Bridging Gender Gaps with a Sustainable Care Economy:
Investment Opportunities and Challenges

by Yali Wang and Seyfettin Baran[1]

The COVID-19 pandemic has revealed an acute deficiency in care services, highlighting the unfair and unsustainable model on which the care system traditionally relies. Recent surveys indicate that more than three-quarters (76.4%) of unpaid domestic care work worldwide is done by women, hindering their access to other opportunities. Simultaneously, increasing care needs due to rising dependency ratios are challenging the viability and sustainability of the traditional care provision system. To meet the growing care demand among the young, old, ill and disabled, societies must move away from such a system and invest in a sustainable care economy to provide affordable, high-quality care services while recognizing, reducing and redistributing ("3Rs") the unpaid care burden borne by women. Besides emphasis on SDG 5, this policy brief focuses on opportunities and challenges in scaling a sustainable care economy to create new sources of fair jobs and reshape current economic and financial systems to make it more equitable, contributing to a broader range of SDGs, including SDG 1, 3, 4, 8, 10, 11 and more. While the research is built on data mostly from China, the findings may benefit a wide range of emerging economies with similar development contexts.

The need to invest in the care economy

Care work[2] is a public good that is fundamental to the well-being of economies and societies. Due to entrenched barriers such as social norms, traditional values and customs, the majority of care wor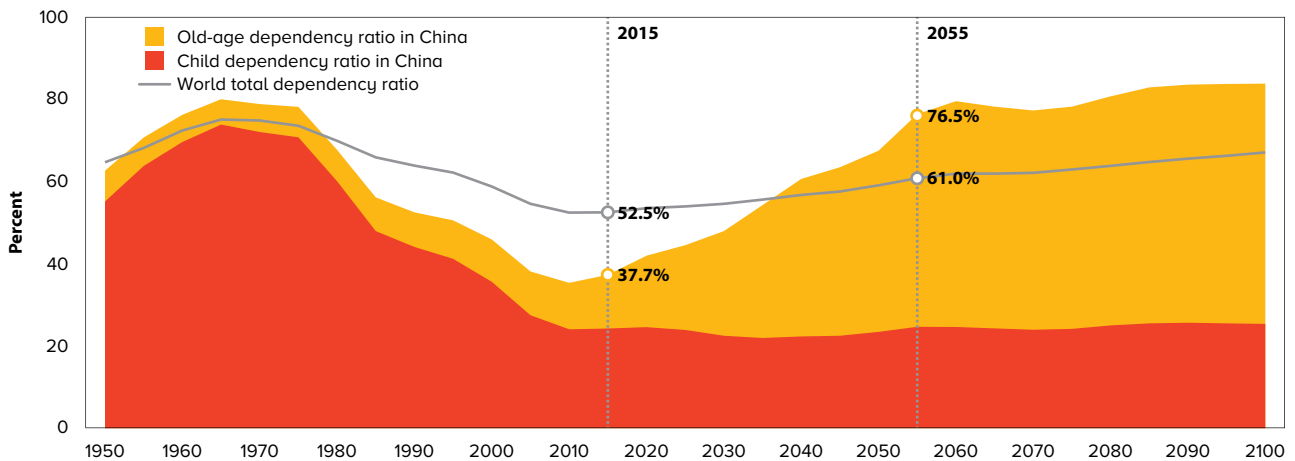k in most countries is carried out at home, with women bearing the brunt of unpaid care work. According to a survey conducted by the International Labour Organization, **women undertake an overwhelming 76.4% of unpaid care work globally**, spending an average of four

hours and 32 minutes per day on these activities compared to men, who spend just one hour and 24 minutes daily.[3] In countries with the highest **gender bias**, women can spend up to **six times** the amount of time on unpaid care compared to men.[4]

The disproportionate distribution of unpaid care responsibilities curtails the financial independence of women, leaving them vulnerable to economic abuse and sometimes even domestic violence, reinforcing **gender inequalities**.

This calls for reforming the care system—a call made more urgent by the profound transformations that many countries are currently experiencing in their demographic and household structures. For example, in China, the dependency ratio[5] has increased significantly since 2010 and is projected to rise to approximately 76.5% by 2055, surpassing the expected global average of 61% (Figure 1). The **increasing dependency ratio underscores the need to enhance the provision of sustainable, paid care services**.

