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YOUTH EMPLOYMENT ACCELERATOR

# Sizing the Opportunity in South Africa's Care Economy

**August 2022**

# TABLE OF CONTENTS

# ACRONYMS

| | |
|---|---|
| ART | Antiretroviral Therapy |
| CHW | Community Health Worker |
| CHAI | Clinton Health Access Initiative |
| ECD | Early Childhood Development |
| GDP | Gross Domestic Product |
| GHS | General Household Survey |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| IPASA | Independent Philanthropic Association South Africa |
| NGO | Non-governmental Organisation |
| ODA | Official Development Assistance |
| OECD | Organisation for Economic Co-operation and Development |
| PEPFAR | US Presidential Emergency Fund for AIDS Response |
| PYEI | Presidential Youth Employment Intervention |
| TICZA | Teacher Internship Collaboration South Africa |
| UHC | Universal Health Coverage |
| USD | US Dollar |
| WHO | World Health Organisation |
| YES | Youth Employment Service |

# 1 EXECUTIVE SUMMARY

## SOUTH AFRICA'S CARE ECONOMY

*The care economy is expected to be the fastest-growing sector of work in the world. Women make up most of the paid care workforce globally positioning it as a key sector with the potential to improve women's empowerment and gender equity.*

## SIZING SOUTH AFRICA'S CARE ECONOMY

### Unpaid care economy

Worth almost R750 billion (27.3% of GDP)

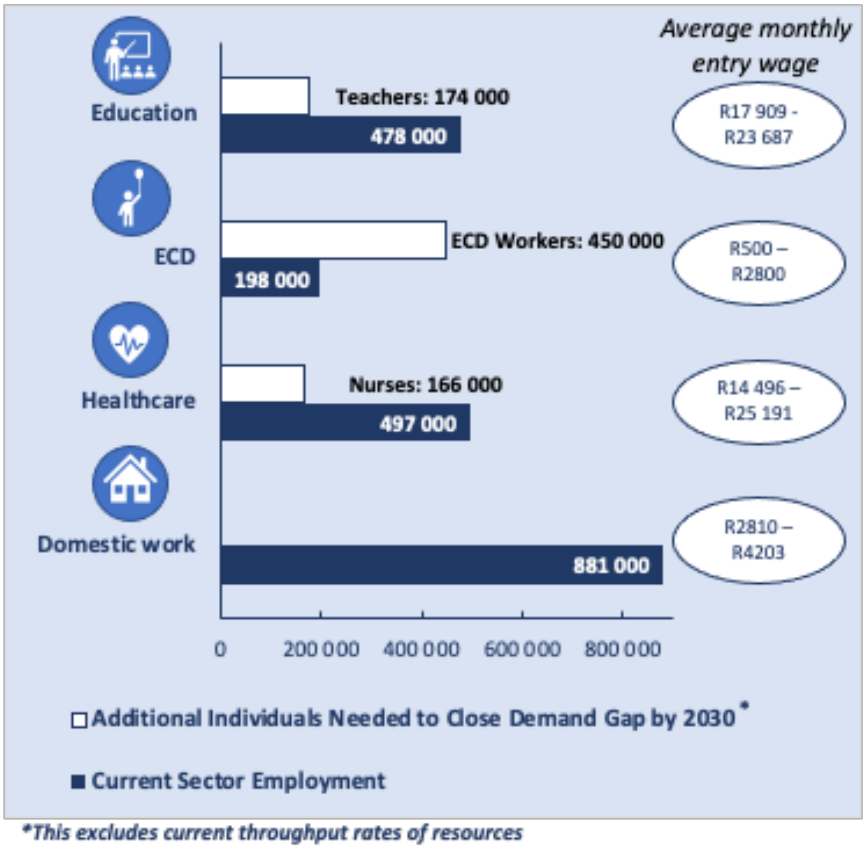
75% contributed by women

### Paid care economy

2 million jobs (13.8% of all jobs)

558 000 youth jobs

84% women




**Beneficiaries:** 13 409 249 learners 24 984 schools

**Beneficiaries:** 8.2 million children aged 0-6 | 53% not in any ECD institution

**Beneficiaries:** 60 million citizens 84% in public health 16% in private health

**Beneficiaries:** Employer households Domestic worker households

**This excludes current throughput rates of resources*

# IMPACT OF INVESTING IN THE CARE ECONOMY

## Economic impact of spending in the care economy

**10-13.7%**
Annual rate of return for every $ invested in ECD

**$2-$4**
Economic return for every $ invested in health

**R30bn**
Health system savings over 10 years from a strong CHW platform in SA

- With access to affordable childcare, 18% of primary caregivers would join labour force
- R15 invested in childcare programming generates R105 in benefits by caregivers entering the labour force
- Investment in the care sector results in more jobs going to women compared to investment in other sectors

## Impact on beneficiaries of care services

**Education**
Reduces poverty, improves health, increases earnings, promotes employment
In SA: completing education increases probability of being employed from 32.2% to 48.9%

Investing in girls' education = higher household incomes + mother and child health benefits

**Early Childhood Development**
Better outcomes in education, health, sociability, economic productivity, and reduced crime
Better nourished children earn 5-50% higher incomes as adults

Gender transformative programming = long term impact on advancing gender equity

**Healthcare**
Improved health outcomes = important for long term economic growth
In SA: being healthy increases likelihood of participating in labour force by 29-33%

Investing in women's health = reduced stunting + improved cognitive development of children

**Domestic workers**
Employer households can pursue other interests + enter labour force

**Domestic worker households = lower likelihood of unemployment, higher nutrition**

## Impact of young person having employment

### Individual impact

- Financial independence & increased monthly income
- Self-determination, fulfilment, human connection

### Household and family benefits

- Break intergenerational cycles of poverty
- Positive relationship between family assets and wellbeing of their children

### Wider impact for society

- Increased per capita income and GDP
- Larger economy, reduced crime, greater stability and peace

### Business benefits

- Access to larger labour pool
- Cost effective to develop young talent

### Impact of efforts targeted at women

- Increase in household benefits from transfers to women
- Higher female labour force participation rate and female earnings = higher expenditure on children's education

### INSIGHTS

- Care economy is the focus of government & philanthropy
- BUT: more investment required to expand coverage & increase quality
- THEREFORE: care economy is a zone of investment opportunity

- Catalytic funding is a key interest area, THEREFORE, SA needs to position care economy as innovative, self-sustaining industry (not a charity programme)
- Innovative business models are a game changer for women who would be at forefront of delivery BUT models must maximise opportunities for women & reduce burden of unpaid care

# 2 INTRODUCTION

Care work, both paid and unpaid, plays a central role in enabling all other work and economic productivity to happen. The care economy is also expected to be the fastest-growing sector of work in the world with predictions that it could add up to 150 million jobs by 2030. Worldwide, women and girls contribute more than 70% of both paid and unpaid caregiving hours and perform more than 75% of unpaid care work. Women also make up the majority of the paid care workforce globally making the care economy a key sector with the potential to improve women's empowerment, gender equality and economic growth.[1] Sizing the South African care economy, estimating the potential for creating care jobs and targeted investment, are thus crucial pillars of Harambee's work in the sector.

This report estimates the size of the South African care economy through an analysis of the number of existing and potential future job opportunities in the sector. It also outlines the potential impact of investment into the care economy including economic impact, impact on beneficiaries, and impact on the young people who could access the job opportunities together with the broader societal impacts.

Information for this report was sourced through a desktop review of publicly available reports and literature together with calculations and data analysis conducted by the Harambee team and the SA Youth Social and Care Economy: Early Childhood Development (ECD) and Healthcare workstreams.

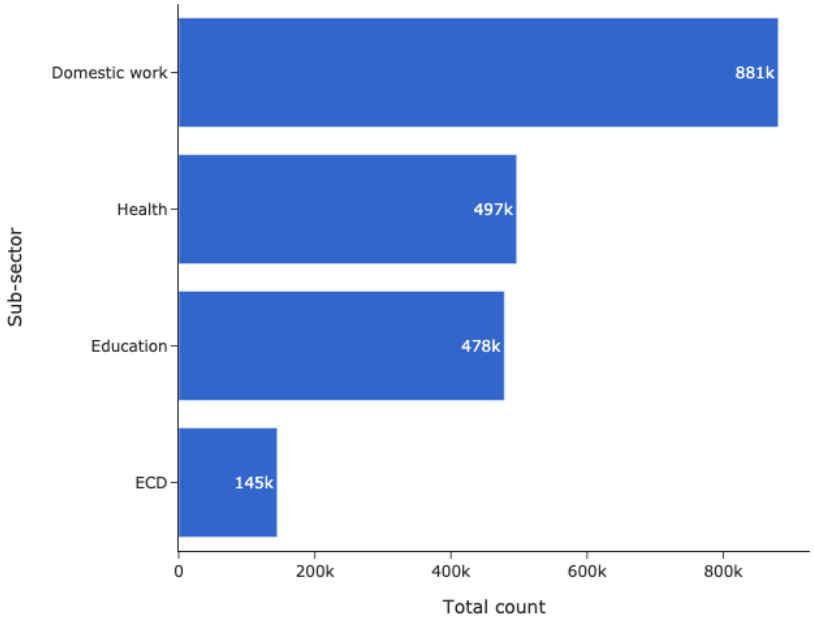
[1] Barnes and Ramanarayanan, "The Global Care Economy."

# 3 SIZING THE CARE ECONOMY

## 3.1 Size of the care economy workforce

Despite challenges[2] in accurately measuring its size in South Africa, it is estimated the care economy accounts for around 2 million jobs, which is approximately 13.8% of all jobs in the economy. The vast majority of care economy jobs are in the domestic work sector as estimated in Figure 1, however it is important to note that the domestic work sector has not recovered to its pre-COVID-19 levels of 1 059 368 domestic workers in 2019.[3] The Health and Education sectors contribute approximately 497 000 and 478 000 respectively, whilst the ECD sector contributes only 145 000 according to Statistics South Africa. A separate ECD Census was conducted in May 2022, which indicated that ECD sector employment is closer to 198 000[4].

