

DEVELOPING A CASE FOR INVESTING IN FREE UNIVERSAL CHILDCARE IN ALBANIA

AN ANALYSIS OF CHILD CARE COSTS, FISCAL REVENUE EFFECTS
AND GENDER CENTERED MULTI-DIMENSIONAL VULNERABILITY





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UN Women is the United Nations organization dedicated to gender equality and the empowerment of women. A global champion for women and girls, UN Women was established to accelerate progress on meeting their needs worldwide.

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Abbreviations

ECEC	Early Childhood Education and Care
GDP	Gross Domestic Product
ILO	International Labour Organization
INSTAT	Institute of Statistics of Albania
TUS	Time Use Surveys
UC	Universal Childcare
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women

Executive Summary

Increasing access to quality childcare can have multigenerational impacts, improving women's employment and productivity, child outcomes, family welfare, business productivity, and the economy as a whole.

Despite considerable evidence pointing to the benefits of child care for women's economic equality, for economic growth and for children's development, many governments fail to recognize child care as a public good and adequately resource it. Families are left struggling to cover expensive child care fees, millions of women are kept out of the workforce, and half of the world's children go without pre-primary education.

Gender inequality is one of the greatest challenges facing Albanian policymakers trying to achieve faster, more sustainable, and more inclusive growth. In Albania, spending on gender equality in Albania is modest at 0.05 per cent of its GDP.

This study examined the economic arguments concerning the fiscal effects i.e., investment of public funds in free universal childcare in Albania. The objectives are to: i) reduce gender inequality in employment, labour market activity and earnings; ii) to promote human capital through greater enrolment of children in early childhood learning and development; and iii) to ensure equal access to all children in formal childcare as to foster the life chances and well-being of children. These arguments are highlighted by computing the benefits and costs of such an investment. The study demonstrates that, under relatively cautious assumptions, the benefits significantly exceed the costs. Thus, publicly funded universal child care would represent a prudent and productive use of scarce public funds in Albania.

In order to make such a case, two conditions must be met. First, benefits must exceed costs. The study looks at a comprehensive unpaid work of women and men versus public investment, providing to identify benefits. The study estimated the employment-generating and fiscal effects of investing in universal childcare in Albania. It calculates the total annual costs of investing in childcare that would increase the enrolment (coverage) rate of the children in formal childcare to different target levels. There are several approaches for this analysis including current enrolment rate to target enrolment, however, the study used parameters relevant to the Albanian context. It concludes that for every dollar spent on such a program, approximately two dollars or more worth of benefits are generated for children and their parents (due to employment).

The benefits to parents are somewhat identical. Child care frees up parents' time to participate in the labour force, and this generates two relatively clear benefits. First, employed parents receive wages for that participation. Second, by continuing to be employed while children are young, parents are able to avoid extended absences from the workforce. These absences erode work skills in a variety of ways, and result in future reductions in earning power. Drawing on specific studies of these issues, a value can be assigned to the increases in employment permitted by a comprehensive child care.

The benefits of child care are divided into the benefits to children, business society, and the benefits of employment to their parents. The analysis has focused on employment effects, as both types of benefits are critical to this analysis. Therefore, the study analyzed in number of scenarios for benefits and costs analysis for policy option for public investment such as:

- a) Scenario 1: If children enrollment is increased (following ILO, 2018 parameters)
- b) Scenario 2: If children enrollment is increased with quality improvement
- c) Scenario 3: Universal enrolment with high-quality child-care services

In other words, the investment basis are as follows:

- a) Increasing access
- b) Increasing quality
- c) Supporting inclusion

Based on this, public funding can be justified only if a significant portion of the benefits are public including private as the government may raise tax as revenue. The study argues, however, that there is a significant public interest in universal childcare. For families in which parents are employed and those in which they are not, stimulating child care can have strong and long-lasting effects on parent's employment and child development. And, for some families, good child care can permit parents to maintain job skills and continuous employment experience, with enduring effects on family incomes.

In summary, when all this is brought together, the incremental benefits of the identified changes to universal child care arrangements in Albania amount to approximately two dollars plus for every dollar of cost (in monetary terms) to the Government. Therefore, universal child care matters to children, to parents and to society. The benefits of such a program are likely to significantly outweigh the costs, and thus, publicly funded child care deserves a high priority when decisions on the allocation of scarce public funds are made.

1. Introduction

Increasing access to quality childcare can have multigenerational impacts, improving women's employment and productivity, child outcomes, family welfare, business productivity, and the economy as a whole. Despite considerable evidence pointing to the benefits of child care for women's economic equality, for economic growth and for children's development, many governments fail to recognize child care as a public good and adequately resource it. Parents are left struggling to manage child care, millions of women are kept out of the workforce, and half of the world's children go without pre-primary education¹. Universal, affordable, high-quality child care is necessary to support parents, especially women and when it is not available, the situation is challenging, such as:

- A lack of affordable childcare is frequently cited as one of the biggest barriers to women's opportunities to work, limiting the type and amount of work in which they can engage in outside the home².
- A lack of childcare can limit productivity and the type of employment women can engage in, preventing women from taking more stable and lucrative opportunities³.
- A number of studies and surveys have concluded that childcare allows for longer working hours, higher productivity and income, and employment in the formal, rather than informal, sector.
- There is a strong correlation between mothers' labor force participation and enrollment of children in childcare services⁴.
- Evidence from a range of disciplines confirms that a child's earliest years are a critical time to invest in building foundational skills.
- The benefits of quality childcare and early learning settings include improved school readiness, reduced repetition and drop-out rates, and higher achievement in school⁵.
- Evidence from a range of settings suggests that the development of the cognitive and socio-emotional skills during a child's earliest years is critical to success in the workplace and in life as adults, leading to better employment prospects and higher earning potential⁶.
- Improving childcare and women's opportunities to work can improve business productivity, reduce employee attrition costs, and bring benefits associated with diversity⁷.
- Expanding childcare services and supporting the growth of the childcare market has the potential to lead to the creation of new jobs, contributing to women's employment and productivity, as well as overall economic growth.

Albania has seen improvements in subsequent years, however, unemployment and poverty still threaten many Albanian households and continue to have a negative impact on the social status of women in the country. Data on poverty in Albania point to the feminisation of the phenomenon, and an increase in the number of poor children. In Albania, gender inequality represents a serious impediment to acceleration of poverty reduction. Addressing gender inequality plays a primary role in enhancing the well-being of thousands of Albanian children who live in poverty.

1. United Nations Children's Fund. (2019). *A World Ready to Learn: Prioritizing Early Childhood Education*. New York: UNICEF. <https://data.unicef.org/resources/a-world-ready-to-learn-report/>.

2. IFC 2017; Hein and Cassirer 2010; Diaz and Rodriguez-Chamussy 2013; Woetzel et al. 2015; UN Women 2015; World Bank 2018; Revenga and Dooley 2020.

3. Alfors 2016.

4. OECD.

5. Heckman and Masterov 2007; Engle et al. 2011.

6. See for example Cunha and Heckman 2007; Cunha et al. 2006; Engle et al. 2011; Garcia, Devercelli, and Valerio, forthcoming; Heckman 2006; Naudeau et al. 2011; Neuman and Devercelli 2013; and Shafiq, Devercelli, and Valerio 2018.

