



UN  
DP

© Santi Carneri

UNITED NATIONS DEVELOPMENT PROGRAMME

# DEVELOPMENT FUTURES SERIES

August 2023

UNDP Global Policy Network Brief

## What are the main barriers to formalizing paid domestic work?

Lessons from Paraguay

*By Gustavo Setrini, Tannya Mongelós, Georgina Hernández Rivas, Fernando Ovando, Claudia V. Montanía, Crithian Parra, Mónica Ríos and Mónica Recalde<sup>1</sup>*

Paid domestic work employs many women in developing countries. Paraguay, where 94 percent of domestic workers are women and more than 90 percent of these jobs are informal, represents an extreme case of a problem that is common throughout the globe. These workers lack access to social security and generally endure precarious working conditions. What are the different legal, institutional, social and gender barriers that prevent domestic workers from having greater access to social security? Drawing on different sources of data from Paraguay, including the voices of both domestic workers and their employers, this study shows how persistently low levels of social security coverage in this sector are a product of complex interlocking factors: discriminatory cultural and gender beliefs, lack of accurate information and knowledge about social security, the low bargaining power of informal domestic workers and the low capacity for labour inspection that prevail in the sector. Based on these observations, the conclusions lay out guidelines to design integrated public policies for the sector's formalization.

## Revealing the inequality: Domestic workers and the Paraguayan labour market

In Latin America and the Caribbean, between 11 and 18 million people are engaged in paid domestic work, a highly feminized sector in which

women make up 93 percent of employees. In many countries, domestic work is one of the most common forms of labour for women. It accounts for

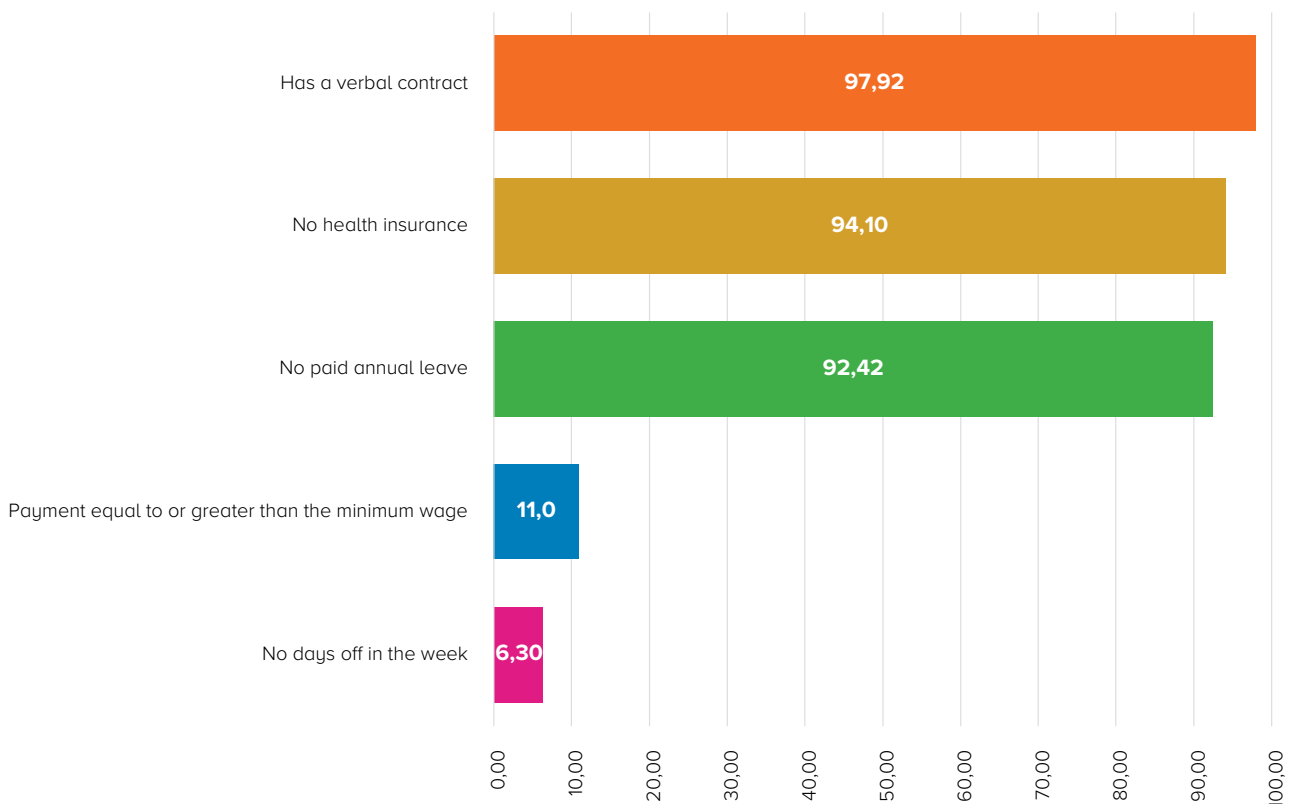
13.2 percent of total female employment, making Paraguay one of the three countries with the highest proportion of women employed in domestic service in the region.<sup>2</sup>

