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# Quality childcare services for workers in the informal economy

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## 1. INTRODUCTION

The need for care services, including childcare, is growing in response to changes in the labour market, family structures and demographic shifts. In 2015, 0.8 billion children under six years old and 1.1 billion children aged 7–15 years required care (ILO, 2018a). By 2030, an additional 0.1 billion children aged 6–14 years will require care alongside a growing population of older persons. This represents both a challenge and an opportunity for labour markets today and in the future. The current lack of affordable high-quality care services, combined with the prevalence of low-paid and informal care jobs, increases the burden and pressure on women and girls from low-income households and further reinforces inequalities, especially gender inequality (ibid.).

In no country in the world do men and women engage in an equal share of unpaid care work. Though this can be rewarding and fulfilling work, it can also come at a great cost to women's participation in the labour market and their access to income and social security throughout their lives. Women from low-income households are less likely to have access to education and training and may have no choice but to seek work in the informal economy where entry barriers are lower than in the formal economy. They will likely continue to undertake most of the unpaid care work in their homes even while they work to earn an income. Combined, these factors contribute to women's concentration in the lowest-earning and most vulnerable forms of work within the informal economy.

The latest ILO estimates indicate that close to 1 billion women find work in the informal economy. Rather than declining, as some economists predicted, the size

and scope of the informal economy continues to grow, including in the Global North (ILO, 2018b). The ILO's Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) foregrounds both the need to address gender inequalities in the labour market and create new decent work opportunities through the provision of quality childcare. It draws on the ILO principles outlined in the Workers with Family Responsibilities Convention, 1981 (No. 156) and its accompanying Recommendation No. 165.

Recommendation No. 204 states,

*Members should encourage the provision of and access to affordable quality childcare and other care services in order to promote gender equality in entrepreneurship and employment opportunities and to enable the transition to the formal economy. (Paragraph 21).*

Policies aimed at reconciling work and family, such as childcare provision and parental leave, are proven to have a positive impact on women's labour force participation and are essential to creating decent work opportunities for women. These policies are necessary for redistributing, with the State, the unpaid care work done primarily by women. Access to public and affordable high-quality childcare services allows women and men to combine employment, training, education, job search and volunteering with the care of their children. Quality childcare is also critical for young children's education, health, nutrition and development. Children of workers in the informal economy tend to have lower education and health outcomes due to

poverty and are more likely to experience child labour. Investing in public childcare services can lead to a triple dividend by improving education and health outcomes among marginalized children, facilitating women's participation in the labour market, and creating new decent work opportunities for women and men in the care sector (UN Women, 2015a).

This brief will consider the constraints women workers in the informal economy face in both caring for their young children and earning an income. It is the first in a three-part series that explores how the extension of labour rights, social protection and social services can improve the lives of women workers in the informal economy and support their transition to the formal economy.



## 2. WOMEN WORKERS IN THE INFORMAL ECONOMY

Informal employment is defined by workers' exclusion or insufficient coverage, in law or in practice, from labour and social protection regimes. Compared to workers open-ended, full-time employment, workers in the informal economy tend to be more frequently in non-standard forms of employment and are exposed to pervasive decent work deficits. Within the informal economy, employer-employee relationships may be non-existent, blurred, or deliberately concealed. Though not all workers in the informal economy are poor, informal employment is characterized by low earnings and unregulated hours of work.

In total, 2 billion people are in informal employment, representing 61.2 per cent of global employment (ILO, 2018b). Informal employment is a greater source of employment for men than for women globally (63 vs 58 per cent), in high- (19 vs 18 per cent) and middle-income (69 vs 64 per cent) countries due to women's lower labour force participation rates. The share of women in informal employment (92 per cent), however, exceeds the share of men (87 per cent) in low- and lower-middle income countries. In addition, in a majority of countries (56 per cent), the percentage of women workers in informal employment exceeds the percentage of men workers (Bonnet et al., 2019).