Figure 1: Dependency ratios in China

Old-age dependency ratio in China
Child dependency ratio in China
World total dependency ratio

2015

2055

52.5%

37.7%

76.5%

61.0%

Source: UN 2017[6]

The government alone cannot fund all the care services that society needs. It is crucial to tap into the market and **leverage private sector engagement**. For instance, currently, only **4.5%** of elderly care in China is provided by **market solutions**, indicating substantial potential for policy innovation that can incentivize businesses and investors to play a more active role in shaping and scaling the sustainable development of this sector.

This shouldn't be treated as a cost. Instead, investing in the care economy brings numerous opportunities. Formalizing the care sector can create millions of decent jobs, empower caregivers and boost economic growth. In fact, the World Economic Forum found that approximately **40% of emerging job opportunities globally** are within the care sector.[7]

Mapping the opportunities and challenges in shaping and scaling a sustainable care economy

To analyse the opportunities and challenges in shaping and scaling a sustainable care economy in China using an evidence-based approach,[8] we developed and followed a **four-step methodology based on the UNDP SDG Investor Maps.**[9]

Step 1: We conducted desk research using AI-powered data mining to collect and process 150 policy documents, 233 patents, financial information of 1,020 start-ups and 23,500 academic articles. This step identified 66 business models.

Step 2: We conducted interviews with 11 experts to screen the 66 business models. This led to identifying 10 potential investment opportunity areas (IOAs), divided into three groups, as shown in Table 1. During this process of narrowing down potential IOAs, we prioritized the ones with maximum impact on empowering women, measured against indicators such as the amount of time saved for women in unpaid care.[10]

Table 1. List of identified IOAs

No	Potential IOAs	Categories
1	Digital caregiving and home service platforms	
2	Accessible infrastructure development	Infrastructure-based
3	Electronic care and assistive technologies	
4	Community-based childcare and elderly care	
5	Early childhood education and care (ECEC)	
6	Senior residential care	Service-based
7	After-school care and transportation services	
8	Telemedicine and remote care solutions	
9	Elderly and child rehabilitation	Capacity-based
10	Caregiver education and training	

Step 3: We analysed the 10 potential IOAs from **17 sustainable investment perspectives** provided by the SDG Investor Maps' 17 data points (Figure 2) and scored the **market readiness** of each potential IOA within each perspective. **Advanced readiness** denotes above-average[11] performance supported by sufficient data and evidence; **limited readiness** reflects either 1) below-average performance supported by sufficient data and evidence or 2) unknown performance due to insufficient data and evidence support. **Moderate readiness** represents either 1) average performance with room for improvement or 2) uncertain performance in need of further supporting data.

As demonstrated in Figure 2, this step helps formulate a matrix for each potential IOA in a "traffic light" style, indicating market readiness across four dimensions: 1) pipeline opportunity and business cases, 2) development impact, 3) enabling environment, including policy guidance and regulatory requirements, and 4) financial risks and impact risks.

Figure 2. Market readiness scores from 17 perspectives: An example from the community-based childcare and elderly care IOA

*In "Market Risks and Scale Obstacles" and "Outcome and Impact Risks", the amount of data is inverse with readiness.

Source: UNDP

Step 4: We clustered the analytical results from Step 3, refined data showing advanced, limited and moderate market readiness and summarized opportunities and challenges for shaping and scaling up a sustainable care economy in China.

1. Market and industry dimension

The care sector holds **significant market potential**. For example, the Chinese senior healthcare market is expected to grow at a compound annual growth rate (CAGR) of over 12% between 2022 to 2027.[12] However, several market and industry-level obstacles hinder its sustainable and long-term growth:

1. **Fragmented nature of the industry:** Service agencies operate as small, unbranded family businesses without digital capabilities and standard services. They also face difficulties in verifying the authenticity of service providers' identities and work experience, as well as ensuring timely payment to employees.

2. **Shortage of qualified personnel in care service:** The scarcity of skilled professionals in community-based care is hindered by factors such as inadequate compensation, limited

2. Policy and regulatory dimension

Under the national initiative known as the **"Healthy China 2030 Plan"**, China has adopted and implemented a range of policies aimed at supporting the care economy.

