SHIFTING THE PARADIGM: CARE AS AN INVESTMENT IN ALBANIA

A COST-BENEFIT ANALYSIS OF ADDRESSING COVERAGE GAPS

Sweden Sverige

UK International Development
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1 Juna Miluka, UN Women expert and Associate Professor at the University of New York Tirana

LIST OF ABBREVIATIONS

AFD	French Agency for Development
CCG	Care Coverage Gap
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CSO	Civil Society Organization
ECCE	Early Childhood Care and Education
EU	European Union
GAP	EU Gender Action Plan
GDP	Gross Domestic Product
GRB	Gender-Responsive Budgeting
ILO	International Labour Organization
INSTAT	Institute of Statistics
LCS	Labour Cost Survey
LFS	Labour Force Survey
LTC	Long-Term Care
NGO	Non-governmental Organization
NSSP	National Strategy of Social Protection
OECD	Organization for Economic Co-operation and Development
SDG	Sustainable Development Goal
TUS	Time Use Survey

FOREWORD

Care is essential to the functioning of economies and societies, yet it remains undervalued, underinvested, and unevenly distributed. Across Europe and Central Asia, growing demographic, social, and economic pressures are creating mounting urgency to strengthen care systems in a coordinated and sustainable way. Despite increasing interest from Albania and other governments across the Western Balkans, the scale and speed of progress remain insufficient, and care work continues to be carried out disproportionately by women. At the same time, care systems face growing pressures from an ageing population, low fertility rates, labour force shortages, and migration. Fragmented care provision, underinvestment, and weak coordination across sectors constrain access to affordable, quality, and inclusive care services.

This study reveals that these patterns also persist in Albania and serves to initiate the dialogue between the Government of Albania, the UN System and all relevant stakeholders—reframing financing the care economy not just as an expense, but as a necessary investment in ongoing demographic transitions and as an essential step in the path of Albania's EU accession.

Recently, UN Women has supported the development of a regional Care Action Agenda for Europe and Central Asia, which was formally launched at the Istanbul Care Forum in May 2026. This roadmap is a joint effort by Member States, UN entities, and key stakeholders working on care systems to shape and collectively implement key international and regional commitments on care. These include the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Beijing Declaration and Platform for Action, the 2030 Agenda for Sustainable Development (especially SDG 5.4), the EU Care Strategy, and the EU Gender Equality Strategy. These commitments are further operationalized by the UN's efforts to address care, including in line with the UN System Policy Paper Transforming Care Systems (2024), as well as other frameworks such as the UN Women's Framework on Paid and Unpaid Care Work. The Agenda is guided by the vision that: "Care is at the centre of thriving, sustainable and just economies; where care is seen as a public good and as skilled and essential work that is critical to social and economic well-being; and where care is recognized as the basis for equal participation and treatment in society and not reduced to a commodity, a personal choice or a family obligation."

We are delighted that Albania has confirmed its support for the implementation of this document, which will require **coordinated action across sectors and actors,** to shift from fragmented care approaches towards gender-responsive and human rights-centred care systems.

The study at hand is a first step in this direction. It applies the **UN Women and ILO policy tool** for the first time in Albania and provides an overview of coverage gaps, as well as estimated costs and returns from these investments. It also analyses the estimated value of unpaid care work performed by women and men in Albania and their equivalent GDP contribution. Overall, the study is a meaningful and significant step towards recognizing the care economy as both a hindering factor that currently limits women's full economic empowerment and labour participation, and an economic sector with huge transformative potential. Investing in care means promoting change in the socio-economic life of all women and accelerating Albania's economic development.

UN Women is grateful for the valuable support of many actors in the development of this study, especially the generous contribution of the Government of the United Kingdom and Sida, as well as all relevant national partners.

EXECUTIVE SUMMARY

This study aims to assess existing gaps in care coverage in Albania compared to key EU and international targets for two critical populations: children and older people. The study demonstrates that women in Albania continue to perform the majority of all forms of care work and argues that this is a hindering factor for their active participation in the labour market. The study utilizes the UN Women – ILO policy tool to assess coverage gaps in Early Childhood Care and Education (ECCE) and Long-Term Care (LTC), assess the estimated cost to close these gaps, and provide the estimated return on investments that would be generated through job creation.

The analysis identifies substantial gaps in the provision of care services. In the area of ECCE, approximately 39,029 children aged 0–6 are not covered by services, a shortfall relative to EU and international targets (37 per cent coverage in Albania versus 50 per cent EU target for 0-3 years old and 62 per cent coverage in Albania versus 100 per cent EU target for 4-6 years old population). In LTC, an estimated 37,849 older persons lack access to formal care services. Overall, the total unmet need across ECCE and LTC amounts to approximately 76,878 individuals. The study estimates that closing these coverage gaps would require an investment of approximately 13.2 billion ALL, equivalent to around 0.56 per cent of GDP. Despite the relatively modest scale of investment, **the findings demonstrate substantial economic and social returns: investments in the care economy could generate approximately 11,869 new direct jobs, 75 per cent of which would benefit women.** In addition, the expansion of care services would increase the wage bill, stimulate domestic demand, and generate additional tax revenues and mandatory social security and pension contributions. The positive fiscal effects are estimated at approximately 0.20 per cent of GDP, covering around 36 per cent of total investment costs.

Beyond its employment effects, the study highlights the substantial hidden economic contribution of unpaid care and domestic work to Albania's economic and social fabric. Unpaid care work is estimated to be equivalent to more than 1.1 million full-time jobs, nearly equal to the country's total formal employment. Its estimated value reaches up to 40.7 per cent of GDP, of which 34.1 per cent is contributed by women, demonstrating the central but largely invisible role of unpaid care work in sustaining the economy and society.

The findings show that investing in the care economy should not be viewed solely as a social expenditure but rather as a strategic social and economic investment that promises multi-dimensional benefits. Expanding access to quality childcare and long-term care services would improve the well-being and quality of life of children, older persons, and families, while also supporting human capital development, increasing women's labour force participation, reducing gender inequalities, and promoting more inclusive and sustainable economic growth. Overall, the study provides evidence that investment in the care economy is among the highest-return opportunities for advancing gender equality, job creation, social protection, and long-term economic resilience in Albania. Finally, the study also calls for the implementation of international gender equality and care economy frameworks in the Albanian context, namely the 6R frameworks, in order for Albania to align and fulfil international and national obligations such as those outlined in the EU Care Strategy, the European Union Gender Equality Strategy, the National Strategy for Gender Equality, and the Gender Equality Law.

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I. INTRODUCTION

The need to recognize and measure unpaid care work, its contribution to the economy, and the potential for job creation is well recognized. Women are disproportionately affected by unpaid care work responsibilities, which are primarily concentrated around childcare and elderly care. In the absence of adequate care services, women are unable to benefit from their gains in human capital formation and are instead removed from the labour market, resulting in worse labour market outcomes, wages, and old-age security. Therefore, the provision of accessible and affordable care services is crucial for supporting women's labour force participation, income-generating activities, and economic empowerment.

The need to scale up investments in the care economy is increasingly recognized as an urgent policy priority for gender equality, job creation, and economic prosperity. This includes the expansion and upgrading of care service sectors such as early childhood care and education (ECCE) and long-term care (LTC) for older persons[1]. In this regard, the care economy deserves particular attention within the implementation of existing international and national commitments to women's rights and gender equality in all areas of life. At the global level, the 2024 ILO Resolution[2] concerning Decent Work and the Care Economy encourages governments, employers, and workers' organizations to design and implement integrated care policies and systems built upon the 5R Framework for Decent Care Work.[3] It also calls for care-supportive workplace policies that consider the needs of all workers with care responsibilities. Furthermore, Sustainable Development Goal (SDG) 5.4 calls for the recognition and valuing of unpaid care and domestic work through the provision of public services, infrastructure, and social protection policies, and the promotion of shared responsibility within the household and the family.

This is an opportune moment as Albania progresses towards EU integration, creating new opportunities to align with the EU's social and gender equality priorities, including the new EU Gender Equality Strategy 2026–2030. Several of its core priorities are directly linked to this work, particularly those related to work-life balance, the care economy, and women's economic empowerment, as well as the continued focus on reducing gender pay and pension gaps. At the regional level, the European Care Strategy[4] prioritizes expanding care services to meet current and future care needs while improving quality, affordability,

1 UN (2024b). *Transforming Care Systems: UN System Policy Paper*. Available at: https://unsdg.un.org/resources/transforming-care-systems-un-system-policy-paper

2 ILO (2024). "Resolution concerning decent work and the care economy." Available at: https://www.ilo.org/sites/default/files/2024-07/ILC112-Resolution%20V-%7BRELMEETINGS-240620-001%7D-Web-EN_0.pdf

3 The 5R Framework is thoroughly discussed in Section 4.

4 European Commission (2022). *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the European Care Strategy.*

and accessibility. It aims to remove disincentives for women to enter the labour market by increasing childcare provision, and aims to strengthen social protection for LTC and improve the adequacy, availability, and accessibility of LTC services. In addition, the EU Strategy sets clear coverage targets for ECCE, with Member States being required to provide services to 50 per cent of the population aged 0-3 years old and 100 per cent for children aged 4-6 (pre-primary education level).

At the national level, Albania has formally recognized the importance of the care economy in various national strategies. Notably, the latest development includes the recognition of unpaid work in the new Gender Equality Law,[5] reaffirming the country's commitment to accelerating gender equality between men and women, as set out in the National Strategy on Gender Equality. In the National Strategy on Gender Equality 2021-2030,[6] the first strategic goal focuses on the implementation of improved legal frameworks and policies enabling an equal division of unpaid domestic and care work between women and men, young women and young men, girls and boys; increased access of women and young women and girls, in all their diversity, to financial services and products and productive resources; reduced barriers that keep women and young women away from the labour market; and increased access to decent work.

