CENTRE FOR POLICY DIALOGUE

Promotes inclusive policymaking

POLICY BRIEF

2020 (4)

Estimating Unpaid Work in Bangladesh's GDP

A Conceptual Framework for Household Satellite Accounts Approach

Fahmida Khatun, Towfiqul Islam Khan and ***Kazi Golam Tashfique***

Highlights

- Recognition, reduction and redistribution of unpaid work of women are critical to attain gender equality.
- Value of women's unpaid household work in Bangladesh is significantly high—it was equivalent to 76.8–87.2 per cent of Bangladesh's GDP in FY2013-14.
- Many countries around the world have introduced a satellite account for estimating unpaid domestic activities and volunteer work, largely contributed by women.
- Bangladesh should take necessary measures to overcome the conceptual, methodological and data challenges for accounting women's unpaid work following the System of National Accounts through household satellite accounts approach—this policy brief outlines a guideline to this end.

cpd.org.bd

cpd.org.bd

cpdbd

CPDBangladesh

House 40/C, Road 11 (new)
Dhanmondi, Dhaka-1209
Bangladesh
Telephone: (+88 02) 9141734, 48118090, 55001185
Fax: (+88 02) 55001181
E-mail: info@cpd.org.bd

Context

In view of achieving the Sustainable Development Goals (SDGs) by 2030, Bangladesh has attained substantial progress in several areas. Particularly in Goal 5 (Achieve gender equality and empower all women and girls), Bangladesh's progress has been remarkable. According to The Global Gender Gap Report 2018, Bangladesh was ranked 48th among 149 countries. However, while Bangladesh was able to close over 72 per cent of its overall gender gap, an underlying disquieting trend has been the widening gender gap in terms of labour force participation (WEF, 2018). Women in Bangladesh are involved in many unpaid domestic economic activities, which create significant value and social capital. Non-recognition of women's unpaid work has often been identified as a key factor that attenuates their social status relative to men (Kabeer, 2012). Although a large part of economic activities, including household chores, care and agriculture work, are undertaken by women, these remain unaccounted for, since conventional measures, such as the gross domestic product (GDP), primarily consider goods and services produced for markets to have economic value. This methodological shortcoming not only results in underestimation of the national GDP, but also transmits wrong signal to the policymakers at both national and international sphere (Khatun et al., 2015).

Valuation of women's unpaid work and SDGs

In the context of the SDGs, Target 5.4 under Goal 5 has explicitly mentioned about recognising and valuing the unpaid care and domestic work through provision of public services, infrastructure and social protection policies. Besides, the target also emphasised the promotion of shared responsibility within the household and the family, as nationally appropriate. The contribution of women to national well-being through unpaid household work remains obscured and unrecognised since care giving and other activities do not accrue direct rewards. Unpaid household work has indirect effects on productive work, but there is no easy way to measure them.

Distribution of unpaid work is generally found to be unequal between men and women. It is also observed that when both paid and unpaid work are taken into consideration, in most cases, women carry higher share of burden of unpaid work compared to men (Hirway, 2015). Indeed, several studies confirm that when unpaid works are accounted for, the contribution of women in GDP (and consequently the magnitude of GDP) increases significantly. For example, in case of Nepal, contribution of women in household income rose from 27 per cent to 56 per cent in 2006, when it was adjusted for unpaid work (Shrestha, 2008). Similarly, Collas-Monsod (2007) found that inclusion of women's unpaid work in GDP estimations would increase GDP of the Philippines by 27–40 per cent. Choudhary, Tripathy and George (2009) estimated the contribution of women through unpaid work in India to be equivalent to about 61 per cent of GDP.

In Bangladesh, Khatun et al. (2015)[1] found that the value of women's unpaid household work was equivalent to 76.8 per cent of Bangladesh's GDP in FY2013-14 based on the replacement cost method, and 87.2 per cent of GDP based on the willingness to accept method.[2] Besides, it was also found by the study that, on an average, a female member of a household undertakes 12.1 non-SNA (System of National Accounts) activities on a typical day, while the corresponding figure for a male counterpart is only 2.7. Khatun et al. (2015) also estimated that time spent by a female household person (aged 15 years and above) on non-SNA works (7.7 hours) is about three times higher compared to a corresponding male person (2.5 hours).[3] Regrettably, in Bangladesh, unpaid works have never been considered as part of national accounts estimates. This has primarily neglected the contribution of the women in economy and society. Hamid (1996) found that, in Bangladesh, conventional GDP estimations captured 98 per cent of men's production, but only 47 per cent of women's production.