Domestic work is also one of the most informal and precarious occupations within the labour market. According to data from the National Institute of Statistics (INE) in Paraguay, 93.6 percent of the jobs within the paid domestic work sector were informal in 2020—the highest informality rate of all paid occupational categories and well above the national average rate of 71 percent. These rates represent workers with at least 12 hours of employment per week who do not contribute to a retirement fund. As such, domestic work tends to employ those with few alternatives because of social discrimination and exclusion from opportunities. Nearly all (94.5 percent) informal domestic workers are women. On average, they have low levels (9 years) of formal schooling, 78 percent are Guarani-speaking, and more than 33 percent are heads of

household. Poverty affects more than 21 percent of domestic workers.<sup>3</sup>

The precarious conditions of domestic worker employment compound the social disadvantages already endured by these workers. Figure 1 shows that in 2020, more than 90 percent of the women employed in domestic work did not have access to paid annual leave and were hired through verbal contracts. In addition, more than 90 percent of these 192,411 women did not have access to any type of health insurance and around 12,000 did not have days off during the week, including weekends. Only 11 percent of domestic workers receive a monthly salary equal to or above the current legal minimum wage (Gs. 2,680,73; US\$369.29), and workers in this industry have among the lowest average of income per hour level (Gs. 8,234, \$1.13) compared to other occupations, such as public employees (Gs. 19,079, \$2.63) and private employees (Gs. 10,468, \$1.44).<sup>4</sup>

**Figure 1. Access to labour rights for informal paid domestic workers. Year 2020 (%).**



Source: Continuous Permanent Household Survey (EPHC), INE.

## Analysing the causes of informality of paid domestic work

According to Law 5407/2015, which regulates the industry in Paraguay, domestic work is a service provided habitually for pay. A domestic employee resides or does not reside in the home in which they are employed, and works tasks consist of cleaning, cooking and other duties inherent to the home, residence, or lodgings (Art. 2). Domestic workers are “those persons of either sex who habitually carry out cleaning, assistance and other tasks within a house or other place of residence or private room, including, among others: service drivers family, housekeepers, maids, laundresses and/ or private ironers, nannies, family cooks and their assistants, gardeners in a dependency relationship and assistants, caregivers for the sick, elderly or disabled, errand boys; and, domestic workers for various household activities” (Art. 3).

What explains this high level of informality in domestic worker employment?