Furthermore, the National Strategy of Social Protection (NSSP) 2024–2030 also recognizes the need to address the care economy as a supportive area for social and economic policy reforms. The strategy is informed by the EU social acquis and policies, as well as the EU Pillar on Social Rights, as part of the ongoing European integration process. The NSSP 2024-2030 presents the vision of the "social protection in an enabling and empowering environment for every individual in need, ensuring a dignified life throughout the life cycle." Additionally, the strategy focuses on: i) reducing poverty for families in need and enhancing the quality of life for people with disabilities through appropriate, well-structured, transparent, and risk-responsive financial schemes; and ii) expanding integrated and quality social services and advancing deinstitutionalization in partnership with local authorities and other stakeholders. Furthermore, the strategy incorporates shock-responsive measures to strengthen linkages to the labour market, extend coverage, improve adequacy, and support the decentralization and deinstitutionalization of residential care.

Investing in the care economy in Albania is therefore strategic, as it directly advances core national priorities in gender equality, decent employment, and social protection while simultaneously supporting EU accession plans.

5 Government of Albania (2025). *Law No. 64/2025 On Gender Equality.* Available at: https://qbz.gov.al/eli/fz/2025/229/b69d770a-44f9-4a06-990c-64b22c7f1d09;q=ligji%20per%20barazine%20gjinore%202025

6 Ministry of Health and Social Protection (2021). *National Strategy on Gender Equality and Action Plan 2021–2030*. Official Gazette, DCM No. 400, 30 June 2021.

II. UNDERSTANDING DEMOGRAPHIC SHIFTS AND CARE NEEDS AND GAPS IN ALBANIA

2.1 Demographic and Care Challenges in Albania

Like many countries worldwide, including those in the EU and Western Balkans, Albania faces persistent challenges in providing accessible, affordable, and quality care services across the life cycle. The need to invest in care services is closely linked to Albania's demographic transformation. The 2023 Census confirms a persistent population decline and population ageing, driven by below-replacement fertility rates, negative net migration, and the increasing share of older persons. Albania's population declined to 2.4 million in 2023,[7] around 420,000 fewer than in 2011. At the same time, the number of people aged 65 and over increased from 317,585 in 2011 to 473,104 in 2023, an increase of more than 155,000. These figures mark a decisive turning point in Albania's demographic structure: older persons are now the only expanding age group in an overall declining population. The old-age dependency ratio, which measures the number of people aged 65 and over per 100 working-age adults, increased from 11.9 in 2001 to 16.7 in 2011, and reached 30.4 in 2023.[8] For the first time in Albania's demographic history, the old-age dependency ratio surpassed the youth dependency ratio over the same period, declining from 46.4 to 24.0. At the same time, fertility has decreased significantly over the past decades, from 2.31 in 2001 to 1.65 in 2011 and 1.21 in 2022. Emigration remains one of the defining components of Albania's demographic change and a key driver of population decline. The number of emigrants increased from 38,703 in 2018 to 46,460 in 2022,[9] while negative net migration deepened from -15,030 to -32,497 over the same period. Quality education for children and dissatisfaction with social security, health care, civil service, the justice system, and political institutions are among the main drivers of migration.[10]

These demographic trends are increasing care needs while simultaneously reducing

7 INSTAT (2023a). *Census 2023*. Available at: https://www.instat.gov.al/en/publications/books/2024/albanian-population-and-housing-census-2023/

8 Ibid.

9 INSTAT (2023b). *Migration Statistics.*

10 Gëdeshi, I., and King, R. (2020). *Albanian Returned Asylum-Seekers: Re-Integration or Re-Emigration?* Tirana: International Organization for Migration.

the working-age population available to provide and finance care. In this context, care services are not only a matter of social protection, but also a core component of Albania's economic and demographic resilience. The role and importance of the care economy are often underestimated because a large share of care is performed as unpaid work within households and remains invisible in standard economic statistics. This invisibility limits its influence in public policy debates and restricts investment in care infrastructure and services. Recognizing, reducing, and redistributing unpaid care work is therefore central to women's economic empowerment, increased access to paid employment, and job creation in the paid care sectors of the economy.

Current service coverage remains limited. According to the 2023 Census, only 37 per cent of children aged 0–3 years attend nursery, leaving nearly two-thirds of young children outside formal childcare services. Formal care options for older persons are similarly limited. Home-based services are largely unavailable, and most non-public care centres primarily target persons with disabilities rather than older persons. According to ILO estimates, around 91,000 older persons, or 21.6 per cent of those aged 65 and over, require LTC, yet fewer than 2 per cent receive formal support.[11] These gaps show that Albania faces a dual care challenge: insufficient childcare provision for young children and limited LTC services for an ageing population. As a result, families, and especially women, continue to shoulder a large share of unpaid care responsibilities when formal services are unavailable, unaffordable, or of insufficient quality.

In this context, investment in the care economy is vital for Albania. Expanding access to quality and affordable ECCE and LTC for older persons is both a social priority and an economic necessity, particularly in view of population ageing, outward migration, and a shrinking workforce. Public spending on care services should therefore be understood not only as social expenditure, but as a strategic investment with potential returns for employment, gender equality, social protection and long-term economic resilience.

Against this background, the main objective of this study is to estimate and cost coverage gaps in two types of care services: i) ECCE for children aged 0–3 and 4–6 years; and ii) LTC for older persons. The study also estimates the potential economic returns from increased investment in care services, with particular attention to direct job creation,[12] expansion of the wage bill, growth in tax revenues, and pension contributions.

11 ILO (2022). *Long-Term Care for the Elderly in Albania: Challenges and Key Policy Issues.* Budapest: ILO. Available at: https://www.ilo.org/publications/long-term-care-elderly-albania-challenges-and-key-policy-issues

12 It is outside the scope of the study to estimate indirect job creation, which requires the use of input-output tables. Direct employment includes new jobs in the care sectors created as a direct result of increased spending on care services expansion, both for care workers and non-care workers employed in the care sectors.

2.2 Early Childhood and Long-Term Care Services in Albania

Early Childhood Care and Education (ECCE)

Since 2016, ECCE[13] in Albania has been decentralized to local governments, with municipalities responsible for management, administration, and financing. Funding for ECCE services mainly comes from central government transfer,[14] but the allocations are widely considered insufficient, leaving municipalities dependent on national support. Although total funding has increased since decentralization, it has not kept pace with GDP growth or overall local budgets, resulting in continued underfunding and unequal service quality across municipalities. Overall, preschool education accounts for roughly 11–12 per cent of municipal spending on ECCE education and about 16 per cent of spending on basic education. In 2023, ECCE expenditure amounted to 20.5 per cent of municipal own-source revenues, representing a decline of 1.9 percentage points compared to 2017. Spending varies significantly by municipality, with disparities in per-child investment and access to quality services. Spending on ECCE in Albania equals just 0.29 per cent of GDP, substantially below European and OECD benchmarks for ECCE, which are generally estimated at around 0.6–0.8 per cent of GDP.[15] It also represents about 0.85 per cent of total annual public spending, compared to 1.5 per cent in the EU. On a per-child basis, Albania spends roughly $719 per year, which is significantly lower than in OECD countries.[16] Class sizes are relatively high, indicating strain on resources and service quality. Budgeting practices often combine ECCE and basic education, reducing transparency in allocations and spending. Overall, in spite of the decentralization reforms, ECCE remains underfunded, with significant impacts on service delivery quality and coverage. There is a critical need for increased sustainable public financing.

Long-Term Care for Older Persons

Long-term care[17] (LTC) in Albania is predominantly family-based, with 95 per cent of older adults relying on relatives for support, while only 5 per cent receive care from non-family providers and just 2 per cent benefit from paid, mostly state-funded services. Yet

13 UNICEF and EuroPartners Development (2023). *Policy options for Early Childhood Education Financing in Albania.* Available at: https://www.unicef.org/albania/reports/policy-options-early-childhood-education-financing-albania

14 40 per cent of the funding is based on the number of teachers, and 60 per cent of the funding is based on the number of pupils

15 Eurostat (2022). *Public Expenditure on Education by Education Level and Programme Orientation as % of GDP.* Available at: https://ec.europa.eu/eurostat/databrowser/view/educ_uoe_fine06__custom_21704309/default/table

16 OECD countries spend, on average, approximately USD 11,735 per child annually on pre-primary education.

17 UNDP (2025). *Aging in Albania Insights into Long-Term Care for the Older Adults*. Available at: https://www.undp.org/albania/publications/aging-albania-insights-long-term-care-older-adults-2025

13 per cent of older adults in need receive no care at all, highlighting significant gaps in coverage. Formal care services remain limited in scale and unevenly distributed across the country. Albania has only 23 residential care facilities, which serve about 705 elderly people. Residential care reaches less than 1 per cent of those aged 65 years and older—and 36 community day centres support around 3,000 beneficiaries. Community-based services are insufficient: nearly half of municipalities lack such support, with rural areas being particularly disadvantaged. The sector is further constrained by underdeveloped specialized services and persistent financial challenges, with many facilities reporting insufficient funding to expand services, upgrade infrastructure, or offer competitive wages. The formal social care workforce comprises about 3,700 workers, most of whom are employed in institutions rather than at the municipal level. The sector is predominantly female (81 per cent) and faces ongoing shortages in both staffing and professional training, affecting the overall quality and sustainability of care provision.

