Study on the costs and benefits of possible EU measures to facilitate work-life balance for parents and care givers

Final Report

Written by
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Contact: Sarah-Jane King

E-mail: JUST-WORKING-CARERS@ec.europa.eu

European Commission

B-1049 Brussels

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Executive summary

Introduction

This study was commissioned by DG Justice and Consumers and DG Employment, Social Affairs and Inclusion with the purpose of **informing the Commission's Impact Assessment** of a potential range of measures to be introduced to enhance work-life balance for parents and care givers. This initiative is in line with the goals set out in the Commission's Roadmap[1] published in August 2015, which set out the intention to develop a comprehensive policy proposal to increase the participation of women on the labour market by improving work-life balance, using a mix of legislative and non-legislative instruments and taking account of the developments in society in the past decade. As part of the Europe 2020 Strategy[2] for 'smart, sustainable and inclusive growth', work-life balance through reconciliation of work and caring responsibilities is recognised as a key priority for increasing the overall labour force participation and achieving equality between women and men in labour markets across the EU.

Policy measures considered

The **potential legislative and non-legislative policy measures** assessed by this study reflect the comprehensive approach to work-life balance measures adopted in the 2015 Roadmap. With regard to **maternity leave**, it includes legislative options to enhance the existing legal acquis by variously:

- Providing entitlements to breastfeeding breaks and facilities;
- Increasing the level of pay during leave.

It also includes legislative options to build on the rights enshrined in the **Parental Leave Directive** by providing:

- The right to flexible take-up;
- Increasing the age of the child in relation to which leave can be taken;
- Increasing the length of the non-transferable part of leave;
- Providing for payment of the leave (during the non-transferable part or the entire leave).

Other options foresee the introduction, at EU level of entitlements to **paternity** and **carers' leave** with sub-options focussing on varying lengths and levels of payment, as well as flexibility of take-up (in relation to carers' leave).

Different approaches and entitlements to **flexible working** (flexible working schedule, geographical flexibility and entitlement to reduce working hours) are also explored, providing for a procedural right to such flexible arrangements in relation to different caring responsibilities.

Greater protection from dismissal for parents returning from leave was assessed as a non-legislative option.

The assessed non-legislative options focus on the possibility of introducing a **childcare guarantee** for parents of young children (either 6, 12 or 18 months) to be granted within a specific period following a request being made. Finally, current requirements for long-term care either at home or in an institutional settings are

[1] European Commission (2015): Roadmap: New start to address the challenges of work-life balance faced by working families; http://ec.europa.eu/smart-regulation/roadmaps/docs/2015_just_012_new_initiative_replacing_maternity_leave_directive_en.pdf

[2] European Commission (2010), Europe 2020: A strategy for smart, sustainable and inclusive growth, COM(2010) 2020

explored in the context of a possible introduction of a benchmark for the provision of formal elderly care.

Problem definition

The key issue that this initiative aims to address is the **low participation of women in the labour market which is linked to the unequal distribution of caring responsibilities between men and women and the lack of effective possibilities for men and women to balance those responsibilities with the demands of their working lives**[3].

Even though **women** are equally qualified and increasingly tend to be better educated than men, they **remain underrepresented in the labour market** leaving a large part of talent under-utilised due to a number of factors. In 2015, the **employment rate of women** (age 20-64) in the EU28 **was 64.3**%, compared to 75.9% of men in the same age group constituting an **11.6% gender employment gap**, which has **not significantly decreased in the last decade** – a decline by 4.1 percentage points[4]. The EU's female employment rate is significantly below that of other major industrialised countries[5]. When measured in full-time equivalents, the employment rate of women (aged 20-64) in the EU stood at 54.6% compared to 72.7% of men in the same age group.

The **impact of parenthood on employment remains significant**. While fathers have longer working hours than other men, the gender employment gap increases with the number of children in the household, especially for women with children less than 6 years old. The percentage difference in the employment rate of men and women without children is 1%; with one child less than six years it is 21%; with two children it is 25% and with three children this rises to 37%. In the context of demographic change[6], it is also important to note that carers of elderly and disabled relative are primarily women. According to the 2012 European Quality of Life Survey data from Eurofound, on average 5.7% of surveyed Europeans cared for elderly or disabled relatives every day and 3.5% did this several days a week, which indicates that almost one in ten European has intensive caring responsibilities. The survey shows that **informal elder care is more likely to be provided by female rather than male relatives – 11.3% and 7.5% respectively** – with the vast majority of intensive caring tasks being performed by women. According a study on informal carers, **between 7% and 21% of individuals with longer term caring responsibilities reduce their working hours and between 3% and 18% withdraw from the labour market**[7].

The unequal distribution of caring (and other household) responsibilities between men and women is reflected the fact that **women perform three times more unpaid work than men**[8].

The key drivers of the persistence of the unequal sharing of paid and unpaid work are as follows:

[3] European Commission SWD (SWD(2016) 145 final) accompanying the Consultation Document 'Second-stage consultation of the social partners at European level under Article 154 TFEU on possible action addressing the challenges of work-life balance faced by working parents and caregivers

[4] In 2006, the employment rate of women stood at 61.1 while that of men stood at 76.8%%.

[5] US 70.6%, Japan 67.6% (2015).

[6] The Ageing Working Group reference scenario[6] projects that by 2055 the share of dependent individuals will increase by 2.1 percentage points.

[7] Bettio, F. Verashchagina, A. (2010), Long-term care for the elderly, provision and providers of 33 European countries, for the European Commission

[8] United Nations (2015); Human Development Report 2015

The existing legal and institutional leave framework does not sufficiently support the equal division of caring responsibilities

Maternity leave provisions are not matched by paternity leave measures. Not all Member States offer paternity leave and duration is short (10 days on average).

Short leaves around the birth of the child do not have same leverage effects on future take-up of leave than longer leaves.

Parental leave continues to be primarily taken up by women (and for longer periods) due to persistent stereotypes of caring responsibilities and the fact that existing parental leave measures remain poorly compensated which – due to financial considerations – means it is mainly taken up by women, further encouraging long absences or even full labour market exit by women. Transferability of (part of) the leave also remains possible in many countries, usually encouraging the transfer of leave to the mother.

Carers' leave to look after sick or disabled adult relatives is not offered in all Member States; leave beyond 5-10 days is often unpaid or low paid and is mainly taken up by women.

An early return to work is also hampered by the absence of effective provisions for breastfeeding mothers in a number of countries.

Current flexible working arrangements tend to further enhance negative impacts on women's careers

Existing flexible working arrangements tend to focus on reduced hours patterns (rather than scheduling or geographical flexibility).

They remain largely restricted to parents returning from parental leave – and are thus mainly used by women under current patterns of leave taking.

Reduced hours/part-time working has been shown to have a potential negative impact on career progression and earnings potential thus perpetuating the unequal distribution of income (including into old age).

Access to flexible working arrangements overwhelmingly remains a procedural right, with employers not having to provide significant business reasons for rejecting such requests.

Discrimination against women (on grounds of pregnancy/motherhood) persists despite existing legal protections

Existing evidence suggests that between 45-77% of women experience discrimination in the workplace linked to pregnancy/motherhood. In one survey 11% of women felt they had to leave their work as a result of such discrimination.

Although such discrimination tends to start with the announcement of the pregnancy, questions asked at interview stage regarding family status indicate that employer perceptions about the likelihood of women being absent from work persist and thus discrimination can also impact the recruitment stage.

Although compliance and enforcement remain an issue in relation to existing provisions, the underlying issues which contribute to discrimination can only be addressed with a more holistic package of work-life balance measures which encourages the more equal sharing for caring responsibilities.

Furthermore, protections against preparatory measures for dismissal during pregnancy/leave remain insufficient (18 countries studied do not have such provisions) and 14 countries do not have any or only a low level of protection from dismissal 6 months following leave.

Access to high quality, affordable child and long-term care facilities remains insufficient

Currently, only 26.7% children aged under two in the EU27 were in any formal care arrangements.

Availability of childcare was reported as being either very difficult or a little difficult by 58% of respondents to a survey; 41% indicated problems of access due to distance or opening hours.

53% of women to the European Quality of Life Survey reported that they do not work or work part-time because of childcare costs.

5.7% of Europeans cared for elderly or disabled relatives every day and 3.5% did this several days a week; care is more likely to be provided by female rather than male relatives

63.4% of European consider that there is limited access to LTC facilities and over 60% consider costs to be prohibitive. As a result between 7% and 21% of individuals with longer term caring responsibilities reduce their working hours and between 3% and 18% withdraw from the labour market.

While this picture reflects general trends, the situation in relation to gender gaps and the key drivers behind these gaps varies significantly between countries, partly conditioned by the precise nature of existing leave arrangements.

Baseline situation

The study looked at the current situation in the EU Member States and EFTA countries with regard to maternity, paternity, parental, carers' leave provisions, flexible work arrangements, childcare and long-term care requirements and availability. It assesses the effectiveness, economic impact (including costs and benefits) and the social impact of current measures in place in these areas, as well as potential EU legislative (maternity, paternity, parental, carers' leave, flexible working arrangements) and non-legislative policy measures (childcare and long-term care).

At present, **EU legislation is only in place to govern maternity and parental leave** (as well as protection from discrimination for those on or returning from family leaves). As a result, a disparate set of measures has emerged to support work-life

balance in the EU Member States and EFTA countries. As indicated in the boxes above, existing EU level provisions on maternity and parental leave are insufficient to address the underlying drivers leading to the perpetuation of gender gaps in paid and unpaid work.

Maternity leave

All Member States comply with Directive 92/85/EEC in offering 14 weeks of maternity leave, with a duration ranging between 14 and 58.6 weeks. **Half of Member States currently provide maternity leave at or over 18 weeks in length** (in order of duration – with BG having the longest leave: CY, DK, LT, MT, RO, EE, IT, PL, HU, CZ, SK, IE, UK, BG) with the other half offering leave between 14 and 18 weeks). The length and structure of mandatory leave periods also differs between countries, with most Member States going beyond the 2-week period required by the Directive[9]. **Compensation levels** during maternity leave are relatively high (compared to paternity and parental leave) **ranging from around 65% to 100% of pay – at least for part of the leave** and in some cases for the whole leave period for women who meet the relevant eligibility criteria. In most Member States, the same allowance is paid for the entirety of the leave period, reaching 100% (AT, DE, DK, EE, EL, ES, FR, HR, LU, LT, NL, PL, PT, SI) or a high share of previous earnings (IT, LV, SE, RO, BG). In some Member States, there is a system of decreasing allowances, with higher payments for the first few weeks of the leave and decreasing subsequent payments (e.g. Finland pays 90% of previous salary during the first 56 days of the leave, Malta pays 100% for 14 weeks and the UK pays 90% for the first 6 weeks and then a flat rate amount).

A number of countries have sought to increase the flexibility of the take-up of leave and to encourage greater involvement by the father in the early phases of a child's life by **allowing elements of maternity leave to be shared with the father**. However, such possibilities are currently **relatively limited with 21 countries out of the 32 studied offering no option of passing on parts of maternity leave**. Additional flexibility allowing maternity leave to be taken part-time or in a piecemeal fashion is only available in a limited number of countries (FI, IS, HR, NL, NO, PL) and is largely in the form of part time take-up.