7. IFC 2017.

The proportion of unpaid work per day is 21.74 per cent for women and just 3.47 per cent for men, meaning that women do almost one quarter of their work, be it at home or in the workplace, for free. Albanian women spend 21.74 per cent of their day doing unpaid work, including cooking, cleaning and caring for children and family members. This has significant financial and economic impacts for women and society at large. Families struggle to find child care and women are forced to make difficult tradeoffs between unpaid care and their careers. Child care is one of the most feminized job sectors in Albania and early childhood educators are some of the most undervalued workers, resulting in low retention rates, low levels of job satisfaction and labour shortages.

Getting to a public child care system that is affordable, accessible, high-quality and inclusive for all families in Albania is possible if universal child care system is introduced. It would be good for gender equality, good for the economy and good for children. Universal child care is one of the smartest investments the government can make to ensure Albania is more inclusive, more equal and more prosperous. Child care advocates have long advocated for increased investment (leadership) from the government and they have a clear road map: the Universal Child Care. It is time for Albanian government to take up this challenge.

1.1 Making The Case for Free Universal Childcare

Universal child care is occasionally defined as “free.” A 2008 UNICEF report card assessed ECEC programs in 25 countries. It summarizes, as follows, some of the key arguments in favour of designing early childhood services as universal programs rather than targeting them to particular groups of children (UNICEF Innocenti Research Centre, 2008: 17, 18).

- The service is equitably available to all members of a group. Entitlement to equitable access may be defined in legislation.
- Services are fully or substantially publicly funded.
- Services are usually publicly planned, with established processes for assessing demand and developing or permitting appropriate services to meet identified needs.

The EU and World Bank reports have indicated that Albania’s lack of accessible and affordable child care services as one of the highest hurdles for women to participate in the labour force including low level of investment in early learning and child care. Albania is divided in many ways. Wealth, education, urban and rural habitat, sex, age, family-based groups, political affiliations, ethnicity and other criteria differentiate Albanians. The access of individuals and groups to economic, social and political resources is deeply unequal. Attention and support are required to facilitate the inclusion of specific populations: the marginalized and vulnerable, the poor, and, as important parts of these groups, the Roma and Egyptians and persons with disabilities.

In addition, gender inequality is one of the greatest challenges facing Albanian policymakers trying to achieve faster, more sustainable, and more inclusive growth. Gender budgeting has enjoyed continued support for the past several years. Also, there are visible efforts from civil society to provide expert gender analysis and to broaden the debate on fiscal policy by demonstrating that gender budgeting contributes to good outcomes for women and children, especially the social and economic benefits of women’s equality and economic empowerment. However, spending on gender equality in Albania is modest at 0.05 per cent of its GDP.

- In Albania, women need affordable child care to be able to pursue decent work opportunities. It is key to strengthening women’s economic security and equality. This was underscored by the findings of a recent COVID-19 impact survey conducted. Of those surveyed, the majority of women reported that they had difficulty finding child care for their children. When asked how that impacted their families, the response was change work schedules, to work fewer hours than desired, and postpone their return to work.
- In Albania, the distribution of care responsibilities is incredibly unequal, falling mainly on households and being carried out mostly by women as unpaid work.
- Unpaid work accounts for roughly 60% of GDP in Albania⁸. The value of this labour is US\$84 (EUR 71) based

8. IMF Working Paper 2019.

on an average monthly salary of US\$390 (EUR 330), and taking into consideration that 35% of the approximate 1.08 million women in Albania are employed, this equates to the Albanian economy missing out on a potential US\$ 32 (EUR 27) million every single month⁹. A staggering US\$ 385 (EUR 324) million a year.

- In other words, the proportion of unpaid work per day is 21.74 per cent for women and just 3.47 per cent for men, meaning that women do almost one quarter of their work, be it at home or in the workplace, for free. Albanian women spend 21.74 per cent of their day doing unpaid work, including cooking, cleaning and caring for children and family members.
- Prior to the COVID-19 pandemic, women dedicated substantially more hours (21.74% of the day) than men to unpaid work.
- Informal employment accounts for about 61% of total employment in Albania.
- Despite its importance, this work continues to lack visibility and is underestimated and disregarded in the design of macroeconomic and social policies.
- In Albania, spending in social care services is fairly insignificant at about 3% of the overall social protection budget programme (inclusive of children).
- In addition to the feminization of unpaid care work, women are overrepresented in the field of paid care work, which is generally characterized by low wages and unstable conditions.
- Several studies have showcased the level of informality in Albania. A study in 2010 estimated that the country's informal economy was equivalent to 32.9 per cent of its GDP.¹⁰ Other research has revealed that 40 per cent of workers admitted that they are forced to compete with the informal sector.¹¹ Even more alarmingly, the Albanian Government confirmed in 2015 that the informal economy makes up 50 per cent of the GDP. Informal employment takes various forms. For example, 39.75 per cent of employees stated they did not have a written contract with their employer, while 30.29 per cent declared that they did not pay for social and health security benefits.¹²

The Universal Child Care

It is good if child care system is universal. This does not mean a compulsory one-size-fits-all model nor does it mean that child care should necessarily be free. It also does not mean only one type of child care service should be offered (i.e. government-run, institutionalized programs). Rather, universality implies making access available to all children whose parents wish to participate, without discrimination based on income or other criteria. A universal approach calls for a publicly funded and managed system that provides a wide range of services delivered by public and non-profit providers according to families' needs.

International studies, program evaluations and quality measurements have repeatedly shown that participation in early childhood education and care programs has positive effects on children's cognitive and language development and their happiness, and has long-term impacts on their education, employment and earnings. But the quality of care is critical, as the effects of poor child care on children's development and learning can be long-lasting.

In other words, a large pool of research findings has shown that lack of affordable and accessible childcare provision is associated with lasting negative effects on gender inequalities over the life course. Moreover, access to formal childcare of high quality for a significant number of hours during the week is crucial to improving children's outcomes and life chances, even for very young toddlers and infants, especially those from more disadvantaged backgrounds.

Yet despite government intervention in the sector, childcare provision in the Albania is still largely inaccessible and unaffordable to many parents in particular who are mostly in unpaid care work. Government support necessary to make a childcare system viable is currently too low or inadequate in Albania. The system consists of a complex mix of direct supports to providers, while support to families and cash support to low-income families are not inadequate.

9. Ibid.

10. Johannes Kepler University, 2010.

11. The European Bank for Reconstruction and Development (EBRD), 2013.

12. Albanian Center for Economic Research (ACER) & Southeast Europe Leadership for Development and Integrity (SELDI), 2016.

Despite these forms of support targeted at disadvantaged families, the Albanian system is characterized by high levels of inequality in use, partly driven by its high costs and non-accessible as required. One solution that has been suggested is to invest on a broad scale in free full-time formal childcare for all children, with highly trained and well-paid staff, akin to a system of free universal school education. This assessment looks at the costing and funding possibilities of such investment for children aged between 6 months and 4 years of age.

1.2 Methodology

The study aims to assess an fiscal rationale for increased public expenditure on social care service in particular universal child care by employing both primary and secondary data to estimate its potential to reduce unpaid care work and motivate for employment generation at various sectoral level, and by the creation of new jobs due to increased investment in child care as well as providing opportunities to various not-employed or unemployed workers and their households including possible impacts on gender equality and poverty at a microeconomic level.

Measuring and Valuing Unpaid Work

The total economic value of an activity is equal to the amount of time spent on an activity times the “price” or unit value of that activity per unit of time. Finding the right unit value of unpaid care work is tricky, so the literature on time use provides a couple of methods for accomplishing this. Specifically, the value of unpaid care work can be determined by an input-based or an output-based approach.