2.3 Contribution of the Study to National Priorities

This study supports the Government of Albania in prioritizing expenditures from a gender-equitable and inclusive growth perspective. It enables policymakers to recognize the potential of investment in the care economy to advance development priorities, strengthen national capacities, and align care policies with international standards and EU targets. By providing evidence on the costs and benefits of expanding care services, the study highlights the care sector's potential to stimulate job creation, increase women's labour force participation, and help address demographic challenges, including population ageing, labour shortages, and outward migration.

In addition, extensive evidence shows that access to high-quality ECCE provides significant long-term benefits for children. It supports stronger skill development, improves school attendance, increases enrolment in higher education, and strengthens technical competencies. These benefits are especially important for children from poorer and disadvantaged backgrounds, contributing to higher future productivity and broader social development.

Furthermore, this study may support strategic national commitments such as the:

1. Implementation of Albania's new Gender Equality Law: It supports the implementation of the provisions related to the recognition, measurement, and policy consideration of unpaid care and domestic work, supporting evidence-based policymaking.

2. Implementation of the NSSP: It supports the successful implementation of the NSSP, focusing on the importance of the care economy and provision of care services to support and extend social protection. The NSSP identifies social services, including care, as a cornerstone for enabling a dignified life across the life cycle. Evidence from this study supports the expansion of integrated, quality, and community-based care services, in line with deinstitutionalization goals. By linking care provision to labour market participation, the study provides evidence that strengthens the NSSP's objectives of reducing poverty, supporting older people, and improving resilience to shocks through more inclusive social protection schemes.

3. It supports the ongoing efforts under EU accession Chapter 19 on Social Policy and Employment, aligning with employment policy, social inclusion, social protection, and equal opportunities. Care policies are central to EU social investment priorities, particularly in employment, social protection, equal opportunities, and inclusion. Strengthening care services aligns Albania with the EU Care Strategy and the European Pillar of Social Rights, which emphasize affordable childcare, LTC, and gender equality in work and life. Expanding childcare and eldercare provision directly contributes to labour market activation, particularly for women, while improving adequacy and coverage of social protection in line with EU acquis requirements.

4. It supports alignment with international targets specified in the EU Care Strategy: Achieving a 50 per cent early childhood education and care enrolment rate for children below the age of 3 years, in line with EU targets. Closing this gap will not only enhance early childhood development but also release women from disproportionate unpaid work, enabling their increased participation in the labour force. In terms of long-term care, it will strengthen and broaden access, adequacy, and affordability to LTC for dependent older persons. Strengthening home and community-based care is therefore urgently needed to prevent exclusion and ensure dignified ageing.

5. It strengthens national commitments to SDG 5.4, which specifically calls for recognition, reduction, and redistribution of unpaid care work through services, infrastructure, and shared responsibility. Expanding care services also contributes to other SDGs, including poverty reduction (SDG 1), decent work and economic growth (SDG 8), and reducing inequalities (SDG 10).

This study complements existing research on ECCE, LTC, and the care economy conducted by UN agencies in Albania, including UNICEF and UNDP, as well as international partners such as the French Agency for Development. It adds value to this body of work as the first costing exercise conducted in Albania using the UN Women/ILO policy costing tool.[18]

The remainder of the study is structured as follows: Section 2 presents the Albanian demographic context, care needs, and service gaps; Section 3 presents the conceptual framework, methodology, and data sources; Section 4 presents the main findings from the cost analysis; Section 5 sets out the conclusions; and Section 6 provides recommendations.

18 UN Women, ILO (2021). *Policy Tool: Care Economy. Available at:* https://www.unwomen.org/en/digital-library/publications/2021/04/policy-tool-care-economy

III. CONCEPTUAL FRAMEWORK, ANALYTICAL APPROACH, AND METHODOLOGY

3.1 Conceptual Framework: The Care Economy

The care economy encompasses a wide range of productive activities, both paid and unpaid, that are essential for sustaining the physical, psychological, and social well-being of individuals across the life cycle. It includes the provision of care to children, older persons, persons with disabilities, and those who are ill, as well as the everyday activities that support households and enable the functioning of society and the economy.[19] Indeed, the care economy plays a fundamental economic role. By ensuring the well-being and reproduction of the population, it supports human capital development, sustains labour supply, and enables the effective functioning of labour markets. Additionally, access to care services is a key enabler of women's participation in paid employment, making investment in the care economy both a social imperative and a driver of inclusive economic growth.

A defining feature of the care economy is the significant share of unpaid care work, predominantly carried out by women within households. This includes both direct and indirect care activities, as well as subsistence and community-based forms of care that remain largely invisible in economic statistics. At the same time, the care economy includes a growing sector of paid care services, delivered through education, health care, social services, and domestic and personal services across both public and private spheres. These services often complement or substitute unpaid care and constitute an important source of employment. Across both paid and unpaid domains, care work can be understood along a continuum of direct and indirect activities, a distinction that is important for analysing time use, labour allocation, and the organization of care systems.

To guide the analysis and policy orientation of this study, the conceptual framework is anchored in the UN Women–ILO framework for transforming care systems, particularly the 6R[20] approach: Recognition, Reduction, Redistribution, Reward, Representation, and

19 Ibid.

20 The 5Rs care framework refers to recognizing, reducing and redistributing unpaid care work, while also rewarding and representing paid care workers. The 6Rs framework builds on this by adding "resourcing," which emphasizes the need for adequate financing, infrastructure, services and institutional capacity to support care systems.

Resourcing. This framework emphasizes that effective care policies must:

- **Recognize** the economic and social value of both unpaid and paid care work
- **Reduce** the burden of time- and labour-intensive unpaid care tasks, especially those disproportionately borne by women
- **Redistribute** care responsibilities more equitably between women and men, and across households, the state, the private sector, and communities
- **Reward** paid care workers through decent wages, working conditions, and social protection
- **Represent** caregivers and care recipients in decision-making processes, ensuring that their needs and rights are reflected in policy and planning
- **Resource** care systems through sustainable and gender-responsive public financing, ensuring that investments are adequate, predictable, and aligned with policy objectives.

Together, this conceptual framework positions the care economy not only as a sector requiring social support but as a strategic area for public investment, with the potential to generate employment, promote gender equality, and support sustainable economic development.

3.2 Key Definitions

To ensure conceptual clarity and alignment with international standards, the study adopts the following definitions:

- **Care work:** All activities, paid or unpaid, that contribute to meeting the physical, emotional, and developmental needs of individuals.
- **Direct care work:** Person-to-person interactions that directly address care needs (e.g., feeding, teaching, assisting elderly persons, health care provision).
- **Indirect care work:** Supporting activities that enable direct care (e.g., cooking, cleaning, laundry, household management).
- **Unpaid care work:** Carried out within households for their own consumption; it includes all unpaid services provided by individuals within a household or community for the benefit of its members, including direct care of persons (e.g.,

looking after children, older persons, and persons with illness or disabilities) and indirect domestic care work that is necessary for well-being (e.g., cooking, cleaning, and washing). Voluntary community work that supports personal or household care, such as community kitchens or childcare, is also a form of unpaid care work.

- **Paid care work:** Provided through the education, health, and social work sectors. Paid care work spans both public and private spheres and is provided in a variety of settings, in both formal and informal economies, within and outside households.

- **Care workers:** A worker who looks after the physical, psychological, emotional, and developmental needs of others within an employment relationship. Care workers include a wide range of workers across education, health, social work, personal care services, and domestic work.

These distinctions are critical for measuring care work, identifying gender inequalities, and designing targeted policy interventions.

3.3 Analytical Approach and Methodology

Building on the UN Women–ILO policy tool[21] and care investment framework, this study adopts an integrated, evidence-based analytical approach that links care deficits to economic outcomes. This approach reflects the central premise of the UN Women and ILO framework that investment in care services generates a triple dividend: advancing gender equality, creating jobs, and supporting sustainable and inclusive economic growth. It positions the care economy not only as a social sector but as a strategic area for public investment.

To operationalize this framework, the study applies the UN Women–ILO Care Policy Investment Simulation Tool (2021). The methodology quantifies the identification of care deficits (gaps in service coverage and access), including:

i. An estimation of the investment needs required to close these gaps

ii. An assessment of economic returns, including employment creation and fiscal effects.

The analysis focuses on two key sectors: LTC for older persons and ECCE.

21 UN Women and ILO (2021). *A Guide to Public Investments in the Care Economy: Policy Support Tool for Estimating Care Deficits, Investment Costs and Economic Returns.* New York and Geneva: UN Women and ILO. Available at https://www.unwomen.org/en/digital-library/publications/2021/04/policy-tool-care-economy

The methodology is implemented in three main steps:

i. Estimation of care coverage gaps, based on population data and policy targets aligned with EU standards
ii. Estimation of the costs of closing these gaps, including both wage and non-wage components, while ensuring quality standards and decent working conditions
iii. Estimation of direct employment creation, including both care workers and support personnel, derived from service provision requirements

By combining coverage-gap analysis, costing, and return estimation, the study provides a robust, policy-relevant framework for assessing the economic and social impacts of investing in Albania's care economy.

Step 1: Estimation of Care Coverage Gaps

The Care Coverage Gap (CCG) measures the difference between the population requiring care services and those currently covered. It is calculated using population data and policy targets aligned with EU standards (e.g., Barcelona Targets[22]).

$$CCG_{age} = (P_{age} \times tcr_{age}) - (P_{age} \times ccr_{age}) \quad (1)$$

Where:

CCG_{age} = CCG for a specific age group (the additional number of individuals who need to be covered by services)

P_{age} = Total population in the relevant age group

tcr_{age} = Target coverage rate (the desired share of the population receiving care services, based on policy benchmarks)

ccr_{age} = Current coverage rate (the existing share of the population currently receiving care services)

This step identifies the additional number of beneficiaries that need to be covered with services to achieve policy targets and provides the foundation for subsequent costing and employment estimates.