Four countries (DK, FI, MT, UK) currently **do not have any statutory provision for breastfeeding breaks** – provision in this area is mainly the result of pre-existing ILO conventions guaranteeing access to at least a 60-minute break during the working day, which most Member States are signatory to. However, **19 of the countries studied, do not provide guaranteed access to breastfeeding facilities**, which may limit the extent to which this right can be exercised (CY, CZ, DE, DK, EE, ES, FI, HR, HU, IS, IT, LI, LU, LT, MT, PL, PT, SE, NO).

A **requirement for substantiation of grounds for dismissal during maternity leave** explicitly exists in all but four countries (AT, CY, EL and IE). In Ireland this has be provided at the request of the women). **Protection from preparatory measures for dismissal whilst on maternity leave** is offered in 13 countries (BE, CY, CZ, DE, DK, EE, ES, FR, IE, LT, LV, PT, SI), with the remaining countries not making mention of such specific protection in their legislation. With regard to the **absolute prohibition of dismissal for a period after return from maternity leave**, available literature shows that 23 countries have such a protection enshrined in their

[9] Two countries (EE, LT) having no mandatory leave periods, although in Estonia, maternity benefit payable decreases if leave begins less than 30 days prior to the birth.

legal framework[10]. In ten countries this is at or exceeds 6 months (with two further countries mentioning no time limit)[11].

Paternity leave

Although there is currently **no EU Directive on paternity leave at EU level**[12], **23 out of 28 Member States have introduced or developed relevant legislation** whereby fathers are entitled to a period of leave after the birth of a child and/or during the first few months of a child's life. Compared to maternity leave, **such leave is generally very short with an average length of 10 days**[13]. Paternity leave is **compulsory in 4 EU Member States**, i.e. Belgium (3 days), Italy (1 day[14]), Portugal (10 days), Spain (two days). In the remaining 18 EU Member States, paternity leave is taken on a voluntary basis[15]. **The countries which do not offer a statutory paternity leave provision are Austria, Croatia, Cyprus, the Czech Republic, Liechtenstein, Slovakia and Switzerland**. Whilst Germany does not provide for a leave officially termed 'paternity leave', the country has rather generous provisions for paid parental leave which can be taken close to the birth of the child, also including measures supporting its take-up by fathers. Similarly, in Austria paternity leave is not legally provided, but is widely offered in universally applicable collective agreements (2 days paid at 100%). In countries offering paternity leave, this is always paid, with **levels of pay ranging from 70% to 100% of previous salary**.

Despite such relatively generous compensation levels, **take-up of leave is below 70% in 10 Member States**, potentially reflecting persistent stereotypes around the role of men and women in childcare. Thirteen Member States have take-up rates above 70%, with among the highest rates achieved in countries with very short, fully paid leaves (e.g. EL, IT, LU, MT). However, in four countries (HU, PL, EE, LV) less than half of all fathers take paternity leave, despite the fact that a vast majority of fathers are entitled to such a leave (based on existing eligibility criteria) and leave is fully paid in all of these countries[16].

The importance of longer and well compensated paternity leave is demonstrated in countries with relative long paternity leave (Finland, Portugal and Slovenia) which show that there are **leverage effects between the take-up of such paternity leave** and the use by fathers of parental leave[17]. Evidence from Iceland also suggests longer term effects on the take-up by fathers of flexible working arrangements[18].

[10] The countries without such explicit provisions are FI, IE, HU, PL, PT, SE, IS, LI.

[11] AT, DE, FR (all 4 month), RO (6), ES, SK (both 9 months), IT, LV, PL (all 12 months), EL (18) BG, CZ, EE (for mothers with children up to 3 years old; DK, NO (no time limit specified).

[12] Indirect provisions exist to protect workers returning from paternity leave from discrimination in Directive 2006/54/EC.

[13] Leave entitlements in the EU range from 1 day in Italy and Malta to 64 days in Slovenia (and 3 months in Iceland).

[14] A second day can be granted if the mother agrees to transfer one day of maternity leave. As a result of Budget Law n.232/2016 art.1(354) approved on 11 December 2016, paternity leave in Italy will be extended to 4 days from 2018. As this change was approved after the close of the relevant study period, this change has not been factored into the macro-economic and cost benefit analysis, but will reduce the cost of paternity leave policy options in Italy.

[15] Study on the costs and benefits of possible EU measures on paternity leave carried out by ICF (at the time GHK) and updated in January 2016 (unpublished).

[16] Information on take-up rates is based on reported data and estimations by relevant stakeholders.

[17] Taskula, S, (2007). Parental leave for fathers? Research Report no 166. Finland. National Research and Development Centre for Welfare and Health

[18] Eydal, G.B. (2008). Policies promoting care form both parents- the case of Iceland. In Eydal G.B., Gíslason, I.V. (Eds.) Equal rights to earn and care, pp. 111-148. Reykjavík: Félagsvísindastofnun.

Parental leave

All EU Member States offer statutory parental leave as required by Directive 2010/18/EU. However, significant variations exist regarding the maximum duration of parental leave, the age of the child for which leave can be taken, payment during leave, flexibility in relation to how leave can be taken and other associated rights and protections. **Duration ranges from 4 – 36 months**[19] with **compensation ranging from 100% of previous salary** (for part or the whole leave period) **to no payment at all**. Member States and EFTA countries provide parental leave either as:

- A **non-transferable individual right** (BE, DE, EL, ES, FR, HU, IE[20], IS, LI, LU, LV, MT, NL, PT[21], SK, UK[22]);
- An **individual right which can – in total or in part – be transferred** to the other parent (AT, BG, CY, HR, IT, NO, PL, RO, SI, SE, UK[23]); or
- A '**family right'** that parents can divide between them as they choose (CZ, DK, EE, FI, LT, PT[24]).

In most Member States[25] and EFTA countries except Norway parents are entitled to flexible parental leave which can be taken either full-time, part-time, or in blocks[26]. Only in the Czech Republic, Estonia, Latvia, Lithuania, Slovakia and Romania parental leave can only be taken full-time. In Estonia and Latvia, the leave can be taken in blocks.

The current take-up levels of parental leave are **significantly higher for women than for men**[27]. More specifically:

- In 18 out of 30 countries covered by this study, less than 10% of employed fathers are estimated to take-up parental leave. Only in seven countries more than a quarter of men take parental leave, with Sweden reaching the highest proportion at 44%.
- **The lowest take-up rates among men can be found in Cyprus, Greece and Malta where this leave is unpaid.**
- In 18 out of 30 countries, more than three quarters of employed mothers take parental leave.

Women also take parental for much longer periods than men, further contributing to long absences (and potential exit) from the labour market.

[19] 15 countries offer between 4 to 12 months per parent. These include Belgium, Bulgaria, Croatia, Cyprus, Denmark, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, the Netherlands and Portugal; Bulgaria, Italy, Luxembourg, the Netherlands; 6 countries (AT, NO, RO, SE, SI and UK) offer between 12 to 24 months per parent; 10 countries currently provide for parental leave of more than 24 months per parent. These countries are the Czech Republic, Estonia, France, Germany, Hungary, Latvia, Lithuania, Poland, Slovakia and Spain.

[20] In Ireland, up to 14 weeks leave is transferable provided both parents work for the same employer and the employer so consents.

[21] This applies to additional parental leave. Initial parental leave is a family entitlement.

[22] This applies to unpaid parental leave of 18 weeks, whereas statutory shared parental leave is transferable with the exception of the 2 weeks maternity leave following birth. This leave is paid at the same rate as maternity leave.

[23] This applies to Shared Parental Leave available for 52 week of which the two weeks following birth are reserved for the mother.

[24] This applies to initial parental leave which can be taken at 120/150/180 days, depending on how it is shared. Length also affects compensation level.

[25] No information was available on Romania.

[26] Daily, hourly, weekly, or monthly blocks.

[27] Information on take-up rates is based on reported data and estimations by relevant stakeholders.

Carers' leave

There is currently **no provision for carers' leave in EU regulation**. However, **26 out of 28 Member States provide a form of statutory carers' leave**. The countries which do not have a *statutory* provision for carers' leave (beyond force majeure leave as required by the Parental Leave Directive, consideration of which was specifically excluded from this study for the purposes of assessing the availability of carers' leave) are Cyprus and Malta. Length of leave varies widely between Member States, with countries relatively evenly split between those offering (at least one) leave option of medium to long or short duration. A number of countries have different forms of leave (for different purposes; e.g. leave for short-term requirements to arrange for care; palliative care leave etc.)[28]. The Czech Republic[29], Greece[30], Luxembourg, Slovenia and Slovakia only offer short forms of **carers' leave of between 1-10 working days**. Croatia, Latvia and Lithuania provide for somewhat longer leaves between **2 weeks and 3 months**, whereas the remaining countries have at least one form of carers' leave offering **between 3 months and two years of leave[31]**. Longer leaves are usually offered to care for children or disabled relatives rather than for elderly relatives.

In the vast majority of EU countries, leave (particularly to take care of elderly relatives) is taken **once per year or once per person to be cared** for. Leaves to look after sick or disabled children are usually provided once a year or once per case of illness. Carers' leave options that can be used only once during an individual's working lifetime are provided only in Italy. Palliative care leave is (by its very nature) offered once per person (usually in the relative's final stages of life).

The **compensation rates** for carers' leave differ significantly between countries, but are **generally lower than other family leave measures such as paternity or maternity leave**. Half of countries have at least one form of leave (usually longer leaves) for which no compensation is provided[32]. Eight countries provide for leaves offering modest compensation up to 60% of average earnings[33]. Nine countries provide full compensation of (at least one of the forms of) carers' leave (AT, DK, ES, IT, LI, LU, NL, NO and SE).

The overall take-up level of carers' leave (particularly longer forms of leave) is relatively low compared to other types of leave covered in this study, which reflects the often very specific circumstances under which carers' leave can be taken, the short duration of many leaves and the low level of compensation for leaves of longer duration. **In all countries except Portugal, less than 2% of people in employment take carers' leave**. It should be noted that information on take-up of carers leave is currently sparse.

Flexible working

Access to flexible working opportunities can play an important role in supporting the ongoing participation of individuals with caring responsibilities in the labour market. The impact of flexible working arrangements on pay and career progression depends on the particular form of flexible working selected (temporal – through the reduction in working hours, geographical, e.g. in the form of home working; or in terms of the organisation of unchanged hours over the working week/month). The Parental Leave Directive provides the right for parents

[28] Countries with different forms of carers' leave include AT, BE, BG, DE, DK, ES, Fi, FR, IE and IT.

[29] Length of leave is unlimited, but payment is only for 9 days.

[30] Can go up to 12 days depending on the number of dependent persons.

[31] Time unlimited leaves also exist, but are always unpaid.

[32] BE, CY, DE, EL, ES, FI, FR, HU, IE, IT, LT, NL, PT, UK.

[33] AT, BE, BG, CZ, DK, FR, IE, SK.

returning from parental leave to request flexible working, either in the form of altered working schedules/patterns or reduced hours. However, the Directive also provides the employer with the right to refuse such requests. **No similar right to flexible working exists at European level for carers of adult relatives or indeed for individuals not linked to return from parental leave** (including parents who have taken leave but would like to take-up their right to flexible working later).