*Figure 1: Size of the care economy in South Africa by sub-sector*

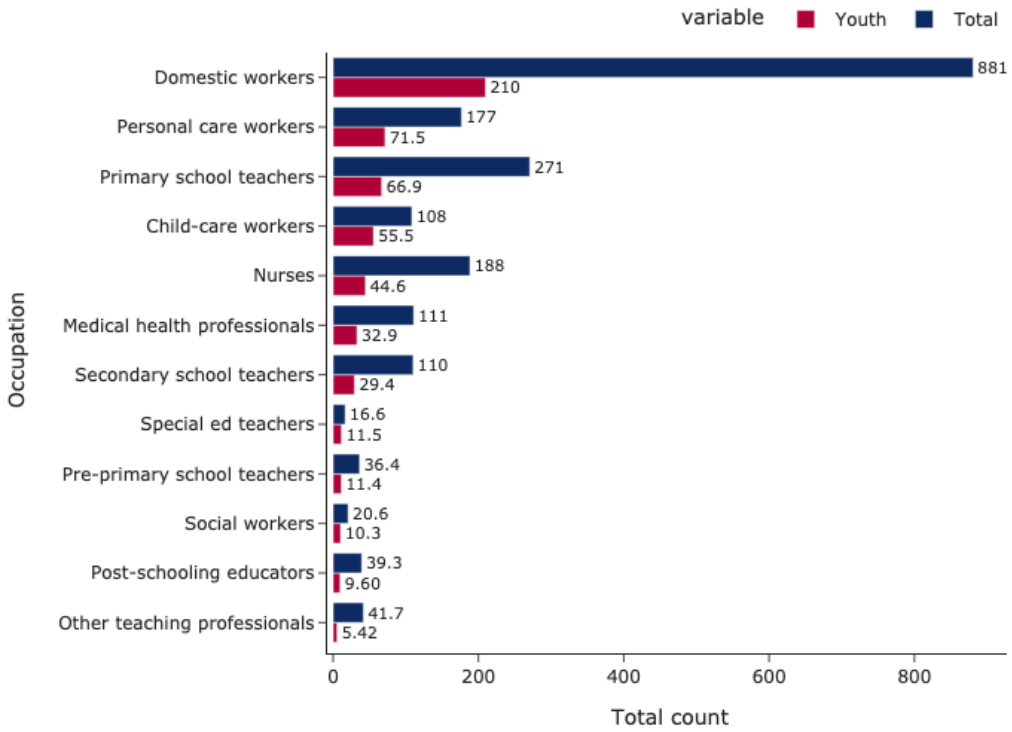



*Source: Statistics South Africa Quarterly Labour Force Survey Quarter 3, 2021*

As depicted in Figure 2, young people (aged 18-34 years) account for approximately 558 000 of these care jobs (around 30% of the sector) and are strongly represented in childcare work and personal care work. The education sector is dominated by an ageing workforce, with educators in the age range 50 – 74 making up 44% of the sector. This means that the education sector needs to aggressively upskill and recruit young teachers to replace the ageing workforce that will soon be exiting the system.[5]

[2] These challenges are due to the way data is collected and represented within national datasets such as the Quarterly Labour Force Survey.
[3] Statistics South Africa Quarterly Labour Force Survey
[4] "ECD Census Report Released."
[5] "ETD Sector Skills Plan. 2022-2023."

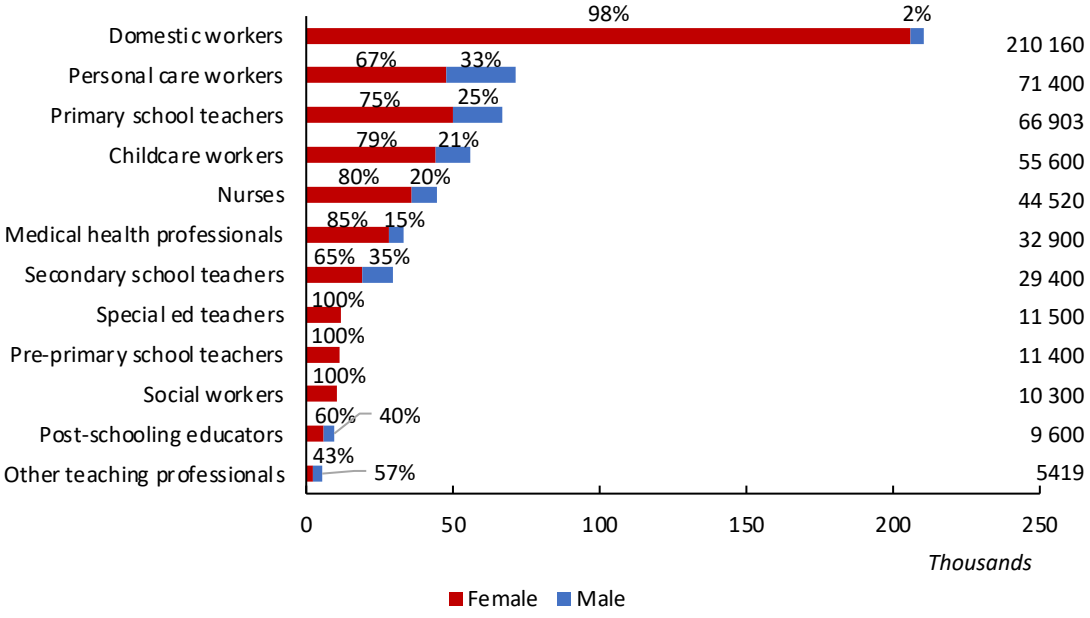
*Figure 2: Size of South Africa's care economy by occupation - total and youth (in thousands)*




*Source: Statistics South Africa Quarterly Labour Force Survey Quarter 3, 2021*

Of the youth working in the care economy, an estimated 84% are women (refer to Figure 3) with the domestic work sector believed to be the fourth largest industry employing women.

*Figure 3: Size of South Africa's Care Economy by Occupation - gender and youth (aged 18 - 34 years)*



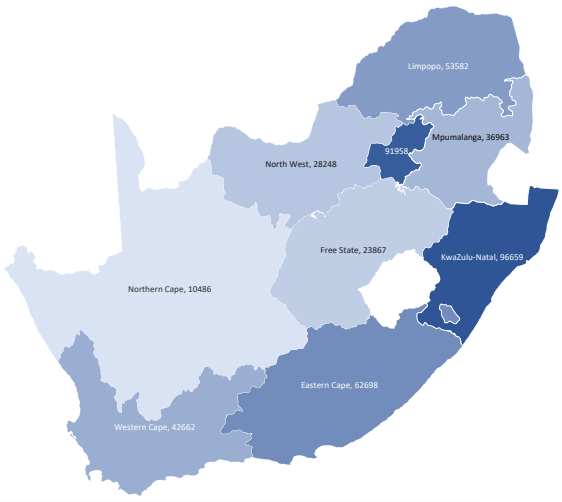

*Source: Statistics South Africa Quarterly Labour Force Survey Q3 2021*

For all the sectors, the largest population of care workers or care services are in Gauteng (the country's economic hub) and Kwa-Zulu Natal (refer to Figure 4 and Figure 5). For the ECD and

education sectors, the Eastern Cape is the third most resourced, however for domestic work and health, the Western Cape takes third place.

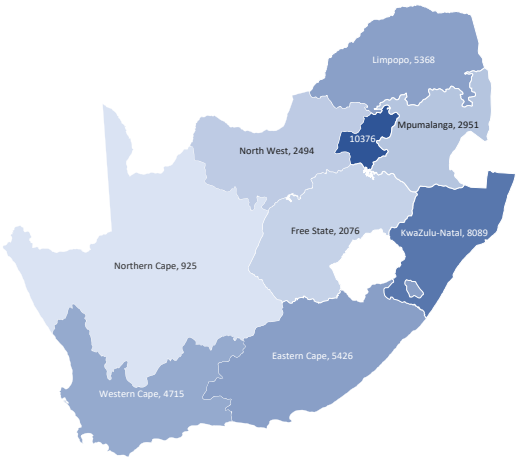
*Figure 4: Geographic spread of the care sector in South Africa – Education and ECD*

Number of educators by province




*Source: DBE School Realities, 2021*

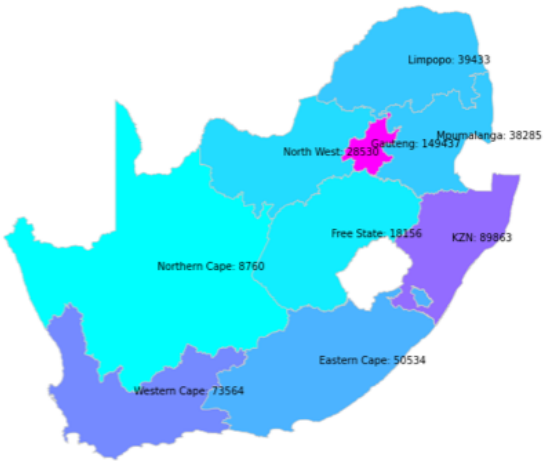
Number of early learning programmes by province



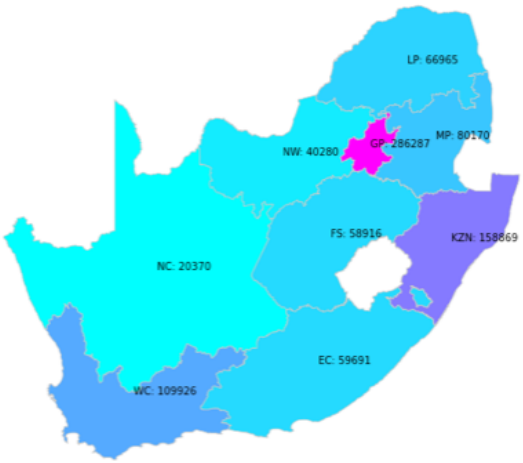

*Source: DBE ECD Census, 2022*

*Figure 5: Geographic spread of the care sector in South Africa - healthcare and domestic workers*