Global literature appears to be divided when it comes to the valuation of the unpaid work. The most common debate is regarding the trade-off between the micro and macro landscape. While several literature argues that valuation of women's unpaid work may inflate the household income of the poor, which will eventually misrepresent their standard of living at micro level; others have placed total well-being of the economy (in terms of a wider estimate of GDP) above the inflated income of the poor households. Many developed countries have included women's unpaid work in their national accounting system through household satellite accounts approach. Some literature has also advocated mainstreaming the inclusion of women's unpaid work in the SNA.

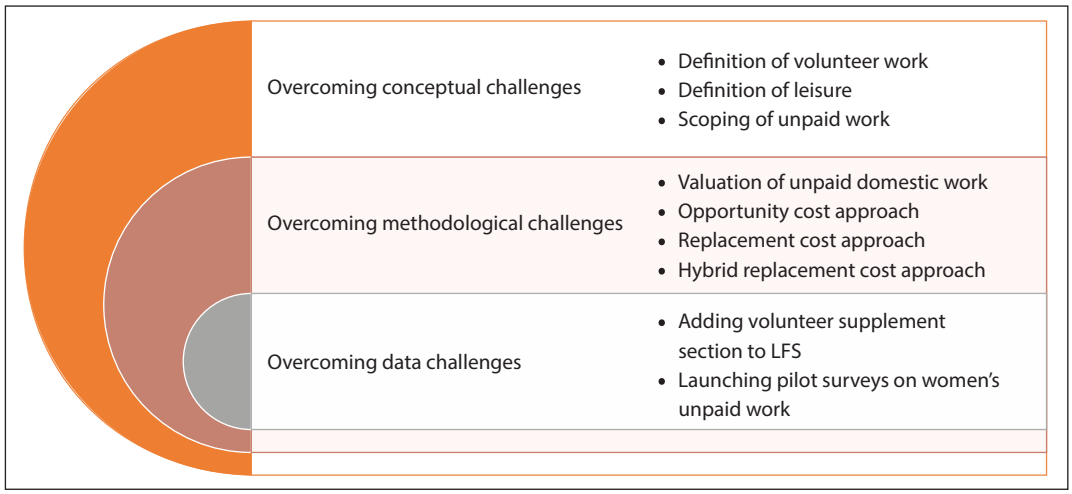
The unequal distribution of unpaid work across the genders often causes gender inequalities, and results into sub-optimal use of labour force in a country (Hirway, 2015). Hence, from the lens of SDG commitment to "leave no one behind," it is critical to estimate the value of unpaid care and domestic work of women. While consideration of estimating women's unpaid work in SNA will help reduce social inequality between men and women, at the same time, it will also facilitate the process of achieving the SDGs in Bangladesh by 2030. Hirway (2015) also argued that it is essential to incorporate unpaid work into labour market analyses, as it could help countries to design more realistic labour and employment policies.

To this end, Elson (2008) recommended the so called triple 'R' approach for integrating unpaid work (of women) with macroeconomic policies. First, *recognition* of unpaid work is required by ensuring visibility of such works in the SNA. Second, a continuous effort needs to be made towards *reduction* of unpaid work by lessening the drudgery part (including the time stress) of such works through providing necessary infrastructure and improving productivity (e.g. access to modern fuel, water, connectivity, etc.). Third, it will be critical to *redistribute* the burden of unpaid work among the male and female members of the household, which would require bringing changes in the traditional patriarchal norms.

Accounting women's unpaid work in SNA: A household satellite accounts approach

The need for accounting the unpaid care and domestic work of women was first realised when the actual form of the SNA was approved by the Statistical Commission of the United Nations (UN) in 1993. In that connection, statistically best equipped countries came up with the solution to introduce a satellite account for unpaid domestic activities and volunteer work. The satellite account will complement the traditional economic accounts by using disaggregated data of physical as well as of monetary accounting. However, there are three major challenges in incorporating women's unpaid work in the SNA of Bangladesh (Figure 1).

Figure 1: Major challenges in incorporating women's unpaid work in SNA of Bangladesh



Source: Authors' elaboration.

First, there are conceptual challenges which encompasses the issues pertaining to scoping of volunteer work, unpaid work and leisure. For example, different households define leisure differently. While a woman may consider gardening as a chore, others may define it as a part of their leisure. Similar argument also holds for volunteer work and unpaid work.

Second, the methodological challenges, in terms of assigning value to unpaid domestic work. Available literature appears to follow diverse methodologies in this regard. While some followed opportunity cost methodology and some followed replacement cost methodology, others have also used hybrid replacement methodology to estimate women's contribution in the form of unpaid work in the economy (ILO, 2011). However, literature on Bangladesh mostly involves the former two methodologies. The opportunity cost approach generally measures the economic value

[1] The study was based on a household survey of 5,670 households located across all 64 districts of the country.

[2] Efroymson, Ahmed and Ruma (2013) also found that including women's unpaid work could almost double the country's GDP.