Overall, **with the exception of the Netherlands (conditional right) and the UK (procedural right), statutory entitlements to flexible working options remain very much linked to return from parental leave in the EU**[34], meaning that they are not available to carers or parents when not linked to return from parental leave. **Absolute rights in this area are rare** (AT offers an absolute right to flexible schedules and working hours to parents returning from leave; Sweden offers a similar right to returning parents to request reduced hours[35]). **The same is true for rights to request geographical flexibility**[36]. In addition to the countries mentioned above, most Member States (with the exception of IT, MT and RO) offer procedural or conditional rights to request working hours' flexibility linked to parenthood.

This means that current statutory provision on flexible working (as well as take-up) remains very much focussed on flexibility linked to reduced working hours, used by women returning from parental leave, with potentially negative impacts on career opportunities and earnings potential.

Child and long-term care

As well as leave provisions, the **availability, accessibility and affordability of child and long-term care services are important in supporting work-life balance for parents and carers**. Regarding the availability of childcare, although most Member States have committed themselves improving early childhood education and care (ECEC), **very few offer a guarantee of such services for very young children** (under 18 months). A legal entitlement to ECEC for children under the age of 18 months only exists in Germany, Denmark, Estonia, Finland, Malta, Norway, Sweden and Slovenia. Similar entitlements for children aged between 18 months and 3 years are available in a further 11 countries[37]. The weekly hours of entitlement for such care also vary significantly from 15 hours in Ireland to 40 hours in countries such as the Czech Republic, Denmark, Estonia and Finland. In 2014, only 10 countries (BE, DK, ES, FR, LU, NL, PT, SI, FI and SE) exceeded the Barcelona target of 33% of children under the age of 3 being cared for in formal structures, which clearly has an impact on female labour force participation (and number of hours worked).

As the population of the EU ages, the provision of long-term care (either at home or in institutional settings) is likely to have an increasing impact on the labour force participation of carers (as indicated above, the majority of such carers are currently women). When asked about factors which make it difficult for them to use LTC facilities, the reason most frequently mentioned was the availability and cost of such services (63.4% and 61.2%) respectively[38].

Forthcoming provisions in the baseline are unlikely to significantly impact the quality of work-life balance measures available at Member State level. Given existing trends, this means that existing gaps in paid and unpaid time are also unlikely to change significantly. Despite the likely continuation of some trends which has in the past led

[34] In Germany and Bulgaria a conditional right to request reduced hours is also available to all workers.

[35] In Croatia such a right is limited to parents of children with special needs.

[36] Conditional rights are in place in BG, the NL and PT; with procedural rights offered in HU, IT, PL, SI and the UK.

[37] BE, CZ, ES, FR, IE, LI, LU, HU, PT, RO, UK.

[38] European Quality of Life Survey (2012).

to a narrowing of gender gaps in employment and labour force participation, this is unlikely to be sufficient address concerns about the under-representation of women in the labour market and associated gender gaps in income and poverty levels.

Policy Options and legal gap analysis

This study assessed 12 policy options linked to changes to maternity and parental leave legislation and the introduction at EU level of paternity and carers' leave provisions, as well as flexible working regulations beyond what is required for parents returning from leave by Directive 2010/18/EU. Two options offering combinations of the above where also specifically assessed. Furthermore non-legislative options linked to childcare and LTC provisions were studied. The following table provides an overview of the options assessed and the number of Member States that would be required to make changes to their existing provisions should these options be implemented[39]. It shows that for most legislation options more than half, and in many cases all (or nearly all) **Member States will be affected by the proposed policy options** (and combination of options) **related to maternity leave, parental leave and flexible working arrangements**, whereas **less than half of Members States are affected by paternity leave options 1, 2, and 3 and carers' leave options** 1, 3. The extent to which they are affected is measured by the legal gap analysis prepared for this study, which fed into the assumptions regarding the costs and benefits of the measure for different stakeholders and their broader socio-economic impact.

Table 1. Options assessed by this study

	Maternity leave	**Countries which would be required to make changes to existing legislation**
Option 1	No change in length The first 2 weeks (compulsory period) fully paid and any subsequent weeks as currently (at least at the rate of sick pay) An entitlement for breastfeeding mothers to breaks of at least 1 hour per full working day An obligation for employers to provide appropriate facilities for breastfeeding	24 Member States: BE BG CY CZ DE DK EE EL ES FI HR HU IE IT LT LU LV MT PL PT RO SE SK UK
Option 2	No change in length or pay An entitlement for breastfeeding mothers to breaks of at least 1 hour per full working day An obligation for employers to provide appropriate facilities for breastfeeding	18 Member States: CY CZ DE DK EE EL ES FI HR HU IT LT LU MT PL PT SE UK
	Paternity leave	
Option 1	One week of paternity leave, unpaid	9 Member States: AT, CY, CZ, EL, HR, IT, LU, MT, SK
Option 2	One week of paternity leave, compensated at least at the level of sick pay	10 Member States: AT, CY, CZ, EL, HR, IT, LU, MT, NL, SK
Option	Two weeks of paternity leave, compensated	12 Member States: AT, CY,

[39] This presentation does not provide an assessment of scale or of the elements where different Member States would be required to make changes. A detailed assessment of this is provided in the Annexes to this study.

3	at least at the level of sick pay	CZ, EL, HR, HU, IT, LU, MT, NL, RO, SK
	Parental leave	
Option 1	Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks) 8 years as the maximum age of the child up to which parents can take parental leave No change to the length of parental leave, nor the non-transferable period between parent; unpaid	16 Member States: AT, CZ, DE, EE, EL, ES, FI, FR, HU, LT, LU, PL, PT, RO, SI, SK
Option 2	Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks) 12 years as the maximum age of the child up to which parents can take parental leave No change to the length of parental leave (4 months per parent), nor the non-transferable period between parents (1 month per parent) Non-transferable month between parents paid at least at sick pay level or unemployment benefit level	25 Member States: AT BG CY CZ DE EE EL ES FI FR HR HU IE LT LU LV MT NL PL PT RO SE SI SK UK
Option 3	Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks) 12 years as the maximum age of the child up to which parents can take parental leave Length remains 4 months per parent per child up to the age of 8 Non-transferable 4 months between parents paid at least at sick pay level or unemployment benefit level	26 Member States: AT BG CY CZ DE DK EE EL ES FI FR HR HU IE LT LU LV MT NL PL PT RO SE SI SK UK
	Carers' leave	
Option 1	Entitlement to 12 weeks' leave per worker throughout their career, unpaid Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks)	12 Member States: CY CZ EE EL ES HR IE LU LV MT SI SK
Option 2	Entitlement to 4 weeks' leave per worker throughout their career Paid at least at the level of sick pay Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks)	16 Member States: CY, CZ, EE, EL, ES, FR, HR, HU, IE, LT, LU, LV, MT, SI, SK, UK
Option 3	Right to a short-term leave of 5 days per year, per child or dependent relative paid at sick pay level	6 Member States: CY EL LT LU MT UK
	Flexible working	
Option 1	Right to request flexibility in working schedule and in place of work for a set period of time	All Member States with the exception of NL and UK

	For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave Right to request reduced working hours For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave With an automatic right to return to the previous working hours at the end of the period of reduced working hours Employer only has to consider a request and reply without obligation to grant the requested change	
	Non-legislative	
	Childcare	
Option 1	Childcare guarantee for parents of 6 month, 1 year, 18 months old children Ensured place within 1, 2, 3 months after parents request Childcare guarantee financed by EU funding	20 Member States (depending on the age of the child) A legal entitlement to ECEC for children under the age of 18 months only exists DE, DK, EE, FI, MT, NO, SE and SI
Option 2	Non-binding recommendations to Member States to provide childcare services or on reduce fiscal disincentives to work for second earners which arise from tax and benefit systems and childcare-related costs	All Member States depending on precise nature of recommendation
	Long-term care	
Option 1	Non-binding recommendations to Member States to provide elderly care services	All Member States depending on precise nature of recommendation
	Dismissal protection	
Option 1	Improved protection against dismissal through: Requirement of substantiation of the grounds for dismissal in writing until the end of the leave and upon the employee's request for a period of 6 months after the end of leave Prohibition of preparatory measures for dismissals until the end of leave	Various Member States depending on whether it is to be applied to maternity, paternity or parental leave

Two combined options made up of elements of the above were also assessed.

Table 2. Combination of options assessed by this study

	Combined options	Countries which would be required to make changes to existing legislation
Combination 1	Option 2: Paternity leave: 1 week, paid at least at sick pay level Option 4: Parental leave: flexible uptake, until child is 8, 4 months paid at least at sick pay level, entirely non-transferable Option 6: Carer's leave: 5 days/relative/year paid at least at sick pay level Option 1: FWA: right to request for parents and carers	All Member States
Combination 2	Maternity leave: non-legislative: policy guidance for litigation, awareness raising, sharing best practices Paternity leave: non-legislative: assessment of situation in MSs in the framework of the European Semester; awareness raising, sharing best practices Option 2: Parental leave: Entitlement to flexible uptake; 12 years as maximum age of the child; 1 month non-transferable and paid at least at sick pay level Carer's leave: non-legislative: assessment of situation in MSs in the framework of the European Semester; exchange of good practice in MSs Option 1: FWA: right to request for parents and carers	All Member States

Cost benefit and socio-economic impact analysis

The cost (including administrative burden) and benefits and socio-economic impacts of the different legislative and non-legislative options were calculated using a **Cost Benefit Analysis (CBA) and econometric modelling** approaches (the E3ME[40] model). These calculations relied on a detailed review of the literature on impacts of similar measures, as well as a legal gap analysis.

[40] E3ME is an econometric model of the global economy that covers each Member State. The model includes a detailed representation of the European and global labour market, including econometrically estimated equations for labour market participation, employment and wage rates at a sectoral and regional level. The structure of E3ME is based on the system of national accounts and the model uses an input-output framework to deduce industry interdependencies.

Cost benefit analysis and wider macro-economic impact of potential work-life balance measures at EU level

All policy options being assessed have **positive wider macro-economic impacts, in the medium (2030) to longer-term (2050)**. However, the scale of these impacts differs significantly between policy options. Here, the options with the most significant macro-economic impacts in terms of GDP, labour force participation and employment are summarised. In all cases, **the 'maximum' policy scenarios** (featuring the most extensive enhancements in provisions compared to the baseline, e.g. in terms of length and payment of leaves and strength of rights), **have the most significant positive macro-economic impacts compared to the baseline**. Of this, **the largest impact in GDP and employment gains is achieved by Combined Option 1[41].** By type of intervention, the **flexible working options have the greatest impact**, followed by options linked to improved parental leave and carers' leave. The impact of the introduction of paternity leave (on its own) has the least significant macro-economic impact. This is partly due to the fact that these options affect the greatest number of individuals (parental and adult carers in relation to flexible working options and both parents for parental leave options), but also due to wider potential gender equality impact of these options with regard to the distribution of paid and unpaid work. In the combined option, the inclusion of the right to request flexible work arrangements has the most significant macroeconomic impact and its interaction with the other legislative measures, as their combination enables an earlier return of women to the labour market and a more equal sharing of unpaid responsibilities within the household[42].