These policies have brought some success. For example, **488 pilot programmes** were established to explore effective approaches for comprehensive prevention and control of chronic diseases. The number of women covered by **mandatory public maternity insurance** has also increased **from 22.78 million in 2016 to 102.98 million in 2020**.[13]

However, the **impact of these policies is unevenly distributed** due to a range of implementation challenges at the local level. These include extra costs for the provision of certain infrastructure and services in remote areas, insufficient capacity

3. Risk dimension

Contrary to common perceptions, the majority of risk types for financing the care sector are impact rather than financial risks. Our data highlights that **many business models actually generate favorable financial returns**. For example, China's

From our preliminary analysis, there are **three dimensions of opportunities and challenges** that policymakers and stakeholders should take into consideration:

training avenues and the absence of material benefits. These challenges pose obstacles to both the expansion of services and the provision of specialized care, particularly for the ageing population.

3. **High cost:** Some care services, such as rehabilitation programmes, can be prohibitively expensive due to the need for specialized equipment, trained staff and prolonged treatment periods. These costs pose a challenge for scaling up businesses.

4. **Cultural perceptions:** The cultural perception that care work is primarily a family responsibility often disproportionately shouldered by women poses a challenge in effectively marketing the potential of home service solutions to customers, hindering the formation and maturation of the industry.

support and lack of long-term monitoring, reporting and verification (MRV) mechanisms.

For instance, while China has prioritized **elderly long-term care (LTC)** nationwide and witnessed improvements in recent years, **disparities** in LTC services persist, particularly between **urban** and rural areas. Among the urban population aged above 80 years, **36.91%** lack access to LTC services, while this figure rises to **54.87%** for elderly individuals residing in **rural areas**.[14] Similarly, in the sector of **early childcare**, research has identified a considerably higher attendance rate in urban areas compared to rural areas. For instance, there is an **18 percentage point** attendance rate difference between Zhejiang (a province with higher income and urbanization) and Yunnan (a province with lower income and urbanization).

rehabilitation industry recorded a substantial sector size of US$13.83 billion[15] in 2021. Projections indicate that this industry is poised for significant expansion, with an expected compound annual

growth rate of 38.5% from 2022 to 2025, reaching a projected market size of $37.12 billion[16] by 2025.[17]

However, **few business models remain exempt from impact risks**. To summarize, these risks encompass:

1. Risk of **fraud and exploitation**: Many caregivers and service providers are not subject to strict background checks or monitoring, making care service platforms susceptible to fraud and exploitation. This can lead to cases of abuse, neglect or the financial mistreatment of vulnerable individuals.

2. Risk of **privacy and security**: The utilization of digital platforms for caregiving and home services introduces concerns around privacy and security, as personal information and sensitive data may be shared online. This increases the potential for identity theft or other forms of cybercrime.

3. Risk of **mistreatment**: In wide-scale care solutions, ensuring a sufficient number of competent caregivers with a solid background is challenging but crucial to avoid mistreatment caused by unprofessional service provision.

4. Risk of **health problems for caregivers**: Unless managed under appropriate labour terms and social safeguards, such as enforcing limits on working hours, providing paid leaves, offering job insurance and implementing measures to prevent physical and mental abuse, caregivers can experience burnout, stress and exploitation due to unreasonable demands from care receivers. It's worth noting that, in the paid caregiving sector, women also make up the majority of service providers and are at greater risk of health and well-being issues as employees.

Conclusions and suggestions

To seize opportunities and overcome the challenges outlined above and to shape and scale a sustainable care economy, our analysis underscores several steps and actions for policymakers and stakeholders to take into consideration:

1. **Leverage the role of technology:** Recognize the significance of technology in various aspects, including digitizing platforms, enabling remote monitoring and telehealth services, and implementing e-commerce solutions for home-based and community-based care services. These technological advancements have the potential to **lower service costs, increase care access and improve care efficiency**.

2. **Tailor policy and regulatory support to market conditions:** Adapt policy and regulatory support to suit varying market conditions in urban and rural areas. Innovation in policy incentives is vital to encourage care service providers to facilitate equitable access to local care needs, particularly in remote rural areas where resources are scarce. In urban areas where the market has started to take shape, ensure regulations are in place to standardize the industry, protect consumers' rights and avoid harmful market competition.