The output-based approach asks what it would cost to purchase an unpaid care service in the market (for instance, an hour of center-provided day care). The price of equivalent market substitutes is thus assigned to nonmarket goods and services. However, this method presents certain conceptual difficulties when defining the output of unpaid care work, such as caring for children. Also, the output-based approach is limited by the difficulty of finding appropriate data that show market prices for outputs of the equivalent quality and quantity of the goods and services created by unpaid care work.

The input-based approach focuses on the measurement and valuation of labor inputs into unpaid care work. In principle, other inputs such as capital and other costs should also be measured, but labor is the most important input.

In order to assess the fiscal effects, this analysis uses official input-output tables produced by INSTAT to calculate the full employment effects of additional demand, created for example by government spending, for the products of a particular industry, care services. In this study, it focuses on employment effects by calculating the total direct, indirect and induced employment changes due to a unit increase in final demand. It also calculates the direct, indirect and induced employment effects including the total employment effect, or any component of it, to calculate the amount of additional employment generated. Input-output simulation matrix has been provided in Annex 1.

A search of the statistical sources relevant to the Albanian child care needs reveal that different statistical data measure and report on different aspects of the care services. Time Use Surveys (TUS) conducted by the Institute of Statistics of Albania (INSTAT) are the most important source of data on unpaid caring work in the home. Other surveys provide complimentary data. Also useful is the Income and Living Conditions in Albania, 2019 conducted by the INSTAT. Some of the data sources identified are specific surveys conducted for a particular purpose. Therefore, this study uses all sources of data and information.

Time use data make it possible to measure the amount of time devoted to unpaid care work, but such data can also have some limitations such as:

- Time use surveys (TUSs) are primarily intended to measure explicit functions such as meal preparation,

housecleaning, or feeding a child, they are based on activities—both primary and secondary

- Few TUSs include all adult members of a household. While time diary data can be used to construct approximate measures of the total value of unpaid care work, measuring the value of unpaid care work across different types of households is difficult when the data from only one adult providing unpaid care are captured.
- TUSs are often conducted independently from other household surveys, such as those on consumer expenditures or household wealth. Some efforts have been made to collect time use data as a module for another survey like the Living Standard Measurement Survey, income–expenditure surveys, or LFS.

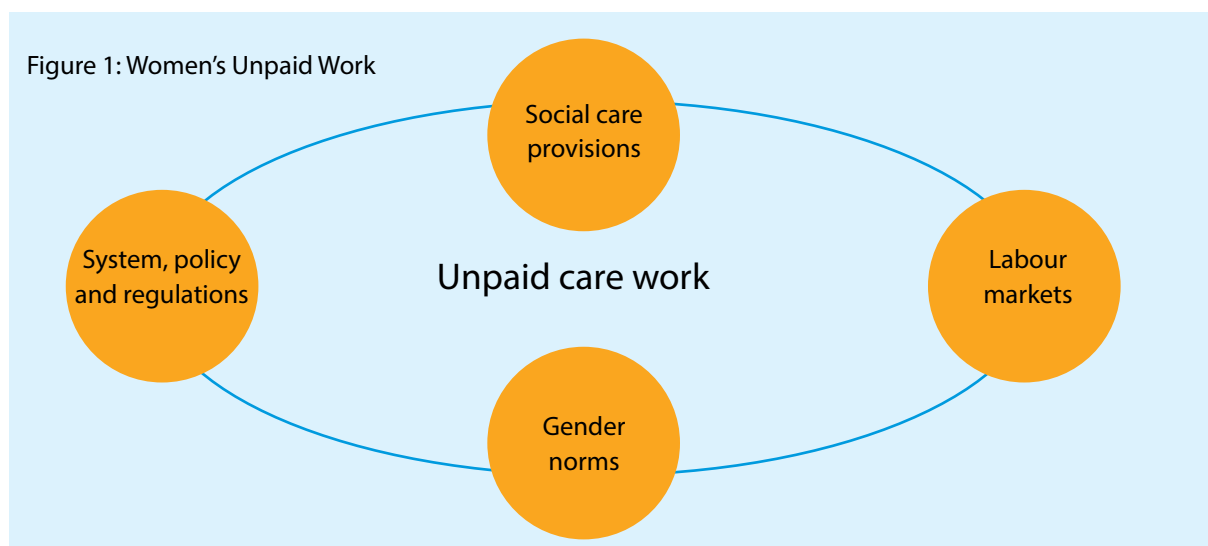
With these methodological and technical caveats in domain, the study broadly includes both caring for children and other dependent household members (such as the elderly, sick, and persons with disabilities) and activities that are necessary for maintaining and managing households (such as cooking and cleaning) from unpaid perspective. The word “unpaid” specifies that the person doing the activity does not receive remuneration for it, making it fall outside the production boundary of the System of National Accounts (SNA).

2. Situation analysis for universal child care in Albania

2.1 Overview Of Unpaid Care Work and Gender Equality in Albania

The responsibility for unpaid care work falls disproportionately on women and girls, leaving them less time for education, leisure, political participation, paid work, and other economic activities. In this context, unpaid work is fundamental to economic life and to individual and societal well-being. Unpaid care work sector has long been identified as a critical barrier to gender equality and women’s economic and social empowerment. In most countries, it is categorized as non-market work, hence, it is not considered a part of national accounting systems and GDP. Therefore, it is invisible in economic and social policy policies as policymakers usually consider child care as a part of women’s life cycle, and family or household matter. As a result, this issue continues to exist as social and cultural gendered norms. The COVID-19 pandemic has presented a spotlight on the centrality of unpaid work to social and economic life in terms of increased care burdens with government lockdown measures.

Albania is not an exception in this regard. It is common for women in Albania that much of this work is devoted to caring for household members and doing domestic chores. Care work takes up a significant amount of time in Albania, especially where infrastructure is poor and publicly provided services are limited or absent. The burden of care work is particularly acute in aging societies. This burden can limit women’s engagement in income activities and lead them to concentrate in low-paid, informal, or home-based work as a means of balancing unpaid care work and paid employment.



2.2 Social Care Economy

The social care economy is a relatively new but highly significant concept with increasing importance for the Albanian economy and the economic wellbeing of citizens, especially women. Care work, both paid and unpaid, affects women’s economic wellbeing. Paid care services are characterised by a highly feminised workforce with high levels of casual and part-time employment. Informal caring impacts negatively on women’s lifetime earnings. The demand for care increases during economic downturn such as COVID-19 pandemic and the substantial role of public support in the care sector makes it particularly vulnerable in this situation.

The unpaid work has traditionally been the responsibility of the family or household (ILO, 2018). Unpaid work can be defined as “all non-formal, non- compensated activities, such as children or the elderly, and indirect care, such as cooking, and cleaning. Generally, time use surveys are used for collecting data on unpaid work. The 2010-11 time use survey of Albania will be used for analysis purpose¹³.