Number of healthcare workers by province




Number of domestic workers by province




*Source: Statistics South Africa Quarterly Labour Force Survey Q3 2021*

## 3.2 Size of the unpaid care economy

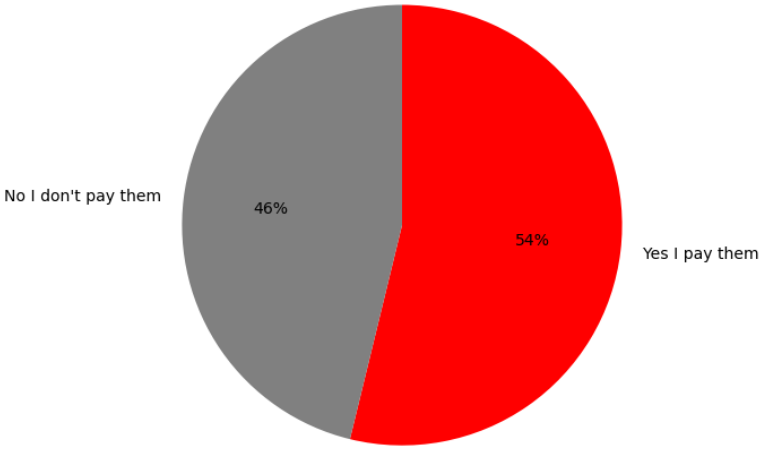
Prior to the COVID-19 pandemic, women in South Africa spent around 30.5 hours on unpaid care work per week, compared to the 12.2 hours spent by men. If time spent on paid work is taken into consideration, women spent more hours working per week than men at 48.9 hours

for women, compared to 44.6 hours for men.[6] The pandemic exacerbated the unpaid care burden with associated increases in childcare responsibilities due to school and ECD facility closures which resulted in caregivers, predominantly women, taking on additional childcare work.[7]

It is important to value unpaid care work in the economy as it is a key enabler for other types of work and contributes towards the economic output of a country. Regardless, it can be challenging to do so since standard measures of the economy only value activity that is paid for. A study into the value of unpaid care work in the economy in South Africa used a replacement wage to calculate household production in monetary terms and found that it should be valued at R749.9 billion (in 2010 estimates), or around 27.3% of GDP. Approximately three-quarters of this production is completed by women.[8]

It is also interesting to get an indication of the extent of unpaid childcare in the country. As depicted in Figure 6, there is an almost even split between households that pay for childcare and those that do not.

*Figure 6: If someone looks after children in your home, do you pay them? n = 14231*




*Source: Harambee Youth Employment Accelerator, Childcare Survey, 2021*

## 3.3 Number of care economy beneficiaries

This section presents available data for the number of beneficiaries in the care economy. As domestic work does not follow the same pattern as ECD, education and health, in terms of direct beneficiaries, that sector is not covered.

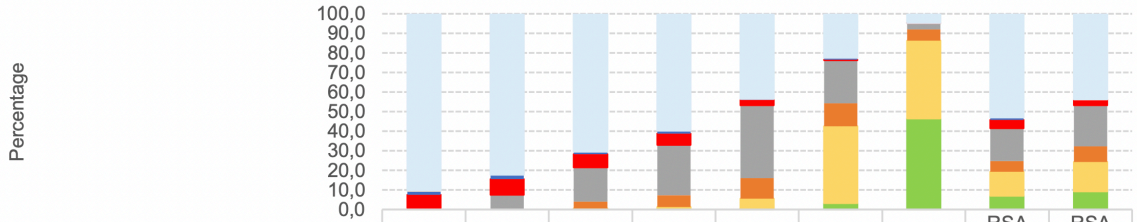
**Early Childhood Development**

2020 Data from South Africa's General Household Survey estimates there are approximately 8.2 million children aged 0 – 6 living in South Africa, half of which reside in Gauteng, Kwa-Zulu Natal and Limpopo. As shown in Figure 7, in 2020, 53% of children aged 0-6 were not attending

[6] "Domestic Philanthropy for Development and Gender Equality in South Africa."
[7] "Childcare as an Enabler of Women's Economic Participation."
[8] Smith, "Counting Women's Work."

any kind of ECD institution, up from 43% in 2019. This large drop in attendance can most likely be explained by the COVID-19 pandemic, although in both 2019 and 2020, the predominant reason (78.3% and 74,8% respectively) given by households for individuals aged 0-6 not attending an educational institution was a preference for the child to stay at home/with someone else. The second most common reason was affordability, with 12% of households citing this in 2019 and 8,1% in 2020. In 2020, 6% of households reported that the main reason for non-attendance was because the facility that the children attended had closed due to COVID-19. [9]

*Figure 7: Attendance of ECD and school by children aged 0-6 years, by age, 2020*




| | Age 0 | Age 1 | Age 2 | Age 3 | Age 4 | Age 5 | Age 6 | RSA 2020 | RSA 2019 |
|---|---|---|---|---|---|---|---|---|---|
| None | 90,5 | 82,2 | 70,5 | 59,8 | 43,4 | 22,5 | 4,7 | 53,0 | 43,8 |
| Other | 0,4 | 0,3 | 0,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,1 | 0,1 |
| Home based play group | 1,5 | 1,9 | 1,2 | 1,3 | 0,6 | 1,1 | 0,0 | 1,1 | 0,1 |
| Day mother/Gogo | 6,8 | 8,0 | 6,7 | 5,7 | 2,7 | 0,3 | 0,0 | 4,3 | 2,9 |
| Creche/educare centre | 0,6 | 7,3 | 17,5 | 25,9 | 37,4 | 21,8 | 3,3 | 16,7 | 20,9 |
| Pre-school/Nursery school/Grade 00 or 000 | 0,0 | 0,4 | 3,5 | 6,0 | 10,4 | 11,8 | 5,7 | 5,5 | 8,0 |
| Grade R | 0,0 | 0,0 | 0,4 | 1,1 | 5,0 | 39,2 | 39,8 | 12,1 | 15,0 |
| School (Grade 1 or 2) | 0,1 | 0,0 | 0,1 | 0,1 | 0,6 | 3,4 | 46,4 | 7,1 | 9,3 |

*Source: General Household Survey, 2019-2020*

Slightly more recent data from the 2021 ECD census shows that South Africa has 42 420 early learning programmes which collectively have 1 660 316 children enrolled.[10] It is estimated that of this number, approximately 1 476 536 (89%) attend on a regular basis with the gender split being 50:50 between male and female children.

There are major concerns about whether children attending early learning programmes are on track and ready for school. A recent survey assessing preschool children aged 4-5 years in South Africa found that 65% of children attending early learning programmes face barriers to thriving and thus have limited chances of reaching their full potential. Only 45% of the children surveyed could perform learning tasks expected of their age with girls outperforming boys in all domains (except gross motor skills) resulting in girls being 9% more 'on track'. One in four children assessed showed signs of long-term malnutrition (with no gender-related differences reported). In addition, 33.4% of those surveyed did not meet the standard for emotional readiness for school with girls more likely to meet the standard than boys. There are also large gaps in performance between young children in wealthier vs. poorer households.

[9] "Education Series Volume VIII. COVID-19 and Barriers to Participation in Education in South Africa, 2020."
[10] "ECD Census Report Released."

The implications of these findings are that for a group of 20 children starting Grade R, only 7 will be considered ready for school, 10 will already be struggling due to physical stunting (as a result of poor nutrition) or lack of basic learning foundations, and 3 will be severely disadvantaged as they will be extremely far behind in their cognitive development. These highly concerning figures highlight the importance of ensuring a renewed focus and investment into development of children in their early years.[11]

**Education**

In 2021, there were 13 409 249 learners across both public and independent schools in South Africa. These learners attended 24 984 schools and were served by 447 123 educators. There are slightly more male than female (49.5%) learners with the lowest percentage of female learners nationally in Grade 4 (47.9%) and highest in Grades 11 and 12 (53.3% and 55.4% respectively).[12]

A key challenge is high levels of school dropouts. Although almost all children enroll in primary school, less than half complete their schooling and leave with a matric certificate. For every 100 learners who start school in Grade 1, only 37% will pass their matric examinations. Gender does not make a difference in whether a child enrolls in school, however, boys and girls tend to have different experiences in their school journeys often shaped by gender stereotypes and norms as well as differing barriers and expectations. These factors also intersect with their race, socio-economic background, and individual characteristics. In South Africa, boys are more likely to drop out of school compared to girls due to a range of reasons such as a greater likeliness to repeat grades, experience corporal punishment, become members of a gang, and undergo pressure to leave to earn a living. However, girls also face their own challenges resulting in dropout which include pregnancy, facing a greater burden of domestic and caregiving responsibilities, menstruation stigma and inadequate access to menstrual products and poor sanitation facilities, as well as school-related gender-based violence.[13]

The number of out-of-school children aged 5 – 13 has gradually risen from 207 768 in 2016 to 259 044 in 2019 with a sharp rise to 779 979 in 2020. The sharp rise in 2020 is a direct result of COVID-19 where caregivers took their children out of school to reduce exposure to the virus or due to closures of educational facilities as a result of the various lockdowns. Disruptions created by a rotational approach to attendance also resulted in reduced levels of attendance.[14]

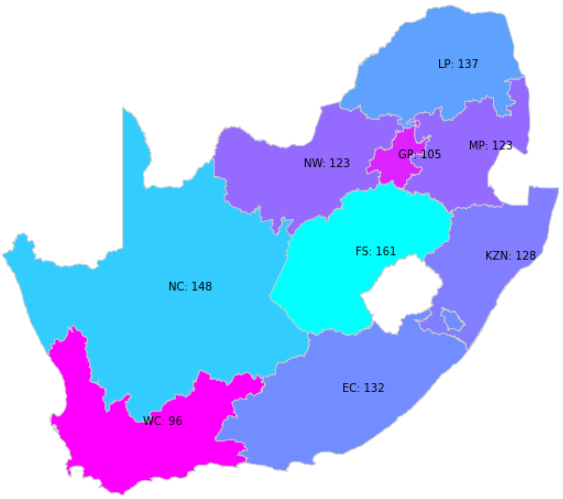
**Healthcare**

The potential beneficiaries of healthcare services in South Africa would be the entire population of approximately 60 million people with around 16% of the population covered by the better resourced private healthcare system, and 84% serviced by the public health system.[15] In terms of coverage of healthcare services, a study which used the World Health Organisation (WHO) Universal Health Coverage Service Coverage Index[16] found that universal

[11] "Thrive by Five Index Report."
[12] "School Realities. 2021."
[13] "School Dropout. Gender Matters. 2021."
[14] "Education Series Volume VIII. COVID-19 and Barriers to Participation in Education in South Africa, 2020."
[15] van den Heever, "National Health Insurance Bill Review."
[16] Scores in the index are calculated out of 100.

health coverage (UHC) has improved considerably in South Africa from 46.1 in 2007-08 to 56.9 in 2016-17. The study also found gaps between the provinces with a 5.1 point difference between the highest performing provinces of Kwa-Zulu Natal and the Western Cape (scores of 58.8) and the lowest performing province of Limpopo with a score of 53.7.[17] As shown in Figure 8 the population per healthcare worker also differs by province with Gauteng and the Western Cape having the best ratio and the Free State the worst.

