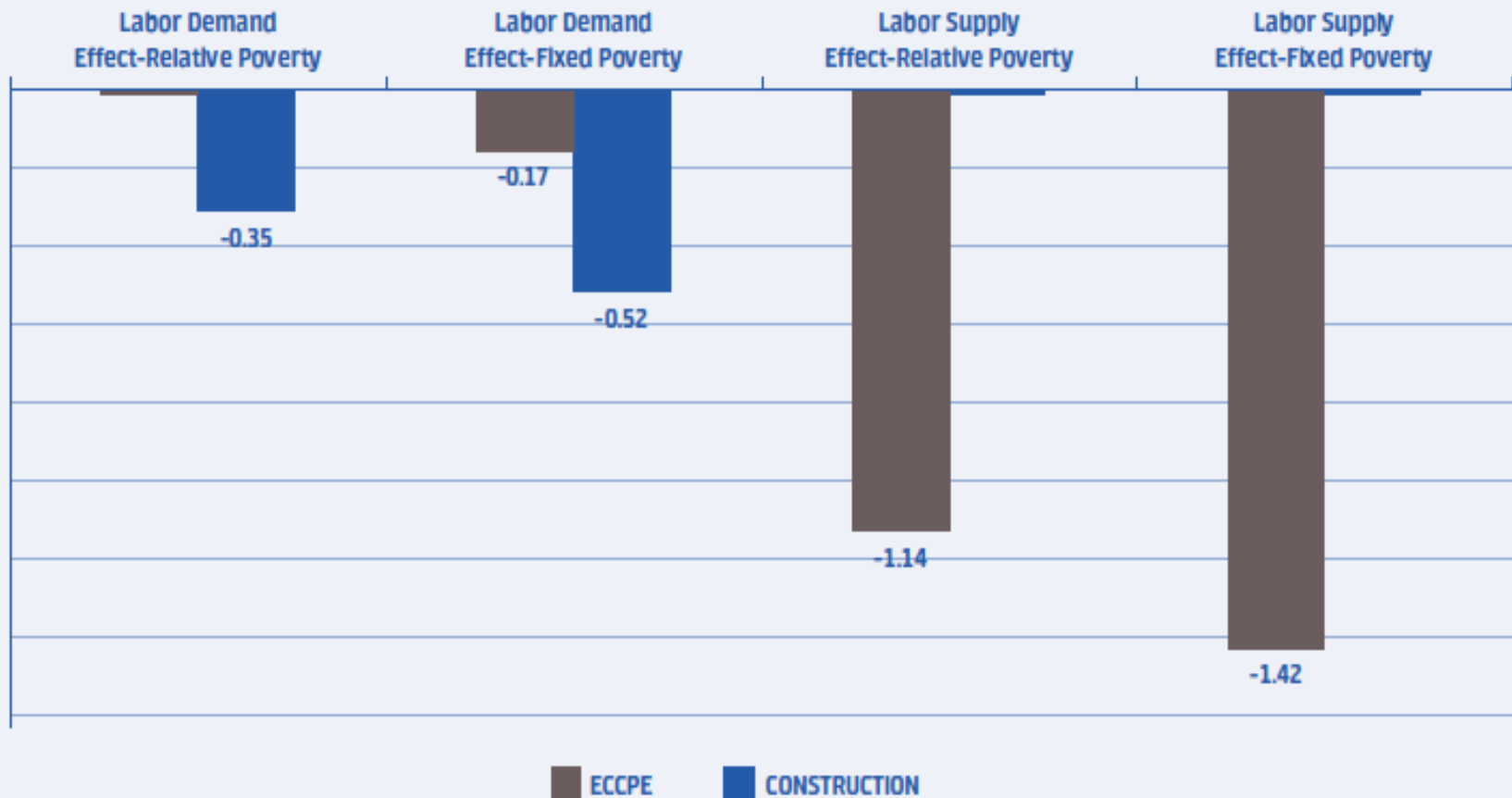
FIGURE 12: QUALITY OF NEW JOBS: SOCIAL SECURITY COVERAGE



Source: Authors' calculations.

Expenditure on social care expansion has a much more substantial effect on poverty reduction through both creating labor demand and easing restrictions on women's labor supply.

