



Spotlight on Inclusion

Growing investor interest in care economy highlights potential of a gender-smart approach

Women’s economic progress is being stymied by barriers that prevent them from realising their potential as business owners, leaders and employees. Quantifying the value they deliver, especially in care-related activities, is one way to attract the capital and opportunities women need to thrive at work and beyond.

Economic historian Dr Claudia Goldin is keenly aware of the inequalities women face at work. For her pioneering research into gender gaps in the workforce over the past 200 years, the labour economist was awarded the 2023 Nobel Prize for Economics – the first woman to be honoured individually and not as part of a shared prize.

Dr Goldin has been a trailblazer in the field, identifying the drivers of change and the complex factors causing gender wage gaps. The first woman to be offered tenure in Harvard University’s economics department, she told *The New York Times* that while there had been “monumental progressive change, at the same time there are important differences” which often tie back to women doing more work in the home.

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Everyone receives care at some point in the journey from birth to death. For many people it’s an intensely personal and life-shaping experience. For all that, in most societies care and domestic tasks are still seen as women’s work while men are regarded as protectors and breadwinners.

Care may take the form of unpaid caring for children, relatives or aged parents, or be provided by women-dominated workforces in areas such as childcare, education, healthcare and aged care, industries often plagued by low wages, insecure tenure and unsafe working conditions.

This grossly under-valued care contribution is now in the sights of policymakers, investors and entrepreneurs sizing up the potential of an emerging global growth sector.

A 2021 report by The Holding Company and Pivotal Ventures put the size of the care economy at US\$648 billion, bigger than the US pharmaceutical industry and exceeding the US hotel, car manufacturing and social networking industries combined. According to Ms Patrice Martin, Holding Co Cofounder and CEO, “the care

economy offers... a treasure trove of untapped opportunities for innovation”.

For those opportunities to be realised, however, will take courageous leadership and fundamental change in how women are portrayed, employed, supported and rewarded as significant economic contributors.

Insight Series Inclusion topics



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Sweef Capital Gender ROI™ Inclusion indicators



The **Sweef Capital Gender ROI™** identifies gender equality and diversity gaps and informs interventions to build resilience, equal opportunity and inclusion. The Gender ROI™ Insight Series explores how each indicator contributes to delivering social, financial and economic returns: <https://sweefcapital.com/gender-roitm/>

“It’s a big shift, yes, but it’s also inevitable,” according to Ms Jennifer Buckley, Managing Director of impact investment firm Sweef Capital. “This is massive potential we’re talking about. As well as being the ethical course of action, intentionally and properly supporting women and their endeavours will translate to value creation on a global scale.”

United Nations entity UN Women has waged a concerted campaign to accelerate women’s progress across multiple fronts. “Gender equality is not only a basic human right, but its achievement has enormous socio-

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- Jennifer Buckley, Sweef Capital

economic ramifications,” the agency says. “Empowering women fuels thriving economies, spurring productivity and growth... yet gender inequalities remain deeply entrenched in every society.”

Barriers to women’s economic empowerment include a lack of access to decent work, occupational segregation, gender wage gaps, poor access to basic education and healthcare, violence and discrimination, and underrepresentation in political and economic decision-making processes.

“It’s not acceptable for women only to be gainfully employed,” Ms Buckley says. “We must address barriers to ensure their continued employment and advancement. Women must have equal access to

capital to start and grow businesses. We need concrete measures to prevent violence and harassment at work, which affect women everywhere.”

From an impact investor perspective, the scale of the care economy represents an exciting opportunity to deliver significant commercial, financial and societal benefits – and its potential is still being charted.

Global membership and field building organisation, 2X Global, is a specialist in gender finance. It has conducted extensive research and analysis of the care economy, drawing on its pioneering work in gender and diversity finance. The organisation brings together two long-standing leaders in the field, GenderSmart and 2X Collaborative, whose field-building and membership clout have helped to catalyse billions of gender-smart investing dollars.



For Ms Sana Kapadia, 2X Global’s Strategy Director, the growing investor focus on the care economy is

great to witness, albeit it’s still early days in understanding the full market opportunity. “The care economy covers a broad brush, all the way from early childhood to ageing and palliative care,” Ms Kapadia says.

“By convening a carefully curated group, of mostly allocators and also intermediaries, we started to have a conversation about what it means to invest with a care lens as a gender-smart investor, and how to invest directly into the care economy.”

- Sana Kapadia, 2X Global

Part of 2X Global’s work involves mobilising collective efforts to define and agree on common care economy terms, what investable opportunities look like, and suitable investor metrics (see breakout). A critical channel for awareness and action has been the care economy community of practice Ms Kapadia established in 2022.