22 The Barcelona Targets refer to European Union (EU) guidelines to boost female labour market participation by expanding early childhood education and care.

Step 2: Estimation of Investment Costs

Estimating the cost of closing the education gap relies on two key elements (both broken down by age group and education level):

i. The number of additional places needed for new child/pupils enrolment
ii. The cost per child/pupils, adjusted to meet quality standards.

Expenditures are divided into two components:

i. Teaching staff wages and salaries
ii. Other overhead costs, including administrative staff salaries, teaching materials, rent, maintenance, and other non-wage administrative expenses.

Separating the overhead component allows calculation of per-child/student overhead costs distinct from teaching staff salaries. Teaching staff costs can then be adjusted to meet desired child/student ratios and wage levels.

The total cost is calculated as the sum of the total wage and salary expenditure with total overhead expenditure:

$$CostECGi = Wage\ Expenditures_i + Overhead\ Expenditures_i \quad (2)$$

This approach ensures that cost estimates reflect not only expansion of services but also improvements in quality and working conditions, consistent with the decent care work agenda.

The cost of closing LTC coverage gaps is estimated using the Workforce-based approach. This approach calculates the additional LTC workers needed to fill the coverage gap and the associated annual costs, including target salaries and overhead expenditures. Based on the additional LTC workers required, the cost of closing the LTC coverage gap can be calculated as follows:

$$Cost\ of\ LTC\ Coverage\ Gap = Additional\ FTE\ LTC\ Workers\ required\ x Target\ Annual\ Salary\ FTE\ LTC\ Worker + (any\ overhead\ costs) \quad (3)$$

Step 3: Estimation of Direct Employment Creation

The estimate of direct employment creation is based on the CCG and costing analysis outlined above. The CCG in equation (1) indicates the additional number of service beneficiaries who need coverage. Dividing this by the target beneficiary-to-service-provider ratio (t.s.r) gives the number of additional service providers required to close the CCG.

The number of required care workers is calculated as:

$$\textbf{Care Workers} = \frac{CCG}{t.s.r} \tag{4}$$

Where ***t.s.r*** represents the target service ratio (beneficiaries per care worker)

Total employment includes:

- Direct care workers (e.g., teachers, caregivers, nurses)
- Support workers (e.g., administrative and service personnel)

$$D.E._{cw} = N_{providers} + N_{support} \tag{5}$$

Where:

$D.E._{cw}$ = Direct employment creation in care work

$N_{providers}$ = Number of additional service providers required to close the CCG

$N_{support}$ = Number of additional non-teaching (support) staff required

The costs of closing coverage and quality gaps factor into improvements in service quality and decent wages for care workers. To estimate care coverage gaps in the ECCE sector and in LTC for the elderly, we use the targets set by the ILO (2018), adjusted as needed based on national legislation and the EU Care Strategy. Those targets are presented in the results section.

3.4 Data Sources

The analysis draws on a combination of national statistical and administrative data sources to ensure a comprehensive and consistent estimation of care deficits, investment needs, and economic returns. These data sources are used in an integrated manner to support the different steps of the methodology, including measurement of unpaid care work, estimation of service coverage gaps, costing, and employment analysis.

Population and Housing Census, 2023

The Population and Housing Census (2023) provides the demographic foundation for estimating care needs and service coverage gaps.

Key indicators include:

- **i.** Population aged 0–3 years (relevant for ECCE)
- **ii.** Population aged 65+ years (relevant for LTC)
- **iii.** Number of children enrolled in early childhood services

Time Use Survey, 2010

The Time Use Survey (TUS) provides essential data for measuring unpaid care and domestic work, which are core components of the care economy. The analysis draws on information on average time spent on main activities, disaggregated by sex and age groups (10+ and 15–64), across all days of the week.

The TUS offers a detailed breakdown of unpaid work, including:

- **i.** Household maintenance (food preparation, cleaning, laundry, repairs)
- **ii.** Care activities (childcare and adult care)
- **iii.** Other unpaid activities (shopping, volunteering, and travel related to unpaid work)

Labour Cost Survey, 2020

The Labour Cost Survey provides key inputs for estimating the cost of care service provision, particularly regarding labour inputs and wage structures.

The analysis utilizes:

i. Average hourly labour costs

ii. Annual average hours worked (excluding agriculture)

Wage and Salary Administrative Data

Administrative data on wages and salaries are used to ensure that cost estimates reflect current labour market conditions in the care sectors.

The analysis draws on:

i. Average wages by sector, particularly in education, health, and social services

ii. Minimum wage levels applicable at the national level

3.5 Limitations

The analysis is subject to several limitations that should be considered when interpreting the results.

First, the estimation of unpaid care work relies on data from the TUS (2010), which may not fully reflect current patterns of time use and care responsibilities, particularly in light of recent socio-economic developments. In addition, the use of time-use data from 2010 alongside more recent macroeconomic indicators (e.g., 2023 GDP) introduces a temporal mismatch. While time-use patterns tend to change gradually, these estimates should nevertheless be interpreted with caution.

Second, while the UN Women and ILO methodological framework allows for the assessment of multiple care sectors—including ECCE, LTC, and health care—the present study focuses on only two sectors: ECCE (0–6 years) and LTC for older persons. As a result, the analysis does not capture the full scope of care needs and potential impacts across all care domains.

Third, the study focuses on estimating employment generated in the care sector, including both direct care workers (e.g., teachers and caregivers) and support staff (e.g., administrative and service personnel). These roles are treated as direct employment in line with the UN Women–ILO policy simulation tool. Employment effects beyond the care sector—such as indirect and induced job creation arising through supply chains and broader economic linkages—are not included. In particular, the analysis does not incorporate input–output modelling or broader macroeconomic modelling approaches, which fall outside the scope of the selected methodology. Consequently, the overall estimated employment impact of care investments is likely to be conservative.

Fourth, the UN Women–ILO policy simulation tool does not include the costs of investment in physical infrastructure (e.g., construction, expansion, or upgrading of care facilities). As such, the cost estimates presented in this study primarily reflect the operational costs of service provision and may underestimate the total investment required to scale up care systems.

Despite these limitations, the study employs a robust, internationally recognized methodological framework, providing a solid, policy-relevant evidence base for assessing the investment case for Albania's care economy.

IV. KEY FINDINGS FROM THE COST-BENEFIT ANALYSIS

4.1 Coverage Gap and Required Expenditures in ECCE Services

ECCE Coverage Gap (0-3 years)

The analysis shows that 37 per cent of children aged 0-3 years are covered by ECCE services, a shortfall relative to the target set under the European Care Strategy and the Barcelona Targets, which specify a 50 per cent coverage rate for this age group (Table 1). This means that 63 per cent of children aged 0–3, totalling to 11,774 are not covered by ECCE services.

These findings were calculated using the following data and assumptions:

- According to the 2023 Census data, there are 89,163 children between the ages of 0 and 3 years living in Albania. Out of these, a total of 32,808 children (37 per cent) are enrolled in ECCE.
- Based on the ECCE target enrollment rate of 50 per cent set by the European Care Strategy, 44,582 additional children aged 0-3 need to be enrolled in ECCE to reach this target.
- The international target ratio of children per teacher for this age group is set between 3 and 10.
- Assuming a ratio of 7 children per teacher, the number of teachers required to cover the gap is 1,682.
- Assuming a teacher assistant for every teacher, there is also a need for 1,682 teacher assistants.
- Setting the teacher's salary at the national average wage, the wage of the teacher's assistant at the national minimum wage, per child overhead costs at 70 per cent of the per-child wage costs, and an additional number of non-teaching staff per student (administrative and support staff) at 25 per cent, the total cost of the coverage gap is estimated to be approximately 4.0 billion ALL.

The total cost of the coverage gap equals about 0.2 per cent of the current GDP.

ECCE Coverage Gap (4-6 years)

The analysis shows that 62 per cent of children aged 4-6 years are covered by ECCE services, a shortfall relative to the 100 per cent coverage target set under the European Care Strategy and the Barcelona Targets.

This means that 38 per cent of children in this age-group totalling to 27,255 are not covered by ECCE services.

The following data and assumptions were used to calculate this figure:

- As of the 2023 Census data, there are 71,556 children between the ages of 4 and 6 years living in Albania. Out of these, 44,301 (62 per cent) children are enrolled in ECCE.
- Based on the target enrollment rate of 100 per cent set by the European Care Strategy, all 71,556 children need to be enrolled to reach this target.
- The international target ratio of children per teacher for this age group is set between 15 and 20.
  - Taking the lower limit of 15 children per teacher, the number of teachers required to cover the gap is 1,817.
  - Assuming a teacher assistant for every teacher, there is also a need for 1,817 teacher assistants.
- Setting the teacher's salary at the national average wage of women in education, health, and social services, the wage of the teacher's assistant at the national minimum wage, per child over-head costs at 70 per cent of the per-child wage costs, and an additional number of non-teaching staff per student (administrative and support staff) at 30 per cent, the total cost of the coverage gap is estimated to be approximately 6.6 billion ALL.

The total cost of the coverage gap equals about 0.3 per cent of the current GDP.

Based on the results above, the total coverage gap in ECCE services for children aged 0–6 amounts to 39,029 children. Closing this gap would require an estimated investment of approximately 10.6 billion ALL, equivalent to about 0.45 per cent of current GDP.