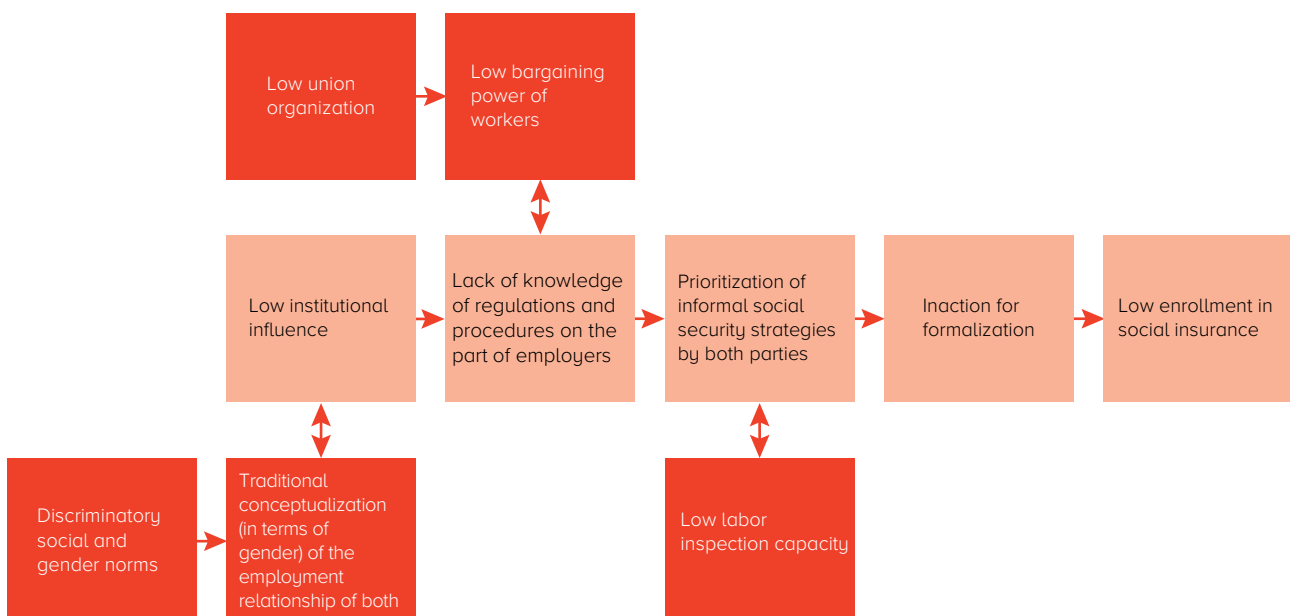
To identify possible causes of informality and barriers to formalization, this study<sup>5</sup> employs a mixed-method approach, which analyses three different types of data: 1) existing quantitative data from the Paraguayan Continuous Permanent Household Survey (EPHC, 2020) and the National Time Use Survey (EUT, 2016); 2) original qualitative data from nine semi-structured interviews with key informants and two focus groups involving a cultural probe that documents experiences of 22 unionized and non-unionized domestic

workers; and 3) original quantitative data from a non-probabilistic survey of 101 employers of high socio-economic status to collect data about their familiarity with social security registration procedures and their social perceptions of domestic work. For the cultural probe, the contact with participants was maintained during a two-week period, using text and audio messages and inviting participants to share photographs and written or recorded reflections via WhatsApp.

These data were used to describe the conditions and relations of domestic worker employment and identify the causes of informality from the perspective of workers and their employers. In addition, a review of regulatory and institutional frameworks to identify incentives and disincentives for formalizing domestic work was included.

In addition to the low institutional influence over employment conditions, which is, by definition, true in the informal sector, this research revealed four variables that explain the high level of informality in domestic work described above: (1) the discriminatory cultural and gender beliefs of employers, (2) employers’ and workers’ lack of accurate information and knowledge about social security, (3) the low bargaining power of informal domestic workers and (4) a low capacity for labour inspection. Figure 2 illustrates how these variables interact with one another to produce low levels of domestic workers’ registration in the social security system.