Table 1: Value of Unpaid Work as a Percentage of GDP by Women and Men, US\$PPP 2011

Country	Women	Men
Albania	7.2	1.2

Table 2: Daily Time Spent on Unpaid Work and Paid Work (Hours within a 24-hour Period)

Country	Time Use Survey year	Age	Men's Paid Work	Men's Unpaid Work	Women's Paid Work	Women's Unpaid Work
Albania	2010-11	10+	4.27	0.83	1.93	5.22

- With regard to unpaid reproductive work, Albanian men contribute only 14.2 % of total unpaid care work, while Albanian women spend over five hours on unpaid domestic work daily¹⁴.
- Over a third of women in Albania (37 per cent) contributed to family businesses (UN, 2020a).
- The highest burdens were reported by women in Albania (72 per cent versus 61 per cent)
- Women's and men's labour force participation rates in Albania (2019) was 72.1 per cent against 88.3 per cent with the gap of 16.2 percent which is huge¹⁵.
- In Albania, 75 to 80 per cent women reported higher difficulties than before the pandemic in meeting basic needs and paying basic expenses, such as rent, utilities and food resulting from loss of livelihood resources, such as remittances and farming¹⁶.
- 69 per cent women in Albania have experienced higher rates of psychological distress than men.

Table 3: Paternity and Parental Leave in Albania

	Duration of Paternity Leave	Amount of Paternity Leave: Cash Benefits	Amount of Parent Leave: Cash Benefits
Albania	17 weeks	100%	Mothers only: 52 weeks First 26 weeks (including pre-birth): 80% of net pay

2.3 Public Investment and Spending on Social Care Services

The Albanian social care system provides public and non-public services for persons in need of residential and day care services. Public social services are provided mainly through residential and day care centres and financed by the state and municipal budgets. Since 2002 successive governments have worked on social care service reform, but a viable formula for the funding of social care services is yet to be articulated. The current approach has included the transfer of the ownership of social care institutions and service delivery responsibilities to local government authorities and a combination of planning and monitoring authorities to regional and national level institutions.

The law on local self-government¹⁷ sets out the functions and authorities of local governments. In the area of social services, municipalities have the responsibility for the establishment and management of local social care services; building and administration of social care centres and social housing. The 2015 local government law also sets out the responsibility of municipalities to establish a "social fund for financing social services", in cooperation with the Ministry in charge of social affairs.

13. https://w3.unece.org/PXWeb2015/pxweb/en/STAT/STAT__10-CountryOverviews

14. ILO 2019

15. UN Women 2020a

16. UN Women (2020). The impact of COVID-19 on women's and men's lives and livelihoods in Europe and Central Asia: Preliminary Results from a Rapid Gender Assessment, <https://eca.unwomen.org/en/digital-library/publications/2020/07/the-impact-of-covid19-on-womens-and-mens-lives-and-livelihoods>

17. Law 139/2015 "On Local Self-Government"

Social protection spending in Albania amounts to 9,3% of GDP, significantly lower than the EU average of 28%¹⁸. Spending is dominated by social insurance outlays (contributory program), which account for over 80% of total spending between 2015 and 2019. The other two main programmes in social protection are the social assistance and the disability benefits, which account on average for 13% of total public social spending during the same period. The remainder of spending in the social policy area is dedicated to active and passive employment programmes, currently managed by the Ministry of Finance and Economy (about 1% of the total budget) as well as social care services, emergencies and the management of the social protection strategy.

Table 4: Social Protection Spending in Albania 2015 - 2021

Budget programme million ALL	Year						
	2015	2016	2017	2018	2019	2020*	2021*
Social care services (local discretionary spending)	493	528	684	842	1 135	1 135	1 135
Social Protection Budget Programme	21 442	21 283	21 614	21 445	23 542	23 987	24 926
Of which: cash assistance programmes	17 662	20 026	20 714	20 671	21 100	21 000	21 300
Of which: baby bonus at birth					1 870	2 000	2 500
Of which: Social care services and other management costs in SP ³⁴	3 780	1 257	900	988	988	987	1 126
Social Inclusion	93	68	88	13			
Employment Services	1 623	1 807	1 486	1 228	1 535	1 951	2 151
Of which: unemployment benefits (passive)	615	691	346	336	540	600	600
Emergencies	1 419	1 266	1 109	1 542	1 503	434,25	1 020
Subtotal social sector spending (non- contributory)	24 977	24 884	24 893	25 057	27 715	27 507	29 232
Social Insurance Fund (pensions)	107 309	114 276	119 081	125 364	130 927	137 468	142 965
Total social protection spending	132 286	139 160	143 974	150 421	158 642	164 975	172 197
GDP	1434 307	1475 251	1552 886	1647 625	1705 246	1 793 466	1 905 129
Total General Government Budget	433 697	440 241	461 410	476 147	519 577	549 374	554 858
Social protection (without social insurance)							
In % of GDP	1,7%	1,70%	1,60%	1,50%	1,50%	1,40%	1,50%
In % of GG budget	5,8%	5,70%	5,40%	5,30%	5,10%	4,90%	5,10%
Social protection cash programmes							
In % of GG budget	4,1%	7,7%	7,7%	7,6%	7,5%	7,4%	7,3%
In % of social spending (non contr.)	70,7%	80,5%	83,2%	82,5%	82,9%	83,6%	81,4%
In % of social care budget programme (central)	82,4%	94,1%	95,8%	96,4%	97,6%	95,9%	95,5%
Local government (discretionary) social spending							
In % of social spending (non contr.)	3,4%	2,0%	2,1%	2,7%	4,1%	4,1%	3,9%
In % of social care budget programme (central)	3,9%	2,3%	2,5%	3,2%	4,8%	4,7%	4,6%
In % of non-cash central social spending	108,8	13,1%	42,0%	76,1%	198,5	115,0	100,8
				%	%	%	%

Source: Ministry of Finance Treasury data. For 2020 – 2021: Budget 2020 tables. * Figures for 2020 – 2021 are estimates. For local budget discretionary spending, a spending level equal to 2019 has been assumed for 2020 and 2021.

18. European System of Integrated Social Protection Statistics (ESSPROS).

2.4 Overview Of Child Care System in Albania

The government of Albania is supporting social care delivery in the community at the best possible, while aiming for reducing institutional care. Social Care Services are part of the social protection Program funded by the state budget. In Albania Early childhood education and care ranges from the age of 0 to 5 years old. The first type of institution is the nurseries (Cerdhe) for children 0-3 years old and the second is kindergarten (kopshte) for children 3-5 years old.

Kindergartens and nurseries can be public and private ones. Both public and private nurseries are offered with payment. Public nurseries' fees are decided by Local Governance Units. Private nurseries' fees are decided by their owners. Public kindergartens can be full day or half day ones. For full day public kindergartens there is a fee decided at local governance unit level. Half day public kindergartens are free of charge. In terms of private kindergartens their owners decide on the fees. Nurseries and Kindergartens level of education (i.e. early childhood education and care) are not obligatory to follow in Albania.

Some of the features are as follows:

- In Albania, social care was left to municipalities. While care was predominantly publicly provided (with the exception of the child care programme in rural areas), it was through local municipalities rather than by the central government.
- The current system is not intermingled with access to formal childcare and social care infrastructure that supports children's development, people's care needs and women's access to jobs.
- In addition, with few market-based options, women have the barriers in entering the workforce due to fulfilling their responsibilities not only as parents, but as elder-carers.

Albania faces a number of challenges in moving towards a more effective social protection, social welfare, and social care system. Existing social services are fragmented, rudimentary and ad-hoc in nature. Albanian families and communities are dealing with other shocks and risks that threaten social cohesion due to shifting demographic structure, internal and external migration, the changing role of families and informal networks.