*Figure 8: Population per healthcare worker by province*




*Source: Statistics South Africa Quarterly Labour Force Survey Q3 2021*

## 3.4 Potential job opportunities in the care economy

Estimating the potential demand for jobs in the care economy can be challenging, with different reports displaying differing results. This section, however, aims to provide a high-level overview of job opportunities in the sector. Given that the majority of the current care workforce are women, although gender disaggregated job opportunity estimates are generally not available, one can assume that most of these jobs would be filled by women.

One of the indirect impacts of job creation is an increase in wages for those employed. This section also outlines the expected earnings for the different sectors with a focus on entry-level positions.

**Early Childhood Development**

Given the large shortfall in ECD coverage, some estimate that 450 000 additional direct jobs could be created in order to achieve universal access to early learning programmes in the country. These would include playgroup facilitators, trained childminders, centre-based ECD practitioners, and ECD assistants. At this level of increased employment, the overall

[17] Day et al., "Is South Africa Closing the Health Gaps between Districts?"

employment rate in the country would increase by 1.7% with the employment rate for women estimated to increase by 3.6%.[18]

Wages in the ECD sector are typically low. Data from a microenterprise franchise reflect that the mean earnings of an ECD entrepreneur in the lowest two quintiles is between R500 and R1000 per month.[19] Another social enterprise operating with ECD centres in quintile 3, estimate earnings at R2 800 for teachers and R5 000 for principles.[20] For most people working in the sector, these wages are significantly below minimum wage, and thus opportunities to increase funding flows into the sector need to be explored in order to ensure that the predominantly female ECD workforce can earn decent wages.

**Education**

Estimating job opportunities for educators in the education system is particularly challenging as there is a lack of accurate data for human resource planning. Calculations conducted by Harambee estimate that the current shortage of teachers is around 3814 - broken down by: 956 senior-school teachers, 2222 foundation-phase teachers (Grades R – 3), and 636 primary school teachers (Grades 4 – 7).[21] Others estimate that as many as 30 000 additional teachers will be needed by 2030 to meet the needs of the education system.[22]

An under-reported trend in teacher retirements is also likely to increase demand for teachers. The National Treasury reports that 45% of teachers employed in the public education system in 2020/21 were 50 years or older and will therefore retire in the next 10 years. Initial research estimates that this will require an increase in the number of teachers produced by universities from around 26 000 per year in 2018 to 44 000 per year in 2025 and 50 000 per year by 2030.[23]

There is a wide range of salaries for teachers with differences between those employed at private schools, compared to public schools as well as differences for levels of experience, grade and subject taught. In 2019, the average monthly salary of a publicly paid teacher was around R42 700 including benefits and R34 028 for teachers under the age of 30.[24] These averages cover the range of school grades, subjects, and teacher experience levels, and so are considerably higher than an entry-level teacher salary. According to the Department of Basic Education's official salary scales, entry level positions start at between R214 908 per annum for teachers with a three-year tertiary qualification and R284 238 per annum for those with a four-year tertiary qualification, or R17 909 and R23 687 per month respectively. The maximum salary for teachers with a three-year qualification is R474 945 per annum (±R39 580 per month) and R631 236 per annum (R52 603 per month) for teachers with a four-year qualification and up to three years of experience.[25]

[18] "Investing in ECD - the Start of the Pathway to Human Capital Development in South Africa."
[19] Bilateral engagements with SmartStart
[20] "Annual Report 2020."
[21] "The Care Economy. Care and Social Economy Demand Mapping."
[22] Shai, *Public Employment Programmes in the Care Economy the Case of South Africa*.
[23] Spaull, "2022 Background Report for the 2030 Reading Panel."
[24] Gustafsson and Maponya, "Are South Africa's Teachers among the Best Paid in the World? Using Household Assets as a Proxy for Monetary Pay."
[25] Writer, "How Much Money Teachers Now Earn in South Africa."

**Healthcare**

There are also varying estimates on the number of healthcare workers required to meet existing and future demand. The Department of Health's Human Resources for Health Strategy Report highlighted the severe shortage of healthcare workers and proposed hiring an additional 96 586 health workers by 2025. This includes approximately 30 000 Community Health Workers (CHWs).[26]

Recent estimates highlight that there is currently a gap of anywhere between 26 000 and 62 000 nurses which is predicted to increase to the 131 000 – 166 000 range by 2030. Current accredited nursing education institutions are projected to produce only 26 000 graduates by 2030 and thus there is a clear need for innovative solutions to bridge the shortfall. This shortage, and the potential for increasing employment to close the gap, makes the nursing profession a key focus for Harambee and the Presidential Youth Employment Intervention (PYEI). In the short-term, identified solutions include expanding throughput in training institutions (from 3000 annually to 20 000), and instituting a bridging programme to upskill 20 000 – 80 000 enrolled nurses and enrolled nurse auxiliaries who are eligible for a professional nursing qualification. In the medium term, developing clear career paths for nurses including creating a specialization programme is key, along with enhancing the status of the nursing profession and introducing a residency programme for intensive on-the-job training.[27]

These solutions are mirrored in a recent report by McKinsey & Company which recommended creating a working environment that meets the expectations of modern employees and includes: career progression and development (including mentorship), ensuring that employees believe their work is meaningful and makes a difference in people's lives, and supports the mental wellness of employees.[28]

There is a wide range in public sector nurse salaries depending on title, grade, and government mandated salary level within the grade. A Professional Nurse, Grade 1 can earn between R260 760 and R302 292 per annum (R21 730 – R25 191 per month), whereas a Staff Nurse, Grade 1 earns between R173 952 and R195 771 per annum (R14 496 – R16 314 per month). Grade 1 Nursing Assistants earn between R134 514 and R151 401 per annum (R11 210 – R12 617 per month).[29]

The SA Youth Social and Care Economy Coalition Health Workstream has also identified a need for 23 421 entry-level healthcare roles in public health facilities which could be suitable for young people. These roles include data capturers, lay counsellors, HIV self-screeners, community tracers, patient navigators, and community mobilisers. The workstream also estimates 5000 potential jobs for new entrants in independent community pharmacies in the country.[30]

[26] Price Ivins et al., "The Future of Medical Work in Southern Africa: Case Study of the Future of Medical Work and the Impact of the COVID-19 Pandemic on Medical Work in South Africa."
[27] Department of Health, "Future of Nursing Workforce Planning."
[28] Dinkin et al., "Care for the Caretakers: Building the Global Public Health Workforce."
[29] "OSD for Professional Nurses, Staff Nurses and Nursing Assistants: 1 July 2021."
[30] "Social and Care Economy. South Africa's Skills Landscape, Challenges and Opportunities."

**Domestic work**

The potential in the domestic work sector is less about the creation of new jobs, and more about opportunities to stabilize and support the existing sector through enhanced access to social security options and opportunities to elevate wages which are often below minimum wage, despite legislation. Platforms that link domestic workers and prospective employers can result in higher earners as the hourly rate can be set by the app creators. For example, SweepSouth, an online platform for connecting domestic workers to homeowners, found the average monthly earnings for domestic workers using their platform was R4 203 in 2022 compared to an average of R2 810 per month for those surveyed who were not on the SweepSouth platform.[31]

In order to strengthen the benefits for domestic workers of these platforms or other tech-enabled solutions, investment into the sector could be targeted at exploring creative and innovative solutions to educate domestic workers on their rights, streamline the unemployment insurance registration process, and provide incentives to employers for compliance with legislation. It must be emphasised that any expansion of the gig economy for domestic workers needs to ensure that these on-demand platforms do not reinforce inequality and power imbalances through exorbitant membership fees or information asymmetry. [32]

## 3.5 Promising opportunities

The following section provides a selection of case studies and business models, which detail job and investment opportunities in the various sectors.

**ECD: SmartStart social franchise model**

SmartStart is a scalable early learning social franchise model which helps SmartStarters (predominately poor, black women) to set up twice-weekly playgroups for up to 12 children. The SmartStart model provides a complete package for franchisees including training, materials, and ongoing coaching and support. The model also increases the likelihood of quality and impact by using standardized systems, materials, and monitoring.

SmartStart aims to reach 1 million children by 2024 and is currently supporting approximately 50 000 children. Most of the supported children are in quintile 1 and 2. SmartStart has estimated reaching this goal will create approximately 96 000 job opportunities assuming 1 SmartStarter for every 10 children.[33]

**ECD: Grow Educare finance model**

Grow Educare has developed a microloan finance model specifically designed for ECD centres servicing quintile 3. The microloan is an investment in education, infrastructure, and registration requirements. The ECD centres pay a fixed interest rate of 5% for the duration of the loan and access to the loan is dependent on a pre-existing criteria targeting centres

[31] Kannemeyer and De Wet, "2022 Domestic Worker Survey. South Africa & Kenya."
[32] "Landscape Review of South Africa's Care Economy."
[33] SmartStart website and Harambee's calculations

already registered or conditionally registered. The current constraint to the roll-out of the loan is the rigid registration requirements for ECD centres which limits the number of viable centres available to access the model. 200 ECD centres are currently supported with around 1000 personnel, accounting for approximately 1.6% of quintile 3.[34]

**ECD: Earlybird Educare social franchise subsidy model**

Earlybird Educare is a social enterprise with two commercial ECD models (employer-based, and commercial and residential property-linked) that subsidise ECD social franchises (called Blue Door Educare centres) in social and affordable housing developments and neighbourhoods with limited access to high-quality ECD options. Blue Door Educare centres are able to keep fees low in order to expand access by partnering with infrastructure providers to ensure the building cost of building does not fall on the families requiring ECD services, and through the subsidization model. There are currently 3 Blue Door centres with fees ranging between R300 to R750 per month for a full day of care including the provision of breakfast and lunch.[35]

**ECD: Employer-supported childcare**

There is a strong international business case for employer-supported childcare as it has benefits for businesses, women, families, men, children, and society in general. Highlights for business include that childcare is associated with improvements in employee retention, productivity, job satisfaction and loyalty. For women, childcare enables their workforce participation and can reduce their unpaid work burden.