**Figure 2. Causes of informality in domestic worker employment**



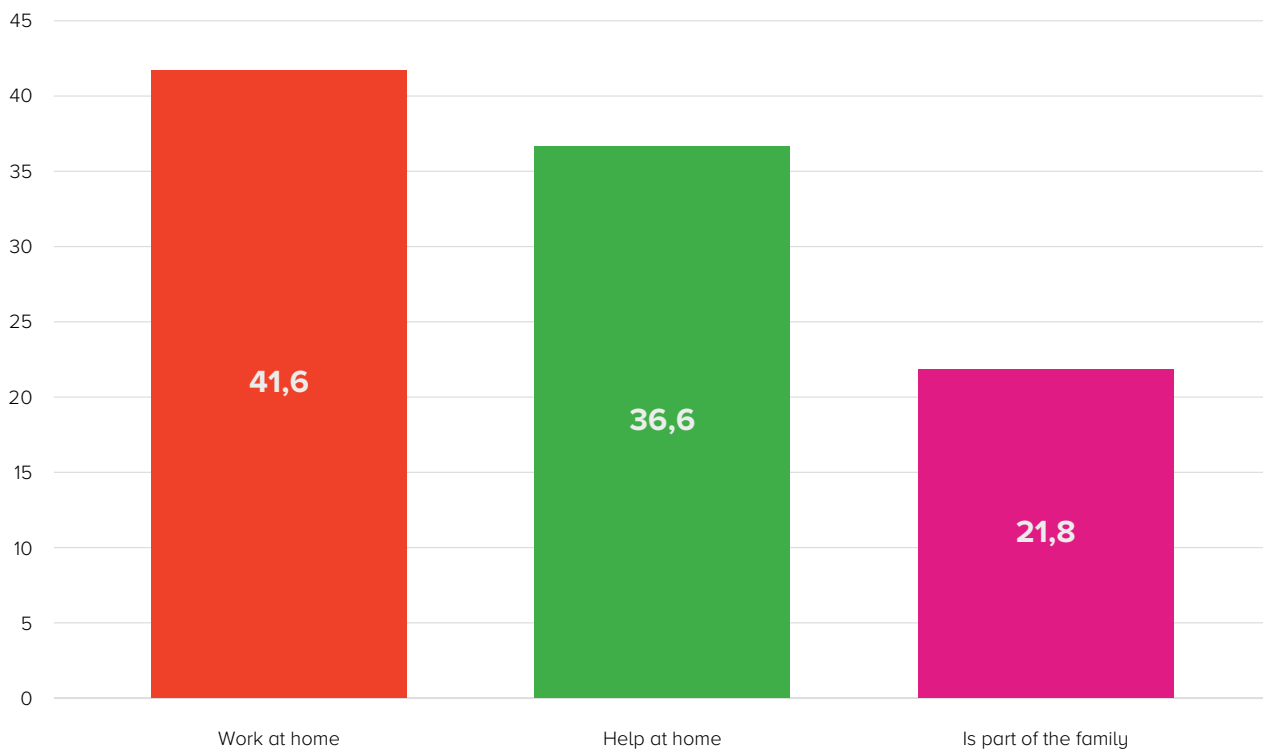
The explanation of these hypotheses and the data in which they are grounded are presented below.

### 1. Discriminatory social and gender norms regarding domestic work

First, employers do not recognize the nature of their employment relationship with domestic workers. For example, 36.6 percent of the surveyed

employers consider domestic workers to be a person who ‘helps’ in the home, and 21.8 percent consider them to be ‘part of the family’ (Figure 3). This conceptualization of domestic work as ‘help’ or familial reciprocity is historically rooted in the sexual division of labour that assigns reproductive work within the home to women and productive work and employment outside the home to men.<sup>6</sup>

**Figure 3. Perception about domestic work (%)**



Source: Original survey of domestic worker employers

This conceptualization of domestic work as a relationship based on affection and the exchange of favours impedes employers and employees alike from recognizing their relationship as one of employment, subject to regulations that establish legal rights and obligations for both parties. One workshop participant evidenced the recognition of domestic workers as help, rather than a job: *“In the past, the situation of domestic workers was not even talked about. As a domestic worker you are considered just a person who provides help. So, you are not considered a worker.”*<sup>7</sup>

Furthermore, the gender and social norms that operate in this industry expose workers to high risks of discrimination and abuse in their workplaces, specifically because they start working at an early

age as a babysitter and doing cleaning tasks in other people’s homes. *“I started when I was ten years old. I lived in Itauguá and they brought me to Asunción to take care of a two-year-old girl. I worked there until I was 15 years old. At the beginning I was afraid to be in a house with strangers; besides, I didn’t know how to do anything. The owner yelled at me and hit me.”*<sup>8</sup>