4.2 Coverage Gap and Expenditures Required for Long-Term Care Services

The analysis shows that 37,849 older adults (aged 65 and over) are not covered by LTC services. This estimate is based on the following data and assumptions:

- According to the 2023 Census, there are 473,104 individuals aged 65 and over in Albania.
- Estimates from UNDP[23] show that 3,705 older adults are in day centres and residential centres, and only 5 per cent receive services from non-family members.
- Based on the 13 per cent target[24] coverage rate of LTC services for older adults 65 years and over, the total number of people to be covered is 61,504.
- Assuming the 5 per cent rate coverage by non-family members, the coverage gap of LTC for older adults is 37,849.
- Setting the target ratio of LTC workers at 10 per 100 older adults, there is a need for 6,150 LTC workers to reach the target.
- Based on the UNDP estimates of 3,700 current employees in LTC, a total of 2,450 LTC workers are needed to cover the coverage gap.
- Setting the LTC workers' salary at the national average wage of women in education, health, and social services, the wage of additional staff at the national minimum wage, and an additional number of additional staff per 100 older adults at 20 per cent, the total cost of the coverage gap is estimated to be approximately 2.6 billion ALL.

The total cost of the coverage gap equals about 0.11 per cent of the current GDP.

The total coverage gap for ECCE and LTC amounts to 76,878 individuals, for a total estimated cost of coverage of 13.2 billion ALL, which is equivalent to 0.56 per cent of current GDP.

23 UNDP (2025). "Aging in Albania Insights into Long-Term Care for the Older Adults."

24 Target set slightly higher than the 12.4 per cent target set in the policy tool based on national context.

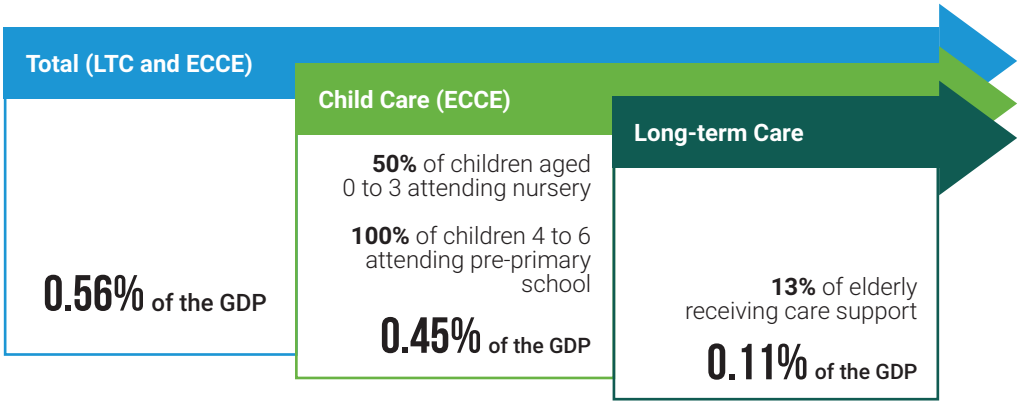
TABLE 1

Coverage gap and cost in care sectors

	Coverage Gap	Cost of closing Coverage Gap (ALL)	Coverage Gap Cost/GDP (per cent)
Care Service Subsectors			
ECCE (0-3)	11,774	4,019,506,539	0.17
ECCE (4-6)	27,255	6,592,112,340	0.28
ECCE Total	39,029	10,611,618,879	0.45
LTC	37,849	2,568,068,208	0.11
Total for both ECCE and LTC	76,878	13,179,687,087	0.56

Source: INSTAT Census Population 2023 and authors' own calculations

CLOSING THE GAP
The total investment required to achieve the EU targets



4.3 Employment Generation Impact of Investments in ECCE and LTC

Based on the target coverage for ECCE and LTC, the corresponding coverage gap, the assumed target children-teacher ratio, and the assumed target of LTC workers per 100 older adults, a total of 11,869 new direct jobs are to be created by closing the ECCE and LTC coverage gap (Table 2). Based on labour market data from the 2022 Labour Force Survey,[25] women make up approximately 75 per cent of the labour force in care sectors. Maintaining the same labour force structure for the care sectors, 8,902 new direct jobs should be occupied by women.

The 11,869 new jobs comprise 8,929 jobs created in ECCE and 2,940 jobs in LTC. The ECCE jobs are divided between 4,205 jobs for the age group 0-3 years and 4,724 for the age group 4-6 years. In terms of ECCE for the age group 0-3 years, 3364 jobs are estimated for care personnel, and the remaining 841 are for other employees. In terms of ECCE for the age group 4-6 years, 3,634 jobs are estimated to be for care personnel, and the remaining 1,090 jobs are for other employees. Regarding LTC jobs, 2,450 are estimated for care personnel, and 490 for other employees.

TABLE 2
Direct employment impact of social care investments (number of new jobs)

	Care Personnel	Other Employees	Total Direct Employment
Care Service Subsectors			
ECCE (0-3)	3,364	841	4,205
ECCE (4-6)	3,634	1,090	4,724
ECCE Total	6,998	1,931	8,929
LTC	2,450	490	2,940
Total for ECCE and LTC	9,448	2,421	11,869

Source: Authors' own calculations based on the UN Women – ILO Policy Tool

25 Charmes, J., Miluka, J. and Shima, A. (2023). *The Care Economy in Albania and the Case for Investing in Early Childhood Care Facilities*. Mimeo. Available upon request.

The total wage bill, based on the generation of total direct employment in the care economy, is evaluated at 8.0 billion ALL, of which 5.2 billion ALL is from ECCE and 2.8 billion ALL is from LTC (Table 3).

- Based on the wage bill calculations, estimates of value-added tax (VAT) and social security contributions are obtained.
- The calculation of the VAT is made under the assumption that the net wage bill is used for consumption. The net wage bill is obtained by subtracting social security and health insurance contributions paid by the employees, which amount to 9.5 percent.
- The VAT rate is calculated as an average of the lower and upper bounds of 6 per cent and 13 per cent, respectively.
- The estimated VAT totals 935 million ALL, of which 606 million ALL are attributable to the total ECCE and 330 million ALL to LTC.
- Using the total social security contributions rate of 24.5 per cent, social security contributions are estimated at a total of 1.9 billion ALL, of which 1.3 billion ALL are from the total ECCE and the remaining 687 million ALL from LTC.
- The total social security contributions amount to 0.08 per cent of GDP.
- Total government revenue is estimated as the total of the VAT and social security contributions.

Total government revenue generated by direct employment in the care economy is estimated at 2.9 billion ALL, of which 1.9 billion ALL is from ECCE and 1.0 billion ALL is from LTC. The total government revenue generated by the direct employment created by the care economy amounts to 0.12 per cent of GDP.

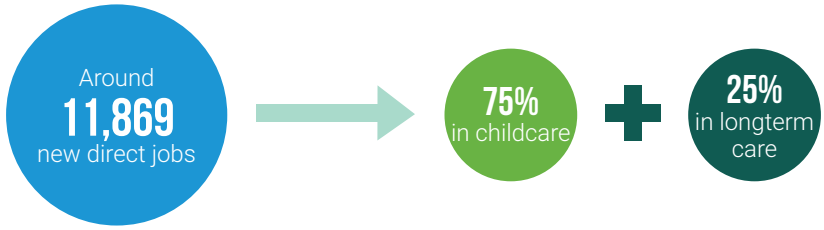
TABLE 3

Wage Bill, Revenue, and Social Security Contributions Impact of Social Care Investments (ALL)

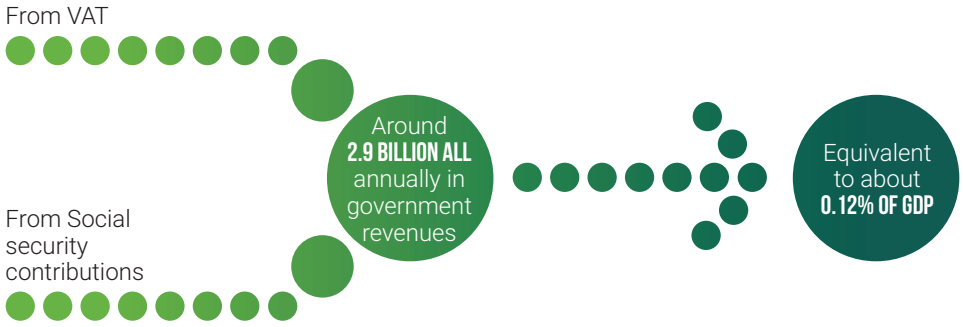
	Wage Bill[26]	VAT	Social Security Contributions	Total Government Revenue
Care Service Subsectors				
ECCE (0-3)	2,371,216,539	278,973,626	580,948,052	859,921,678
ECCE (4-6)	2,776,412,340	326,644,912	680,221,023	1,006,865,935
ECCE Total	5,147,628,879	605,618,538	1,261,169,075	1,866,787,613
LTC	2,802,849,000	329,755,185	686,698,005	1,016,453,190
Total ECCE and LTC revenues	7,950,477,879	935,373,722	1,947,867,080	2,883,240,803

Source: Authors' own calculations

JOB CREATION



FISCAL RETURNS



26 The wage bill of care personnel is calculated based on the number of new jobs created in each of the care sectors evaluated at the national average wage for the ECCE 0-3; at the national average of women's wage in education, health, and social services for the ECCE 4-6 and for long-term care. The wage bill of other employees is calculated based on the number of new jobs created for each of the care sectors evaluated at the national minimum wage.

4.4 Calculating Full-Time Equivalent Workers in Unpaid Work

While the sections above rely on the UN Women – ILO policy tool and the costing of closing the care service gaps in ECCE and LTC, this study also estimates the scale and economic value of unpaid care work, which is largely uncounted in conventional economic statistics. These calculations (which are not part of the policy tool) provide evidence on the scale of unpaid care work and its gendered perspective and help inform care policy, investment, and redistribution of care responsibilities. The contribution to GDP and extended GDP estimates the value of unpaid work to show its economic importance.

