

ERF Policy Brief

Deteriorating Working Conditions in the Care Economy in Egypt: Directions for Reform

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About the authors

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In a nutshell

- A robust care economy is critical to supporting women's employment, both as an employer of women and as a mechanism to redistribute unpaid care work onto the market.
- The care economy has been shrinking as a share of total employment over the period 2009-2021.
- The shrinking of the care economy has been driven by the retreat of the public sector. While private sector care employment has grown, it has not done so sufficiently to compensate for the retreat of the public sector.
- Working conditions, including social insurance coverage (formality) have deteriorated over time in the care economy, due in part to privatization.
- While initially there was a care-pay premium, a care-pay gap has now formed.
- Sustainable funding commitments are essential to ensuring access to high-quality care and decent working conditions for care workers.

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The Importance of the Care Economy

The care economy is vital for women as both an employer of women and support for working women. Worldwide, 19.3% of employed women work in the care economy (International Labour Organization 2018). In the Arab States 53% of women's employment is in care employment – the largest share of any region (International Labour Organization 2018). Efforts to redistribute care work from households (disproportionately women) to the market require a robust paid care economy offering care services (International Labour Organization 2018).

Care work not only affects care recipients but also has spillover effects on the economy. Investments in areas such as child care can raise female labor force participation (Morrissey 2017; Halim, Perova, and Reynolds 2023). Likewise, investments in care sectors such as education promote the formation of human capital, tend to have high returns, and have positive externalities for the whole economy (ILO and UN Women 2021; England 2005). In the long-term, these investments can also generate economic growth (Abbott 2021).

Increasing paid care employment is also closely aligned with national goals in Egypt. For example, national plans include efforts to expand early childhood care and education, increase the quantity and quality of education, and improve access to health services (Ministry of Social Solidarity 2018; World Bank 2018a; Ministry of Planning and Economic Development 2015; World Bank 2018b).

This brief uses the data of Egypt's Labor Force Surveys to show time trends in care employment¹ and working conditions over the period 2009-2021 (OAMDI 2023). Analyses focus on wage workers. The analyses explore whether paid care employment has grown (as a share of wage employment) and whether such care employment has been increasingly privatized. In terms of working conditions, analyses focus on social insurance coverage (as this determines formality for wage workers (International Labour Organization 2013)). Whether there is a care pay gap (lower wages for care workers than other workers) is also explored. For further details, see Krafft and Ehab (2023).

¹ Care employment is defined based on working in a care occupation (health professionals; teaching professionals; social care workers) and/or care industry (education; health and social work; paid domestic work).

Shrinking and Increasingly Privatized Care Employment in Egypt

The share of the care economy in wage employment in Egypt has been shrinking over time, falling from 20% in 2009 to 17% in 2021 (Figure 1). As of 2021, 3.3 million workers were employed in care employment, representing 17% of total wage employment. Care employment was more than half (59%) of women's total wage employment in 2021.

Care employment has become increasingly privatized. The percentage of care employment that is in the public sector has decreased substantially, while the share of the private sector has increased over time. The share of the private sector in care employment rose from 13% in 2009 to 23% in 2021. The growth in private sector care employment has not been enough to compensate for the retreat of the public sector, leading to declines in overall care employment.

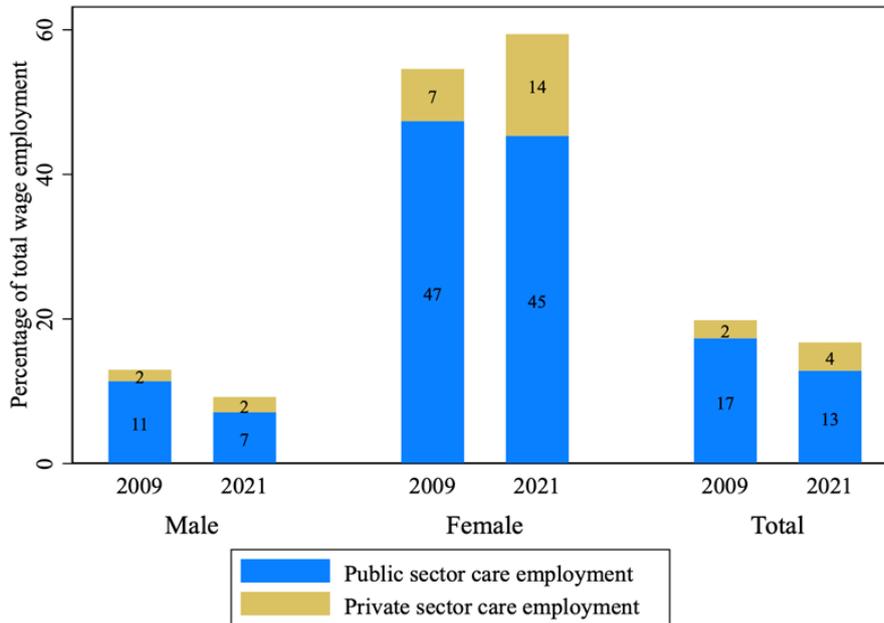
Deteriorating Working Conditions in Care Employment