The majority of workers in the informal economy are self-employed, own-account workers (45 per cent), contributing family workers (16.1 per cent), and employers (2.7 per cent) (ILO, 2018b). Within the informal economy, women are concentrated at the base of the economic pyramid as industrial outworkers, homeworkers, and contributing family workers (Bonnet et al., 2019). Women and men who are contributing family workers are considered as dependent workers (ILO, 2018c). They work in an establishment operated by a relative, with too little degree of authority over its operation to be considered a partner. They do not receive regular payments, such as a wage or salary, in return for the work performed. They may benefit, however, from in-kind payments or receive irregular cash payments as a result of the outputs

of their work through family or intra-household transfers, derived from the profits of the enterprise or from the income of another person. In 2018, women are more than twice as likely to be contributing family workers compared to men, accounting for 16.6 per cent of female employment and only 6.4 of male employment out of total global employment (ILO, 2018d). The share of contributing family workers out of total employment is as high as 42.8 per cent and 16.8 per cent for women and men in low-income countries, respectively.

Own-account workers refers to those who hold a self-employed job and do not engage "employees" on a continuous basis. Most own-account workers are in the informal economy and are involved in subsistence activities such as street vending or waste picking (ILO, 2019). Though women own-account workers tend to earn more than contributing family workers, research shows that own-account work for women is not a stepping stone to better employment opportunities. Fewer women own-account workers in the informal economy can expand their activities to become employers – representing only 1.7 per cent of total female employment, as compared to 3.8 per cent among men (ILO, 2018d).

In low- and middle-income countries, most women are employed as own-account or contributing family workers, representing 82 per cent of all women in informal employment (Bonnet et al., 2019). This share is expected to decline with rising income levels. The pace of progress, however, is advancing too slowly in low-income countries to lead to a significant reduction in the shares of these two vulnerable groups. It is projected that by 2023 as many as 80 per cent of workers in such countries will still be own-account or contributing family workers (ILO, 2019). This suggests that the current tensions between women workers' income-generating activities and their responsibilities for childcare will remain a barrier to gender and income equality unless actions are taken to extend labour and social protections to workers in the informal economy.



### 3. CARE RESPONSIBILITIES AND THE IMPACT ON INCOME SECURITY

There are many reasons women have been pushed into the informal labour market: decreasing participation of men in employment; limited skills; insufficient creation of formal jobs; and erosion of labour protections. Globally, changing family structures due to urbanization and migration mean that most of the working age population lives in nuclear family households with little access to care services (ILO, 2018a). Some women may still receive support from extended family members living nearby. Older women may be able to provide some childcare, but many are themselves working in the informal economy to earn a living – particularly if they do not have access to a pension (ILO, 2017). A nuclear family structure in which extended family members are not present to care for children may translate to a greater strain on women to care for their children while earning an income. This is especially the case in the absence of quality, public childcare services and persistent gender norms that continue to see women as the main or sole caregiver (ILO, 2018a). In Africa, about half (48.9 per cent) of those aged 15 years and older live in nuclear families, with only a fifth (20.6 per cent) living in extended family households (ibid.). In Asia and the Pacific, 44.4 per cent of the working age population live in nuclear families, while 31.2 per cent live in extended family households. Only in Arab States do an equally large proportion of people live in nuclear family households (43.2 per cent) and extended family households (42.9 per cent).

ILO global estimates from national time-use surveys show that in 2018 on average men dedicate one hour and 23 minutes per day to unpaid care work in comparison to women's four hours and 25 minutes – or three times that spent by men on unpaid care work (ibid). Data on 31 low- and middle-income countries show that childcare is mainly provided by unpaid carers in the absence

of available and affordable childcare. The most frequent unpaid care providers for children under the age of six are employed women (UN Women, 2015b). The time women spend on unpaid care work substantially increases with a child under age five (ILO, 2018a). In Ghana, in households with a young child, women spend 107 more minutes on unpaid care work per day than men, who spend only an additional three minutes. The increase of time spent on unpaid care work when there is a young child remains marginal for men in most countries: six minutes in Algeria, 36 minutes in Ethiopia and 65 minutes in China. This attests to persistent gender norms and the need to also redistribute unpaid care work between women and men within the household.