Employer-supported childcare can take many different forms such as on-site childcare centres funded or subsidized by the employer; near-site childcare centres sponsored by one or more companies operating in a similar area; and childcare vouchers, subsidies, or discounts.[36]

**ECD: Community-based ECD**

A model which would need to be investigated further and piloted is community-based ECD. This would involve selecting a community in need of quality ECD services or support, engaging the community to understand the full value chain of needs such as early learning, nutrition, infrastructure, centre registration etc.; and ensuring that sourcing of products, services and employment is done locally, benefiting the community holistically.

**Education: After School micro-enterprise franchise model**

This potentially sustainable micro-enterprise franchise solution enables unemployed young people to establish their own after school micro-franchise to offer support to school-going children in their community. The model envisages a sustainable funding model through parent fees and contributions by an affiliated school and is thus not reliant on donor funding – although initial seed money may be required from donors or government departments for the first year. After school programmes have the potential to address some of South Africa's poor learning outcomes and can provide psycho-social support, safe places to learn and play,

[34] "Landscape Review of South Africa's Care Economy."
[3535] ECD Educare website
[36] "Tackling Childcare: A Guide for Employer-Supported Childcare."

enrichment opportunities, and meals, especially for children in quintile 1 – 3 schools. This model is still in the conceptual phase and would need to be tested through a pilot.[37]

**Education: Teacher assistant programmes**

South Africa's Department for Basic Education initiated a 3-month teacher assistant programme funded by the Presidential Youth Employment Stimulus. In the first phase, approximately 300 000 job opportunities were created in schools with a further 275 000 young people benefiting from the second phase. The programme has two-fold benefits by providing work experience opportunities to unemployed youth as well as adding capacity to schools. Analysis of the programme found 80% of participants reported learning new transferable work-readiness skills. A portion of the young people were able to find employment after the programme with some starting their own microenterprises. Smaller-scale teacher assistant programmes have also been successfully run by NGOs with the YES programme funding positions.[38]

**Education: Scaleable Teacher Internship Programme**

There is a clear need to bridge the gap between the number of teachers required in the country, and the number of teachers being skilled through traditional training institutions. There are currently two multi-stakeholder, early-stage initiatives aiming to develop scalable teacher internship programmes as alternative pathways for initial teacher education: the Teacher Internship Collaboration South Africa (TICZA), and a partnership coordinated by the Oppenheimer Memorial Trust.

**Healthcare: Afrika Tikkun nurse-led and owned clinics**

Afrika Tikkun is working on a proof of concept for nurse-led and owned clinics. In this model, a professional nurse owns and runs a primary healthcare clinic which provides affordable, accessible, and quality healthcare to low-income communities. Each clinic employs additional nurses/healthcare personnel and works on a self-sustainable fee-based model. This model is already effectively used through another organisation, Unjani Clinic.[39]

***Technology-enabled platform opportunities***

There is potential for investment and growth in technology-enabled care services in South Africa. The following section outlines case studies of existing models that can be explored further.

**Healthcare: Tech-enabled healthcare:** There is a strong investment case for tech-enabled healthcare in South Africa. Technology-enabled healthcare, particularly in primary healthcare delivery has the potential to improve access to, quality of, and efficiency of care. South Africa is lagging behind the curve regarding technology adoption, and globally, it is thought that the healthcare sector is behind other industries in its use of technology. This situation, together with other technology drivers such as an increased focus on outcomes, the need to reduce costs, and consumerisation of healthcare, signals potential for growth and investment.[40]

[37] "Landscape Review of South Africa's Care Economy."
[38] "Department of Basic Education. Phase 1 Analysis."
[39] "Landscape Review of South Africa's Care Economy."
[40] "Tech-Enabled Primary Healthcare Innovation in Africa."

One potential solution is in the app market where there exists various apps that provide remote support for healthcare professionals or patients by providing access to health specialists and other providers:

- Vula mobile app: Designed in South Africa, the Vula mobile app has the potential to extend services provided by primary care workers through enabling access to on-call specialists who provide remote guidance for these workers.[41]
- AitaHealthÔ app: A smartphone application that provides remote support for community health workers by assisting them in the field to collect patient information, guide responses, and plan treatment and future visits. It is also connected to a patient record system.[42]
- Management Systems Thalamus: A telehealth application that allows patients to make remote contact with healthcare providers, view healthcare results and refill prescriptions.[43]

**ECD: Tech-enabled payment management systems**

There is the potential to streamline the subsidy payment process to ECD centres through a tech-enabled payment management system to distribute funds (predominantly public subsidies) to ECD centres.

**ECD: Management information systems**

In partnership with Ilifa Labantwana, the Department of Basic Education is revamping its management information system (EMIS) to improve the registration process for ECD centres, streamline funding allocation, offer monitoring and administrative support, and ensure quality assurance of programmes. It will also maintain current data (including the ECD Census) and information reported by each ECD centre, which has previously been a paper-based process. There is a 3 year roadmap for this to be implemented.

**Domestic work: Tech-enabled access to social protection**

Although not currently a model in South Africa, a potential area for investment would be innovative social protection mechanisms for domestic workers and the informal sector more broadly. An example from Ghana is My Own Pension introduced by MTN Ghana in collaboration with United Pension Trustees. The scheme works through MTN's mobile money platform and covers workers in the informal and formal economy allowing contributions on a daily, weekly, or monthly basis.[44]

**Domestic work: Tech-enabled booking and payment for domestic workers**

Considered the Uber of cleaning services, SweepSouth allows customers to book ad hoc cleaning services and is one of the fastest growing tech start-ups in South Africa. The platform connects an estimated 11 000 registered domestic workers to potential employers and has

[41] Price Ivins et al., "The Future of Medical Work in Southern Africa: Case Study of the Future of Medical Work and the Impact of the COVID-19 Pandemic on Medical Work in South Africa."
[42] "New Community Health Platform Brings Primary Care to Millions."
[43] "Tech-Enabled Primary Healthcare Innovation in Africa."
[44] "My Own Pension"; Guven, Jain, and Joubert, "Social Protection for the Informal Economy."

the potential to help ensure domestic workers earn above the country's minimum wage, with some earning as much as R8000 per month plus tips.[45]

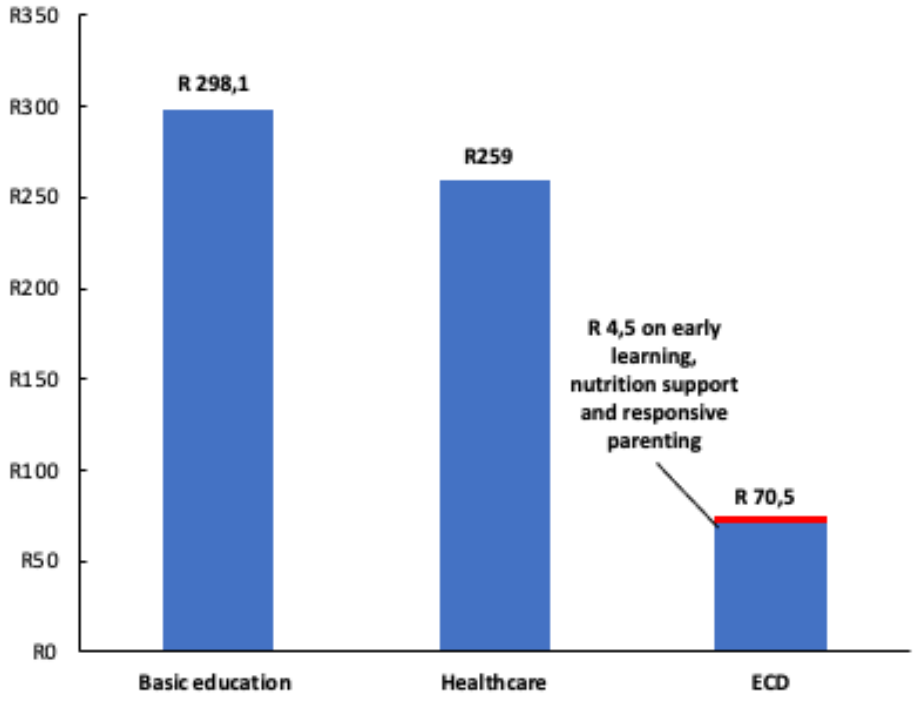
## 3.6 Funding the care economy

***South African government funding***

In 2022/23, the South African government plans to spend R298.1 billion on basic education.[46] Funding for early child support sits at R75 billion (around 5% of national expenditure) with 67% going to primary healthcare for mothers and children, 27% to childcare grants, and only 6% for early learning, nutrition support, and responsive parenting.[47]

Expenditure in the healthcare sector is channeled from three sources: government funding which pays for the public health system, and medical schemes and out-of-pocket payments that finance the private health system. The 2022/23 government budget for the health sector is round R259 billion.[48] In 2019 R186.66 billion was collected in risk contributions from medical scheme members.[49]

*Figure 9: Government spending on the care economy (in billions)*




*Source: Republic of South Africa National Treasury Budget 2022*

[45] Peter and Sebetha, "Sweep South: Disrupting Africa"; "This SA Couple Cashed in All Their Savings to Start the Uber of Cleaning Services – Five Years Later They're Raking in Revenue of R100 Million."
[46] "Budget 2022."
[47] "A Plan to Achieve Universal Coverage of Early Childhood Development Services by 2030."
[48] "Budget 2022."
[49] "Health and Welfare Sector Education and Training Authority. Sector Skills Plan 2022-2023."

***Philanthropic funding of the care economy***

There are currently no publicly available reports which examine philanthropic funding for the care economy in South Africa; however, an overview of the philanthropic funding landscape gives an idea of the amount of funding available for socioeconomic development initiatives in the country.

South Africa receives an estimated USD 138 million annually from international foundations across all developmental sectors. Information on funding through domestic philanthropy is scarce, however, an OECD report which studied 31 large domestic individual, family and corporate foundations indicate that funding amounted to approximately USD 74 million per year (a total of USD 445 million between 2013 and 2018). Five foundations represented half of this total funding showing the concentration of domestic philanthropy.