### 2. Lack of knowledge of the procedures required to make rights effective

Second, given households’ limited recognition of domestic work as an employment relationship, the low institutional influence or regulation in the sector leaves both employers and employees with very little knowledge about

the rights, policies, benefits and procedures of the Paraguayan social security system. Indeed, legislation to close the gap between the legal rights of domestic workers with workers in other sectors is quite recent. For example, in 2015, legislation granted domestic workers access to social security.<sup>9</sup> In addition, in 2019 a law passed granting them the basic minimum wage and reducing their standard workday to eight hours,<sup>10</sup> and in 2019, legislation regulated the rights and obligations of part-time workers in all sectors for the first time.<sup>11</sup>

Rapid regulatory change in the absence of strong information and educational campaigns has left households unsure of their obligations, workers without full awareness of their rights, and both actors unaware of the true costs and benefits of social insurance. For example, a substantial misunderstanding and misinformation about legal requirements and procedures for registering domestic workers for social insurance were observed: 44.5 percent of employers surveyed did not know or believe that social insurance is obligatory for part-time workers; 51.5 percent did not know or believe that signing a written contract is obligatory when hiring domestic workers, and 65.3 percent did not know or believe that registration can be completed online. Employers also demonstrated a lack of knowledge about the availability of tax deductions for their payments to domestic workers and limited recognition of basic labour rights such as vacations, work leaves and the obligation to respect working hours.

Finally interview and survey respondents demonstrated limited knowledge of the procedures for registering workers for social insurance and making monthly contributions. Employers perceived the process as ‘difficult.’

### 3. The low bargaining power of informal domestic workers

Third, the limited worker organization and incipient unionization of the sector, combined with the limited knowledge and recognition of social security and labour rights of employers and employees, leaves workers in a weak bargaining position vis-à-vis their employers.

Domestic work is carried out in private homes, typically by individual workers in isolation from their peers. Employers are individuals in thousands of households with little knowledge of organizational or associational structure. These are large barriers to effective worker organization and collective

bargaining in the sector. Given limited collective bargaining power, domestic workers pursue informal strategies to access health care and a retirement pension. Some strategies including enrollment in social programmes, demand the support of their family or neighbourhood networks, and the most usual strategy adopted to face the retirement period is based on a relationship of dependency on sons and daughters for economic support. These informal strategies are reflected in the following words from one of the participants in the cultural probe: *“I plan to continue working until I am 60 years old. I hope that my son will help me, because I don’t have social security to cover my retirement.”*<sup>12</sup>

Lack of bargaining skills mostly affects workers in live-in situations because affectivities cross the labour relationship in the use of the domestic sphere as workplace. *“You cannot negotiate with your employer, because there is a feeling of gratitude that makes it impossible for you to demand your rights. I did not have the capacity to say anything, because I feel a kind of gratitude because they give me food and a place to live.”*<sup>13</sup>

### 4. Low inspection capacity

Finally, legal restrictions limit public agency’s ability to carry out inspections of the conditions of domestic workers and determine compliance with labour laws in private homes.

Firstly, there is a legal conflict of inspection in private workplaces, which makes it difficult to access for work inspection, and secondly, because many times the working hours are long or the work is done in live-in situations, which makes it difficult to gather information on possible non-compliance with working hours and/or functions.

Domestic employment has certain peculiarities that do not allow the application of the same inspection procedure as in other workplaces. It becomes complex to control enforcement of the working conditions of domestic workers due to the limitations of access to private workplaces, based on the National Constitution.<sup>14</sup> The inspection work performed by those in charge of monitoring the activities carried out in family residences is difficult; therefore, measures to dissuade informal employment are mainly focused on education on labour standards and social security benefits.

According to a labour rights expert, the biggest challenge to formalizing domestic work is creating oversight and proper incentives. *“We*

*must strengthen the institutional framework that guarantees formalization. In institutional terms, we must look at these deficiencies, one of which is oversight, especially in domestic areas. If you know that formalization does not involve inspections and penalties, you will not be interested in learning more about it.”<sup>15</sup>*

Similarly, in a focus group, one domestic worker explained the need for institutional communication campaigns that demonstrate the state’s supervisory role, saying that if the daily news reports, “*The Labour Ministry is checking if your employee is [receiving social insurance], you will see that the next day everyone signs up.*”<sup>16</sup>

The interaction of these four variables sustains the informality of domestic employment. Employers and employees do not recognize the legal nature of their employment relation, lack information about their rights and obligations and the procedures to formalize their relationship, and there is no enforcement of labour rights and decent working conditions from either worker organizations or state regulatory institutions. The result of this interaction translates into low levels of access to social security for domestic workers and in the precariousness of working conditions for domestic workers.