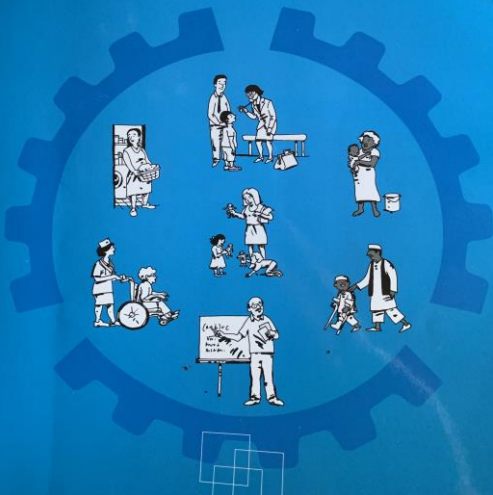
FIGURE 17: POVERTY ALLEVIATION BY LABOR DEMAND AND LABOR SUPPLY EFFECTS: ECCPE VERSUS CONSTRUCTION (CHANGE IN THE POVERTY RATE IN PERCENTAGE POINTS)



**Minimum 25% of initial expenditures on social care service expansion are recovered through tax returns by the end of the year vs. 6% in the case of construction.
Impact purely due to jobs generation**

| | | ECEC | | Construction | |
|------------------------|--------|--------|---------------------------|--------------|---------------------------|
| | | Amount | Increase in gov't revenue | Amount | Increase in gov't revenue |
| Social security | Before | 34.3 | | 34.3 | |
| employee contributions | After | 36.6 | 2.3 | 34.4 | 0.25 |
| Social security | Before | 37.7 | | 37.7 | |
| employer contribution | After | 40.2 | 2.5 | 37.8 | 0.28 |
| Income tax | Before | 50.8 | | 50.8 | |
| | After | 54.0 | 3.2 | 52.0 | 1.4 |
| | | | 8.0 | | |
| Total | | | (25%) | (6%) | |

CARE WORK AND CARE JOBS FOR THE FUTURE OF DECENT WORK



ILO Background Paper on 45 Countries

What would be the global cost of investing in social care service infrastructure towards meeting multiple SDGs (3,4,5 and 8) by 2030?

**the high-road scenario
vs. the status quo scenario**

1. Care deficit and cost assessment for 45 countries in

1. Education including early childhood education and care
2. Health including long-term care

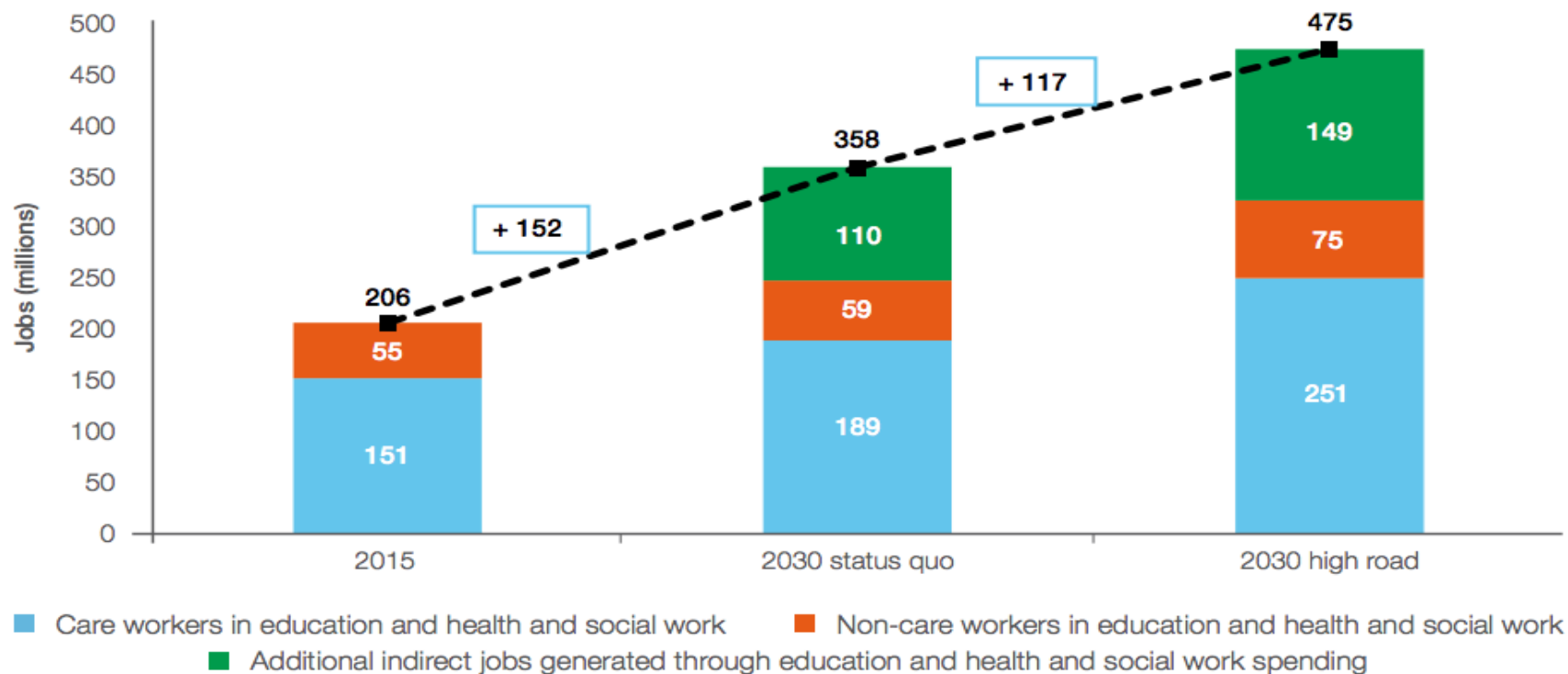
abiding by decent employment and service quality criteria