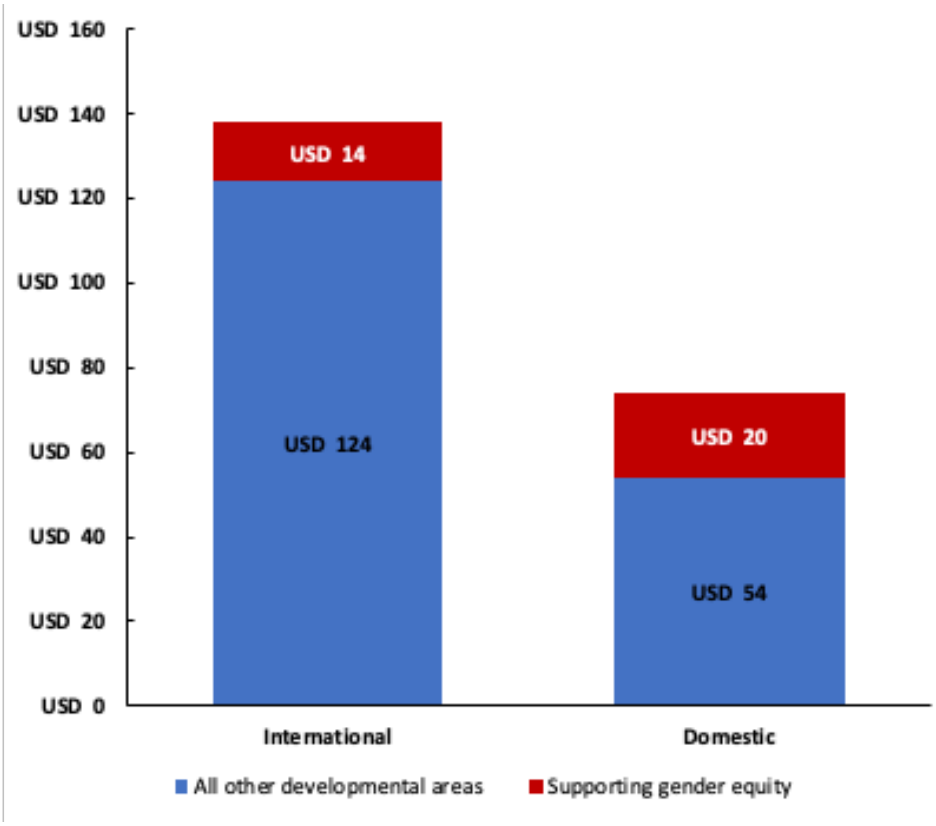
The main funding instruments used by domestic philanthropy are grants, with most organisations using this tool. A smaller number of organisations use awards and loans as funding instruments.

The top 10 domestic philanthropic funders in the country over the period 2013 – 2018 were: SIOC Community Development Trust, DG Murray Trust, Moshal Scholarships Program, Sanlam Foundation, The RAITH Foundation, Zenex Foundation, Claude Leon Foundation, HCI Foundation, South African Breweries Foundation and Lefa La Rona Trust.

Interestingly, gender equity appears to be a considerable focus area for domestic philanthropy with approximately 27% of total funding supporting gender equality in the country. This is predominantly driven through a strong focus on scholarship programmes and improving women's access to financial and productive resources. Almost all the surveyed funders had some programmes linked to gender equity, however half of all gender-related funding came from the Moshal Scholarships Program, Claude Leon Foundation, and Discovery Foundation. Official Development Assistance (ODA) also targets gender equity with an average of USD 149 million going to this cause from 2013 – 2018. Most of the funding for gender equity went to government and civil society, with the second highest proportion allocated to programmes aiming to control sexually transmitted diseases. In 2018, approximately USD 14 million was donated through international philanthropy for gender equity initiatives, with focus on health programmes and women's rights organisations.[50]

[50] "Domestic Philanthropy for Development and Gender Equality in South Africa."

*Figure 9: Estimated annual international and domestic philanthropy in South Africa (in millions)*



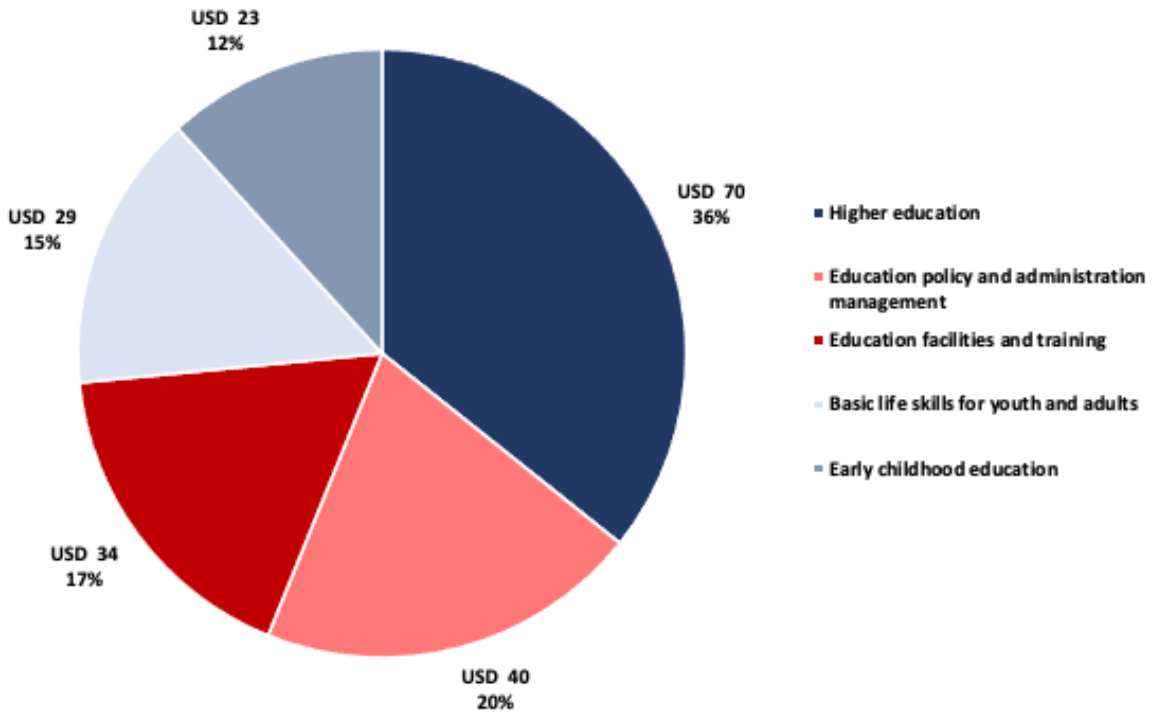

*Source: Domestic Philanthropy for Development and Gender Equality in South Africa, 2021*

**Education**

Education is reflected as the highest supported developmental area with 58% of domestic philanthropy directed towards the sector (including ECD), and accounting for around USD 266 million between 2013 and 2018.[51] The highest proportion of funding (USD 70 million) went to higher education, predominantly in the form of scholarships with USD 40 million going to education policy and administration management; USD 34 million to education facilities and training; USD 29 million to basic life skills for youth and adults; and USD 23 million to early childhood education. Education is also the second most funded sector by international philanthropic organisations[52] and the developmental focus area most funded by corporate social investment funds. Although the exact amount spent on education is difficult to calculate, the total estimated CSI expenditure for all developmental areas was R10.3 billion in 2021.[53]

[51] "Domestic Philanthropy for Development and Gender Equality in South Africa."
[52] "Domestic Philanthropy for Development and Gender Equality in South Africa."
[53] "Business in Society Handbook 2021."

*Figure 10: Domestic philanthropy spend on education between 2013 and 2018 (in millions)*




*Source: Domestic Philanthropy for Development and Gender Equality in South Africa, 2021*

**Early Childhood Development**

A recent survey which identified around 100 local and international funders of ECD in South Africa (of which 35 completed the survey) provides some insight into the ECD funding arena. 16 of the funders were classified as big funders with budgets ranging from R30 million to R5.9 billion (median of R110 million), and the remaining 84% were classified as small funders with budgets below R25 million (median of R3.5 million).

Regarding the segmented focus of the funders, most funders do not use quintiles to guide their funding framework but almost half of funders tend to focus on lower income households in quintiles 1 – 3 and the other half on the poorest children (but not exclusively). Most of the funders fund intermediary organisations who support early learning programmes such as ECD centres, preschools, playgroups or day mothers, or parenting programmes. The most supported current areas of funding appear to include learning materials in the classroom, practitioner in-service training and on-site mentorship, parental engagement, learning resources and children's books in the home, and programme governance, leadership and management.

Most funders exclusively use grants as their main funding instrument; however, a small number also make use of loans, equity, impact bonds and convertible debt/grants. Most respondents also participate in funder networks, the most popular being the Independent Philanthropy Association of South Africa (IPASA).[54]

[54] "Early Learning in South Africa; A Funder Survey."

Examples of key funders in the ECD sector include Standard Bank Tutuwa Community Foundation, ELMA Philanthropies, DG Murray Trust, Innovation Edge and Kaizenvest.

**Healthcare**

The largest healthcare donors in South Africa are bilateral donors such as the US Presidential Emergency Fund for AIDS Response (PEPFAR) and the Global Fund which focus on tackling HIV/AIDS and tuberculosis. Other major funders include the Bill and Melinda Gates Foundation, UNITAID, and ELMA Philanthropies. These funders target most of their funding at the national and provincial Departments of Health as well as local and international NGOs working in healthcare. There is limited consolidated publicly available information on the details of the projects that are funded by these major donors, however, many of the donors fund a group of the largest NGOs who have established a forum called the Health Implementing Partners Group which aims to "continue to address the health system challenges and improve coordination, collaboration and to provide effective support to the Department of Health." These NGOs include ANOVA Health Institute; Aquity Innovations; AURUM Institute; BroadReach Healthcare; Clinton Health Access Initiative (CHAI), South Africa; Center for Communication Impact; Doctors without Borders; Foundation for Professional Development; Health Systems Trust; JPS Africa; Kheth'Impilo; Right to Care; SEAD Consulting; TB HIV Care; The Health Foundation; and Wits RHI.[55]

## 3.7 Insights on the care economy in South Africa

It is clear from the budget allocations that the South African government places a high level of importance on education and healthcare with just under 14% of the government's budget going to basic education and 12% allocated to health. There is, however, a lack of government funding for the early learning component of ECD as it only receives an estimated 1% of the basic education budget.[56] This is particularly worrying given the extensive research showing that investment in the early years of life results in significant economic and social gains (refer to section 4.1 for further information). Although difficult to quantify numerically, the philanthropic community also focuses significant resources on healthcare, education and ECD in South Africa.

