

## The Case for Care: Catalysing Investments into the Care Economy in South and Southeast Asia

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### Introduction:

The care sector's market and investment potential are expanding. The region is expected to have over 1.3 billion people aged 60 and older by 2050, and rising disposable income is boosting the eldercare and childcare markets. In Asia and the Pacific, women contribute to 80% of unpaid care work, a stark contrast to men, and this gender gap widened during the Covid-19 pandemic. Improving gender inclusion in the economy and society would entail reducing and redistributing unpaid care work and formalising paid care work. Estimates suggest that investing in the care economy could create around 300 million jobs by 2035, with a significant majority (78%) being opportunities for women, and 84% of these jobs would be in formal employment. This study, conducted by Value for Women in collaboration with the UN Women Regional Office for Asia and the Pacific, is primarily aimed at investors for directing investment into the expanding care economy in South and Southeast Asia.

### Key Findings:

- ✓ **Role of Investors in the Care Economy:**
  - Both commercially focused and impact-focused investors are playing a growing role in the provision of care products and services.
  - There is a lack of clarity among investors and ecosystem actors regarding the definition of care and the investment opportunities within the care enterprise sector.
  
- ✓ **The Care Economy Ecosystem:**
  - The care economy ecosystem includes a diverse range of stakeholders, including care enterprises, investors, intermediaries, employers, governments, and not-for-profit organisations.
  - These stakeholders have interconnected roles in the care economy.
  
- ✓ **Diverse Care Business Models:**
  - Various care business models exist to cater to the interests and risk appetites of investors.
  - Types of Care Enterprises:
    - a) Direct Care: Investors are showing interest in care platforms, which can scale and have a high impact potential.
    - b) Care-Enabling: Enterprises focused on care workers' training and skill development often attract seed and early stage investments, promising potential returns and a significant impact.

- c) Care-Adjacent: Some enterprises may have care-related impacts alongside other objectives, such as clean cooking technology reducing the burden of fuel collection.
- d) Care-Friendly: Investing in care-friendly enterprises involves aligning care objectives and outcomes with existing investment and impact strategies, often through employer provided childcare.

✓ **Five Main Factors Hampering Investor Engagement:**

1) No Clear Definition of the 'Care Economy'

- a) The lack of a universally accepted definition for 'care' and the 'care economy' leads to varying interpretations among investors.
- b) Investors' approaches to investing in the care economy vary based on their impact and investment focus, making it challenging to recognise the sector's potential for investment and socio-economic impacts.

2) Limited Market Data

a. Investors face challenges due to the limited availability of specific market data in Asia. b. Data related to market sizes, willingness to pay for care services, successful enterprise models, return on investment, and regulatory compliance costs are insufficient, hampering informed investment decisions.

3) Social Norms and Gender Roles

- a. Gender roles and social norms impact the demand for care solutions outside the home and hinder accurate market assessment.
- b. Changing these norms is essential for the development of the paid care market, which is influenced by the ability to pay and evolving social expectations.

4) Gender Finance Gap

- a) Many care enterprises are led by women, and there is a well-documented shortfall of investment in women-led enterprises.
- b) Women-led enterprises, particularly those developing products and services benefiting women, face challenges in obtaining investment, leading to a double disadvantage.

5) Perceived Risks in the Care Economy

- a) Investors express concerns regarding various risks associated with care enterprises.
- b) These risks include issues related to regulation, demand, customer acquisition, care workers, and scalability of care enterprises.

✓ **What is needed to catalyse investments into the care economy in South and Southeast Asia**

1) Common Language for Investing in Care

- Establish a common understanding and investment language around the care economy to facilitate capital flow.
- Define a framework that demystifies investing in the care economy, promoting a shared language and understanding among investors.

2) Market Segmentation and Alignment

- Address the rapid evolution and diversity of care business models through improved market segmentation.
- Clearly identify which types of financing are appropriate for different care business models and enterprise stages.
- Encourage alignment between investors and early-stage care enterprises to bridge the gap between investment readiness and the risk profile of these enterprises.
- Explore opportunities for consolidation among similar or complementary enterprises to enhance scalability.

### 3) Connection between Investors and Businesses

- Facilitate better matchmaking between investors and care enterprises by creating platforms that connect these parties.
- Identify roles for ecosystem actors like incubators and accelerators in this process.

### 4) Business Development Support

- Recognise that care enterprises often share common business development needs with startups in general.
- Provide intentional business development services, incubation, and accelerators for care enterprises to raise sector visibility and enhance investor confidence.
- Offer mentorships, access to networks, market research, customer analytics, and digital marketing support to promote scalability.

### 5) Ecosystem Approach with Catalytic Capital

- Invest in philanthropy and grant capital for sector research, market segmentation, customer data, case studies, industry groups, and collaborative spaces.
- Allocate resources to analytics, harmonised definitions of the care economy, and building a compelling business case to attract more investment.
- Encourage experimentation with diverse financing structures to meet the needs of early stage care enterprises, combining catalytic investment with social returns

## ✓ **Insights and actions for investing in the care economy**

### 1) Identify Approach to Investing in Care

Investors can approach investing in the care economy in two ways:

- Care as a Lens: Align existing or potential impact objectives with care business models and outcomes, such as gender empowerment, health, education, technology, etc.
- Care as a Sector: Explicitly include care as one of the sectors in which to invest.

### 2) Choose Entry Points

Investors can choose from four entry points to take action:

- Provide Capital to Care Enterprises
- Integrate Care Considerations Across the Investment Process
- Care Within the Investment Firm
- Invest in Market Building

Investors should choose entry points based on their specific objectives, risk tolerance, and investment approach. These actions aim to facilitate investment in the care economy and promote its socio-economic impacts.

## **Conclusion**

In conclusion, the care economy in South and Southeast Asia presents a remarkable investment opportunity. Demographic shifts, population growth, urbanisation, and an ageing population have created significant latent demand. Care enterprises are adopting various business models to formalise care work and reduce unpaid care labor, such as care concierge services, e-commerce platforms, franchise caregiving, and more. Investing in the care economy aligns with existing impact objectives for many investors and does not require a departure from their current strategies. Patient and catalytic funding is essential given the emerging nature of the care sector in the region. Ecosystem-focused market building is crucial, encompassing support for incubators, accelerators, research, and technical assistance to strengthen the business case for investment. Public investment is also vital and should complement private sector resources. The study encourages all stakeholders to take action, as the care economy is ready for both investment and market development. Investing in the care economy promises social and financial returns, improving outcomes for caregivers and care recipients, enhancing economic productivity, and contributing to greater gender equality at the societal level, along with policy and normative changes.

**Read More:** [The Case for Care](#)

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