Table 3. Options with most significant positive socio-economic impacts, 2050

	Maternity option 1[43]	Paternity option 3[44]	Parental option 3[45]	Carers option 3[46]	Flexible working option 1[47]	Combined option 1
GDP total (and %)	€ 2.2 bn (0.01%)	€0.0 bn (0.00%)	€ 12.8 bn (0.05%)	€ 8.3 bn (0.03%)	€ 140.17 bn (0.52%)	€ 164.7 bn (0.61%)
Labour force total	13,000	0 to-1,000	106,000	30,000	1,337,000	1,441,000 (0.62%)

[41] Option 2: Paternity leave: 1 week, paid at least at sick pay level; Option 4: Parental leave: flexible uptake, until child is 12, 4 months paid at least at sick pay level, entirely non-transferable; Option 6: Carer's leave: 5 days/relative/year paid at least at sick pay level; Option 1: FWA: right to request for parents and carers.

[42] In all options, the labour force/employment impact is primarily on women.

[43] No change in length; the first 2 weeks (compulsory period) fully paid and any subsequent weeks as currently (at least at the rate of sick pay); an entitlement for breastfeeding mothers to breaks of at least 1 hour per full working day; an obligation for employers to provide appropriate facilities for breastfeeding.

[44] Two weeks of paternity leave, compensated at least at the level of sick pay.

[45]Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks); 12 years as the maximum age of the child up to which parents can take parental leave; Length remains 4 months per parent per child up to the age of 12; Non-transferable 4 months between parents paid at least at sick pay level or unemployment benefit level.

[46] Right to a short-term leave of 5 days per year, per child or dependent relative paid at sick pay level.

[47] Right to request flexibility in working schedule and in place of work for a set period of time; For parents of children up to age 12; For carers' in the situations that also give rise to carers' leave; Right to request reduced working hours; For parents of children up to age 12; For carers' in the situations that also give rise to carers' leave; With an automatic right to return to the previous working hours at the end of the period of reduced working hours; Employer only has to consider a request and reply without obligation to grant the requested change.

	Maternity option 1[43]	Paternity option 3[44]	Parental option 3[45]	Carers option 3[46]	Flexible working option 1[47]	Combined option 1
(and %)	(0.01%)	(0.00%)	(0.05%)	(0.01%)	(0.58%)	
Employment total (and %)	9,000 (0.00%)	1,000 (0.00%)	134,000 (0.06%)	52,000 (0.02%)	1,392,000 (0.62%)	1,597,000 (0.71%)

Calculations by Cambridge Econometrics and ICF

Central government and employers are also set to benefit overall from changes in maternity leave provisions in options 1 and 2, primarily through increased tax receipts from additional female labour market participation for central governments. There is also a decrease in spending on health provision, which is the same under both options 1 and 2 which include breastfeeding provisions. However, the increase in labour market participation due to the provision of maternity leave will lead to a slight increase in unemployment benefit payments in both option 1 and option 2. The total impact on Central Government and social security providers is an increased cost of €2.4 billion in option 1 (mainly arising from additional benefit payments) and a net benefit of €5.8 billion in option 2 as positive impacts on health care systems and improved tax revenues exceed any costs arising from increased unemployment benefit payments.

Employers will benefit more from reduced recruitment costs than they will pay to make adjustments for breastfeeding breaks and in maternity benefit payments. The provision of maternity leave is anticipated to have a positive effect on individual workers. This positive effect can come through employees feeling more satisfied and more productive, in addition to choosing to stay in their existing place of work. This increase in wellbeing and productivity will have a positive impact on businesses. However, it has not been possible to assess this quantitatively. The total positive impact on businesses of the introduction of legislation is a €1 billion change from the baseline scenario in option 1 and 2 (as costs outweigh the benefits).

The **carers' leave options 2 and 3 are also beneficial for governments/social security partners** due to increases in tax revenue, reductions in unemployment benefit and health care spending, but incur costs for employers. However, under no option are the costs per business higher than €352 in a given year. The **same is also true for flexible working arrangements, which have positive impacts for government** due to increases in tax revenue and reduced health care costs. However, costs per individual taking leave are highest for the flexible working options (maximum of around €5,914 per year per business by 2050).

The **paternity and parental leave options show costs for both central governments/social security partners and employers over the whole measured period, despite the overall positive macro-economic impact of parental leave options 2 and 3 in particular**. This is due to the increase in benefit payments for individuals on parental leave, which is not outweighed by reductions in unemployment benefit payments or increases in tax receipts. The costs for the paternity leave options are significantly smaller than for the parental leave options, but in both cases remain limited as a cost per business.

Overall, the **options proposed will increase employment rates of women above the rate predicted in the baseline, as a result of improved opportunities to reconcile work and family life**. These impacts are most significant in the options having the greatest impact on pay during leave (and non-transferability). **As a result, employment and gender pay gaps are reduced. Dependency ratios are also reduced due to increases in fertility rates**, particularly in the parental leave options emphasising higher pay during leave and reduced transferability.

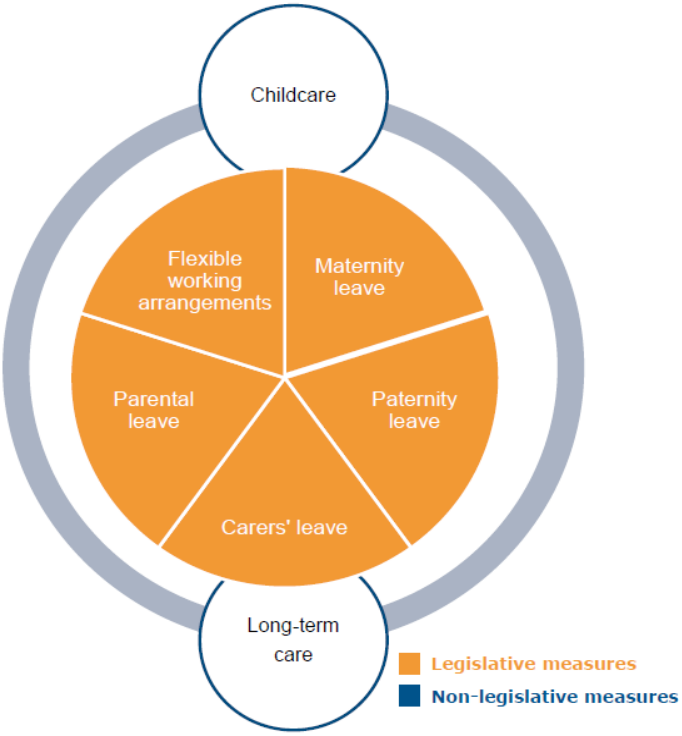
SMEs are not disproportionately impacted by the policy options proposed. Although impacts on individuals are difficult to measure quantitatively, benefits include increased household incomes, reduced poverty rates (particularly for women, including in old age), improved sharing of caring responsibilities and health benefits women and children, but also for fathers, who are able to be more involved in raising their children.

1 Introduction

1.1 Aims and objectives of the study

In June 2016, DG Justice and Consumers together with DG Employment, Social Affairs and Inclusion appointed ICF, working in partnership with Cambridge Econometrics, to carry out a study on the costs and benefits of possible EU measures to facilitate work-life balance for parents and care givers under specific Service Order No. JUST/2015/RDIS/FW/EQUA/0042.

Figure 1. Scope of the study



The purpose of this study is to contribute to the Commission's impact assessment of a potential range of measures to be introduced to enhance work-life balance for parents and care givers. This is in line with the goals set out in the Commission's intention to develop a new and comprehensive policy proposal to increase the participation of women on the labour market by improving work-life balance, using a mix of legislative and non-legislative instruments and taking account of the developments in society in the past decade, as announced in a Roadmap[48] published in August 2015.

The study assesses the effectiveness, economic impact (including costs and benefits) and the social impact of potential EU legislative (maternity, paternity, parental, carers' leave, flexible working arrangements) and non-legislative policy measures (childcare and long-term care).

This study aims to answer three main questions:

1. What is the current situation in the EU Member States and EFTA States with regard to maternity, paternity, parental, carers' leave provisions, flexible work arrangements, childcare and long-term care?

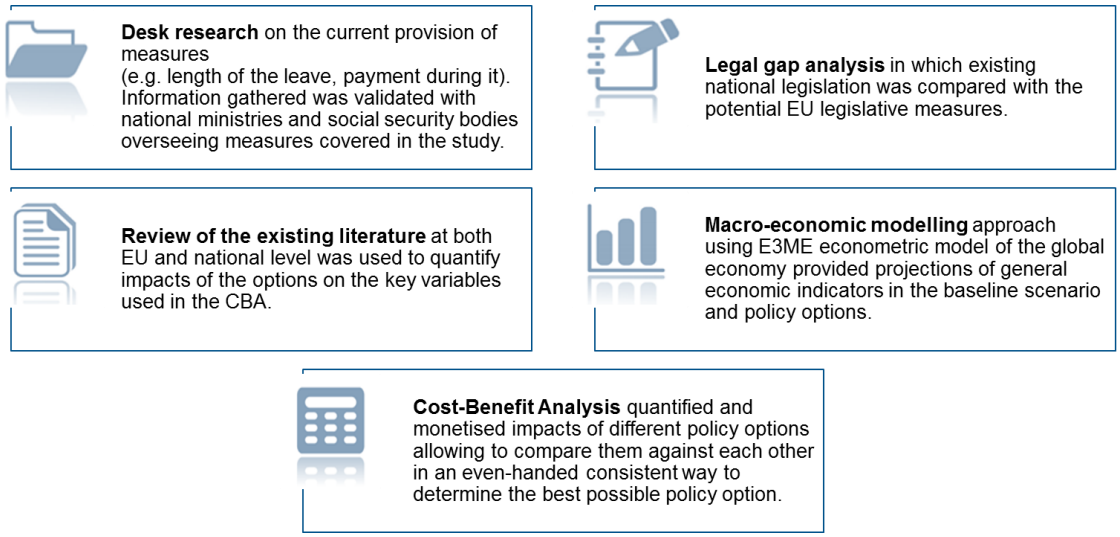
[48] European Commission (2015): Roadmap: New start to address the challenges of work-life balance faced by working families; http://ec.europa.eu/smart-regulation/roadmaps/docs/2015_just_012_new_initiative_replacing_maternity_leave_directive_en.pdf

2. What is the economic and social impact in EU Member States and EFTA States of existing maternity, paternity, parental, carers' leave, flexible work arrangements, childcare and long-term care provisions?
3. What would be the effectiveness and the economic and social impact of introducing new EU legislative measures on maternity, paternity, parental, carers' leave, flexible work arrangements as well as non-legislative policy measures on childcare and long-term care?