Despite being a focus area for both the government and philanthropic community, large gaps in coverage and/or quality of services in the care economy reflect a need for the more efficient spending of existing resources, along with a sustainable injection of additional funding. This signals an important zone of opportunity for future investment. Through its role as an ecosystem facilitator, Harambee has identified that amongst funding stakeholders in the industry (government included), there is increasing appetite to provide catalytic investment into the care economy. This refers to funding made available to kick-start initiatives and support them temporarily while they work to become sustainable. There is therefore a need to away move from viewing the care economy as a charity programme to be funded on a business-as-usual basis. South Africa needs to reshape its positioning of the care economy as an innovative, self-sustaining industry where investment makes economic

[55] Pillay, "The Role of Non-Governmental Organisations in Strengthening the South African Health System."
[56] DGMT bilateral discussion

sense. There is also a need for multiple funding channels and blended financing to support both the self-sustaining enterprising and innovative business models, as well as ensuring that those aspects of the care economy which are less economically viable, still continue to thrive.

As outlined in section 3.5, there is already a considerable focus on exploring, testing, and scaling innovative business models to deliver quality care services as well as expand coverage. These promising opportunities are also potentially a game changer for women, who dominate employment in the care sector and would be at the forefront for benefiting from more sustainable delivery models with better earning potential and support structures.

To bring about the sustained, catalytic expansion of the care economy in South Africa, there needs to be coordinated collective action from interested and participating stakeholders. Coordination is key for gender considerations to be front of mind in the development of innovative and sustainable business models – to ensure that they maximise the available opportunities for women work-seekers, as well as to help reduce the burden of unpaid care work on women.

# 4 IMPACT OF INVESTMENT IN THE CARE ECONOMY

## 4.1 Economic impact of spending in the care economy

Investing in the care economy has clear economic benefits and savings. Most famously, the Heckman curve shows that investment in the early years of life results in significant economic and social gains. Heckman estimated an annual rate of return on investment in ECD between 10 and 13.7% for every dollar invested. The Heckman curve shows that the rate of return diminishes with investment later in life such as subsidies for higher education, job training and adult literacy programmes. Worryingly, despite the evidence on the benefits of investment in ECD, the South African government spends significantly less on ECD compared to investments in older age groups. This is also the case with all countries in eastern and southern Africa.[57]

There are also substantial economic returns for investment in healthcare. A study on developing economies found an economic return of between 2 and 4 dollars for every dollar invested in health. Lack of investment in healthcare has correspondingly negative returns with the same study finding that GDP can be around 15% lower due to premature death and lost productivity.[58]

A South African study which makes a case for community health workers indicates that the cumulative effect of healthcare interventions associated with a strong CHW platform could save the health system R30 billion over 10 years. The economic benefit of the added salaries

[57] "Quantifying Heckman: Are Governments in Eastern and Southern Africa Maximizing Returns on Investments in Early Childhood Development?"
[58] Remes, Wilson, and Ramdorai, "How Investing in Health Has a Significant Economic Payoff for Developing Economies."

for CHWs (predominantly going to poor women) would add R13.6 billion to South Africa's GDP over the first 3 years of the programme. Improved health status and avoidance of premature deaths resulting from the programme would also add an additional 5 million productive life years to South Africa's workforce over 10 years which translates into an increase in productivity adding an estimated R413 billion to the country's GDP.[59]

## 4.2 Gender considerations of investment in the care economy

**Access to childcare increases the labour force participation of women**

A key return of investment in the care economy, specifically ensuring access to affordable childcare, is that it allows more women to participate in the labour force. Research conducted on the South African early childhood development sector found that if affordable childcare was available, approximately 18% of primary caregivers would plan to join or rejoin the labour force. This could lead to an 8 percentage point increase in the labour participation rate which amounts to approximately 3.1 million people. In addition, for every R15 invested in childcare programming in South Africa, primary caregivers could generate up to R105 in benefits through entering the labour force.[60]

**Increasing the number of women in the labour pool has a positive economic impact**

Gender diversity in the workplace has also been shown to improve firm performance, however a recent study by the International Monetary Fund (IMF) indicates that "increasing women's employment boosts growth and incomes more than previously estimated, exceeding the improvement that comes simply from adding workers. Among countries where gaps in participation rates are the largest, closing them adds 35 percent to GDP, on average. Four-fifths of the gains come from adding workers to the labor force, but fully one-fifth arises from the boost to productivity brought by greater gender diversity. The study also shows that increasing women's labor force participation produces large gains in economic welfare, which account for changes in consumption goods, home production, and leisure time."[61]

**Investment in the care sector results in more jobs going to women compared to investment in other sectors**

Given that the care workforce is dominated by women, it makes intuitive sense that increasing investment in the care sector will result in an increase of jobs available for women. This intuition is supported by a study of six countries (including South Africa) in emerging economies conducted by the Women's Budget Group. The study examines the forecasted results of a 2% of GDP investment in either the health and care sector or the construction sector. It found that although the investment would result in a similarly large increase in new jobs for both sectors (in South Africa 414 300 in the health and care sector and 511 000 in the construction sector), investment in the health and care sector would result in a greater number of these new jobs going to women compared to men.[62]

[59] Daviaud et al., "Saving Lives, Saving Costs: Investment Case for Community Health Workers in South Africa."
[60] "Caregiving Return on Investment."
[61] International Monetary Fund. Communications Department, "Finance & Development, March 2019."
[62] "Investing in the Care Economy. Simulating Employment Effects by Gender in Countries in Emerging Economies."

## 4.3 Impact on beneficiaries of care services

The benefits to individual recipients of care services and the cumulative effect on their households, the community, and society in general are also worth exploring. This section outlines the potential impact of a well-functioning care economy on these beneficiaries. We also examine the additional positive impact that can be realised by focusing on ensuring that women benefit fully from care services as well as some of the challenges and barriers that girls and women often face when trying to access care services. It must be noted, however, that there are moral imperatives and human rights issues at play when it comes to ensuring women have equitable access to care services, and although there is an economic case to be made for focusing on women in this regard, such a justification should not be a necessary condition to ensure equitable coverage.

**Early Childhood Development**

Numerous studies have found that children who have access to quality ECD have better outcomes in education, health, sociability, economic productivity, and reduced crime.[63] Regarding education and learning, children who attend ECD programmes are twice as likely to show progress in early literacy and numeracy and are more likely to start school at the correct age and progress smoothly through the school system. Quality ECD also impacts a child's ability to develop the competencies needed for life, future learning, and training. The potential health benefits associated with quality ECD also result in better nutrition and thus reduced stunting in children. This has implications for their future earnings where some studies have shown that better nourished children earn 5 to 50% higher incomes as adults compared to malnourished children.[64]

Quality ECD programming that is gender transformative (and addresses unjust gender norms and attitudes) can also have a longer-term impact on advancing gender equality in societies as girls and boys start learning about gender roles and gender norms from an early age.[65]

**Education**

The individual impacts of receiving a quality education are also well documented. Education can reduce poverty, improve health, increase earnings, and promote employment. In the South African context, data from 2019 found that completing secondary education increases the probability of being employed from 32.2% to 48.9% compared to those with some level of primary education or enrollment in secondary education. For people with tertiary education, 73.9% were employed.[66] At a societal level, education improves gender equality, social cohesion, and long-term economic growth.[67]

There is also research that points to particular benefits associated with investing in the education of girls. These include increased productivity and higher household incomes and

[63] "5 Reasons Why ECD Is the Best Investment a Country Can Make."
[64] "Quantifying Heckman: Are Governments in Eastern and Southern Africa Maximizing Returns on Investments in Early Childhood Development?"
[65] "Gender Inequality and Early Childhood Development."
[66] Inglesi-Lotz and Gerlagh, "A Big Effort to Invest in Education Will Pay off in the Long Term for South Africa."
[67] "Education."

health benefits ranging from delayed marriages, reduced fertility rates, improved health, and reduced child and maternal mortality rates.[68]

In South Africa, as is often the case globally, there are some concerning challenges that girls face in accessing education which may limit their ability to reap the benefits of a quality education. Racial disparities in the education system mean that black girls, in general, are disadvantaged compared to white girls when it comes to receiving a quality education. The patriarchal nature of South African society where some girls are socialized into roles as mothers or homemakers mean that some families do not prioritise education for their girl children. The pervasive problem of gender-based violence in the country mean girls may face violence in their commute to school and be victims of sexual harassment at school from both teachers and other learners.[69] A study by Statistics South Africa also found that girl students were more likely to be at the receiving end of teacher-to-learner violence than boy students, although boys were more likely to experience learner-to-learner violence. The same study examined gender gaps in education over a 10 year period and found that boys consistently had higher literacy rates than girls, and the widest gaps between girls and boys was for learners enrolled in science, engineering and technology subjects.[70]

**Healthcare**

The key benefit of a well-functioning health system on the citizens of a country is improved health outcomes, and a healthy population is also considered important for long-term economic growth.[71] A study of labour force participation in South Africa also found that being healthy increased the likelihood of participating in the labour force by 29-33%. For young South Africans the impact of poor health had the opposite effect, reducing the likelihood of employment by an average of 29% amongst 15 – 39 year olds. The impact of poor health exceeded the impact of having at least 12 years of schooling.[72]

South Africa's well-functioning antiretroviral therapy (ART) programme has shown marked benefits for women and children in particular by reducing mother-to-child-transmission (from 25 – 30 percent prior to 2001) to 1.4% in 2016 and increasing antenatal HIV testing and ART coverage.[73]

Similarly, apart from the moral imperative to ensure women's health needs are met, there are additional economic and social returns to investing in women's health care. Due to the role of women in families and communities, the maternal health of women has intergenerational impacts, strengthening the child-raising environment, reducing stunting and improving the cognitive development and learning potential of children. As women conduct most of the unpaid care work in society, the health of women is crucial to ensure this

[68] Maluleke, "Gender Series Volume VI. Education and Gender, 2009-2018"; "Girls' Education."
[69] Turner, "10 Facts about Girls' Education in South Africa."
[70] Maluleke, "Gender Series Volume VI. Education and Gender, 2009-2018."
[71] Bidzha, Greyling, and Mahabir, "Has South Africa's Investment in Public Health Care Improved Health Outcomes?"
[72] Nwosu, "Jobs and Health in South Africa."
[73] Soma-Pillay, "Think Equal: Women's Health, South Africa."

contribution to families and society can be made. Finally, as the majority of the healthcare workforce comprises women, they are key to the health of society in general.[74]

In South Africa, there are some key challenges that girls and women face in accessing healthcare and preventing them from reaping the associated benefits of health. A large number of women are based in rural areas which are under-resourced from a healthcare facility perspective compared to urban areas and experience challenges accessing healthcare due to expensive or limited travel options.[75]

Women also have different health needs to men and a lack of focus on these needs can create access barriers: The high incidence of gender-based violence and domestic violence in the country mean that women may need to be hospitalized more frequently than men for related injuries. The often subordinate status of women in society mean that women are twice as likely to suffer from depression. Many South African women also experience a lack of control over decisions relating to sex and reproduction as male relatives or partners make decisions for them, impacting the medical care they are able to access. The double load experienced by women of their paid work and unpaid care responsibilities also means that many women do not have the time to properly look after their health and attend medical check-ups.[76] These challenges all need to be considered to ensure that women and consequently society benefits adequately from healthcare services.