When it is related to women such as time, productivity, and careers affected or reduced, there are adverse consequences across the country's economy. In Figure 5, provides the main effects for three groups.

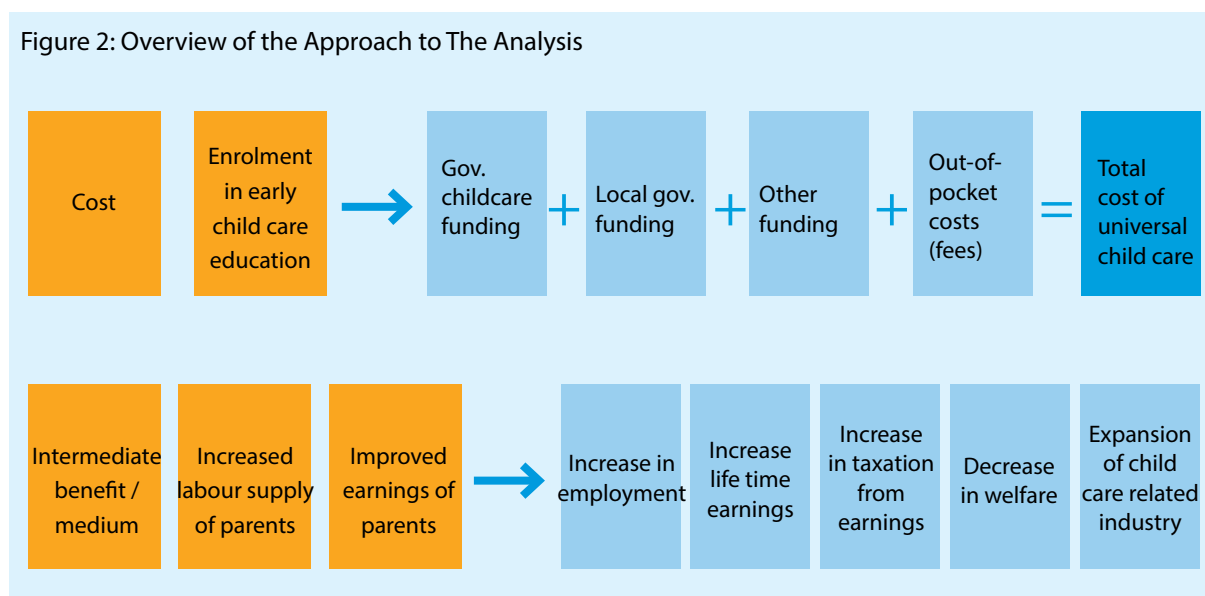
Table 5: Child Care Problems and Its Adverse Effects

Parents engaged in unpaid care work	Business	Government
Lost earnings, productivity, and work experience	Lost revenues from lost output and productivity	Lost tax revenue from reduced GDP
Extra cost for children arrangement	Additional costs in workers disruption, hiring and re-hiring.	Lost consumption tax revenue and additional cost for social assistance to unemployed

3. The economic cost and benefits of child care

There is an extensive international literature confirming the many positive impacts of quality early learning and child care services on economic and social performance. Such study findings have identified several conduits of benefits for children, parents and families; for the local and national economies; and for long-run economic, social, and fiscal outcomes.

The approach to the cost benefit analysis is summarised in the figure 2 below. In this analysis, the study considered the costs and benefits of universal child care (early childhood education) for children, their parents (carers) and government. The analysis has considered the cost of providing child care and a broad range of short, intermediate and medium-term benefits, all of which are strongly supported by evidence.



3.1 The Benefits of Child Care

Child care may allow parents to be employed when their children are young, and this provides both private and public benefits. However, far more important as a justification for public assistance to child care are the direct effects of good child care on the children themselves. The early years of childhood are now recognized as crucial ones for the development of cognitive and social abilities.

Albania needs more accessible, affordable, inclusive, and quality childcare recognizing the urgency of this challenge due to workforce loss and increasing multi-dimensional vulnerability of women and men. There is a need to make a significant, long-term, sustained investment to create early learning and childcare system in Albania. There is broad consensus from all parts of society, including business and labour leaders, the provision of early learning and child care will help to expand labour force participation and employment even recession associated to COVID-19 pandemic.

In spite of discussions, Albania's child care system remained almost non-existent. The pandemic has enhanced shared understanding of the importance of child care services in facilitating full participation and healthy work-life balance of women.

Expanded child care is good for parents (especially mothers), good for workers, good for employers, and good for society. In short, there is a powerful cross-cutting consensus that the expansion of accessible, high-quality early learning and child care is not only beneficial to society but also to the Government of Albania. Hence it is an important and urgent economic and social priority.

The economic benefits of child care are long but will be divided into three categories:

- a) Additional economic activity associated with the expanded production of child care services.
- b) Increased labour force participation, employment, and earnings for parents (especially mothers) of children receiving childcare services.
- c) Long-run economic, social, and fiscal benefits resulting from the improved lifetime capacities of children who participated in childcare in their childhoods.

Estimating the relationship between child care costs and women's labor force participation

A number of studies have examined specific policy changes to identify a causal relationship between the cost of child care and parental labor force participation. While the price of child care could affect the extent of labor force participation of both men and women, the literature focuses on changes in mothers' participation. One study examined the introduction of universal child care¹⁹ found that each 1 percent increase in subsidies was found to raise maternal labor force participation by 0.24 percent and another study²⁰ found similar results, with every 1 percent decrease in child care costs raising the labor force participation of mothers by 0.25 percent.

Implementing a national child care system would generate several important benefits for Albania's economy. INSTAT does not report value-added (or GDP) in the child care industry, however it is possible to generate a broad estimate of the sector's GDP by using the input-output profile of the broader care sector. Assuming a similar ratio exists between wage costs and value added in child care, this implies annual GDP in the care industry.

In simple terms, the current unpaid work of women is 60% of GDP in Albania which could be transformed into economic activity. Alternatively, almost a quarter of women in Albania are in unpaid work, and they can participate in the labour force. These two benefits are huge in size and number.

The introduction of universal child care will significantly increase employment especially for women, as a result of the combined direct, indirect and induced job creation in gender centered sectors such as care industry, health, and service sector. The system will not only create direct employment of childcare and support staff but will be created, industries supplying the childcare industry will also recruit more staff due to increased demand of their products; and all these new jobs will mean higher earnings to households and going back to the economy in the form of household expenditure, i.e. multiple effects to living standard, inducing further employment creation.

The data suggests that rolling out a strong universal child care program, i.e. in the universal enrolment and high quality provision, with the annual average gross investment of 2.5% of GDP would make a critical contribution to national economy including recovery, such as:

- Generally, child care is a labour-intensive industry, which helps to make it an employment creating sector. Every one full time job in child care creates or sustains up to 2.15 jobs and more depending on the level of labour and technology trade-offs.
- An increase in labour supplied by women in the prime parenting age cohorts (from age 20 through 40) equal to as many as workers currently held up due to unpaid work –through both greater labour force participation and greater ability to work full-time hours.
- The creation of over at least 5,000 direct new jobs in child care sector, with annual direct job creation of 1,000 positions per year (at least).
- The creation of additional 6% GDP from the upstream and downstream industries (especially service)

19. Quebec study, Baker, Gruber, and Milligan 2005.

20. Lefebvre and Merrigan 2005.

which will receive new business from the expanded child care sector. This includes an additional job from construction of facilities.