1.2 Outline of methodology

The starting point of the study was collection of information about current provisions and the evaluation of existing legislation in place at EU level (maternity and parental leave) by conducting an assessment of the economic and social impact of existing measures in the baseline, as well as formulating a problem definition. Cost benefit analysis methodology was used to assess the direct and indirect costs and benefits of different legislative and non-legislative options, whereas econometric modelling was used to assess the broader gender and socio-economic impacts of such changes. This made it possible to analyse a broad range of quantitative and qualitative impacts on several stakeholders such as the state and social security systems, employers (including specifically SMEs), individuals being cared for (adult relatives and children), as well as parents and care givers (impacts on men and women were addressed separately). The figure below presents an overview of the methods used for this study.

Figure 2. Overview of study methods



1.3 Structure of the report

This report is structured as follows:

- **Section 2** provides an overview of current provisions in the EU and EFTA countries with regard to the analysed measures and identifies any planned changes. It also evaluates existing measures in the area of maternity and parental leave and extrapolates socio-economic trends that would develop if the status quo were to be maintained.
- **Section 3** discusses the problems that arise in current situation (the problem definition).
- **Section 4** discusses why the EU should take action to tackle the identified problems, while taking into account subsidiarity and the Community Added Value of such an initiative.

- **Section 5** provides an overview of potential EU legislative and policy measures being assessed and presents the extent to which Member States meet the requirements of these options (presentation of policy options and legal gap analysis).
- **Section 6** presents research findings on the costs and benefits and broader socio-economic impacts of the considered legislative and non-legislative policy options.
- **Section 7** details the study conclusions.

The report is accompanied by the following Annexes:

- **Annex 1** Overview of current provisions on maternity, paternity, parental and carers' leave and flexible working in the EU and EFTA counties
- **Annex 2** Detailed legal gap analysis
- **Annex 3** Methodological assumptions
- **Annex 4** Methodological approach
- **Annex 5** Approach for E3ME macro-economic modelling
- **Annex 6** Social benefits of work-life balance measures
- **Annex 7** Results of flexible working arrangements analysis
- **Annex 8** Results by clusters of Member States
- **Annex 9** Results by individual
- **Annex 10** Sensitivity analysis
- **Annex 11** List of conditions assessed for hospital discharges analysis
- **Annex 12** Bibliography

2 Baseline assessment

Member States have put in place a variety of measures aimed at supporting the ability of parents and caregivers to manage work and caring responsibilities. As carers are still overwhelmingly women, the availability and quality of such provisions has a significant impact on female labour market participation (and in turn also affect the sharing of caring responsibilities).

Relevant measures in this area include family-related leaves (maternity, paternity, parental, carers' leave), flexible working arrangements (in terms of work scheduling and geographical location) and reduced working hours, childcare and facilities to care for elderly, disabled or ill individuals and measures to encourage participation via the tax and benefit systems. At present, EU legislation is only in place to govern maternity and parental leave (as well as protection from discrimination for those on or returning from family leaves).

A disparate set of measures has therefore emerged to support work-life balance in the EU Member States and EFTA countries. The purpose of this section is to outline the legal baseline situation with regard to existing leave and flexible working measures, as well as child and long-term care arrangements.

It should be noted that in many countries, collective agreements and workplace arrangements enhance existing statutory work-life balance policy (or indeed replace such statutory policies). For the purpose of consistency, the report focusses on statutory measures, while taking into account family leave and flexible working arrangements provided for in collective agreements only in countries where such agreements are either universally applicable or cover almost the entirety of the workforce.

It is important to bear in mind that in relation to leave measures in particular, Member States have developed a complex set of provisions which often include a multiplicity of leave measures which have to be understood in terms of their goals rather than their title alone. For instance, some Member States may offer maternity leave which can include aspects of what would be termed parental leave in other countries and in turn parental leave can in some countries include elements of paternity leave. The following assessment seeks to take account of such complexities in to understand the purpose of different leave measures.

2.1 Legal baseline

2.1.1 Maternity leave

The Pregnant Workers (Maternity Leave) Directive (92/85/EEC[49]) regulates basic rights for pregnant women, women who have recently given birth and women who are breastfeeding. This Directive was passed under Article 153 (then article 118a) TFEU with the aim of protecting the health and safety of pregnant women and breastfeeding mothers[50].

The Directive covers maternity leave, specific health and safety aspects linked to certain working conditions, as well as protection from discrimination on grounds of pregnancy (the latter is also more explicitly addressed by Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (Recast)).

[49] http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31992L0085&from=en

[50] Directive 2010/41 on self-employed workers and assisting spouses also grants a maternity allowance which is sufficient to enable the interruption of an occupational activity for at least 14 weeks for a female self-employed worker or female spouses of self-employed workers.

The main provisions of Directive 92/85/EEC are as follows[51]:

- Women may not be required to perform night work during their pregnancy and for a period following childbirth (subject to submission of a medical certificate) – instead they should have the possibility to transfer to daytime work, be excused from work or be given extended maternity leave.
- All women are entitled to maternity leave paid at least at the level of sick pay for at least 14 weeks. A minimum of two weeks of this leave (before or after delivery) are compulsory for health and safety reasons.
- Pregnant workers may take time off work without loss of pay to attend ante-natal examinations if they have to take place during working hours.
- Women may not be dismissed for reasons related to their condition from the beginning of their pregnancy to the end of their maternity leave. In the event of dismissal, the employer must cite duly substantiated grounds in writing.
- The continuity of employment rights relating to the employment contract must be ensured.

In addition, the Gender Equality Recast Directive (2006/54/EC) guarantees the right to return to the same job or an equivalent job after maternity leave, as well as for workers taking paternity and adoption leave, where such leaves are provided for in the laws of the Member States. The Directive also clarifies that any less favourable treatment of a women on the grounds of pregnancy or maternity constitutes prohibited discrimination.

In 2008, the Commission issued a proposal to amend the Pregnant Workers (Maternity Leave) Directive with the aim of extending the minimum leave period (to 18 weeks) and to improve rights for mothers, for instance in relation to protection from dismissal. However, this proposal was withdrawn in July 2015 due to lack of progress in reaching agreement between the co-legislators.

In its Roadmap of August 2015 entitled 'New start to address the challenges of work-life balance faced by working families', the Commission decided to take a more comprehensive approach to the issue of work-life balance, which was also reflected in a Social Partner consultation[52] and a public consultation on the challenges of work-life balance faced by working parents and caregivers[53] – an initiative which was included in the Commission's 2016 Work Programme[54]. This comprehensive approach also aims to take greater account of gender equality considerations, as well as the importance of facilitating female labour market participation, in accordance with the objectives of the Europe 2020 strategy[55].

The provisions of Directive 92/85/EEC have been transposed in all EU Member States. Prior to transposition, and indeed through amendments of relevant legislation since then, countries have developed a disparate set of provisions pertaining to maternity leave, adding to the basic requirements of the EU acquis. Figure 3 below summarises the key provisions in relation to length of leave and compensation levels in different Member States, as well as the flexibility and transferability of leave. In addition, information is provided on the level of protection accorded in regard to dismissal rules prior to, during and after maternity leave. Existing entitlements to breastfeeding breaks and facilities are also included. A more detailed overview of these provisions is

[51] http://ec.europa.eu/justice/gender-equality/rights/work-life-balance/index_en.htm

[52] First and second stage consultations have been launched, see http://ec.europa.eu/social/keyDocuments.jsp?type=50&policyArea=0&subCategory=0&country=0&year=0&advSearchKey=&mode=advancedSubmit&langId=en

[53] http://ec.europa.eu/justice/newsroom/gender-equality/opinion/1511_roadmap_reconciliation_en.htm

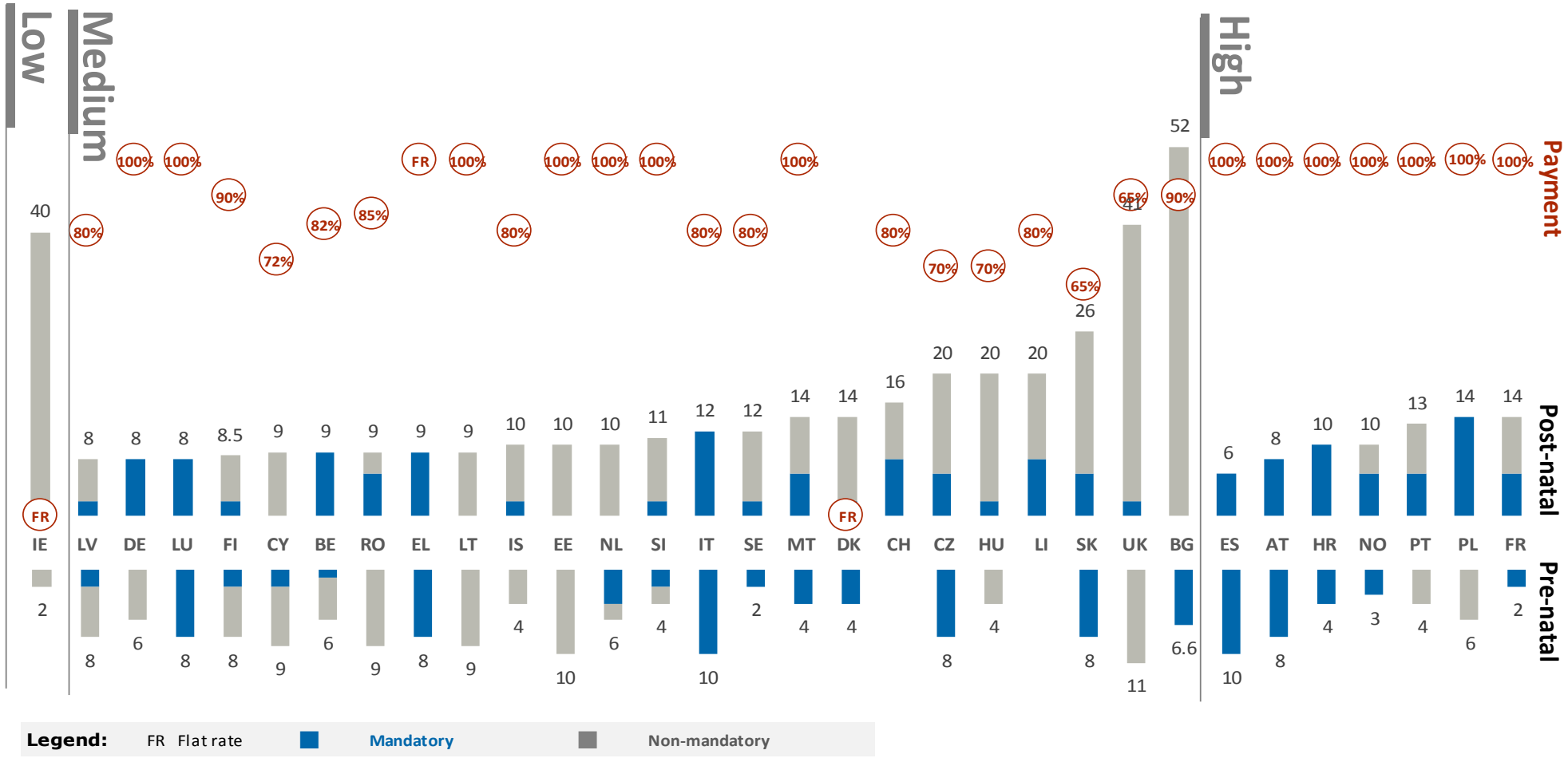
[54] https://ec.europa.eu/priorities/work-programme-2016_en