## Implications for public policies: An integrated and gender-based approach as a strategy to reduce informality

The specific policy recommendations that emerge from this analysis include institutional interventions that put gender equality at the centre and recognize formalization as a starting point for women’s entry into the labour market on equal terms. Until recently, workers in this sector faced formal legal and regulatory discrimination throughout the world, across different regions and in wealthy and developing countries alike.<sup>17</sup> The combination of a global rights agenda encapsulated in ILO’s C189 Domestic Worker Convention, sustained local campaigns by workers organizations, and efforts by local regulators and legislators have begun to correct this through legislative reform.

However, as shown above in the case of Paraguay, substantial informal discrimination, especially that linked to gender norms and the sexual division of labour, impedes domestic workers’ access to social security and the effective realization of their labour rights throughout the world. Women in Informal Employment: Globalizing and Organizing (WIEGO) and the International Domestic Workers Federation Limited (IDWF) argue that ten years after C189, effective implementation and enforcement

of domestic worker rights remains weak around the globe. In addition to continued national legal reform, these organizations name persistent informality (75 percent at the global level) and legal and informal barriers to domestic worker organizing as major remaining challenges.<sup>18</sup>

Correcting informal barriers and advancing toward decent work requires integrated strategies that will differ with each local context, but which in general must 1) shift employers’ and workers’ perceptions of their employment relations out of the domestic sphere governed by informal gender and social norms and into the economic sphere governed by formal regulations and legal rights and obligations; 2) increase workers’ and employers’ practical knowledge about social security costs, benefits and procedures; 3) reduce the administrative and bureaucratic costs of registering domestic workers in the social security system for the employers; 4) increase the individual and collective bargaining power of domestic workers; and 5) enhance the State’s legal and practical capacity to carry out labour and social security inspection and monitor compliance in private homes.

### Key Insights for the Operationalization of UNDP's Gender Equality Strategy 2022–2025

UNDP's Gender Equality Strategy points out that unequally distributed, undervalued and underpaid care work is a central barrier for building a gender-equal economy. At the same time, the strategy calls for universal, gender-responsive social protection. Because it addresses the intersection of both issues, formalizing paid domestic work represents a strategic entry point for operationalizing the strategy and building a more gender-equal economy.

On the one hand, it extends social protection, improves working conditions and strengthens workers' rights in a sector employing some of the most vulnerable women workers in the economy. On the other hand, by doing so, it addresses the deficit of recognition and investment in care work, a necessary action to improve women's insertion and working conditions in the labour market in general. Formalizing domestic work as part of the UNDP Gender Equality Strategy requires four specific strategies that could be implemented as part of a portfolio approach to its country-level programming in different regions:

- (1) Information and awareness-raising campaigns, targeting not only employers and workers but society as a whole, to transform cultural beliefs linked to gender norms about the sexual division of labour regarding the economic value of domestic work in general and paid domestic work in particular,
- (2) Streamlining and fully digitalizing registration processes and increasing the level of personalized assistance available to employers to reduce administrative and bureaucratic barriers to formalization,
- (3) Targeted support to domestic workers' unions and workers' organizations to improve rights awareness and contribute to the enforcement of labour rights, increasing the collective and individual bargaining power of domestic workers, and
- (4) Identification of new data sources, low-cost and remote inspections strategies and legislative reforms necessary to increase labour inspection capacities for this sector.