It is not surprising that women with care responsibilities are more likely to be contributing family workers and own-account workers as compared with women and men without care responsibilities. These forms of self-employment allow for more flexible working hours and for women to keep their young children with them while they work. According to ILO global estimates, 14 per cent of all women in informal employment work fewer than 20 hours per week for pay or profit, compared with 7.3 per cent of men in informal employment. The proportion reaches 20 per cent of women informally employed in Africa, the Americas and the Arab States. (ILO, 2018b) This allows them to have some time to care for their children, even though work in the informal economy comes with lower earnings and little to no job security.

In 2016, Women in Informal Employment: Globalizing and Organizing (WIEGO) conducted research on female domestic workers, home-based workers, street vendors, market traders, and waste pickers across five countries (Brazil, Ghana, India, South Africa and Thailand). Findings



demonstrated how childcare responsibilities led to a loss of income for women workers in the informal economy (Alfers, 2016). Two agricultural workers in India noted that they chose informal work, rather than higher-earning activities, because it allowed them to return home and breastfeed every three hours.

More flexible work arrangements to suit childcare responsibilities can come with a direct loss of income and productivity. Women workers who must care for their children while working see their productivity decrease, resulting in lower earnings. A street vendor in Ghana explains how the lack of access to facilities for nappy changing and breastfeeding in public spaces affects her earnings (ibid., p. 6),

*When you sell food with a child who is just some months old and you breastfeed and change diapers alongside, people don't buy from you because of the unpleasant scene these things create; they see it as disgusting and so is the food.*

Inadequate shelter and public infrastructure for waste pickers and street vendors means that women do not work if it is raining or too hot as they cannot bring their children to their workplace. Home-based workers in Thailand and India noted that children require their

constant attention, which often interferes with work duties. This reduces productivity, resulting in lower earnings, as they are paid a piece rate (a fixed-rate payment for each unit produced). Working hours are also affected due to childcare responsibilities. A trader selling clothes in Durban, South Africa complained that she had to cut her working day short in order to collect her child from childcare, thus missing out on the best goods which arrive in the afternoon (Moussié and Alfers, 2018).

Childcare responsibilities lead to an accumulated loss of income for women workers across their life cycle. A UN Women review of household surveys in 89 countries found that women in prime reproductive years (aged 25–34) are 22 per cent more likely to live in extreme poverty than men (UN Women, 2018). In old age women continue to be penalized for the time spent caring for children due to a lifetime of low earnings and a lack of adequate pension benefits. Women workers in the informal economy are less likely to contribute to pension schemes. Though an increasing number of low- and middle-income countries are promoting social pensions to benefit all informal workers, the low value of these cash grants may result in older women continuing to work in the informal economy well beyond the nationally stipulated retirement age (Staab, 2015; ILO, 2017).



## 4. SOCIAL PROTECTION AND CHILD DEVELOPMENT

Due to low incomes and higher poverty risk of women workers in the informal economy, their children are among the most vulnerable. It is further possible that women working in the informal economy, and considered as “in employment”, may result in their households being categorized as not sufficiently poor to benefit from targeted cash transfers aimed at those who cannot participate in the labour market (typically older persons or those with serious disabilities). Informal workers constitute the “missing middle” in social protection policy (ILO, 2017). They are excluded from social security regimes in the formal economy because they are in informal employment, and they simultaneously cannot access social assistance schemes targeted at the extreme poor. The ILO estimates that only 28 per cent of children in Asia and 16 per cent in Africa receive child benefits (ibid.).

Lack of maternity protection for workers in the informal economy leads to a loss of income when women give birth and care for infants. It also contributes to higher maternal and infant mortality rates as mothers cannot afford to take time away from work before or after the birth as stipulated in ILO’s Maternity Protection Convention, 2000 (No. 183). Without access to social protection measures, such as sick leave or parental leave and benefits, women workers in the informal economy take on the additional costs that come with raising a child while losing much needed income.