The TUS shows a large imbalance between men and women regarding total unpaid work. Based on the population aged 10+,[27] women spend on average 314 minutes in unpaid work daily, compared to only 52 minutes for men (Table 4). This means that women engage in unpaid care work 6 times more than men. In a more limited age group, 15-64 years, which corresponds to the working-age population, total unpaid work for women amounts to 347 minutes, while for men it totals 50 minutes.

The vast majority of unpaid work for women aged 10 and over is concentrated around food preparation and dishwashing (02:07 hours), cleaning and other upkeep (01:12 hours), childcare (00:39 hours), and laundry and ironing (0:33 hours). Similar, but slightly elevated hours are also present for the age group 15-64 years. Men's engagement in the above-mentioned categories of unpaid work averages about 5 minutes. Their main concentration of unpaid work is around gardening, construction, and repairs (00:14 hours), although women's engagement in this activity is similar.

27 The TUS collects data for the population aged 10+ as well as the population 15-64 years. Since care work is observed to start at an early age, estimates for population aged 10+ are included. Calculations are also included for the population 15-64 years.

TABLE 4

Average time (in hours and minutes) spent daily on main activity by sex, population aged 10 years and over and 15-64 (all days of the week)

	Population aged 10+			Population aged 15-64		
Main activity	**Women**	**Men**	**All**	**Women**	**Men**	**All**
Total paid work	01:57	04:17	03:06	02:22	05:12	03:46
Food preparation, dish washing	02:07	00:05	01:06	02:20	00:04	01:12
Cleaning and other upkeep	01:12	00:06	00:40	01:20	00:06	00:43
Laundry, ironing, handicrafts, and producing textiles	00:33	00:00	00:17	00:37	00:00	00:19
Gardening, construction, and repairs	00:13	00:14	00:13	00:13	00:13	00:13
Shopping and services	00:09	00:06	00:08	00:10	00:06	00:08
Childcare	00:39	00:04	00:22	00:47	00:05	00:26
Adult care	00:04	00:01	00:02	00:03	00:01	00:02
Other unpaid work	00:00	00:00	00:00	00:00	00:00	00:00
Travel related to unpaid work	00:12	00:10	00:11	00:13	00:10	00:11
Volunteer work and help	00:01	00:02	00:02	00:01	00:02	00:01
Total unpaid work	05:14	00:52	03:04	05:47	00:50	03:19
Total study	00:56	00:57	00:57	00:41	00:39	00:40
Total free time	04:07	05:33	04:50	03:46	05:12	04:29
Total personal activities	11:39	12:13	11:56	11:19	12:00	11:39
Other	00:04	00:04	00:04	00:04	00:03	00:04
Total	24	24	24	24	24	24

Source: Time Use Survey 2011, Tables A1 and A5

Notes: 1. The activity "Volunteer work and help" has been moved from "free time" to "unpaid work".

2. The durations of activities in a time-use survey must be interpreted taking into account that they are an average over the week and the year. Time spent in paid work does not last 8 hours per day, because it includes weekends and vacations, sicknesses, etc. and also takes into account all the individuals who are not performing any paid activity.

The TUS data on unpaid work provides the basis for calculating full-time equivalent workers, which serves to recognize the value of unpaid car work, by comparing it to the full-time employment in formal employment. Estimates of full-time equivalent workers are also used to estimate the contribution of unpaid care work to GDP and extended GDP.[28]

The calculation of the full-time equivalent workers[29] engaged in unpaid work is based on the following:

i. Calculations are computed for both the age group 10 years and over, and for the working-age population 15-64 years.

ii. The average time spent on each activity is calculated across all days of the week, and the survey's methodological setup accounts for seasonal variations, meaning that a yearly estimate can be obtained by multiplying by 365 days.

iii. The total number of minutes per year and per person by sex is then multiplied by the population aged 10 years and over (with the number of people obtained from the Census 2023 data), so that the total number of minutes*individuals is obtained and then converted into hours by dividing by 60. The same is calculated for the working-age population of 15-64 years.

iv. To calculate the equivalent in full-time workers, the total obtained above is divided by the average number of hours worked per year, as reported in the Labour Cost Survey.[30]

28 Extended GDP includes current GDP + the value of unpaid care work.

29 Following Charmes, et. al. (2023).

30 INSTAT (2022). *Labour Cost Survey*. Tirana: INSTAT.

Equivalent full-time workers in unpaid care work

The number of equivalent full-time workers in unpaid care work is estimated by converting the average daily time spent on unpaid work into annual hours, dividing this by the average annual hours worked by a full-time employee, and multiplying by the relevant population group.

$$FTE = \frac{\left(\frac{T \times 365}{60}\right)}{H} \times P$$

Where:

FTE = full-time equivalent workers in unpaid care work
T = average minutes per day spent on unpaid care work
365 = number of days in a year
60 = conversion from minutes to hours
H = average annual working hours of a full-time employee, estimated at 2,122 hours
P = population in the relevant sex and age group

Population aged 10 years and over

Using 2011 TUS data and 2023 Census population data for the population aged 10 years and over:

$$FTE_{women} = \frac{\left(\frac{313 \times 365}{60}\right)}{2{,}122} \times 1{,}097{,}720 = 984{,}991$$

$$FTE_{men} = \frac{\left(\frac{50 \times 365}{60}\right)}{2{,}122} \times 1{,}067{,}109 = 152{,}959$$

$$FTE_{total} = 984{,}991 + 152{,}959 = 1{,}137{,}950$$

The results show that unpaid care work among the population aged 10 years and over is equivalent to 1,137,950 full-time workers. Women account for 984,991 full-time equivalent workers, or 86.5 per cent of the total, while men account for 159,077, or 13.4 per cent. This total represents 98.5 per cent of total employment in 2023, which stood at 1,155,041 employed persons.

Population aged 15–64 years

Using 2011 TUS data and 2023 Census population data for the working-age population aged 15–64:

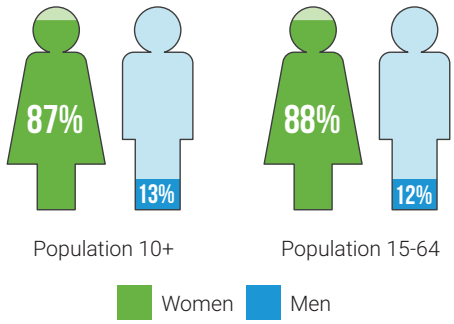
$$FTE_{women} = \frac{\left(\frac{347 \times 365}{60}\right)}{2{,}122} \times 787{,}685 = 783{,}571$$

$$FTE_{men} = \frac{\left(\frac{48 \times 365}{60}\right)}{2{,}122} \times 767{,}395 = 105{,}598$$

$$FTE_{total} = 783{,}571 + 105{,}598 = 889{,}169$$

For the working-age population, unpaid care work is equivalent to 889,169 full-time workers. Women account for 783,571 full-time equivalent workers, or 88 per cent of the total, while men account for 105,598, or 12 per cent. This represents 77 per cent of total employment in 2023.

GRAPH 1
Full-Time Equivalent Workers in Unpaid Work (both direct and indirect)



Source: Table 5 in annex 1

4.5 Calculating Full-Time Equivalent Workers by Type of Unpaid Care Work

As analyzed in the section above, women spend significantly more time performing care work than men.

- Women aged 10 and over spend 270 minutes per day on indirect care, which includes domestic tasks, and 43 minutes on direct care (Table 5 in Annex 1), divided between childcare (39 minutes per day) and adult care (4 minutes per day).
- The time spent on indirect and direct care for women of the working-age population, 15-64 years, is higher by 27 minutes per day, totalling 297 minutes.
- Men 10 years and over engage in indirect and direct care work six times less than women 10 years and over, while those in the working-age population 15-64 years engage in this work seven times less than women in the same category.

Population aged 10 years and over

Calculations by type of unpaid care work show that for the population 10 years and over, there is a total of 987,336 full-time equivalent workers for indirect care, where women total 849,673 (86 per cent) full-time equivalent workers, and men total 137,663 (14 per cent) full-time equivalent workers.

Regarding the full-time equivalent workers for direct care:

- Full-time equivalent workers for direct childcare total 134,967, of whom 122,730 (91 per cent) are women and 12,237 (9.0 per cent) are men.
- Full-time equivalent workers for direct adult care total 15,647, of whom 12,588 (80 per cent) are women, and 3,059 (20 per cent) are men.
- Full-time equivalent workers for direct care total 150,614, of whom 135,318 (90 per cent) are women and 15,296 (10 per cent) are men.
- Full-time equivalent workers for direct and indirect care total 1,137,950, from whom 984,991 (87 per cent) are women and 152,959 (13 per cent) are men.

Population aged 15–64 years

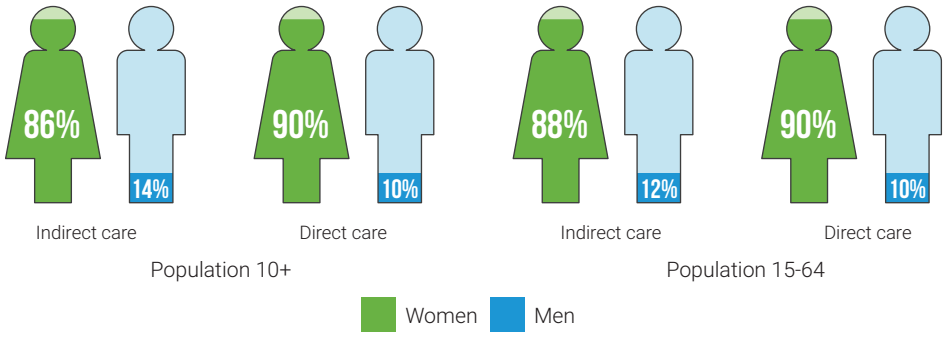
The calculations for the working-age population 15-64 years show a total of 763,063 full-time equivalent workers for indirect care, where women total 670,664 (88 per cent) full-time equivalent workers, and men total 92,398 (12 per cent) equivalent workers.