- An eventual increase in national annual GDP of 0.05% approximately, achieved gradually over the decade, driven by both expanded child care production and increased female labour supply.
- Long-run employment, income, and fiscal benefits (additional tax revenue) arising from the enhanced cognitive and social capacities of future generations who received high-quality child care services in their formative early years of life.

3.2 Childcare Costs

Using a bottom-up approach, the costs of providing free full-time universal childcare services for children that reflects a typical modality of service depends on the current situation of unpaid work and the logic for care work including protection in Albania. The costing will be based on different scenarios combining, social protection costs, health costs to pay for childcare workers and child care operation costs, etc.

A costs model is a tool for thinking in an organized way about the ways in which change in one type of cost is likely to affect the cost of providing child care to children. Fundamentally, the economic argument for public child care funding will have two separate strands. These will correspond to the two groups that benefit most directly from high quality child care: parents and children.

In the base case, the estimated average net child care cost for children 0-5 is ALL 260,000. Costs are strongly related to child's age as well as the staff ratio and enrolment as the prime determining factor. While making access available to all families (particularly universal scenario) would lower net child care costs as it will increase enrolment.

Either of the new funding policies reflected in scenarios would have dramatic effects in improving the child care for all parents. There are, however, very important problems of phase-in or transition to consider. There are not nearly enough spaces to meet all the demand that would be created if the government were to implement either of these options immediately. These issues of transition affect the best new funding approach.

Some of the other issues that influence child care investment are as follows:

- Access to child care depends on space and number of centers. Hence it is one of the major investment areas in child care.
- Number of classrooms: for example, a) infant 0-18 months, b) toddler 18-36 months, c) pre-school 3-5 years.
- Non teaching staff and benefits.
- Child care quality depends on quality and trained workforce in addition to staff/children ration.
- Workforce compensation; wage and benefit payments are by far the largest component of child care costs and, for many reasons, compensation of child care staff will rise vis-à-vis investment.
- Where will the new early childhood educators come from as the system expands? As child care is made more affordable, demand for it will rise, meaning more demand for trained staff. In other words, government may need to consider additional workforce.

Table below focuses on overall totals of costs and revenue effects due to different child care policies (scenarios). It provides the additional cost to government in each simulation. Naturally, the additional cost in the base case is zero – this represents the current situation. In the current situation, total government revenues ALL 11600 million approximately against ALL 33,389 million government cost. All these simulations are very positive for investment based on return-on-investment criteria when it comes to government. In other words, it is self-funding over the years provided the government invests in free universal childcare provision.

4. Universal child care and fiscal effects

Childcare is central to solving multiple challenges that governments face, and there are many different potential entry points that can be leveraged to expand access to quality, affordable childcare. While new funding is undoubtedly needed to expand access, there are also a number of opportunities to leverage financing within the government funding that could finance an expansion of childcare.

Efforts to expand access to quality, affordable childcare will require more intentional whole-of-government approaches in Albania and support to engage in policy dialogue across sectors, fiscal spaces and budgets, and institutional arrangements. Tools are needed to provide policymakers with the information needed to invest in childcare systems, policies and programs, in particular universal childcare.

Public funding of good quality child care programs will have direct effects on children in one of two ways. Some children, who are currently cared for exclusively by one or another parent or by a relative, will be encouraged to switch from parent care only to part-day or full-day use of good quality child care

Evidence shows that public child care is fiscally affordable because increases in parental employment bring in more tax revenues and result in reduced public spending on social assistance and other benefits. It also increases growth and productivity, thereby multiplying the revenue effects. A publicly funded child care system cannot be built overnight. It requires a long-term plan and investments with clear benchmarks and timelines.

Evidence around the world suggest that investment in universal child care could bring women in unpaid care or stay-at-home mothers with high some levels of education into the workforce, which in turn would raise GDP significantly, enough to compensate the program or pay for other programs that advance gender equality.

Supply-side funding—funding that goes directly to programs to cover all or some of their operating costs—emphasizes that early learning and child care is a public good and ensures public accountability for high-quality programs. Demand-side funding—tax benefits, cash paid out to families—presumes that purchasing power guarantees parent choice and reinforces the idea that early learning and child care is a commodity in the marketplace. Several studies have shown that supply-side approaches result in more uniform quality and superior coverage²¹. Demand-side approaches generally tend to be more expensive, less accessible, of lower quality and more inequitable.

There are different approaches to approximating the benefits to children and society from the developmental/ educational effects of good early childhood education. Due to limited study in this area, all approaches can only provide a general indication of the magnitudes of benefits of public spending.

The fiscal effects depend on number of factors such as:

- Good child care is more expensive than poor child care, largely because wage and benefit levels have to be higher in order to attract and retain a well-educated, stable, dedicated staff.
- Required average skill levels of child care providers would be higher than what is presently mandated in child care facilities.

21. J. Bennett (2008). Early Childhood Services in the OECD Countries: Review of the Literature and Current Policy in the Early Childhood Field. The UNICEF Office of Research: Innocenti.

- The total cost of the proposed child care service depends on the number of children who will use full-time versus part-time versus nursery school types of care.
- The number of hours of child care usually depends on the employment status of the mother: mothers who work full time or part time.
- Government funding modality.

Child-care provision, either directly delivered or merely coordinated by government, is clearly an area of large “fiscal externalities” associated with such an intervention. Governments usually desire policies that boost productivity and economic growth, but this has taken on a new significance as the government experienced the large deficits accumulated due to pandemic. government provision of low-cost access to child care for families can substantially boost economic growth through major increases in labour force participation.

In Albania, large parts of social protection and social care services have been transferred from the central government to the municipalities in the country with support from the central government institutions. The local governments are responsible in planning and budgeting social protection benefits and social care services. Many local governments face a great challenge to ensure adequate level of resources from local sources and the state budget.

Albania spends on social protection (not including health) at only 9.3% of GDP, which is less than half of the EU average (19.1% excluding health, and 27.8% including health).

- Amongst the existing benefits, the old-age pension has the widest beneficiary coverage and the most important impact in poverty reduction. Despite the recent pension reform to enhance the financial sustainability, the Social Insurance Fund has been in deficit at around 2% of GDP.
- Apart from old-age pensions, the beneficiary coverage of the contributory scheme remains low. In particular, a large number of workers in the informal and non-standard forms of employment do not qualify for other contributory benefits in cases of unemployment, disability and employment injury and have to claim social assistance benefits.
- As a result of the recent social assistance reform to improve the targeting of social assistance cash benefits, the number of beneficiaries of the economic assistance programme declined sharply from 15.1% in 2013 to 8.7% in 2019 and its expenditure decreased from 0.34% in 2013 to 0.21% of GDP in 2019.

The Table below summarizes the main options and their financial effects. The government, especially the Ministry of Finance and Economy should explore all possible fiscal scenarios and options, associated social impacts including gender issues, risks and trade-offs.