[55] http://europa.eu/rapid/press-release_IP-15-5287_en.htm

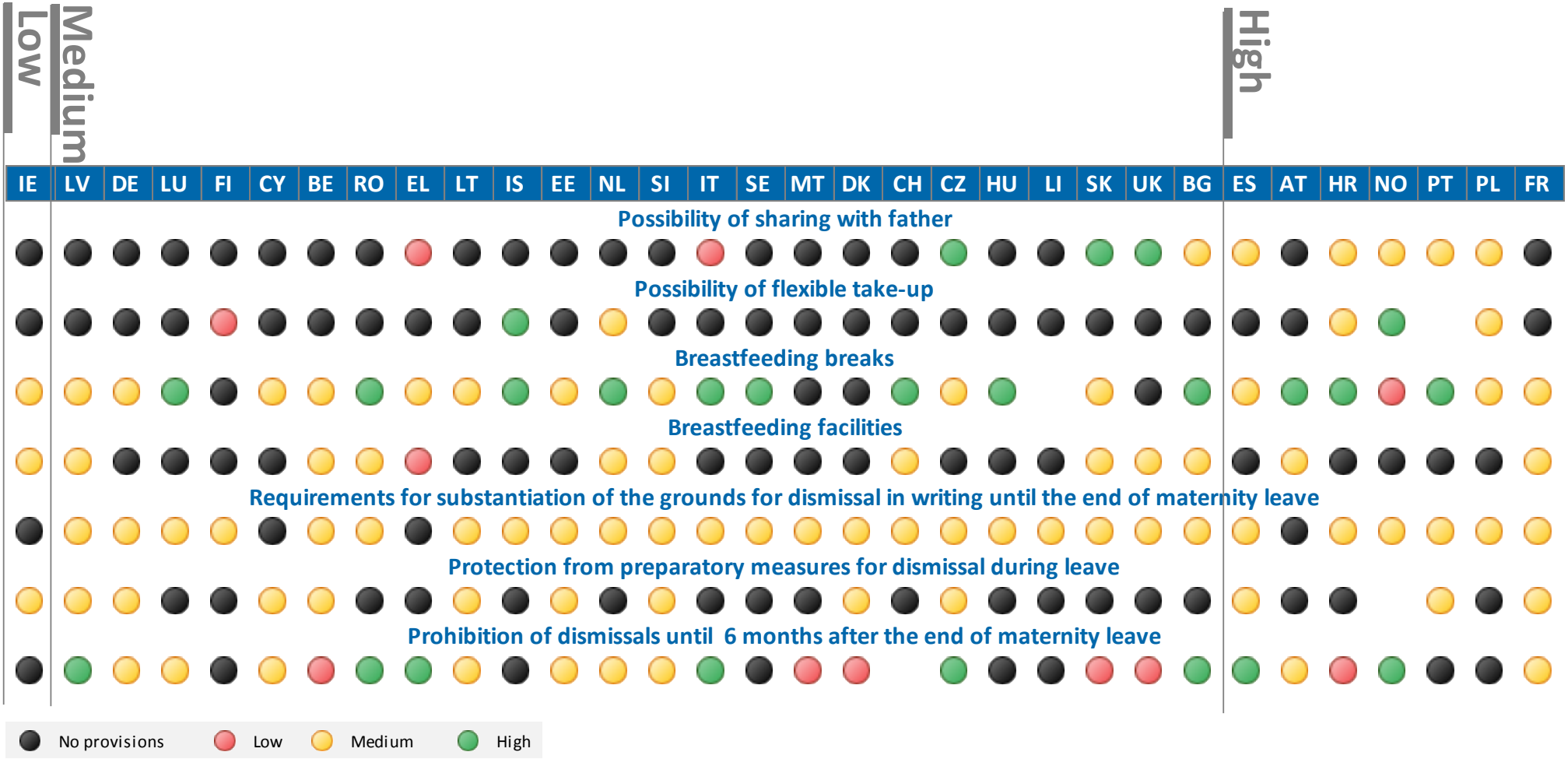
presented in Table 1 in Annex 1. The Figure seeks to provide an overall assessment of the strength of current maternity leave provisions in the EU and EFTA countries. It should be noted that this is challenging, not only because some countries have high levels of provision in some areas (e.g. offering extended protection from discrimination) while – for instance – performing less well in relation to the flexibility of the leave or provisions for breastfeeding.

Furthermore, as indicated above, it is important to take into account that while provision in some areas can be considered to be high (e.g. in relation to duration of leave), this can indeed be counterproductive to the goal of increasing female labour market participation and the reduction of other gender gaps. Very long leaves have therefore not been considered as a 'high' level of provision in this global assessment, taking into account an element of value judgement of the impact of such provisions. Countries classified at having 'high' levels of provision in the Figure below are therefore those offering a median length of leave (between 14-20 weeks) at a high level of pay (100% of previous salary), as well as at least four provisions rated high or medium in relation to breastfeeding, flexibility or dismissal protection. This means six EU (AT, ES, FR, HR, PL, PT) and one EFTA country (NO) are ranked 'high' in relation to maternity leave provisions in the baseline.

Figure 3. Overview of maternity leave provisions



Note: Payment: BE (First 30 days at 82%, remainder at 75%), DK (550 EUR/week, but most collective agreements increase to 90-100%), FI (90% for the first 56 days, then 70%), IE (first 26 weeks are paid at 230 EUR/week, following 16 weeks are unpaid), UK (90% for six weeks, after that flat rate payment of 166 EUR).



Source: International Leave Network Report (2015); European Network of legal experts in the field of gender equality and non-discrimination: A comparative analysis of gender equality law in Europe (2015); MISSOC, comparative tables (last accessed September 2016); and own research for this study

2.1.1.1 Length of leave

The Figure above shows that all Member States comply with Directive 92/85/EEC in offering 14 weeks of maternity leave, with a duration ranging between 14[56] and 58.6 weeks. Half of Member States currently provide maternity leave of over 18 weeks in length (CY, DK, LT, MT, RO, EE, IT, PL, HU, CZ, SK, IE, UK, BG) with the other half offering leave between 14 and 18 weeks).

The length and structure of mandatory leave periods also differ between countries, with most Member States going beyond the 2-week period required by the Directive. Two countries (EE, LT) having no compulsory leave periods, although in Estonia, maternity benefit payable decreases if leave begins less than 30 days prior to the birth. A number of countries do not specify an obligatory period prior to the birth, while most EU and EFTA countries require between 2 and 14 weeks mandatory maternity protection following the birth.

Table 4. Length of maternity leave in the EU28, Iceland, Liechtenstein and Norway (simplified)

Assessment of length of leave	Number of weeks	Countries
Low (at minimum requirement of directive)	14 weeks	DE, HR, SE; IS[57], NO[58]
Medium	15-20 weeks	BE, SI (both countries offer 15 weeks), AT, ES, FR, LU, LV, NL, CH (all 16), FI[59] (16.5), EL, PT (all 17[60]), CY, DK, LT, MT, RO (all 18), EE; LI, PL (all 20[61])
High	More than 21	IT, (22), HU (24), CZ (28), SK (34), IE (42), UK (52), BG (58.6)

Source: International Leave Network Report (2015); European Network of legal experts in the field of gender equality and non-discrimination: A comparative analysis of gender equality law in Europe (2015); MISSOC, comparative tables (last accessed September 2016); and own research for this study

2.1.1.2 Compensation during leave

Compensation levels during maternity leave are relatively high (compared to paternity and parental leave) ranging from around 65% to 100% of pay – at least for part of the leave and in some cases for the whole leave period for women who meet the relevant eligibility criteria. In most Member States, the same allowance is paid for the entirety of the leave period, reaching 100% (AT, DE, DK, EE, EL, ES, FR[62], HR, LU, LT[63], NL[64], PL, PT[65], SI) or a high share of previous earnings (IT, LV, SE, RO, BG) fully meeting the requirements of Directive 92/85/EEC of compensation at least at the rate of sick pay. In some Member States, there is a system of decreasing allowances, with higher payments for the first few weeks of the leave and decreasing subsequent payments

[56] 13 weeks in the case of Norway as mother's part of parental leave.
[57] Provision is for 3 months of leave.
[58] Norway offers a 13 week 'mothers' quota as part of parental leave.
[59] 105 days.
[60] PT 17.1 or 21 weeks depending on rate of payment. In EL 20 weeks in the public sector.
[61] Plus 6 weeks of 'additional maternity leave' in Poland.
[62] A cap applies; some collective agreements offer 100% replacement rate without ceiling,
[63] A cap applies,
[64] A cap applies.
[65] In Poland and Portugal 100% if shorter leave is taken, otherwise 80%.

(e.g. Finland pays 90% of previous salary during the first 56 days of the leave, Malta pays 100% for 14 weeks and the UK pays 90% for the first 6 weeks and then a flat rate amount). Ceilings or floors for payments have been established in some countries, with floors often linked to a minimum wage and ceilings taking account of thresholds for social security contributions.

Table 5. Compensation levels during maternity leave in the EU28, Iceland, Liechtenstein and Norway (simplified)

Assessment of compensation level	Compensation as percentage of average earnings	Countries [66]
Low	>0%-59%	IE[67] (first 26 weeks at Euro 230 gross per week, remainder unpaid)
Medium	<60%-79%	SK (65%), CZ (*70%*), HU (70%), CY (*72%*), BE (82% for the first 30 days; 75% for remainder),
High	<80%-100%	CH, IT, LV (80%); UK (90% for 6 weeks, then flat rate payment of Euro 140); (SE; IS, LI (80%); RO (85%); BG (90%); FI (*90%* for first 56 days, then 70%[68]); DK (lowest rate DK (€544 per week but most collective agreements increase to 90 or 100%); AT, EE, EL[69], ES, DE, FR[70], HR, LU, LT[71], MT[72], NL[73], PL, PT[74], SI, NO[75] (100%)

Source: International Leave Network Report (2015); European Network of legal experts in the field of gender equality and non-discrimination: A comparative analysis of gender equality law in Europe (2015); MISSOC comparative tables (accessed September 2016); and own research for this study

It should be noted that in some cases, information on compensation paid during leave should take into account generally higher than statutory replacement rates due to a high coverage of collective agreements offering better payment terms (e.g. DK). Replacement rates set in collective agreements are only taken into account for countries where such agreements generally play a significant role in enhancing provisions linked to working conditions and where collective agreements cover all or the vast majority of the workforce because of the high coverage (or universal applicability) of such agreements.

The main source of funding for compensation payments during maternity leave is statutory social insurance (including health insurance) which in most countries involves contributions from employers and employees, in some cases with additional funding drawn from general taxation (for more information see Table 9 in Annex 1).

[66] Unless otherwise indicated share of income is of average earnings over a given period prior to taking leave. Italicised figures in brackets indicate ceilings are in place.
[67] Variable depending on prior income.
[68] Many collective agreements offer 100% for first 3 months of leave).
[69] 100% for one month paid by employer, then social security allowance which covers majority of salary.
[70] A cap applies; some collective agreements offer 100% replacement rate without ceiling,
[71] A cap applies,
[72] 100% for 14 weeks then flat rate at Euro 160.
[73] A cap applies.
[74] 100% if shorter leave is taken, otherwise 80%.
[75] 100% for shorter leave, 80% for longer leave.