The lack of public childcare services compounds the extreme strain placed on workers, particularly women in the informal economy, due to their conditions of work and their unpaid care work. Childcare services are not available or accessible to informal workers, especially in low- and

middle-income countries. Globally, gross enrolment rates in early childhood education services for children under three years was only 18.3 per cent in 2015 and reached barely 57.0 per cent for the enrolment of children aged 3–6 in pre-primary education (ILO, 2018a). Where public childcare services may not exist or are inadequate, private childcare services cannot fill the gap. User fees are prohibitive for many workers in the informal economy due to their low and irregular earnings – even in informal and unregulated centres. The 2017/18 UNESCO Global Education Monitoring Report found that during 2010–15, across 52 low- and middle-income countries, children aged 3–4 in the richest households were five times as likely to attend organized learning as those from the poorest (UN Women, 2018; UNESCO, 2017). Robust research on early childhood education and care has demonstrated that lifelong developmental benefits are linked to quality care in the first 1,000 days of a child’s life, contributing to better nutrition, education and health outcomes. This is particularly the case for children from disadvantaged backgrounds (UNESCO, 2006; Nores and Barnett, 2010).

Poor working conditions and low earnings for such workers also lead to less time and resources for adequate unpaid childcare in the home. Women workers across the five-country WIEGO study expressed despair and anxiety for neglecting their children. One South African market trader said that “... there is actually no time for children. Our children do not get the attention that they deserve from us” (Alfers, 2016). Across the five countries, women informal workers state that they would use childcare services if these were available and accessible.



The WIEGO study also identified common criteria for a quality childcare centre (ibid.). The first is that the service should be free or heavily subsidized, as workers cannot afford to cover the high costs of running a childcare centre through user fees. Other criteria included: working hours to accommodate informal workers; trained staff; appropriate infrastructure with links to health services; an integrated educational component; and provision of nutritious food. Informal workers also stated that they want a voice in the governance of the childcare centres

to generate trust between providers and parents (ibid.). In some contexts, the dearth of public childcare provision for children aged 0–6 years has led workers' organizations to set up their own community-based centres or childcare cooperatives (ILO and WIEGO, 2018). These can be an effective form of service delivery if they are part of a broader national childcare system and also benefit from government subsidies that help them meet applicable norms and standards.



## 5. INFORMAL EMPLOYMENT IN THE CARE SECTOR

Today women are over-represented in the provision of childcare services due to gender segmentation in the labour market, and the sector is also characterized by low wages and poor working conditions. Men are less likely to enter childcare provision because of low earnings and resistance by parents to leave their children with male childcare providers due to engrained gender norms that consider this women's work. Lack of regulation in private or not-for-profit childcare services, alongside inadequate financing for public childcare centres in low- and middle-income countries, means many childcare workers are waged informal workers (UN Women, 2018). In India, for instance, childcare workers in the public Integrated Child Development Scheme are paid below the minimum wage and are considered informal waged workers rather than public sector workers.

Domestic workers may also provide childcare as part of their responsibilities. Of the 70.1 million domestic workers worldwide, 70.2 per cent are women and the majority are in the informal economy (ILO, 2018a). ILO research estimates that 90 per cent of domestic workers do not have access to social protection (ILO, 2016). Over-represented

in the informal economy, domestic workers earn less than half of the average wage in most countries (ILO, 2013). The ILO report *Care work and care jobs for the future of decent work* reviewed care policies in 99 countries and found that insufficient care service provision is often closely linked to the extensive employment of domestic workers (ILO, 2018a). The report proposed that,

*A high road to care work means achieving decent work for care workers, including domestic and migrant workers. Caring for care workers requires ... extending labour and social protections to all care workers, promoting professionalization while avoiding de-skilling, ensuring workers' representation and collective bargaining, and avoiding cost-saving strategies in both the private and public care sectors that depress wages and shorten direct care time.*

Universal childcare provision is therefore one component of the "high road to care work" that can create new pathways for women workers to transition from the informal to the formal economy.