Table 6: Fiscal Effects of Different Scenarios of Universal Childcare Provision (2019 prices)

	Current		Scenario 1	Scenario 2	Scenario 3
	0–2 years	4–5 years	If children enrollment is increased	If children enrollment is increased with quality improvement	Universal enrolment with high-quality child-care services
Children population	143,546	55355	171,224	171,224	171,224
Enrolment rate	50%	100%	50%	50%	100%
Total enrolment	71773	55355	171,224	171,224	171,224
Hours per week/child	40	40	40	40	40
Child/staff ratios	4	8	4	4	4
% of teaching staff	50%	50%	50%	50%	50%
Number of teaching staff	17943	13839	42806	57075	85612
Pay level (ALL per month)	60000	65000	65000	65000	65000
Annual cost (ALL)	12919140000	10794225000	33388582500	44518110000	66777165000
Total gross annual cost (ALL mil.)	12919	10794	33389	44518	66777
GDP (2019)	1636731	1636731	1636731	1636731	1636731
(in % of GDP)	0.789	0.659	2.040	2.720	4.080
Cost per child p.a. (ALL)	90,000	195,000	195,000	260,000	390,000

Source: INSTAT (<http://www.instat.gov.al>) for GDP, children population and author's calculation

Among these options, Albania clearly needs to focus on extending the social security coverage by addressing tax evasion and the informal economy in order to raise more revenues and to further strengthen the contributory schemes. It is recommended to discuss these and other options in a national dialogue process.

Table 7: Estimated Public Investment in Childcare Services in Three Scenarios

	Scenario 1 If children enrollment is increased	Scenario 2 If children enrollment is increased with quality improvement	Scenario 3 Universal enrolment with high-quality child-care services
No. children 6m-2y covered	100%	1000%	100%
No. children 3-5y covered	100%	100%	100%
Hours p.w. per child	40	40	40
Child/staff ratio	Current (12:1)	Statut. (4:1 for 0-2; 8:1 for 3-5)	Statut. (4:1 for 0-2; 8:1 for 3-5)
Pay level (ALL per month)	Current 50000	Teacher	Teacher
Qualification levels	8,101	14,139	19,579
Total gross annual cost (ALL mil.)	1.30%	2.30%	3.20%
(in % of GDP)	82,943	144,760	200,449
Cost per child p.a. (ALL)	19.70%	34.40%	37.00%

Source: author's calculation

Net funding needs

Given that all jobs created are assumed to be taken up one way or another, the results of the labour demand effects can be used to estimate the tax revenue from additional earnings. This can be added to the reduced spending on UC calculated in the previous section.

Table 8: Estimated Investment Rationale in Universal Child care

Scenario	Scenario 1	Scenario 2	Scenario 3 (ALL mil.)
Gross annual cost	33,389	44,518	66,777
(in % of GDP)	2.04%	2.72%	4.08%
Direct tax revenue (25%)	8,347	11,130	16,694
Indirect tax revenue (10%)	3339	4452	6678
Funding gap	21,703	28,937	43,405
GDP of 2019	1,636,731	1,636,731	1,636,731
(in % of GDP)	1.33%	1.77%	2.65%
% self-funding	40%	50%	50%
Break even years	7	12	14
% Increase in GDP	3.37%	4.49%	6.73%

For childcare jobs, estimating the revenue raised by additional tax and social security contributions (SSC) of employers and employees is straightforward since the jobs are assumed to be at a fixed wage rate determined in each scenario.

The total amount of tax revenue and reduced social security spending can be calculated from these different sources, including the amount currently spent on childcare subsidies. These sums can be deducted from the annual gross investment to derive a sense of 'short-term fiscal sustainability', that is the net funding need that the investment will require from additional taxation or borrowing.

In any case, the net funding requirement remains substantial ranging. Funding the remainder is a political discussion. For example, the tax cuts or through raising the tax thresholds above inflation and cutting and freezing alcohol and fuel duties are measures with doubtful effects on earnings and economic activity, given the stagnating productivity that accompanied the rise in employment.

Longitudinal fiscal effects from employment

A growing literature on the return on investment in early education, showed that public investment in good quality programmes of targeted childcare had positive net present values, with benefits outstripping costs due to reduced spending on welfare, crime and health, as well as increased employment and lifetime earnings for both the children themselves and their parents more immediately.

An annual lifetime returns on investment of public early education and care programmes targeted at disadvantaged children is beyond scope. While a full-blown longitudinal model is beyond the scope of this analysis, it is possible to simulate some of the components of those effects, in particular the change in lifetime earnings of mothers as a result of the universal provision. A net present value method can be adopted for a typical mother on average earnings. The stream of benefits to be discounted are the annual additional fiscal revenue stemming from a reduction of the child-related earning for most mothers in the current system. The stream of costs to be discounted is the total cost of childcare over the years of coverage. If the former is at least equal to the latter, then the programme is deemed self-funding.

While current childcare policy and future plans remain vastly inadequate to address the challenges of quality, accessibility and affordability of childcare in Albania, arguments around lack of funding were often the prime reason for opposing increased investment in the sector. This assessment examined such claims and in doing so make a positive fiscal case. As the costings results show, investing in free universal childcare requires significant amount of annual spending, about double the amount of public spending on childcare committed by the government for the foreseeable future. This assessment shows that funding an ambitious childcare investment programme and sustaining it year on year is by any means affordable, even within the existing fiscal structure of the Albania. Taking account of the tax revenue and reduced social security spending stemming from the many direct and indirect jobs created in the economy, only around 3 percent for every 100 (in any currency) spent would require additional funding on a year-on-year basis. In any case results also show that over the longer-term fiscal benefits are likely to recoup the total investment in childcare, based on simulations of typical families (mothers with two children on average earnings). With different benchmarks of earning potential, the analysis shows that again within the existing fiscal structure, the investment can reach break-even point in between 8 and 13 years, well within the range of common working lives after child birth.

Such reduction in gender earning gaps is also another policy objective in its own right, improving women's economic independence. Maternal employment could be greatly improved if the right incentives are provided and there is a genuine system of affordable, accessible and high-quality childcare. Moreover, employment created in childcare and in the wider economy could disproportionately benefit women. Our calculations show that this would reduce overall gender employment gaps by almost half. Though the main benefit of childcare remains that of investing in children's well-being and social and cognitive development. There is also an economic case for this in that it would raise productivity in the future through better education, social skills and greater ability to adapt to fast-changing technology-driven labour markets. It would also reduce inequalities in life chances and offer opportunities to improve everyone's quality of life as well as social cohesion. Both of these arguments justify public spending as these benefits have a public good element, the social infrastructure aspect of childcare. Quantifying long-term benefits for children and society more widely is more complicated but not impossible. It is however beyond the scope of this study. It may need the modelling to examine changes in the means-tested adaptive (shock responsive) social protection system to improve work incentives even within a new system of free childcare.

5. Conclusion

Reduction in poverty in Albania, and specifically, reduction in the number of poor children, is being achieved through developing and applying policies and programmes aimed at increasing the possibilities for ensuring gender equality and empowerment of women in general, and of poor women specifically. In Albania, poverty experiences are different for men and women. Understanding of the gender specific dimensions and implications for future generations necessarily calls for the development of new policies and priorities, as well as implementation of programmes designed to reduce poverty through respect for women's rights and reduction of gender inequality.

Improvement in the well-being of children, and specifically, poor children, is closely related to the empowerment of the role of half of the population - Albania's women and girls. Encouragement of equal distribution of the labour force in Albanian society, individually, economically and politically, will have an impact on a woman's increased control of her individual or social life, and allow her participation in and influence on the decision-making structures. Empowerment of the role of women and girls should be considered as a vision for development that can and should be attained.

Early education and child care have positive effects to parents. Early education and child care should serve as a vehicle for the transformation of beliefs, behaviours and habits that nourish gender-based discrimination and gender inequality.