“By convening a carefully curated group, of mostly allocators, and also intermediaries and other ecosystem actors, we started to have a conversation about what it means to invest with a care lens as a gender-smart investor, and how to invest directly into the care economy,” she says. “We realised there needed to be a common taxonomy as well as a way to understand the different business models. Then, (understand) how investors might take an active position. One of the pieces we’ve been working on more recently is impact metrics – how do you as investors measure what’s really happening on the ground as you support the care economy.”

“We’re fast approaching a reckoning that our economy is addicted to the artificially cheap labour of women and caregivers.”

- *Springbank Co-founders*

US-based early-stage venture capital firm Springbank Collective is among those leading the charge into this emerging market through its focus on inclusive work, the care economy and infrastructure that supports women and working families. Springbank calls it “a \$1 trillion opportunity hiding in plain sight”.

The women-led firm has made dozens of investments focused on companies building infrastructure that can help close the gender gap. As the Springbank Co-founders explained in a recent Medium article, the needs of women and working families “have been under-estimated, under-innovated and under-invested”.

“In the same way that the world is coming to terms with the real costs of having built an economy addicted to artificially cheap fossil fuels,” they argue, “we’re fast approaching a reckoning that our economy is addicted to the artificially cheap labour of women and caregivers.”

It’s an increasingly resonant message across the investment community. Springbank’s latest \$40 million fund attracted heavyweight backers including Union Square Ventures, Foundry Group, Bank of America, AIG and JP Morgan.

Whatever the frame individual investors choose, Ms Buckley believes the tides of change are shifting toward prioritising women in game-changing ways.

“This is exciting terrain we’re entering,” she says. “We have the evidence base supporting the case to invest in women and girls. We have the case studies of how it’s done, the measurement tools, advisory bodies to guide the way. We’re witnessing the conversations and momentum building globally. We’re on the cusp of something transformational.”#

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2X Global – Building the care economy knowledge base

For 2X Global Strategy Director, Ms Sana Kapadia as well her colleagues Natalie Au and Edna Karanja, equipping investors and businesses to participate in an emerging investable area like the care economy is akin to assembling a jigsaw where key pieces are still being developed.

Called ‘field building’ in international development circles, the immensity of the care opportunity is still being scoped by pioneering gender advocacy organisations such as 2X Global, working in concert with collaborators across the world.

“A lot of our community of practice work is surfacing examples of investable opportunities or investing approaches and case studies,” Ms Kapadia says. “There’s a lot of thirst and hunger for the ‘how’ from the community. The role we can play, first of all, is in convening and taking that conversation to the next level, and then supporting the allocation of more gender-smart capital to this domain.”

This knowledge-building work builds off a large and growing body of research and work led by development actors like Oxfam, IFC and a broader sphere of feminist and civil society organisations that sketch out the importance of the care economy and how it is a key lever for gender equality.

Early seed funding enabled critical mapping of more than 200 care businesses in Latin America, Africa and South Asia that highlighted innovative business models such as Kenyan social enterprise Tiny Totos, which uses a network-based approach to lift income and standards among low-cost childcare providers. Established in 2014, Tiny Totos’ model has successfully delivered quality care to more than 13,000 children to date.

Due to the relative newness of the field, researchers used the International Labor Organisation’s 5R framework (recognise, reduce, redistribute, reward and representation) to help better understand and categorise businesses they came across. The full scale of this approach can be found in the [Care Economy Knowledge Hub](#).

A key part of 2X Global’s role is building awareness in the investor community of the care economy opportunity and the benefits of participation. This has led to the development of a series of primers for gender-smart investors seeking foundational knowledge of the field – not only the impact rationale for investing in care, but barriers to overcome and practical investment advice and case studies of successful care businesses.

“As the field of gender finance, we have more tools, resources and examples than ever before, and keep increasing in our rigour and sophistication. Yet we as a field have moved billions rather than trillions,” Ms Kapadia says. “At the same, this is true of all fields – even impact investing and climate finance. In the early days of field-building there are people trying to get up to speed and learn the ropes, then as the field matures, you continue to build out best practices while newer entrants look for ways to get started.”

As the missing jigsaw pieces drop into place, the massive dimensions of the care economy will be clearer, more investors will take notice and momentum is likely to accelerate.

“There’s so much data about the correlations (between gender, care and social impact),” Ms Kapadia says. “We need to keep advocating for what it means to be a gender-smart investor that includes aspects of care and inclusion more deeply, because it’s about that long-term value creation.”#

