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T20 POLICY BRIEF

Task Force 01

FIGHTING INEQUALITIES, POVERTY, AND HUNGER

Rethinking the Care Economy for a Just Transition in Latin America

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Abstract

Across the world we are not on track to achieve gender equality by 2030 (United Nations, 2023). While existing policies and financing mechanisms aim to support recovery and advance the Sustainable Development Goals (SDGs), structural inequalities between countries and within developing countries impede progress. Since COVID19 there is growing understanding across stakeholders that the care agenda is a condition to advance gender equality and reduce poverty. In Latin America and the Caribbean (LAC) the pandemic's impact has disproportionately affected women's economic participation. Women continue to be disproportionately unemployed, under-employed, working in the informal economy or living in households without an income.

A just transition requires substantial reforms in financing mechanisms and public financial management frameworks as well as new productive policies to transform all sectors and particularly the care sector. Women's unpaid care work reduces women's economic, social and political opportunities and is not accounted for in GDP, which undervalues women's full contribution to society (United Nations, 2023).

In LAC, a large proportion of women work in the informal sector and continue to be poor, struggling with the impact of the multiple crises and the digital economy transition. Investing in social protection and comprehensive care policies and systems has multiple effects creating jobs, wellbeing, revenue and reducing poverty and inequality. This Policy Brief summarizes recommendations to the G20 and governments to address these challenges, shift the economy and advance sustainable development through the lens of care, gender equality, social cohesion, climate transition, public debt management, and financial sustainability.

Keywords: women's rights, discrimination, care policies and systems, unpaid work, gender equality, race, climate change, debt sustainability, decent work.

Diagnosis of the issue

G20 Roadmap Towards and Beyond the Brisbane Target for gender equality and past G20 leaders' statements include several commitments "to use all available tools for as long as required to address the adverse consequences of the pandemic, in particular on those most impacted, such as women, youth, and informal and low-skilled workers, and on inequalities" (G20 leaders statement, 2021, 3rd Para.), reaffirming the need to promote decent work and strengthen national health systems and primary health care services (G20 leaders statement, 2021, 8th Para.). G20 leaders stated that achieving gender equality is attached to the "enhancement of social, health, care and educational services, overcoming gender stereotypes, and the uneven distribution of unpaid care and domestic work" (G20 leaders statement, 2021, 33th Para.). In 2023, New Delhi G20 leaders' declaration made a major shift to address structural inequalities and invest in affordable care infrastructure to address the unequal distribution in paid and unpaid care and domestic work, promoting women participation in education and employment and all the society (Para 64, iv).

In Latin America and the Caribbean (LAC), the pandemic's impact has disproportionately affected women's economic participation and women continue to be disproportionately unemployed, under-employed, working in the informal economy or living in households without an income. The proportion of women who do not have an income is 2.6 times higher than that of men (ECLAC-UN WOMEN, 2024). Women continue to be over-represented in the care economy, both in unpaid and paid care work. Time-use measurements in LAC show that women spend three times as many hours as men on care work (ECLAC-UN WOMEN, 2024). LAC existing measures suggest that care non-paid work represents on average between 16 and 23 % of GDP (ECLAC).

However, the care economy is not yet understood as a productive sector per se, and the incentives for the sector are very weak or nonexistent.

Additionally, care and climate financing are incipient and requires fair financing. For example, the main care policy interventions in LAC (paid maternity leave) are financed with social contributions from formal work, while the majority of women are outside the labor force or in informal occupations. On the other hand, climate financing puts pressure on greater debt in a context of high debt but low and inequitable tax pressures.

Emerging research estimates a hidden "debt" owed by states to women due to pandemic losses, this affects women from all sectors, and has increased impact on women facing multiple discriminations and in the front of the migration and climate change crises (indigenous, rural, afro descendant, women in mobility), such as extreme weather events and food insecurity (OIM, 2022).

During the COVID19 pandemic, the care crisis was not only intensified (Rodríguez Enríquez, 2020), but also the dynamics of private indebtedness related to care, generating an overload of unpaid work and an increase of time poverty for women, lesbians and trans femininities (Tumini and Wilkis, 2022; Partenio, 2022). In the poorest households, the care crisis is much more evident. It is possible to notice how the overload of unpaid care is linked to debt distress and the lack of access to social protection for women, lesbians and trans persons. "Critical profiles are those where a structural situation, poor labour experiences, a stay in unregistered jobs and high demand of care in the household are combined. The most urgent situations are in almost all the houses where women are households' heads and are unemployed or work in informal jobs, without receiving child maintenance from fathers and any care public service. This situation is also critical in households with persons with disabilities" (Partenio and Wilkis, 2024, p.203).