[3] ActionAid (2017) estimated that women spend over six hours a day doing unpaid care work, while their male counterparts spend just over an hour on such activities.

of the unpaid work a woman performs by assigning an appropriate average wage with the hours of unpaid work to obtain how much the woman would earn if she were involved in a regular job for those same hours. In some cases, the unpaid working time is assumed to be a substitute for leisure rather than work. In that case, the wage is considered as zero. The replacement cost approach is a simpler technique, where the economic value of women's unpaid work is estimated using the cost to hire someone for pay to do the unpaid work for the same hours that the woman is doing on a voluntary basis. It essentially measures the value of volunteering to the recipient of the volunteer effort, and hence to the society at large. Apart from these methodological issues, there are debates revolving around the valuation methodology of multitasking and risk factor of double counting of the paid work.

Third, the data challenges, which involve the frequency and depth of data collection. Labour Force Surveys (LFSs) have been identified as useful platforms by available literature for measuring volunteer work. The underlying condition to this end is that, they collect all the details of the unpaid volunteer activities of women. According to the ILO Manual on the Measurement of Volunteer Work (ILO, 2011), a country will need information on at least five core variables to measure the volunteer work in the economy using a household satellite account:

i. number of persons (with gender) involved in unpaid work;
ii. number of hours involved in unpaid work;
iii. type of unpaid work performed (i.e. occupation);
iv. institutional setting of the unpaid work performed; and
v. field (industry) in which the unpaid work is performed.

Existing LFS in Bangladesh does not provide the required disaggregated data. Table 1 summarises the limitations of the existing surveys along with possible way out for accounting the value of unpaid work in SNA. To obtain the required information, Bangladesh Bureau of Statistics (BBS) may consider adding a carefully designed 'volunteer supplement' to the national LFSs on a periodic basis. Indeed, the future rounds of LFS should incorporate a section, where the information on the above mentioned core variables will be captured for both male and female population.

To this end, the BBS should leverage the National Strategy for the Development of the Statistics (NSDS) under the Capacity Building of BBS Project. Its objective is to strengthen the National Statistical System in terms of producing timely and reliable statistics for efficient policy formulation. The strategy has gender as one of its prime focuses. Besides, in connection to achieve the SDGs, especially Goal 5, the government needs to either launch an independent survey for collecting data on women's unpaid work on a pilot basis, or recalibrate the scope and coverage of data collection through LFS in a way that facilitates the incorporation of a satellite account in SNA of Bangladesh. In this regard, the government should invest more in capacity building along with conducting surveys on a regular basis. In terms of financing the surveys or capacity-building programmes, the government should tap the potential resources along with mobilising domestic resources for facilitating the process.

Concluding remarks

Comprehensive Time Use Surveys should be conducted by the BBS as part of its LFSs on a regular basis in order to present the time use pattern of both women and men across various activities. The government needs to show political will and should undertake necessary policy steps towards reforming the estimation practice of SNA in order to reflect women's unaccounted activities in the estimated GDP. To this end, the government may consider forming a technical committee consisting of statisticians, economists, gender specialists, advocacy groups and relevant stakeholders who can give concrete inputs for developing an acceptable methodology for incorporating women's unaccounted contribution in the GDP. This will help recognition of women's contribution to the economy and society.

Besides, the government should also put adequate attention to reduction and redistribution of unpaid work. The government may undertake programmes which can contribute in reducing women's workload within the household. Examples of such initiatives may include increasing access to drinking water and natural gas for cooking, and establishing childcare centres; these may in turn reduce the time spent by women on household work. Stricter legal measures should be introduced by the government to eliminate

Table 1: Data requirement for accounting of unpaid work

Information	Available data source	Frequency of available data source	Potential data source	Remarks
Number of persons (with gender) involved in unpaid work	LFS 2016-17	Yearly	LFS, BBS (yearly)	Need to continue
Number of hours involved in unpaid work	Unavailable	NA	LFS, BBS (yearly)	- Adding a carefully designed 'volunteer supplement' to LFS - Launching a yearly pilot survey on volunteer/unpaid workforce
Type of unpaid work performed	Unavailable	NA	LFS, BBS (yearly)	- Adding a carefully designed 'volunteer supplement' to LFS - Launching a yearly pilot survey on volunteer/unpaid workforce
Institutional setting of the unpaid work performed	Unavailable	NA	LFS, BBS (yearly)	- Adding a carefully designed 'volunteer supplement' to LFS - Launching a yearly pilot survey on volunteer/unpaid workforce
Field/industry in which the unpaid work is performed	Unavailable	NA	LFS, BBS (yearly)	- Adding a carefully designed 'volunteer supplement' to LFS - Launching a yearly pilot survey on volunteer/unpaid workforce

Source: Authors' elaboration.

wage discrimination against women in all sectors, as lower wages compared to men is one of the key reasons behind the accounted lower contribution of women in the national economy. Non-government development organisations (NGOs) and women's activist groups can play an active role towards this. Eliminating wage discrimination should make women's economic contribution more recognised. Also, there is a need to launch a countrywide awareness-building campaign with a focus to engage men in the household to share the burden of unpaid work at the household level. To bring a sustainable change, the students at the school level need to learn the importance of sharing household works across genders. The education system will need to incorporate such learnings from the very beginning, so that these become instil as an upbringing norm.