2.1.1.3 Possibility to share leave with the father

A number of countries have sought to increase the flexibility of the take-up of leave and to encourage greater involvement by the father by allowing elements of maternity leave to be shared with the father (this is in addition to countries which have arrangements which do not strictly separate between parental/maternity leave – for instance – and where parental leave can therefore be shared *per se*). However, such possibilities are currently relatively limited with 21 countries out of the 32 studied offering no option of passing on parts of maternity leave. In at least one country this possibility is limited to public servants (AT) whereas in another this right only amounts to a few days (IT). In Bulgaria, part of the (long) leave entitlement can be passed on to the father after 6 months, whereas in Poland and Portugal entitlements can be transferred to the father after the obligatory period of maternity protection. This means that for these countries leave is transferable after 14 weeks and 6 weeks respectively. No specific time periods for transfer are set in the Czech Republic, Spain and Slovakia. Croatia and the UK allow a relatively early transfer of leave to the father. However, it must be borne in mind that such entitlements to transfer leave are less likely to be used by fathers if leave is poorly (or not) paid.

Table 6. Possibility to share maternity leave with father

Assessment of flexibility of leave	Possibility to share with father [76]	Countries
None	No possibility to share leave	AT[77], BE, CH, CY, DE, DK, EE, FI, FR, HU, IE, IS, LI, LU, LT, LV, MT, NL, RO, SE, SI
Low	Possibility to share short period with father	EL (parents can make declaration to employers which of them will take non-compulsory part of the leave); IT (2 of 3 days of paternity leave can be an alternative to mother's leave)
Medium	Possibility to share mid-length period of leave with father	BG (father can replace mother with her consent after 6 months), ES (10 weeks of the leave are transferable to the father), HR (from the 71st day until the child is 6 months is transferable to father); NO (parental leave includes maternity leave and can be taken by father apart from the week which are reserved as 'mothers' quota); PL (non-obligatory weeks can be taken by father with mother's consent), PT (non-obligatory weeks can be taken by father with mother's consent),
High	Possibility to share significant part of leave with father	Possibility of sharing leave with father: CZ (no compulsory period, leave can be shared immediately), SK (non-compulsory part of leave can be shared with father); UK (between 2 and 26 weeks can be transferred to the father)

[76] This table does not take into account that some countries such as BE, IE, LV. SI stipulate that the father has access to maternity leave if the mother dies during childbirth, abandons the child or is unable to look after it for health reasons.

[77] Right only exists for federal and contractual civil servants.

Source: International Leave Network Report (2015); European Network of legal experts in the field of gender equality and non-discrimination: A comparative analysis of gender equality law in Europe (2015); MISSOC comparative tables (accessed September 2016); and own research for this study

2.1.1.4 Flexibility of leave

Additional flexibility allowing maternity leave to be taken part-time or in a piecemeal fashion is only available in a limited number of countries and is often not an absolute right, but is rather subject to a collective agreement, agreement with the employer or can be refused by the employer on the grounds of serious business reasons. Iceland has the most flexible system with the possibility to take maternity leave either in blocks of time (as long as 2 weeks are taken just after the birth) or part-time. Croatia and Poland offer the possibility for either parent to work part-time during additional maternity leave. In Finland, the Netherlands and Norway, the possibility to work part-time also exists, but is not an absolute right. In Spain, collective agreements (or employer consent) provide access to part-time take-up of the leave. Where such flexibility of take-up is afforded, it is therefore largely in the form of part-time (rather than piecemeal) take-up.

Table 7. Flexibility of leave (possibility to share with father and possibility for part-time take-up)

Assessment of flexibility of leave	Possibility to share with father [78] Possibility of part-time or piecemeal take-up	Countries
None	No possibility for part-time or piecemeal take-up	AT, BE, BG, CH, CY, CZ, DE, DK, EE, EL, ES, FR, HU, IE, IT, LU, LT, LV, MT, PL, RO, SE, SI, SK, UK
Low	Some limited possibility for part-time or piecemeal take-up	FI (leave can be taken part-time with employers' agreement)
Medium	Some possibility for part-time or piecemeal take-up	HR (additional maternity leave can be taken part-time); NL (10 of 16 weeks can be taken on a part-time basis unless employer has compelling reasons not to allow this); PL (additional maternity leave can be taken on part-time basis)
High	Significant possibility for part-time or piecemeal take-up	IS (after 2 weeks of obligatory leave, rest can be taken in blocks); NO (leave can be taken part-time)

Source: International Leave Network Report (2015); European Network of legal experts in the field of gender equality and non-discrimination: A comparative analysis

[78] This table does not take into account that some countries such as BE, IE, LV. SI stipulate that the father has access to maternity leave if the mother dies during childbirth, abandons the child or is unable to look after it for health reasons.

of gender equality law in Europe (2015); MISSOC comparative tables (accessed September 2016); and own research for this study

2.1.1.5 Take-up of maternity leave

Take-up of compulsory periods of maternity leave is almost universal as a very high share of women are eligible for the leave. Sources state that no reliable comparable statistics are available on the length of maternity leave actually taken by women (beyond the compulsory period) are available[79]. This also makes it difficult to assess the impact of any legislative changes or differences in the strength of provisions between Member States on the length of take-up of leave.

2.1.1.6 Breastfeeding provisions

Breaks for breastfeeding a child twice for 30 minutes per day were already foreseen by ILO Convention No.3 in 1919 under its Article 3 (d). Twelve Member States ratified this Convention (BG; HR, FR, DE, EL, HU, IT, LV, LU, RO, SI, ES). The follow-up ILO Conventions No. 103 and 183 of 2000 (ratified by 12 Member States AT, BG, CY, HU, IT, LV, LU, NL, PT, RO, SK, SI) also provide for this right and further specified that such a break is regarded as working time. As a consequence, the majority of Member States and EFTA countries with the exception of Denmark, Finland, Malta and the UK provide for an entitlement to breastfeeding breaks according to the ILO provisions of 1919 – two breaks of 30 minutes during a working day – in some cases up to 1 hour twice per day or 90 minutes per working day. European legislation does not currently set out such a specific right, however the Pregnant Workers Directive 92/85/EEC provides for leave rights when a mother is breastfeeding in cases where a worker is exposed to dangerous or prohibited substances or is required to carry out night work if moving the worker to another job/position or to daytime working hours prove impossible. Member States set out different time scales as to how long such a right for breaks for breastfeeding may be available (between 6 months and age 2.5 of the child).

On the other hand, there is no specific provision in European or international labour law that provides for an obligation for employers to provide suitable facilities for breastfeeding mothers. Sources however indicate that such a requirement currently exists in 14 Member States as indicated in the table below (in EL, this is only for companies with more than 300 employees).

Table 8. Overview of entitlements in relation to breastfeeding

Member State	Entitlement to a break during the working day in case of breastfeeding	Entitlement to suitable facilities for breastfeeding
None	DK, FI, MT, UK	CY, CZ, DE, DK, EE, ES, FI, HR, HU, IS, IT, LI, LU, LT, MT, PL, PT, SE, NO
Low	60 minutes: BE, CY, CZ, DE, EE, EL, ES, FR, HU, IE, LT, LV, SI, SK, NO	EL (only enterprises with more than 300 employees)
Medium	90 minutes: AT, LU	No distinction between medium and high

[79] 12th International Review of Leave Policies and Related Research; International Network on Leave Policies and Research

Member State	Entitlement to a break during the working day in case of breastfeeding	Entitlement to suitable facilities for breastfeeding
High	120 minutes: BG, HU, HR, PT, RO Entitlement, but length not specified: CH, FI, IS, IT, PL, SE, Max. 25% of working time: NL	(all countries requiring offer of facilities): AT, BE, BG, CH, EL[80], FR, IE, LV, NL, RO, SI, SK, UK

Source: LSE (2016), Challenges of work-life balance faced by working families and own research for this study

2.1.1.7 Protection from dismissal during/after leave

With regard to dismissal protection, it must be borne in mind that Article 10 of Directive 92/85/EEC provides that Member States need to take measures to protect women from dismissal from the beginning of the pregnancy until the end of maternity leave. Early case law by the Court of Justice of the European Union (CJEU) established that dismissal of a pregnant woman is direct discrimination on the grounds of sex[81]. In addition, the Court found that any unfavourable treatment directly or indirectly related to pregnancy and maternity constitutes direct discrimination (no objective justification is possible in such cases)[82]. The Court also made it clear that the prohibition to dismiss a pregnant woman or women on maternity leave is not limited to the notification to dismiss but also preparation for dismissal[83]. Despite the existence of relevant jurisprudence at the level of the CJEU, it cannot be assumed that all Member States are automatically in compliance with such case law (which is part of the EU acquis).

A requirement for substantiation of grounds for dismissal during maternity leave explicitly exists in all but four countries (AT, CY, EL and IE). In Ireland, it is offered at the request of the woman. Protection from preparatory measures for dismissal whilst on maternity leave is offered in 13 countries (BE, CY, CZ, DE, DK, EE, ES, FR, IE, LT, LV, PT, SI), with the remaining countries not making mention of such specific protection in their legislation. With regard to the absolute prohibition of dismissal for a period after return from maternity leave, available literature shows that 23 countries have such a protection enshrined in their legal framework[84]. In ten countries this is at or exceeds 6 months (with two further countries mentioning no time limit)[85].

[81] Brown (C-394/96)
[82] Case C-32/93 Webb v EMO Air Cargo [1994] ECR I-3567 in Paragraph 19; Case C-421/92 Habermann-Beltermann v Arbeiterwohlfart [1994] ECR I-1657 in Paragraphs 15-16.
[83] Case C-460/06 Paquay v Societe d'architectes Hoet and Minne SPRL [2007] ECR I-8511.
[84] The countries without such explicit provisions are FI, IE, HU, PT, SE, IS, LI.
[85] AT, DE, FR (all 4 month), RO (6), ES, SK (both 9 months), IT, LV, PL (all 12 months), EL (18) BG, CZ, EE (for mothers with children up to 3 years old; DK, NO (no time limit specified).