## Endnotes

- 1 Gustavo Setrini, Ph.D., is the former Head of Solutions Mapping at the UNDP Accelerator Lab in Paraguay, email: [gustavosetrini@gmail.com](mailto:gustavosetrini@gmail.com); Tannya Mongelós, MSc., was the Gender Specialist of the Participatory Laboratory for the Formalization of Employment, e-mail: [tannyamongelos@gmail.com](mailto:tannyamongelos@gmail.com); Georgina Hernández, Ph.D., was the Social Researcher of the of the Participatory Laboratory for the Formalization of Employment, email: [georgina.hernandezrivas@gmail.com](mailto:georgina.hernandezrivas@gmail.com); Fernando Ovando, MSc., was the Public Policy Specialist of the of the Participatory Laboratory for the Formalization of Employment, email: [ovando.fernando@gmail.com](mailto:ovando.fernando@gmail.com); Claudia V. Montanía, Ph.D., is Research Associate at the UNDP Accelerator Lab in Paraguay, email: [claudia.montania@undp.org](mailto:claudia.montania@undp.org); Cristhian Parra, Ph.D., is Head of Experimentation at the UNDP Accelerator Lab in Paraguay, email: [cristhian.parra@undp.org](mailto:cristhian.parra@undp.org); Mónica Ríos, MBA, is Head of Exploration at the UNDP Accelerator Lab in Paraguay, email: [monica.rios@undp.org](mailto:monica.rios@undp.org); Mónica Recalde, MSc., is Director of the General Directorate of Social Security of the Ministry of Labor and Social Security, email: [monikrkd@hotmail.com](mailto:monikrkd@hotmail.com). The authors would like to thank Ana Maria Tribin, former Public Policy Specialist at UNDP's Regional Bureau of Latin America and the Caribbean; Marta Alvarez Gonzalez, Programme Analyst for the Gender Team at UNDP's Regional Hub for Latin America and the Caribbean for their review.
- 2 CEPAL, ONU MUJERES. (2020). *Trabajadoras del hogar en América Latina y el Caribe frente a la crisis del COVID 19*.
- 3 Instituto Nacional de Estadística (INE). *Paraguayan Continuous Permanent Household Survey, 2020*
- 4 Ibid.
- 5 This study was conducted within the framework of the Participatory Laboratory for the Formalization of Employment, led by the Ministry of Labor, Employment and Social Security (MTESS) and implemented by the United Nations Development Programme (UNDP). The International Labor Organization (ILO) also contributed to this project. This lab takes action to identify, understand and overcome barriers to the formalization of employment in Paraguay, also creating connections and partnerships between individuals, organizations, governments and the private sector to promote improvements in the labour market. The Lab uses a learning methodology with three phases: the discovery of barriers to the formalization of employment in specific sectors or industries, the exploration of interventions to address these barriers, and experimentation with interventions and policy prototypes to evaluate their impact and produce evidence necessary to support the institutionalizing and scaling of successful interventions. In this particular learning loop, the lab selected Paid Domestic Work because of the precarious working conditions and high rates of informality in the sector.
- 6 Kergat, Daniel (2002) *División sexual del trabajo y relaciones sociales entre los sexos*. En Hirata, H. · Laborie, F. · Le Daré, H. · Senotier, D. (coordinadores) ISBN: 9788497560195. pp. 66-75.
- 7 Focus group participant, August 2022 (F2.T1. 14-08-2021).
- 8 Ibid.
- 9 Law 5407/2015 of Domestic Work. Asunción, Paraguay.
- 10 Law 6338/19, which modifies Article 10 of Law 5407/15. Asunción, Paraguay
- 11 Law 6339/19, which regulates part-time employment. Asunción, Paraguay.
- 12 Cultural probe participant (T1.S5.14-08-2022).
- 13 Focus group participant, August 2022 (F2.T1. 14-08-2021).
- 14 Art. 109, National Constitution of Paraguay.
- 15 Interview with experts, August 2022 (F1.E2. 05-08-2022).
- 16 Focus group participant, August 2022 (F1.T1 14-08-2022).
- 17 See Marchetti, S., Cherubini, D., & Garofalo Geymonat, G. (2021). *Global domestic workers* (p. 200). Bristol University Press.
- 18 Montague-Nelson, Georgia and Celia Mather. 2021. *Ten Years Since Winning C189: Domestic Workers Become an Unstoppable Movement*. WIEGO and IDWF.