Emerging research links lack of public care services to women's indebtedness, climate vulnerabilities and how this impacts women's access to decent work and integration for women in mobility. These studies have shown how weak urban infrastructure and access to basic services for household sustenance (and care) increases women's energy poverty, and it is women who become indebted to guarantee these services and care for their families. These studies show how the lack of investment in urban infrastructures makes them more vulnerable to climate disasters. Climate crisis may force countries to borrow to finance mitigation and adaptation in a context of current debt and fiscal constraints. This reduces the possibilities of financing policies.

Recommendations

Women’s energy poverty and time poverty are forms of poverty that women face in addition to income poverty and all forms of discrimination and misogyny. Thus, incentives and policies targeting all these forms of poverty and discrimination while promoting decent work, may contribute to a just transition. G20 Women’s Empowerment Working Group (WEWG) under the Presidency of Brazil grounds the work for 2024 recognizing that “unpaid domestic work of women and their lower incomes in the world of work both act to maintain economic inequalities between women and men”, and shows how when racial differences are considered, inequalities intensify intersectionally (Issue Note, p. 7-8). This analysis reflects women’s discrimination in Brazil and all the continent, and has parallelisms in other regions, including in developed countries, where care workers are often migrants, afro descendant, indigenous or rural women.

As care can be defined as a public good by Sanchís and others (2020), and currently care is analyzed by the InterAmerican Court on Human Rights as a potential autonomous human right, the G20 in Brazil may advance international understanding towards a care society building from the Latin American debate. While 14 Latin American countries advance care policies following the “Buenos Aires Commitment” roadmap, comprehensive care systems require understanding financing priorities within broader public financial management, intersections and tradeoffs.

Recommendations:

1. The G20 should incorporate the race and gender intersectional analysis proposed by G20-WEWG across all streams, themes and working groups in 2024 and beyond.

2. Economic policies have gender biases, including the tax system, the analysis of debt sustainability and the fiscal rules, so they must incorporate a gender transformative approach as well as climate financing. The need to provide more and better public goods (such as care) should be considered by the G20 in the recommendations towards implementation of the redesign of fiscal instruments and this will necessarily require increases in the current levels of fiscal pressure. It is highly probable that the greatest needs for public resources will arise on a global scale, so that national efforts in this area will have to be developed in parallel with the progress of international tax cooperation. Environmental and social sustainability frameworks should embed care policies as a condition for equality and need to be considered simultaneously with the intertemporal sustainability of public finances. As stated by Galindo and Lorenzo (2023), in addition to the obvious financial advantages that would derive from these new financial practices, there would be the intangible reputational benefits of developing countries from adhering to international climate change efforts.

3. Public financial management policy frameworks and all policies and ongoing efforts to reduce poverty and inequalities to advance sustainable development and financing should integrate care comprehensive policies as means of implementation and a condition to overcome existing gender and race structural inequalities. Integrate the care variable into macroeconomic and climate change agreements of the G20 and in national

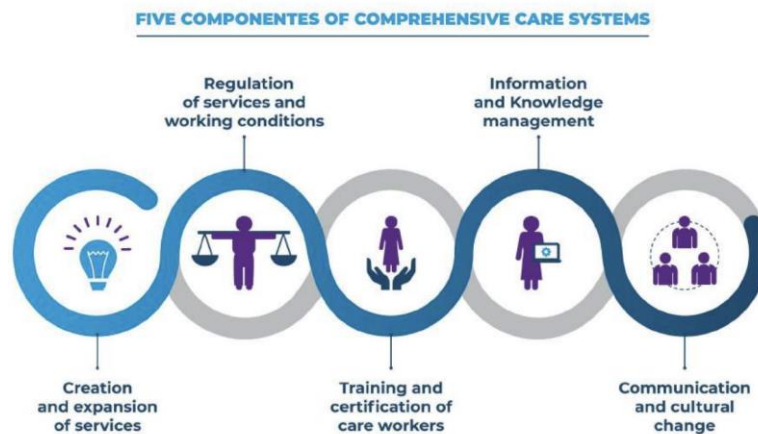
planning, design, implementation, monitoring and evaluation phases, as well as into macroeconomic planning instruments such as general equilibrium models and the social accounting matrix (UN WOMEN, 2020).

4. Promote measures that go beyond GDP for financing for development and international cooperation standards considering gender-specific indicators that adequately measure and compare the situation of women and men in all areas of life (UN, 2023). Ensure sex-disaggregated data and regular time-use national surveys, to properly include care and environmental satellite accounts as part of GDP measures.