A key aspect of working conditions is contributory social insurance coverage (which taxes wages in order to provide old-age pensions). Registration with social insurance means that a wage worker is formally employed and is covered by a host of other regulations and benefits. In general, individuals in care employment have higher social insurance coverage compared to those not in care employment.

However, social insurance coverage in care employment has declined over time, from 91% of care employment in 2009 to 84% in 2021 (Figure 2). The decline was not due to changes in care employment in the public sector, which retained nearly universal coverage. Instead, the increase in private sector employment within care employment was compounded by a decline in social insurance coverage within private sector care employment. In 2009, 56% of private sector care employment had social insurance coverage, but this had dropped to 38% by 2021. Women in the private sector have even slightly lower coverage than men (36% women and 41% men in 2021).

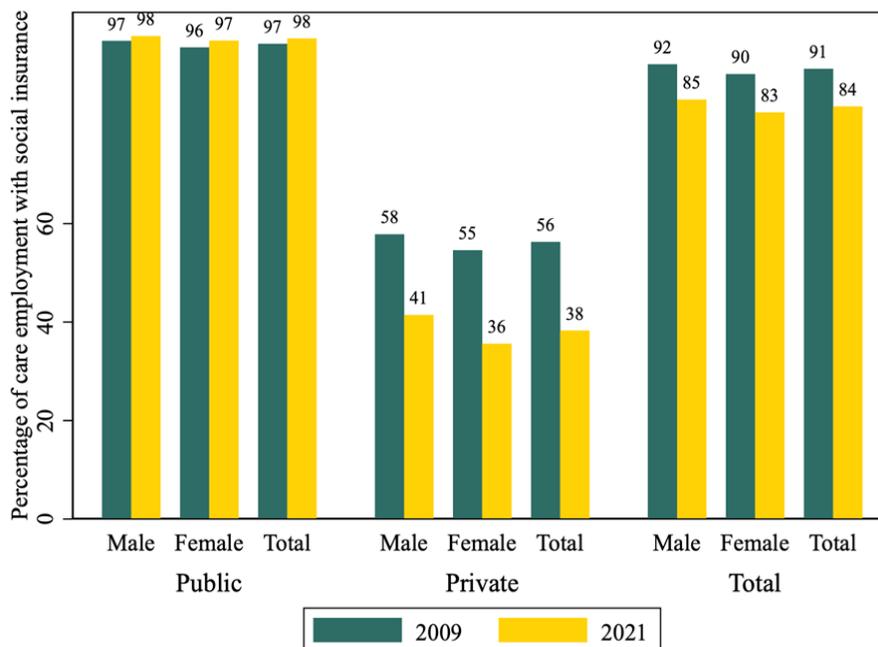


Figure 1. Declining care employment and privatization of care employment
 Trends in care employment, public sector care employment, and private sector care employment (percentages of total wage employment), by sex, 2009 vs. 2021



Source: Authors' calculations based on LFS 2009 and 2021

Figure 2. Declines in social insurance coverage in care employment, driven by private sector
 Trends in social insurance coverage (percentage of care employment with social insurance coverage), by sex and sector, 2009 vs. 2021



Source: Authors' calculations based on LFS 2009 and 2021



Formation of a Care Pay Gap

In addition to deteriorating working conditions, a care pay gap has formed in Egypt over time. In 2009, care employment had similar wages as non-care employment (Figure 3). In 2009, there was only a one Egyptian pound difference between average care wages and non-care wages. Wages in care employment have declined relative to non-care employment, with a care pay penalty of 257 pounds per month as of 2021. This is equivalent to around a 9% lower wage. Men, who used to have a care pay premium in 2009, had a larger care pay penalty than women in 2021. Women’s initial small care pay penalty in 2009 widened by 2021.