Regarding the full-time equivalent workers for direct care:

- Full-time equivalent workers for direct childcare for this age group total 117,132, of whom 106,132 (91 per cent) are women and 11,000 (9 per cent) are men.
- Full-time equivalent workers for direct adult care total 8,974, of whom 6,774 (75 per cent) are women, and 2,200 (25 per cent) are men.
- Full-time equivalent workers for direct care total 126,106, of whom 112,906 (90 per cent) are women and 13,200 (10 per cent) are men.
- Full-time equivalent workers for care total 889,169, of whom 783,571 (88 per cent) are women and 105,598 (12 per cent) are men.
- Based on these calculations, women would benefit greatly from investment in care.

GRAPH 2

Full-Time Equivalent Workers by Type of Unpaid Care Work



Source: Table 5 in annex 1

These figures demonstrate the significantly higher number of hours and minutes spent by women across all ages on care responsibilities, both direct and indirect, for both ECCE and LTC. Women's greater time commitment to care responsibilities has been identified as a key barrier to women's participation in the labour market and employment. In 2023, women's labour force participation for the age group 15-64 was almost 13 percentage points lower than men's.[31] Improved availability and quality of care services could address these deficits and enhance women's economic empowerment and independence, when combined with structured efforts for workforce development. While the coverage gap analyzed in this study does not account for rural/urban disparities, a recent Supreme State Audit Report[32] indicates that rural areas are the most underserved when it comes to care facilities, exacerbating challenges that women living in rural areas already face when it comes to their access to market and labour opportunities.

31 UN Women (2025). *Country Gender Equality Profile — Albania*. Tirana: UN Women Albania Country Office. Available at: https://albania.unwomen.org/en/digital-library/publications/2025/11/country-gender-equality-profile-albania

32 UN Women (2024). *Gender equality and the empowerment of rural women through labor market involvement - Final Performance Audit Report— Albania*. Tirana: UN Women Albania Country Office. Available at: https://albania.unwomen.org/en/digital-library/publications/2024/06/gender-equality-and-the-empowerment-of-rural-women-through-labor-market-involvement-final-performance-audit-report

4.6 Contribution of the Care Economy to GDP in Albania

The contribution of the care economy to GDP and extended GDP is directly linked to the recognition of unpaid care work. The care economy's contribution to GDP is measured as the contribution of unpaid work to GDP and extended GDP by the number of full-time equivalent workers for the population 10 years and over and for the active age population (15-64), and using various values of wages, namely, average gross monthly wages, the legal monthly minimum wage, and the annual compensation of employees. The estimates using the three different measures of wages and labour costs show a substantial contribution of the care economy to GDP.[33]

Population aged 10 years and above

- The contribution of the care economy to GDP using average gross monthly wages is estimated at 40.7 per cent, of which 34.1 per cent comes from women and the remaining 5.6 per cent from men (Table 6 in Annex 1).
- The estimated value decreases to 23.1 per cent when the minimum wage is used, of which 20.0 per cent is attributed to the contribution of women in the sector, and 3.1 per cent is attributed to the contribution of men.
- Estimates using the annual compensation of employees show a total contribution of 39.8 per cent, of which 34.5 per cent comes from women and the remaining 5.4 per cent from men.

Previous studies[34] have shown that unpaid domestic and care work would be equivalent to approximately 48.8 per cent of GDP in 2021, when estimated by the average gross monthly wage. Estimates using the same population and structure of wages and labour costs but using the extended GDP show that the care economy's contribution to the extended GDP using average gross monthly wages approximates 28.9 per cent, of which 25.4 per cent comes from women and 5.3 per cent from men. Estimates using the legal minimum wage equal a contribution of 18.8 per cent, of which 16.7 per cent is attributed to women and the remaining 3.0 per cent is attributed to men. Lastly, estimates using annual labour costs show a contribution of 28.5 per cent, of which 25.6 per cent comes from women and 5.1 per cent comes from men.

33 Following Charmes, et. al. (2023).

34 Charmes, et. al. (2023).

Population 15-64 years old

For the working-age population (15–64 years), the estimated contribution of the care economy to GDP remains substantial, although slightly lower than for the 10+ population (Table 7 in Annex 1).

Using different wage assumptions, the estimated contribution to GDP is:

- 31.8 per cent based on average gross monthly wages
- 18.1 per cent based on the minimum wage
- 31.1 per cent based on compensation of employees

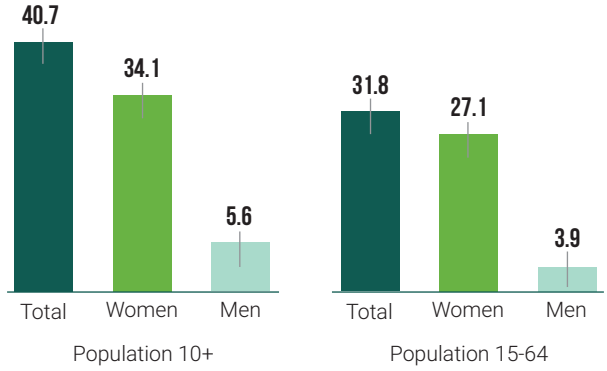
In all scenarios, women account for the majority of the contribution, reflecting their disproportionate involvement in unpaid care work.

Estimates using the same population and structure of wages and labour costs, but using the extended GDP, show that the contribution of the care economy to the extended GDP is estimated at:

- 24.1 per cent using average wages
- 15.3 per cent using minimum wages
- 23.7 per cent using compensation of employees

GRAPH 3

Contribution of unpaid work to GDP (in percentage)



Source: Table 6 and 7 in annex 1

BROADER ECONOMIC AND SOCIAL BENEFITS

Increased Female Employment	Reduces the burden of unpaid care work Enables women to enter and remain in the labour market Improves income security and future pensions
Supporting Long-Term Growth	Quality childcare improves: • Skills development • Educational outcomes • Future productivity
Responding to Demographic Pressures	Addresses population ageing (rapid growth of the 65+ population) Supports families facing care responsibilities May reduce emigration pressures linked to lack of services
Advancing EU Integration and Social Objectives	The objectives of the EU Care Strategy The EU Gender Equality Strategy and the Gender Equality Action Plan (GAP IV), which identifies the care economy as a key priority Social protection reforms Ongoing dialogue between UN and GoA on the Social Convergence Accelerator Commitments to gender equality (SDG 5)

V. CONCLUSIONS

The analysis of care investment in Albania, focusing on ECCE and LTC for the elderly, estimates the costs and multiple benefits of addressing existing coverage gaps in these services. The cost of eliminating these gaps amounts to about 0.56 per cent of GDP, with these gaps being expected to increase given the shifting demographics, ageing population, and considerable migration. The analysis of these trends also reveals a close link between women's greater time investment in care responsibilities compared to men, and the extent to which such unpaid time could be converted into formal employment for women following investments in quality care services across Albania, especially in rural areas. Therefore, an investment plan must be put in place, particularly considering the increasing demand for care. Investment in the care economy is also shown to be partially self-financing through the creation of approximately 11,869 new jobs, as well as through increased tax revenues and mandatory social security and pension contributions. These positive fiscal effects are estimated at around 0.20 per cent of GDP, covering approximately 36 per cent of the total investment costs. Maintaining the current gender composition of the care workforce, women could benefit from around 75 per cent of the direct jobs created. The findings therefore demonstrate that investment in the care economy can expand fiscal space rather than reduce it. More broadly, relatively modest investments in care services could generate substantial economic and social returns while helping to unlock the hidden economic value of unpaid care and domestic work, estimated at up to 40.7 per cent of GDP. Despite its fundamental contribution to the functioning of the economy and society, this work remains largely invisible in conventional economic measures.

This would present a win-win investment for Albania: improving access to quality childcare and LTC services would enhance the quality of life and well-being of young children—with long-lasting effects on human capital development—as well as the elderly and families facing increasing care responsibilities, while simultaneously promoting economic activity, employment creation, and gender equality. At the same time, investment in the care economy would generate substantial economic and social returns by increasing labour force participation, strengthening domestic economic activity, and supporting more inclusive and sustainable growth.

Importantly, expanding care services would help redistribute care responsibilities more equally between households, the state, and the market, reducing women's disproportionate burden of unpaid care and domestic work. By shifting a considerable share of care work from unpaid to paid employment, such investments would alleviate women's time

constraints, support their entry into and retention in the labour market, improve income security and future pension entitlements, and help reduce gender gaps in employment, wages, and pensions.

Investing in the care economy should therefore be understood not as a social cost, but as a strategic social and economic investment that supports demographic resilience, social protection, productivity, and gender equality. It is also fully aligned with Albania's commitments under the Sustainable Development Goals, the EU Care Strategy, the EU Gender Equality Strategy 2026–2030, and the country's broader EU integration agenda.