5. Promote a deeper understanding of care as a productive sector that can either reproduce or reduce inequalities. The strategic development of regional and global care value chains should be part of a just transition, as well as the productive incentives and reforms promoted by the G20. Analyzing and developing global care value chains from a gender and race perspective should be included in the G20's global initiatives to reduce hunger and poverty, and in coordinated efforts on migration and Mobility.

6. The G20 should promote state regulatory role and public and private sector co-responsibility to transform labor markets to enable the reconciliation of paid work and unpaid care, promoting social co-responsibility between families, the state, the market, and the community. The G20 should go beyond the need to promote care services as defined in previous leaders' statements and promote comprehensive care policies and systems as well as financing mechanisms to invest on gender transformative policies on care, climate change, decent work and food systems. Comprehensive care systems and

policies implies at least 5 components: 1) care services’ creation and expansion; 2) care services and working conditions’ regulation, 3) paid care workers professionalization; 4) Information and knowledge management; and 5) communications to promote cultural change and co-responsibility (UN WOMEN- ECLAC, 2021, 28-29).



Source: UN WOMEN-ECLAC (2021), 28-29.

7. Debt for care and debt for climate change swaps can be supported by G20 members among existing swaps negotiations. Recent studies show that an average of 1,5 % GDP investment is needed to set and strengthen national care systems, this amount may represent the lower limit for some countries, and it may also result from an adjustment to current public spending structures (Galindo and Lorenzo 2023).

8. Ensure that climate action efforts emerging from Delhi and the Brazilian Presidency integrate the intersection between climate change and care (as a policy priority and in terms of financing) as a condition to achieve gender equality. It is critical to promote participation of women in all their diversity to contribute to different women-led

development alternatives from the ground. The G20 should call for an effective participation of indigenous women's groups and organizations as part of decision-making bodies since they combine traditional knowledge and innovation and are at the forefront of climate action response living in poverty and without access to international financing mechanisms.

9. G20 leaders should integrate the gig economy and digital platforms' impact on care in existing efforts to increase women's participation in the digital economy. Recent studies show the importance in the creation of a new international labor standard to support decent work in the platform economy (ILO, 2024).

10. In relation to access to the social protection and care system, it would be key to consider investment in public digital infrastructure for access to social benefits. It would be important to consider the contributions from dominant digital services firms to finance public digital infrastructure in developing countries (GDJF, 2023).

Scenario of outcomes

Awareness of the importance of environmental and social sustainability, including gender equality and care are slowly leading to a paradigm shift in global finance as a result of the 2030 Agenda.

Rather than viewed as a cost, care policies start to be considered as a public good, a right, and as an emerging productive sector. Direct and indirect returns of investments of care policies and infrastructure can be valued via jobs' creation and taxes and its positive returns in women's autonomy, in the GDP, in poverty reduction, and the sustainability of contributory social security. Combining environmental, gender transformative and care policies as part of debt management, tax reforms and productive incentives across all sectors will contribute to a more coherent policy system to advance the SDGs beyond 2030.

Investing in care systems and policies would imply stronger well-being for those who require care from all generations and better conditions for those who care. Co-responsibility also implies a more equal access to care services across all life-phases for all persons, and cost shared across the state, the private sector, households and communities, with stronger value and financing mechanisms for community led initiatives. Co-responsibility via care national policies imply a stronger participation of men in care work (paid and non-paid), promoting more equal and balanced roles and reducing labor inequalities.

In this scenario several direct impacts have been analyzed and quantified for LAC selected national and subnational care policies:

- 1) Investments in human development via childcare increase children current and future educational and health opportunities, lifetime productivity and income.
- 2) Improved persons with disabilities and dependencies' development and working opportunities.
- 3) The regularization of informal care paid jobs improves workers' rights and conditions, increasing consumption and tax revenues.
- 4) Women's participation increased in the formal labor market. This also contributes to reduce poverty and a more integrated society with lower economic and social risks and greater resilience to climate change.
- 5) Professionalization of care workers impact care services' quality and future labor opportunities of women and marginalized groups.
- 6) Increased care workers contribution to social security systems and their own access to care services.
- 7) Potentially reduced health systems' costs.
- 8) Recognition of unpaid care work as a genuine contribution to the economy and the society increases co-responsibility and national income.
- 9) Contributed to reduce poverty and inequalities.

The increase in fiscal priority derived from greater climate and care financing, albeit the pressure on spending and conflicts with fiscal rules and debt sustainability, will have positive returns not usually considered in the short-term evaluation of policies.

The G20 and other international organizations must incorporate this agenda to rethink the economy and build a just transition towards care societies.

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