A Robust Care Sector Needs Sustained Support

Investments in the care sector support human development and result in spillovers to the whole economy, providing a high return on investment (ILO and UN Women 2021; Abbott 2021). Furthermore, the paid care economy is an important employer for women and facilitator of their employment, providing an indispensable source of care services (International Labour Organization 2018). The need to recognize, reduce, and particularly redistribute care work requires

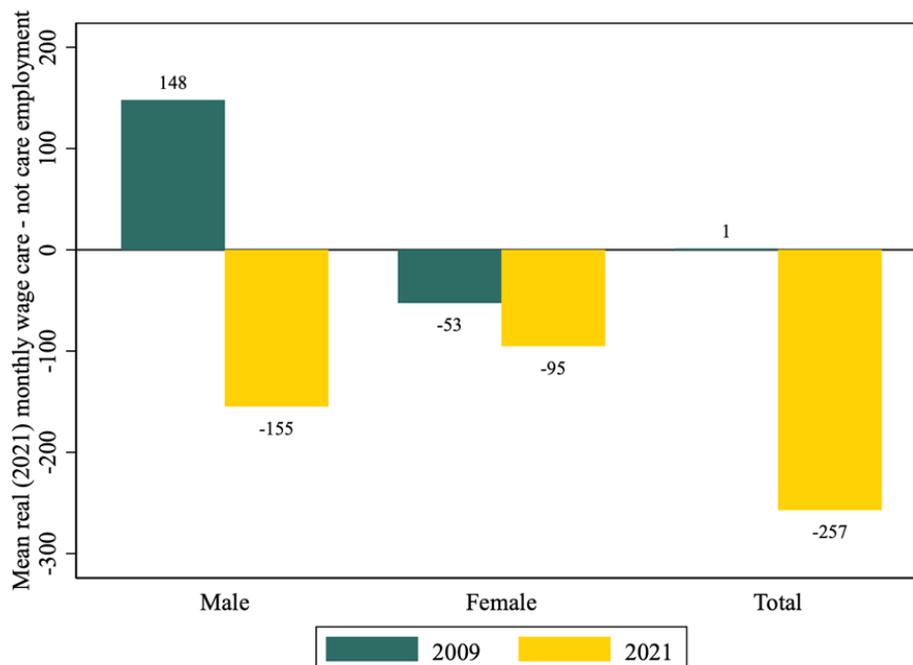
a robust paid care economy offering care services (International Labour Organization 2018). There is also increasing recognition of the importance of rewards (both pay and working conditions) and representation in paid care work (International Labour Organization 2018).

Despite the importance of the care sector, we have shown that paid care employment has been shrinking as a share of employment in Egypt over 2009-2021. Calls to recognize, reduce, and redistribute care work emphasize both the redistribution of care work from women to men and from households to society (International Labour Organization 2018). Egypt is struggling with redistribution from households to society. Additional unpaid care responsibilities, declining care services, and decreasing employment in the care economy may all be factors contributing to declining women’s employment in Egypt (Krafft, Assaad, and Keo 2022).

Care employment has become increasingly privatized, but the growth of paid care employment in the private sector has not been large enough to compensate for the retreat of the public sector. In addition, the privatization of care work has contributed to deteriorating working conditions, such as falling social insurance coverage. A care pay gap has also formed, where care workers earn lower wages than other workers.

Figure 3. A care pay gap has formed

Mean care employment monthly wage minus mean non-care employment monthly wage (in real 2021 terms) by sex, 2009 vs. 2021



Source: Authors’ calculations based on LFS 2009 and 2021



Improving working conditions and wages in the care economy can also improve the quality of care. High rates of turnover in care fields due to low wages may negatively impact the quality of care (Duffy, Baughman, and Smith 2021). One challenge with improving wages and working conditions is ensuring care services remain affordable (International Labour Organization 2018).

Public provision of care services improves care employment job quality (International Labour Organization 2018). Ongoing efforts to shrink public sector employment are thus in tension with creating a robust care economy. Developing a new social contract that ensures availability of care services may require revisiting the role of the public sector. Universal coverage of care services by public provision or public funding and multi-modal provision could be a long-term goal. In the short-run, expansions should target the most vulnerable (ILO and UN Women 2021). Sustainable public funding is critically important to robust paid care services and job quality.

Complementary Policies Needed to Change Gender Norms

Gender norms may devalue care work and constrain the redistribution of care work within the household or from the household to the market (Caria et al. 2022; El-Feki, Heilman, and Barker 2017). For instance, 68% of Egyptians thought household duties should not be compensated or that they should not be considered work (Osman 2019). Such norms may also reduce the status and rewards of paid care employment. For example, parents' willingness to pay for child care is limited and caregivers are not perceived as professional (Girgis and Adel 2021). Public investments to professionalize and raise quality of care services may need to be coupled with raising awareness about the value and quality of such services.

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