2. Aggregate Direct and Indirect Employment Estimation

Investing in Social Care in 45 Countries towards complying with SDGs by 2030

Future Jobs Creation

Figure 5.11. Total care and related employment – 2015 vs. 2030 status quo and high road scenarios



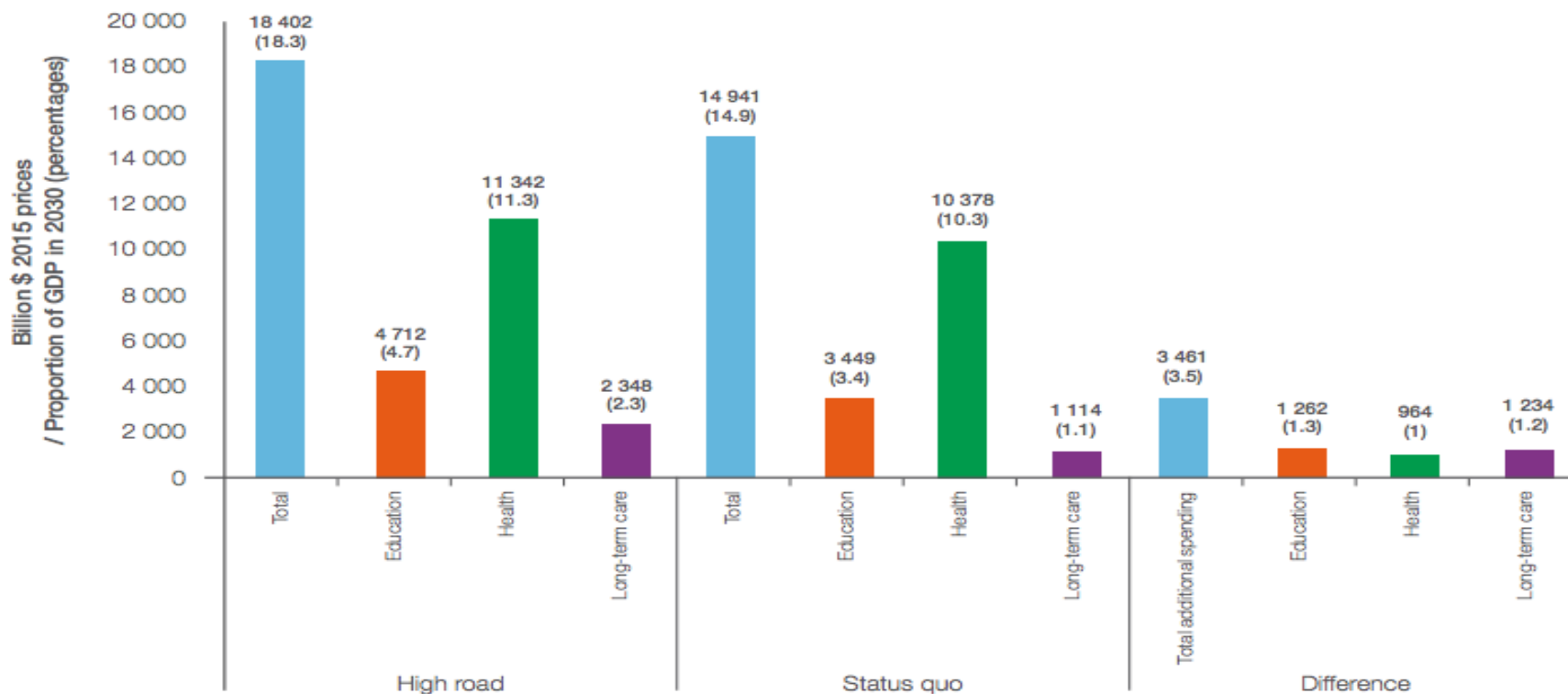
Note: For 2015, ILO calculations based on labour force and household survey microdata.

Source: Ilkkaracan and Kim, forthcoming.