In this regard, obstacle preventing Albanian women from accessing the labour market is a lack of sufficient child care (pre-school structures) and social services for categories in need, including the elderly or disabled. Reduction in pre-child care and absence of social service structures designed for the elderly or disabled has led to an increase in the number of women of working age in unpaid care work who remain outside the labour market because of their domestic responsibilities for children or the elderly or disabled. Development of policies and programmes establishing universal child care, or social protection for the elderly and disabled, would both allow woman's participation in paid employment activities and reduce poverty by enhancing the economic level of the household.

5.1 Developing The Fiscal Rationale for Universal Childcare in Albania

Childcare is central to solving multiple challenges that governments face, and there are many different potential entry points that can be leveraged to expand access to quality, affordable childcare. While new funding is undoubtedly needed to expand access given the scale required, there are also a number of opportunities to leverage financing within existing programs that could finance an expansion of childcare.

Some of the areas for attention are:

- Increase public investment in childcare to ensure women and parents of all genders can
- Return to work and to stimulate GDP.
- Direct funding adequate to address increased costs and support of child care
- Meet the crucial long term social and economic role of childcare through:
- Significant investments in physical infrastructure: new centres, supply chain inputs
- Significant investments in human capital: early childhood educators, and other relevant occupations
- Broader coordinating policy mechanisms.

Searching for and leveraging these opportunities in Albania can maximize the returns to investments and help governments achieve multiple objectives with limited sources of finance. In the short-term, these opportunities offer practical and fast options to increase the resources available to support the expansion of childcare, while governments work toward mobilizing new resources.

Based on public spending in social services and looking carefully at the information, this study recognizes that:

- a) Data and analysis of indicators consistent with international standards is needed to formulate effective universal social and/or child care and social protection policies and programmes;
- b) Allocation of resources is still far from being effective and decentralized. Adequate fiscal space and gender and child centered budgeting for financial resources for social policies are required especially at national and local level;
- c) Institutional capacities in charge of gender-based social policies and delivering social care (child care) services, should be strengthened at the national and local levels.

In summary, the study supports some entry points in the following priority issues for consideration:

- a) Strengthening legislation, system, policy and regulatory reform as well as the efforts for universal child care investment (fiscal space to budgeting) implementation.
- b) Guaranteeing coordination among government sectors at the central, regional and local levels to implement policies aimed at realizing gender equality especially in unpaid care.
- c) Promoting women's participation in labour market making and implementing gender-based social care policies.
- d) Establishing a comprehensive, disaggregated data collection system based on indicators that accurately measure the unpaid work of women and affected children.

Addressing Universal Child Care

The study provides concrete evidence on how gender sensitive public investment has important ramifications in terms of who benefits from child care and job creation. Beyond "who" benefits, the report also presents a comparative analysis of "how much and what kind of" benefits can be expected from each additional dollar gender-sensitive public spending versus gender-blind spending in universal child care.

The study findings show that supporting a universal child care expansion would generate many more benefits in early child development including jobs in total and, specifically, many more jobs for women in various gender friendly sectors; nonetheless, it would still generate a substantial number of jobs for men. These jobs are also of higher quality: a significant number of them go to lower-skilled job recipients from households from the bottom of the income distribution (for example 30%), and to unemployed workers. Finally, the combined effect would be significant, on labor demand and supply impact of a universal child care expansion on poverty alleviation, by simultaneously creating pro-women employment demand, raising female labor supply, and bolstering dual-earner households. Hence, gender-sensitive public investment (fiscal policy) is good not only for women but also for men, the unemployed, the low skilled, and the poor.

The public investment in the universal child care draws some fundamental areas such as:

- a) Increase awareness and capacity in relevant ministries of the government's commitments on the importance of care opens a window of opportunity for ensuring that care services are financed adequately or increase gender (unpaid care) sensitive investment.
- b) Increase the transparency of budget allocations and processes in child care.
- c) Redistributing care responsibilities between women and men has to be a central objective of care policies.
- d) Increase allocations to child care (health, education and social welfare)
- e) Revitalize social, not only physical, infrastructure through care sector investments
- f) Strengthen child care policy in childcare prioritizing investments in suitable models.

- g) Invest in quality care services, care policies, and care-relevant infrastructure to reduce social and economic barriers and advance inclusion, gender equity, and gender equality.
- h) Build a care economy centred on equity, equality, and shared prosperity working with care workers, including unpaid care workers; care recipients; and feminist economists.
- i) Increase capacity of care services and facilities to support direct operational costs.
- j) Set, monitor, and enforce national standards for quality child care services based on evidence-based best practices covering staffing levels, training, service management and delivery, and protection of labour rights.
- k) Introduce care-friendly, gender-responsive policies and programs, including fiscal measures (e.g. tax), targeting women living on low incomes and their families to assist with costs of caregiving.

Key Recommendations

The time has come to re-examine economic priorities and for the Government of Albania to invest in building a human economy that is feminist and works for all citizens, including the poorest women and marginalized groups. The study proposes the following six actions to close the gap between rich and poor and to help realize the rights of unpaid care workers /carers, acknowledging the significance of care for the wellbeing of societies and economies in Albania.

1. Invest in national child care systems (including other care) to address the disproportionate responsibility for care work done by women and girls
Government must invest in national universal child care systems. National child care systems must make investments to deliver universal childcare, eldercare and care for people with disabilities. These should also include access to quality healthcare and education, as well as the provision of universal social protection, such as pensions and child benefits.
2. End extreme wealth to end extreme poverty
In order to increase investment in child care, government must take bold and decisive steps by taxing wealth, high incomes, and cracking down on loopholes and inadequate tax rules that allow rich corporations and individuals to escape their tax responsibilities.
3. Legislate to protect the rights of all unpaid care work/ carers and secure living wages for paid care workers
As part of the national child care systems, government must ensure legal, economic and labour market policies are in place to protect the rights of all unpaid carers and paid care workers, and monitor their implementation to ensure that all unpaid workers have access to social assistance or a living wage and working towards the elimination of gender wage gaps.
4. Ensure carers have influence on decision-making processes
Governments must facilitate the participation of unpaid carers and care workers in policy-making fora and processes at all levels and invest resources into collecting comprehensive data that can better inform policy making and evaluate the impact of policies on carers.
5. Value care in business policies and practices
Businesses must recognize the value of care work and sustain the wellbeing of workers. Companies and business should assume their responsibility for contributing to achieving the SDGs by paying their fair share of taxes, implementing family-friendly employment practices such as flexible working hours and paid leave, and using progressive advertising and public communication to challenge the gendered distribution of care work.

Further step

A future research agenda would entail the development of an economic model to incorporate the multiple effects of a universal child care infrastructure: job creation, poverty alleviation, labor force participation, gender equality, changing consumption patterns, improved human capital and labor productivity, and equality of opportunity for children over the long run.

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Tables

Table 1: Value of Unpaid Work as a Percentage of GDP by Women and Men, US\$PPP 2011

Table 2: Daily Time Spent on Unpaid Work and Paid Work (Hours within a 24-hour Period)

Table 3: Paternity and Parental Leave in Albania

Table 4: Social Protection Spending in Albania 2015 - 2021

Table 5: Child Care Problems and Its Adverse Effects

Table 6: Fiscal Effects of Different Scenarios of Universal Childcare Provision (2019 prices)

Table 7: Estimated Public Investment in Childcare Services in Three Scenarios

Table 8: Estimated Investment Rationale in Universal Child care