**Domestic work**

The benefits to the beneficiaries of domestic work, namely the households that benefit from domestic work services, need to be examined in the light of the vulnerable and often exploited positions held by many domestic workers. The overwhelming majority of domestic workers are women and a South African study found that many of these women "enter the domestic service, not by choice, but rather as a means to alleviate poverty."[77] Households that benefit from domestic work services are able to use the time they would have spent on domestic responsibilities, to pursue other interests and enter the workforce, particularly if the domestic work has a childcare element.[78]

A South African study of domestic work found that there may also be benefits to the households of domestic workers through close ties to employers. This can result in households of domestic workers having a lower likelihood of unemployment, higher likelihood of owning assets, and higher likelihood of having better nutrition and lower incidence of child and adult hunger. Again, these benefits need to be viewed in the context of often complicated and complex employer-employee relationships in South Africa's domestic work sector.[79]

[74] Remme et al., "Investing in the Health of Girls and Women."
[75] Soma-Pillay, "Think Equal: Women's Health, South Africa."
[76] *Health and Democracy*.
[77] Burger, Coetzee, and Van der Watt, "Estimating the Benefits of Linking Ties in a Deeply Divided Society: Considering the Relationship between Domestic Workers and Their Employers in South Africa."
[78] Galvaan et al., "Employers' Experiences of Having a Live-in Domestic Worker."
[79] Burger, Von Fintel, and Van der Watt, "Household Social Mobility for Paid Domestic Workers and Other Low-Skilled Women Employed in South Africa."

## 4.4 Impact of a young person having employment

**Individual impact of access to job opportunities**

The impact on a young person of having a job or even short-term work experience opportunities is life changing. On the economic side, young people who access decent job opportunities experience financial independence and increases in monthly income. The personal and psychosocial impact of employment on young people are also immense and include self-determination, fulfilment, the ability to craft and express one's identity and interests, and human connection and relationships.[80]

Research into the impact on young people in Harambee's network who benefited from work-readiness programmes and job opportunities indicate large benefits to the individual and community. These young people reported that they increased their financial contributions to their households, improved their own education and gave (more) money to a charity or church. These young people also indicated that they helped someone else to look for job opportunities.[81] Several respondents from another survey fed back that they had been able to pay someone to provide childcare because they were working.[82]

The other side of the coin is the negative impact of youth unemployment on the individual. Long-term unemployment leads to decreased self-esteem, depression, and discouragement and may also increase risky behaviour including alcohol and narcotic abuse, and engaging in transactional sex. Unemployment makes it difficult to escape poverty and long periods of unemployment may result in continued unemployment as employers often perceive unemployment as a signal of an individual's lack of productivity.[83] Similarly, individuals who have never had a job are 35% more likely to remain unemployed compared to those with prior work experience.[84] As the costs to the individual of prolonged unemployment far outweigh just the loss of potential income, these effects are often classified as 'scarring'.[85]

Harambee's research has found that young South Africans face a tough road to employment but that women face higher and harder barriers due to high levels of gender discrimination and violence: Young women work-seekers are 8% less likely to find employment than men; young women are less likely to have finished school with a secondary school qualification; young women have higher work-seeking travel costs due to fear of gender-based harassment and violence; and almost a third of women experience sexual harassment in the workplace.[86]

[80] "Investing for Impact. Advancing Youth Economic Opportunities"; Flanagan and Castine, "Ready, Connected, Supported. A Framework for Youth Workforce Development and the YES Project."
[81] "Tracer Survey of Harambee 'Bonds for Jobs' Candidates, October 2020."
[82] "Harambee Tracer Survey July 2015."
[83] De Lannoy et al., "South African Child Gauge 2015."
[84] Altman and Marock, "Identifying Appropriate Interventions to Support the Transition from Schooling to the Workplace."
[85] Mlatsheni and Leibbrandt, "Youth Unemployment in South Africa."
[86] "Harambee's Learnings and Recommendations on Improving Gender Outcomes for Young Women."

**Wider household, community, and societal impact of increased employment and youth employment**

Improving youth employment also has significant positive benefits for society, households and families, and businesses. Globally, the increase in per capita income, resulting from increases in youth employment can grow a country's economy, reduce crime, and foster greater stability and peace.[87] In South Africa, where young people comprise a large proportion of the population, a focus on youth employment is critical to building a stable economy.[88]

The **economic benefits** are significant with estimates from the ILO that a reduction in the youth unemployment rate to the level of adult employment could increase global GDP by between 4.4% and 7%.[89] A South African study estimated that increasing the country's employment rate to the OECD average or the average across the highest performing emerging market countries could increase per capita GDP by 50-60%. It could also lower income inequality as young people and black people are disproportionately affected by unemployment.[90] Research conducted for Harambee also shows that increasing youth employment can directly benefit the South African government through increased taxes and reduced reliance on social grants.[91]

Investing in youth employment also has important **household and family benefits** and can help break intergenerational cycles of poverty. Employed youth tend to add their income to their household income in order to support parents and contribute to the education of their siblings. For young people with their own families, studies from developing countries have shown a positive relationship between the assets of a family and the wellbeing of their children, particularly around enrollment and attendance at school and child health.[92]

In sectors such as ECD, investing in the creation of both direct and indirect jobs has been shown to **stimulate local economies** as many ECD programmes are informal community-based microenterprises that support their local economies through the purchase of local goods and services.[93]

There are also key **benefits to business** through investing in youth and youth employment. Employed young people who thereby improve and increase their skills gives employers and businesses in general access to a larger labour pool. Businesses can ensure that their workforces are diverse in terms of up-to-date skills and education, along with different perspectives and experiences. It can also be more cost effective for businesses to identify and develop young talent when growing the company's workforce, as opposed to buying in skills and experience at a more costly rate.[94]

[87] "Investing for Impact. Advancing Youth Economic Opportunities."
[88] "Why Your Business Should Hire Young People."
[89] "Investing for Impact. Advancing Youth Economic Opportunities."
[90] Duval, Ji, and Shibata, "Labour Market Reform Options to Boost Employment in South Africa."
[91] "Consolidated ROI."
[92] "Investing for Impact. Advancing Youth Economic Opportunities."
[93] "Investing in ECD - the Start of the Pathway to Human Capital Development in South Africa."
[94] "Investing for Impact. Advancing Youth Economic Opportunities"; "Why Your Business Should Hire Young People."

**Impact of employment efforts targeted at women**

There is also a compelling investment case to be made for targeting employment efforts at women as numerous studies have shown the positive outcomes for households and children when money is channeled to women. This enhances the case for investment in the care economy as we have already outlined in section 4.1 that such investment is likely to result in more jobs going to women when compared to investment in other sectors.

Studies comparing the differences in outcomes of monetary transfers such as social grants to men or women found a significant increase in household benefits from transfers to women. Of particular note was better child nutrition and health outcomes for the families. Similar outcomes have been found in South Africa where 85% of child support grant recipients are women and positive impacts have been shown on "child nutrition, health, school, protection of adolescents from risk, increased household resilience, and potential increases in productivity and earnings when the child beneficiaries become adults."[95]

Although this research relates to money flowing to women through social grants, it certainly follows that money flowing to women through employment would yield similar results. This is confirmed by an IMF study which indicated that "a higher female labour force participation rate and female earnings is likely to result in higher expenditure on children's education."[96] In addition, when women account for a larger share of the household's income, a larger share of the household's resources is spent on family wellbeing.

A further consideration is that in South Africa, most children under the age of 18 live with their biological mother. A large proportion of these mothers bear the sole responsibility for catering to the needs, financial and other, of the children in their care and thus it makes sense that ensuring money flows to women compared to men is more likely to have positive outcomes for children. [97]

# 5 CONCLUSION

This report has shown that although the care economy in South Africa already accounts for almost 15% of all jobs in the economy and receives considerable funding focus from the government and philanthropic community, gaps in coverage, especially in ECD and healthcare, and quality challenges in ECD, education and healthcare, mean there is still considerable potential for additional job opportunities to be created. There is also the potential to increase the quality of services across the care economy through investigation and investment into innovative microenterprise and social franchise models as well as using technology as an enhancer and enabler of service delivery. This report has highlighted examples of the innovative work already taking place in these arenas.

[95] Daviaud et al., "Saving Lives, Saving Costs: Investment Case for Community Health Workers in South Africa."
[96] Daviaud et al.
[97] Daviaud et al.

This report has shown that the care economy can be an important zone of opportunity for future investment. In the funding community (government included) there is increasing appetite to provide catalytic investment into the care economy. As such there is a need for South Africa to reshape its positioning of the care economy as an innovative, self-sustaining industry, as opposed to a charity programme requiring business-as-usual funding support. There is also a need for multiple funding channels and blended financing to support both the self-sustaining enterprising and innovative business models, as well as ensuring that those aspects of the care economy which are less economically viable, still continue to thrive.

To enable the sustained, catalytic expansion of the care economy in South Africa, there needs to be coordinated collective action from interested and participating stakeholders. Coordination is key for gender considerations in the design of innovative and sustainable business models to ensure that the available opportunities for women work-seekers are maximised, as well as the burden of unpaid care work on women reduced.

The potential impact of investing in the care economy is also wide reaching and ranging as appropriate investment has substantial economic returns and savings. A well-functioning, quality care economy has important benefits for the beneficiaries of those care services, however, interventions must ensure that the specific challenges and barriers many women face when accessing care services are addressed to ensure maximum impact. This is because there are particular benefits associated with investing in women's education and healthcare. Finally, increasing employment opportunities for young people results in significant positive financial and psychosocial impacts on the individual with associated positive benefits for their households, communities, and the business community. Positive impacts are especially true when job creation interventions are targeted at women as numerous studies have shown the positive outcomes for households and children when money is channeled to women.

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