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Takamol Advisory Unit

The Impact of Daycare and Transportation Subsidies on Women's  
Employment in Saudi Arabia

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# INSIGHT ARTICLE

## The Impact of Daycare and Transportation Subsidies on Women's Employment in Saudi Arabia

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This paper was produced by the **Takamol Advisory Unit**

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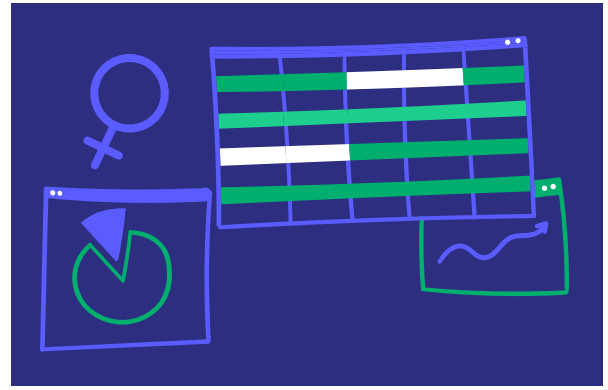
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## What is the reason for increased women's participation rate in the Kingdom?

- The launch of Vision 2030 prompted the successful implementation of initiatives and reforms across all sectors. Mainly, Vision 2030 initiated the implementation of initiatives for Saudi women's employment enablement and sustainable solutions for women's empowerment and job sustainability. Back in 2017, a low percentage of only 17.4% of Saudi women were participants in the workforce. Since then, within a period of only four years, this figure has doubled to a remarkable 35.6%, exceeding the Vision 2030 goal of a 30% participation rate. Saudi women's employment rates within the same period have increased from 67% to 80.7%, the highest participation rate on record. Saudi women's workforce participation was held back for years while many disadvantages stood in the way of women's employment in the Kingdom.
- Transportation was a significant disadvantage for women in the workforce, and daycare services almost ceased to exist at an affordable price. Tremendous reforms for women's empowerment were introduced in 2017 and are introduced continuously in Saudi Arabia. The reforms include enabling women to pursue entrepreneurship and hold positions in the military, passport controls, and public prosecution offices, all of which were policies enacted in 2018. Most notably, introducing solutions against the challenges of transportation to and from the workplace and subsidized, accessible, high-quality daycare programs as it was much needed to address these obstacles.



## What is needed to further increase women's employment and participation in Saudi Arabia?

- In today's world, many women build their professional careers with the additional responsibility of raising children. However, we found that the financial barriers in childcare and maternity leave negatively impact women's employment as childcare expenses can rack up a heavy debt. In a policy brief published as part of Evidence for Policy Design at the Kennedy School of Government at Harvard University, Patricia Cortes, Claudia Goldin, and Jennifer Peck examined how a lack of childcare options, high costs, or low-quality childcare deters Saudi mothers from working. Concerning their experiences with employment and childcare, the authors conducted focus groups and electronically polled 2,000 women between 18 and 40 who lived in Dammam, Jeddah, and Riyadh. Their principal findings highlighted that most working mothers, around 56%, relied on housekeepers or nannies, spending around one-fifth of their salary on these supports.
- As a result, the Kingdom of Saudi Arabia is committed to enhancing the socio-economic status of women. Accordingly, the Kingdom is taking all necessary steps to ease working mothers' financial burdens, including childcare, for increased employment participation.



## What would better work-life balance mean for parents in Saudi Arabia?

- Saudi Arabia has put impressive measures in place to aid women's participation in the labor force with childcare and transportation subsidies. Women's employment enablement is a critical topic in the Kingdom, with continuous launches of reforms and initiatives for parents. It's been a transformative couple of years for women in the Kingdom, and we see its clear impact today. Among numerous programs aiding socioeconomic development, the Human Resource Development Fund (HRDF) introduced programs that promote women's employment enablement.
- The programs Wusool and Qurrah aimed to boost Saudi women's participation in the labor force as part of the ongoing initiatives following the launch of Vision 2030. Saudi Vision 2030 focuses on women being a fundamental force in society and, most notably, enhancing a thriving economy. As part of the Transformation Program 2020 and the Kingdom's Vision 2030, the Qurrah and the Wusool programs supported and enabled women to gain and sustain employment.



## What more is being done for daycare in the Kingdom?

- The daycare and women's support program, Qurrah, was launched to increase the proportion of Saudi women working in both the private and public sectors by assisting with the balance between women's responsibilities, family obligations, and career aspirations by subsidizing child daycare centers. The program aims to overcome one of the significant obstacles working women face that prevents them from participating in the labor market: the high cost of childcare and the limited availability of daycare centers for children under four years old.
- Today, over 13,000 working mothers are actively using the Qurrah service. One of the Qurrah services users describes it as "a life-changing service that has supported my career and eased my mind knowing my child is in a secure and nurturing environment." Since Qurrah launched, the 186 licensed nurseries and 3807 kindergartens connected to the Ministry of Education now provide a secure environment for children, consequentially supporting, encouraging, and enabling women to engage in the labor force and sustain their employment.



### What more is being done for commuting to work?

- Transportation challenges have been frequently identified as one of the primary societal barriers preventing women from achieving their professional ambitions. Hiring drivers, obtaining licenses, and buying new cars come with a hefty price tag. The introduction of Wusool was necessary, as it aimed to combat the transportation issues faced by working women. Wusool seeks to increase women's involvement in the labor market, enable them to work in both sectors, and promote employment sustainability.
- The program provides high-quality transportation services at a reasonable cost with financial assistance from the Human Resources Development Fund (HRDF). In addition, the program collaborates with vehicle guidance applications and other transportation companies like Careem and Uber and provides subsidies of up to 80% of the cost of a taxi fare. To date, Wusool has recorded 32,718,477 monthly trips and 167,508 registered users, significantly impacting Saudi women's participation in the labor force.



### What positive results are being evidenced and what is to come for the labor market in Saudi Arabia?

- The Kingdom has achieved and continues to perform meaningful strides in empowering women and raising their economic involvement in the labor market. In 2020, the World Bank report "Women, Business, and the Law 2020" recognized Saudi Arabia as a top performer, passing seven policy changes. The policy reforms range from economic to legal reforms, such as making it illegal to dismiss pregnant women, protecting women from workplace harassment, and removing all financial service barriers. Additionally, the percentage of women holding senior and middle management positions increased from 28.6 % in 2017 to 39% in 2021. These results are a strong indicator of women's empowerment in the workforce and continuous economic participation for women in the Kingdom and of the significant positive impact women are having in the workplace.
- As we continue to see Vision 2030 initiatives come to life, Qurrah and Wusool will continue to contribute and be significant players in supporting Vision 2030's goals of Saudi women's empowerment in the workplace. There will remain continuous innovation, design, and delivery of initiatives that support women's empowerment to enable women to achieve their full potential in Saudi society and the economy. Saudi Arabia will continue to focus on growing a thriving economy, cultivating a talented workforce, and driving change to achieve the ambitions of Vision 2030 fully.