## 6. LONG-TERM ECONOMIC AND SOCIAL RETURNS

Women's labour contributes to the production of goods and services bought and sold in the economy, as well as the care and education of the children who will make up the future labour force. Women's unpaid care work and their paid or unpaid work represents a transfer of resources from women to society and the economy (ibid.). However, this is not met with a corresponding investment by governments and employers in terms of labour and social protections for working women (Heintz and Luntz, 2012). Women's persistent marginal position in the labour market suggests this has significant ramifications on gender and income inequality. Investments in quality childcare, coupled with parental benefits and child grants, can redistribute the labour and costs of unpaid care borne by women workers. A national childcare service is critical if governments are to take the "high road to care work" with the aim of recognizing, reducing and redistributing unpaid care work; generating more and better quality care jobs; and promoting the representation of care workers, unpaid carers and care recipients in social dialogue (ILO, 2018a).

Investing in universal childcare services can yield a triple dividend by facilitating women's participation in the labour market, improving education and health outcomes among young children, and creating new decent work opportunities for women and men (UN Women, 2015a). More extensive childcare services can lead to new jobs in sectors supplying childcare provision and can also support job creation in other sectors due to increased consumption stemming from the earnings of those now in employment (De Henau et al., 2018). In the costing scenario for universal childcare services in South Africa, female employment

rates would increase by 10.1 per cent from their current low rate of 38 per cent in 2017 (ibid.). It can also open new avenues to recognize the skills and qualifications which domestic workers and informal workers in childcare centres acquire through their work in the direct and indirect care of young children.

Quality childcare services are an expensive investment. In South Africa, the provision of universal, affordable, quality childcare services would cost 3.6 per cent of GDP; currently South Africa spends 6 per cent of GDP on education and 4.2 per cent on health. However, more than a third of the investment in universal childcare could be recovered through increased tax revenue and social security savings made through the 2.3 million new jobs that could be created in this sector (ibid.). This estimate is based on a medium pay scenario with 50 per cent of staff paid at the minimum wage set in 2018, and the remaining more qualified staff on the current salary of a childcare provider with one year of post-secondary education. Staff numbers should follow the national child/staff ratio standards to ensure that quality service is provided. Investments in social infrastructure can increase tax revenue and social security contributions from jobs created in the formal economy and, thereby, labour and social protections can be extended to those in the informal economy who are already providing childcare services. Globally, ILO estimates suggest that an increase in investment in public care services to achieve the Sustainable Development Goals (SDGs) would create 120 million more jobs in the care sector and 149 million indirect jobs in non-care sectors by the year 2030 (ILO, 2018a).



## 7. CONCLUSION

The lack of affordable and quality childcare services is one factor that restricts women's employment opportunities and constrains them into more flexible but low paid work in the informal economy. For these women workers, childcare responsibilities lead to a significant loss of earnings in the short-term and contribute to women's low incomes across their life cycle – reflected in higher poverty rates and limited access to work-related pensions among older women. Governments, employers' and workers' organizations must recognize the excessive workloads that women informal workers shoulder.

While the drivers of informality are complex, a "high road to care work" can be one strategy to address persistent levels of informality, gender inequality and inter-generational poverty. The potential immediate and long-term gains of investing in childcare will not only benefit women informal workers, but society at large, including children

from disadvantaged backgrounds. Care policies aimed at redistributing childcare responsibilities amongst women workers, the community, and the State, must focus on affordable options, especially considering that childcare can quickly become unaffordable for informal workers whose earnings tend to be low and irregular. Though achieving universal childcare is initially a costly investment, it can promote job growth, strengthen tax revenues, social security savings, and act as a stimulus in times of underemployment and recession (Ilkcaracan, Kim and Kaya, 2015). Finally, women workers in the informal economy – including childcare workers and domestic workers – must be represented through social dialogue structures where childcare policies and investments are debated. Their needs and rights to decent working conditions must be adequately addressed as workers and unpaid carers seeking support with childcare.



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#### ABOUT WIEGO

Women in Informal Employment: Globalizing and Organizing is a global network focused on securing livelihoods for the working poor, especially women, in the informal economy. We believe all workers should have equal economic opportunities and rights. WIEGO creates change by building capacity among informal worker organizations, expanding the knowledge base about the informal economy and influencing local, national and international policies. Visit [www.wiego.org](http://www.wiego.org).



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