3. **Enforce social safeguards and investor stewardship:** Ensure investment decisions are based on careful due diligence, social safeguards and risk-mitigation plans. Throughout the project life-cycle, guiding investors to assume active stewardship roles and manage any unintended consequences and risks is crucial. This includes addressing issues like violence, fraud and privacy invasion affecting both care receivers and providers, along with the physical and mental exploitation of caregivers—particularly female caregivers. This approach can help investors **contribute to the protection of both care receivers and providers**, as well as **mitigate their own financial risks related to social risks**.

4. **Mobilize the role of development financial institutes (DFIs):** Harness the role of development financial institutes to **catalyse private financing**. DFIs can provide initial seed capital, de-risk projects with actual or perceived high costs, offer blended finance solutions and **facilitate public-private cooperation**. DFIs also play an important role in providing **technical assistance and capacity building** to private sector partners and local communities. This includes helping train caregivers, shift cultural perceptions, challenge gender sterotypes and more.

Endnotes

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2   Care work generally refers to activities concerning the physical, psychological, emotional and developmental needs of others. It is a critical component of community welfare, catering to the needs of children, the elderly, the sick and the disabled. Care work can be segmented into three dimensions: 1) direct care: activities where caregivers engage in direct interaction with the care receiver, such as providing infant care or tending to the needs of an ailing family member; 2) indirect care: preparatory caregiving activities, such as cooking and cleaning; 3) mental management of care: the planning and organization of caregiving activities, including keeping track of medical appointments and other relevant information. Sources: International Labour Organization, UN Women and World Bank Group.

3   Charmes, J. (2019). The Unpaid Care Work and the Labour Market: An Analysis of Time Use Data Based on the Latest World Compilation of Time-Use Surveys. Geneva: ILO.

4   UNDP (2023). Breaking Down Gender Biases: Shifting Social Norms Towards Gender Equality. Gender Social Norms Index, https://hdr.undp.org/system/files/documents/hdp-document/gsni202303pdf.pdf

5   The ratio of the population aged 65 years or over to the population aged 15–64.

6   UN DESA (2017). World Population Prospects: The 2017 Revision, Key Findings and Advance Tables. Working Paper No. ESA/P/WP/248.

7   WEF (2021). 40% of all projected job opportunities will be created in this sector. And it's not technology. https://www.weforum.org/agenda/2021/05/care-economy-emerging-job-opportunities/

8   This approach helps us take the first step towards promoting gender-lens finance in China and beyond, with the goal of raising awareness among policymakers and market practitioners about the importance of sustainable investments in the care sector.

9   UNDP SDG Investor Platform (n.d.). Methodology: https://sdginvestorplatform.undp.org/methodology

10 The current research phase is primarily focused on mapping out policy gaps within the entire care sector rather than delving into specific sub-sectors. The chosen investment opportunity areas (IOAs) serve as entry points for running the SDG Investor Maps, and the results aim to provide insights into the care sector as a whole. Therefore, the set indicators are more qualitative than quantitative; instead of calculating the exact amount of time saved for women, we used surveys, interviews and existing literature to "rank" the impact of the potential IOAs.

11 Average performance of each data point is decided by two methods: 1) Arithmetic mean and 2) interviews with experts. The first method has been used mainly for analysing quantitative data, while the second method has been used mainly for qualitative data.

12 Mordor Intelligence (n.d.). China Senior Living Market Analysis: Growth, Trends, COVID-19 Impace, and Forecasts (2024-2029). https://www.mordorintelligence.com/industry-reports/china-senior-living-market-analysis.

13 Center for International Knowledge on Development (2021). *Op. cit.*

14 Yuan, L., Yu, B., Gao, L., Du, M., Lv, Y., Liu, X., & Sun, J. (2023). Decomposition Analysis of Health Inequalities between the Urban and Rural Oldest-old Populations in China: Evidence from a National Survey. SSM Population Health, 21, 101325. doi:10.1016/j.ssmph.2022.101325

15 Converted from CNY 100 billion with UN operational rate in August 2023: US $1 to CNY 7.236.

16 Converted from CNY 268.6 billion with UN operational rate in August 2023: US $1 to CNY 7.236.

17 "REHACARE Shanghai Has Been Upgraded to Rehacare China." REHACARE 2023 from 13 to 16 September 2023 in Düsseldorf/Germany, 26 June 2023. www.rehacare.com/en/business/rehacare-shanghai-upgrade-china-rehabilitation-industry#:~:text=According%20to%20the%20statistics%20and,to%20reach%20RMB%20268.6%20billion