REFERENCES

ActionAid. (2017). *Policy Brief: Incorporation of Women's Economic Empowerment and Unpaid Care Work into Regional Policies: South Asia*. Power Project Policy and Research Series No. 2. Johannesburg: ActionAid International Secretariat. Available at: https://actionaid.org/sites/default/files/policy_brief_weeucw_sasia_online_version.pdf [accessed: 3 March 2019].

Choudhary, N., Tripathy, A. and George, B. (2009). *Women's Economic Contribution through Their Unpaid Household Work: The Case of India*. Nagpur: Evangelical Social Action Forum and HealthBridge. Available at: https://healthbridge.ca/images/uploads/library/India_ summary _report_final.pdf [accessed: 3 March 2019].

Collas-Monsod, S. (2007). Integrating Unpaid Work into Macroeconomics: A Short History and the Philippine Experience. Paper presented at the international seminar on *Toward Mainstreaming Time Use Surveys in National Statistical System in India*, organised by the Ministry of Women and Child Development, Government of India, 24–25 May, Goa, India.

Efroymson, D., Ahmed, J. and Ruma, S. (2013). *The Economic Contribution of Women in Bangladesh through Their Unpaid Labour* (2nd Ed.). Dhaka: WBB Trust and HealthBridge. https://healthbridge.ca/images/uploads/library/Economic_Contribution_of_Women_Bangladesh_ 2013.pdf [accessed: 3 March 219].

Elson, D. (2008). "The Three Rs" of Unpaid Work: Recognition, Reduction and Redistribution. Paper presented at the expert group meeting on *Unpaid Work, Economic Development and Human Well-being*, organised by the United Nations Development Programme (UNDP), November, New York.

Hamid, S. (1996). *Why women count: Essays on women in development in Bangladesh*. Dhaka: The University Press Limited (UPL).

Hirway, I. (2015). Unpaid work and the economy: Linkages and their implications. *Indian Journal of Labour Economics*, *58* (1), pp. 1–21. doi:10.1007/s41027-015-0010-3

ILO. (2011). *Manual on the Measurement of Volunteer Work*. Geneva: Department of Statistics, International Labour Office (ILO). Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_162119.pdf [accessed: 3 March 2019].

Kabeer, N. (2012). *Women's Economic Empowerment and Inclusive Growth: Labour Markets and Enterprise Development*. SIG Working Paper 2012/1. Ottawa: International Development Research Centre (IDRC). Available at: https://www.idrc.ca/sites/default/files/sp/Documents% 20EN/NK-WEE-Concept-Paper.pdf [accessed: 3 March 2019].

Khatun, F., Khan, T. I., Pervin, S. and Jahan, H. (2015). *Estimating women's contribution to the economy: The case of Bangladesh*. Dhaka: Centre for Policy Dialogue (CPD) and Manuhser Jonno Foundation (MJF). Available at: https://cpd.org.bd/wp-content/uploads/2017/01/Estimating-Women%E2%80%99s-Contribution-to-the-Economy_The-Case-of-Bangladesh-2015.pdf [accessed: 3 March 2019].

Shrestha, M. R. (2008). *A Study on the Economic Valuation of Women's Unpaid Work in Kathmandu Valley*. Kathmandu: Resource Centre for Primary Health Care (RECPHEC) and HealthBridge. Available at: https://healthbridge.ca/images/uploads/library/Nepal_summary_report_final.pdf [accessed: 3 March 2019].

WEF. (2018). *The Global Gender Gap Report 2018*. Geneva: World Economic Forum (WEF). Available at: http://www3.weforum.org/docs/WEF_GGGR_2018.pdf [accessed: 3 March 2019].

Authors

Dr Fahmida Khatun is the Executive Director at the Centre for Policy Dialogue (CPD), Dhaka, Bangladesh. She can be reached at: fahmida@cpd.org.bd

Towfiqul Islam Khan is a Senior Research Fellow at the Centre for Policy Dialogue (CPD), Dhaka, Bangladesh. He can be reached at: towfiq@cpd.org.bd

Kazi Golam Tashfique is a former Research Associate at the Centre for Policy Dialogue (CPD), Dhaka, Bangladesh. He can be reached at: kazi12@outlook.com

Series Editor: *Dr Fahmida Khatun*, Executive Director, CPD

August 2020