Investing in Social Care in 45 Countries towards complying with SDGs by 2030

Additional Fiscal Spending Required

Figure 5.12. Total care expenditure, by sector

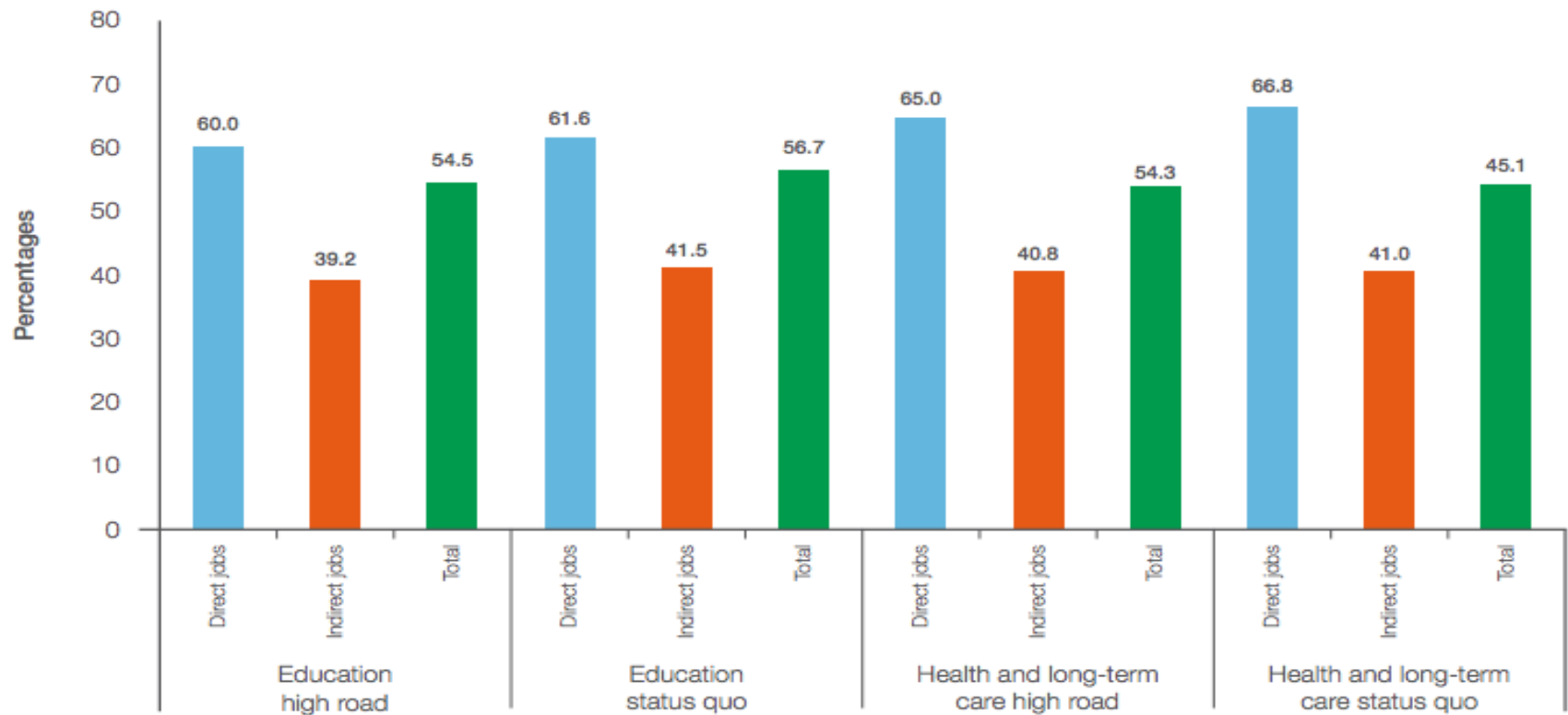


Source: Ilkkaracan and Kim, forthcoming.

Investing in Social Care in 45 Countries towards complying with SDGs by 2030

Women's Share in Future Jobs

Figure 5.13. Women's share in total employment, by sector



Source: Ilkcaracan and Kim, forthcoming.

Public Investments in Social Care Infrastructure: A Gender-sensitive Public Investment Plan and Fiscal Policy for Employment Generation and Inclusive Growth

Reallocate resources towards
a social care infrastructure

instead of the current
exclusive focus on physical infrastructure,

through
a reordering of fiscal priorities
and/or

expansionary fiscal policies adopted in response to the crisis.



Towards a virtuous cycle of inclusive growth
meeting multiple SDGs (1,3,4,5,8,10)

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 - <http://www.levyinstitute.org/publications/the-impact-of-public-investment-in-social-care-services-on-employment-gender-equality-and-poverty-the-turkish-case>
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- For policy briefs:
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