VI. RECOMMENDATIONS

The findings of the study suggest that the government should prioritize public investment in care services, particularly in ECCE and LTC for older adults, to address and close existing coverage gaps in line with national, regional, and global standards. Expanding these services would not only improve access but also generate significant employment opportunities. At the same time, increased labour market participation and job creation in the care sector could partially offset costs through higher tax revenues. These dynamics should be factored into budgetary planning at both the central and local government levels, where responsibility for care provision is shared. To implement this, the government should more explicitly integrate care investment into medium- and long-term budget planning at both the central and local levels, and align national policy priorities with municipal capacities and needs.

At the central level, the government should consider revising the transfer rule for preschool education[35] to include early childhood education (0-3 years), ensuring dedicated funding for crèches. Resource allocation formulas should be refined to direct more funding towards municipalities with higher concentrations of young children, lower service coverage, and a greater share of lower-income families. In parallel, strengthening local government revenue by introducing new taxes would support more sustainable financing and improved management of care services. This, in turn, would address and improve women's participation in the labour force by reducing the time women dedicate to care responsibilities, which is almost six times higher than that of men.

Given the projected employment expansion in both the ECCE and LTC sectors, policies should also emphasize workforce development within these sectors, which are typically dominated by women and will be directly targeted by policy and labour reforms. Continuous training and professional development for caregivers are essential to ensure quality of care and to support a skilled and resilient workforce.

Improving the quality of administrative sex disaggregated data is critical. Standardizing the collection and reporting of cost data—particularly overhead and operational expenses across ECCE and LTC services and municipalities—would enable more precise estimates of unit costs and investment needs, and strengthen the evidence base for policymaking. This data should be systematically reported, centrally consolidated, and made accessible

35 Financing of preschool education is done through unconditional sectoral transfers to municipalities from the central government. These funds are mainly allocated based on the number of pupils, and partially on the number of teachers. More specifically, 60% of the funds for teachers' payments will be based on the number of pupils and 40% on the basis of number of teachers.

for policy analysis. Enhanced data systems would also support performance monitoring, enabling policymakers to track progress in expanding coverage, improving quality, and achieving employment targets.

Finally, embedding care policy within a broader strategic framework—linking social protection, employment, gender equality, and local development policies—would amplify its impact. A well-designed care economy strategy can act as a lever for inclusive growth, reducing inequalities while fostering a more resilient and productive workforce.

A number of investment options may also be considered[36] as a basis for financing investment in the care economy:

- There is scope for reallocating spending towards investment that expands fiscal capacity, rather than those that reduce it, such as VAT exemptions. VAT exemptions,[37] especially those related to private education and health, financial and insurance services, real estate transactions, etc., may be eliminated to broaden the tax base, increase revenue collection, and improve the efficiency and equity of the tax system. A portion of the additional revenue may be allocated to financing care services.

- Gender-Responsive Budgeting (GRB) plays an important role in prioritizing public investment in care services. GRB may be accompanied by robust tracking at all stages of budget planning, implementation, and evaluation, and most importantly, assessing actual spending and its impact.

- Public–private partnerships (PPPs) and community initiatives can help expand care services by sharing costs and risks and mobilizing private investment and expertise to improve efficiency and the delivery of care services. However, without strong oversight, they may compromise access, quality, and fiscal sustainability, especially if profit motives override equity and universal coverage goals.

- International funding—especially from the EU—can support the expansion of the care economy in underserved areas. Programmes such as the Instrument

36 Following Miluka, J. (2025). 'Mobilizing Resources for Care: A Holistic Approach for Financing Albania's Universal Care Services.' In *Innovations in Public Finance: A New Fiscal Paradigm for Gender Equality, Climate Adaptation, and Care*. Washington, D.C.: Brookings Center for Sustainable Development.

37 World Bank (2025). *Albania Country Economic Memorandum: Strengthening the Sustainability of Albania's Growth Model*. Washington, D.C.: World Bank. Internal report, not publicly available

for Pre-accession Assistance (IPA III), the European Social Fund, EU4Social Protection, and EU4Employment provide resources for social infrastructure, care work, and gender equality, aligning with Albania's EU accession priorities.

- Income-based capped fees, combined with targeted tax credits or subsidies, can improve childcare affordability and access. Although the progressive fee structure benefits lower-income parents, the cap may encourage support for middle-income and high-income parents. These models have been successful in countries[38] like Germany, Denmark, Norway, and Finland.

- Engaging local communities and partnering with NGOs can reduce costs, strengthen local ownership, and expand care services—especially in rural areas—while improving outreach to vulnerable groups. In this regard, the law on social enterprises may expand its scope to also include CSOs that provide care services. However, effective implementation requires strong coordination, oversight, and sustainable funding.

38 Dougherty, S. and Morabito, C. (2023). 'Gender-Responsive Budgeting: Trends and Country Approaches.' *OECD Journal on Budgeting*, 23(2). Available at: https://www.oecd.org/en/publications/oecd-journal-on-budgeting-volume-2023-issue-2_79ab69f5-en.html

VII. ANNEX 1: **RESULTS TABLES FROM THE UNPAID CARE WORK VALUATION EXERCISE**

TABLE 5

Full-time equivalent workers for unpaid care work by sex

	Population 10+			Population 15-64		
	Women	Men	Total	Women	Men	Total
Population	1,097,720	1,067,109	2,164,829	787,685	767,395	1,555,080
Average number of hours annually worked*	2,122	2,122		2,122	2,122	
Time spent in indirect care (domestic tasks) (minutes per day)	270	45		297	42	
Time spent in direct care (children) (minutes per day)	39	4		47	5	
Time spent in direct care (adult) (minutes per day)	4	1		3	1	
Time spent in direct care (total) (minutes per day)	43	5		50	6	
Time spent in care (direct + indirect) (minutes per day)	313	50		347	48	
Full-time equivalent workers for indirect care (domestic tasks)	849,673	137,663	987,336	670,664	92,398	763,063
Full-time equivalent workers for direct care (children)	122,730	12,237	134,967	106,132	11,000	117,132
Full-time equivalent workers for direct care (adult)	12,588	3,059	15,647	6,774	2,200	8,974
Full-time equivalent workers for direct care (total)	135,318	15,296	150,614	112,906	13,200	126,106
Full-time equivalent workers for care (direct and indirect)**	984,991	152,959	1,137,950	783,571	105,598	889,169

Source: INSTAT, TUS 2011; Authors' own calculations for the full-time equivalent workers

Notes: *The average number of hours annually worked has been interpolated for the years between surveys.

**These figures do not include volunteer and help to other households, for which direct and indirect care cannot be distinguished.

TABLE 6

Contribution of unpaid work to GDP and extended GDP by the number of full-time equivalent workers and various values of wages, population 10+

	Population 10+		
	Women	**Men**	**Total**
Full-time equivalent workers	984,991	152,959	1,137,950
Average gross monthly wage	68,183	72,681	70,539
Legal monthly minimum wage	40,000	40,000	40,000
Compensation of employees (annual)			827,534
(1) Value added with average gross wages	805,915,485,967.60	133,406,552,632.35	963,238,038,877.51
(2) Value added with legal minimum wage	472,795,556,644.68	73,420,317,624.88	546,215,874,269.56
(3) Value added with compensation of employees	815,113,329,525.82	126,578,769,011.23	941,692,098,537.05
GDP at current prices			2,364,276,000,000
Extended GDP			
GDP at current prices + (1)	3,170,191,485,967.60	2,497,682,552,632.35	3,327,514,038,877.51
GDP at current prices + (2)	2,837,071,556,644.67	2,437,696,317,624.88	2,910,491,874,269.56
GDP at current prices + (3)	3,179,389,329,525.82	2,490,854,769,011.23	3,305,968,098,537.05
per cent GDP (1) (average gross monthly wage)	34.1	5.6	40.7
per cent GDP (2) (minimum wage)	20.0	3.1	23.1
per cent GDP (3) (compensation of employees)	34.5	5.4	39.8
per cent Extended GDP (1) (average gross monthly wage)	25.4	5.3	28.9
per cent Extended GDP (2) (minimum wage)	16.7	3.0	18.8
per cent Extended GDP (3) (compensation of employees)	25.6	5.1	28.5

Source: INSTAT and authors' own calculations

TABLE 7

Contribution of unpaid work to GDP and extended GDP by the number of full-time equivalent workers and various values of wages, population 15-64 years

	Population 15-64 years		
	Women	Men	Total
Full-time equivalent workers	783,571	105,598	889,169
Average gross monthly wage	68,183	72,681	70,539
Legal monthly minimum wage	40,000	40,000	40,000
Compensation of employees (annual)			827,534
(1) Value added with average gross wages	641,114,554,806.08	92,099,776,685.43	752,653,151,597.21
(2) Value added with legal minimum wage	376,114,019,509.90	50,687,126,861.45	426,801,146,371.35
(3) Value added with compensation of employees	648,431,539,627.30	87,386,085,083.68	735,817,624,710.97
GDP at current prices			2,364,276,000,000
Extended GDP			
GDP at current prices + (1)	3,005,390,554,806.08	2,456,375,776,685.43	3,116,929,151,597.21
GDP at current prices + (2)	2,740,390,019,509.90	2,414,963,126,861.45	2,791,077,146,371.35
GDP at current prices + (3)	3,012,707,539,627.30	2,451,662,085,083.68	3,100,093,624,710.97
per cent GDP (1) (average gross monthly wage)	27.1	3.9	31.8
per cent GDP (2) (minimum wage)	15.9	2.1	18.1
per cent GDP (3 (compensation of employees)	27.4	3.7	31.1
per cent Extended GDP (1) (average gross monthly wage)	21.3	3.7	24.1
per cent Extended GDP (2) (minimum wage)	13.7	2.1	15.3
per cent Extended GDP (3) (compensation of employees)	21.5	3.6	23.7

Source: INSTAT and authors' own calculations

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