Table 9. Overview – dismissal protection during and after maternity leave

Country	Requirement for substantiation of the grounds for dismissal in writing until the end of maternity leave	Protection from preparatory measures for dismissal during leave	Prohibition of dismissals until 6 months after the end of maternity leave
None	AT, CY, EL	AT, BG, CH, EE, EL, FI, HR, HU, IS, IT, LI, LU, MT, NL, PL, RO, SE, SK, UK	FI, IE, HU, PT, SE, IS, LI
Low	IE (at request of employee)		Protection for up to an additional month following maternity leave: UK (2 weeks), HR (15 days), BE, LT, SI[86] (all 1 month). MT (5 weeks), NL (6 weeks)
Medium[87]	BE, BG, CZ, DE, DK, EE, ES, FI, FR, HR, HU, IT, LU, LT, LV, MT, NL, PL, PT, RO, SE, SI, SK, UK, IS, LI, NO	BE, CY, CZ, DE, DK, EE, ES, FR, IE, LT, LV, PT, SI	Protection for up to an additional 3 months following maternity leave: CY, LU
High			Protection for more than 3 months following maternity leave: AT, DE, FR (all 4 month), RO (6), ES, SK (both 9 months), IT, LV, PL (all 12 months), EL (18) BG, CZ, EE (for mothers with children up to 3 years old; DK, NO (no time limit specified)

Source: International Leave Network Report (2015); European Network of legal experts in the field of gender equality and non-discrimination: A comparative analysis of gender equality law in Europe (2015); MISSOC comparative tables (accessed September 2016); and own research for this study

2.1.2 Evaluation of Directive 92/85/EEC

In line with the requirements of the Better Regulation Guidelines, an evaluation was carried out, as part of the study on the costs and benefits of possible EU measures to facilitate work-life balance for parents and care givers to assess the extent to which the original objectives of the Pregnant Workers' Directive have been reached, with a particular focus of its impact on preventing less favourable treatment of women in the workplace (particularly in the form of dismissal linked to pregnancy/maternity). The effectiveness, relevance, coherence and community added value are assessed. Efficiency was not assessed as insufficient data was available to carry out such an assessment (see below).

[86] Extended if breastfeeding.

[87] All countries offering protection by law are rated as medium for purposes of this assessment.

Having been adopted under the health and safety provisions of the Treaty[88], the objective of Directive 92/85/EEC was to implement measures to encourage improvements in the health and safety at work of pregnant women in the workplace and women who have recently given birth or are breastfeeding[89]. The recital of the Directive clearly postulates that the protection of the safety and health of them should not treat women on the labour market unfavourably nor work to the detriment of directives concerning equal treatment for men and women. The focus in this assessment was particularly on aspects of the Directive aimed at eliminating unfavourable treatment at the workplace of mothers/pregnant women and women returning from maternity leave and the extent to which this has contributed to supporting the participation of women in the labour market and enhancing work-life balance, in view of contributing to the impact assessment on work-life balance.

As specified in Article 10[90], to guarantee workers the exercise of their health and safety protection rights Member States should take the necessary measures to prohibit that women are dismissed from work because of their pregnancy for the period from the beginning of their pregnancy to the end of the period of maternity leave. If they are dismissed during this period, the employer must provide appropriately substantiated grounds for her dismissal in writing. Article 12 states the need for the women to be able to pursue their claims in court if they have been wrongfully treated by failure to comply with the obligations arising from the Directive.

2.1.2.1 Transposition of the Directive in relation to anti-discrimination provisions

This section seeks to assess the extent to which Member States meet the requirements of the Directive in relation to protection from discrimination during pregnancy or maternity leave. This is an assessment of whether the relevant legal provisions laid down in the Directive are 'met', 'not met' or 'exceeded' by the transposing laws of the Member States (and EFTA countries), also taking into account subsequent case law by the European Court of Justice.

All Member States 'meet' or 'exceed' the legal requirement to prohibit dismissals during pregnancy and maternity leave. In fact, 23 Member States (plus Norway) 'exceed' this requirement by not only prohibiting dismissals during pregnancy and maternity leave but also stipulating further requirements within their legal framework to protect women for a specific period after their return from maternity leave.

As indicated above, 13 countries (BE, CY, CZ, DE, DK, EE, ES, FR, IE, LT, LV, PT, SI) have further legal provisions in place to protect women against preparatory measures for dismissals during maternity leave. This partly stems from early case law of CJEU which clarified that the prohibition to dismiss a pregnant woman or women on

[88] Article 153 (1) (a) ((ex Article 137 TEC) TFEU.

[89] Article 1 of the Directive, paragraph 1 states that 'The purpose of this Directive, which is the tenth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC, is to implement measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or who are breastfeeding'.

[90] 1. Member States shall take the necessary measures to prohibit the dismissal of workers, within the meaning of Article 2, during the period from the beginning of their pregnancy to the end of the maternity leave referred to in Article 8 (1), save in exceptional cases not connected with their condition which are permitted under national legislation and/or practice and, where applicable, provided that the competent authority has given its consent; 2. if a worker, within the meaning of Article 2, is dismissed during the period referred to in point 1, the employer must cite duly substantiated grounds for her dismissal in writing; 3. Member States shall take the necessary measures to protect workers, within the meaning of Article 2, from consequences of dismissal which is unlawful by virtue of point 1.

maternity leave is not limited to the notification to dismiss but also preparation for dismissal[91].

Nearly all Member States have a requirement to substantiate grounds for dismissal in writing enshrined in their legal framework. Only in Austria, Cyprus and Greece this is not explicitly stipulated in relevant laws, and in Ireland employers are obliged to do so at request of the employee.

These findings demonstrate that generally speaking, Member States (and EFTA countries) do have legal provisions in place to protect women against pregnancy and maternity related discrimination at work, with some countries going further than others. The Directive was indeed effective and succeeded at establishing a minimum level of legal protection and in fact, many countries have introduced even more protective conditions than those stipulated by the Directive and relevant case law.

Yet, as evidenced by ample national, European and international studies and reports – both academic and policy-orientated ones – unfavourable treatment of women due to pregnancy and maternity still occurs, and is even widespread in many contexts and countries. A dichotomy between law and practice is clear and a lot of discrimination remains 'hidden'. Existing literature and studies[92] point out the rights introduced by the Directive are not respected by all employers and the affected women do not have the means, information, knowledge or the necessary support to enforce their rights.

The next sections seek to untangle this issue further by looking into the scale (prevalence) and scope (nature) of this discrimination, and then the reasons for such discrimination. Given the relatively limited (and sporadic) nature of this information, it is not possible to assess how such trends have developed prior to – and following the adoption of revision of the implementation of Directive 92/85/EEC.

The evidence presented above on current provisions regarding dismissal protection shows that Member States (and EFTA countries) have legal provisions in place to protect women against pregnancy and maternity related discrimination, in the form of protection from dismissal during pregnancy and maternity leave. The Directive has thus succeeded in providing a basic standard of legal protection in this regard and some countries have introduced more protective conditions than those stipulated by the Directive. Some issues remain in relation protection against preparatory measures from dismissal with regard to compliance with case law in a number of countries. These countries include Austria, Bulgaria, Croatia, Finland, Greece, Hungary, Luxembourg, Malta, the Netherlands, Poland, Romania, Slovakia, Sweden and the UK[93].

As evidenced by national, European and international studies (referenced in the forthcoming sections), unfavourable treatment of women due to pregnancy and maternity continues to persist, and is even widespread in many contexts and countries. Existing literature highlights some compliance and enforcement issues. However, when looking at the contribution of the current maternity leave Directive to encouraging the participation of women in the labour market and improving work-life balance by addressing less favourable treatment, the provisions of the Directive have been insufficient to address the difficulties in balancing work and family life as well as the economic disincentives for women to remain in the labour market which contribute to such less favourable treatment despite the current EU acquis in place.

[91] Case C-460/06 Paquay v Societe d'architectes Hoet and Minne SPRL [2007] ECR I-8511.

[92] See for example, Equinet Survey on Pregnancy and Maternity Leave Related Discrimination (2016)

[93] Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST.

In what follows, we firstly assess existing evidence of the current scale (prevalence) of pregnancy and maternity related discrimination and its scope (nature) before looking at the incidence and root causes of persistent discrimination in recruitment decisions and the reasons why the current Directive has not been able to address broader issues which contribute to the under-representation of women in the labour market.

Regrettably, a lack of comparable data relating to the scale of discrimination and linked dismissal means that it is not possible to compare the performance of countries exceeding the standards set in the Directive with those applying the basic acquis, in terms of the continued experience of unfavourable treatment of pregnant women in the workplace, nor the performance of different countries prior to – and following the transposition of the Directive.

2.1.2.2 Prevalence of pregnancy and maternity related discrimination

No European level study or survey is available to determine the scale of pregnancy and maternity related discrimination in the EU as a whole. Therefore, due a lack of other available data, the evidence in this section is derived from national surveys and studies covering a wide variety of countries[94]. This information is not comprehensive, representative or comparative, thus not allowing for cross-country comparisons, and only indicative conclusions can be drawn.

Recent survey evidence from four different countries (Denmark, Finland, the Netherlands and the UK) shows that 45-77% of women surveyed feel they have been discriminated against in the workplace due to pregnancy / maternity[95]. Nearly half of working mothers / mothers-to-be have been subjected to such unfavourable treatment at work in Denmark and the Netherlands and three out of four women in the UK that they have been subject to unfavourable treatment[96]. Many women feel that such unfavourable treatment has had a long lasting negative impact on their careers.

Discriminatory treatment is in many cases reported to begin from the moment the pregnancy is reported to the employer. One in five women, according to the UK survey, have experienced harassment or negative comments as a result of pregnancy, motherhood and associated leave or flexible working. The Danish survey concluded that 18% of pregnant women have seen a deterioration in working conditions following a pregnancy announcement. In a small number of cases this is due to legitimate safety considerations, but in the majority of cases, there are no such justifying reasons. Also, one in ten women feel that their relationship with their manager deteriorated following the announcement of the pregnancy.

Overall, 50% of surveyed women in the UK reported a negative impact on opportunity, status or job security. One in ten (11%) felt forced to leave their job following pregnancy/maternity. Of the 11%, 9% were treated in such a way that they

[94] Warming, K. (2016) *Diskrimination af forældre – oplevelsen af diskrimination i forbindelse med graviditet og barselsorlov.* Institut for Menneskerettigheder [Danish Institute of Human Rights] A representative? survey of 1,589 people, interviews with 18 parents or expecting parents and interviews with six employer representatives from large enterprises; TRAL (2012) *Tradenomit ja työelämän tasa-arvo*. A survey carried out by trade union TRAL in 2009 and again in 2012; Commissie Gelijke Behandeling (2012) *Hoe is het bevallen? Onderzoek naar discriminatie van zwangere vrouwen en moeders van jonge kinderen op het werk* Based on an online survey of 1,000 women, 6 in-depth interviews/case studies with working women and 19 with employers/personnel managers. The statistics refer to answers from women who had given birth to a child in the previous 4 years (2007-2011); Adams, L. et al (2015) *Pregnancy and maternity-related discrimination and disadvantage*. Department for Business, Innovation and Skills and the Equality and Human Rights Commission. The study is based on a survey of 3,254 mothers and 3,034 employers.

[95] 45% in Denmark and the Netherlands and 77% in the UK.

[96] Other smaller scale research findings from other countries support these findings. For example, a survey conducted by a STEM agency in the Czech Republic found that 73% of the population regard pregnancy and maternity to be the second most common ground of discrimination in the workplace.

felt they had to leave, 1% were made compulsorily redundant (whereas no other employees were made redundant) and 1% of women were dismissed.

In terms of types of tasks and duties women have returned to following maternity or parental leave, nearly half (45%) of women surveyed in Finland returned to similar duties. Eight percent returned to different duties at a lower level, with 35% returning to different duties at the same or higher level. Employment came to an end in 12% of the cases following return to work after maternity leave. In Denmark, 6% of the returners felt that they had been demoted[97].

As indicated above, it is not possible to draw conclusions about links between levels of discrimination on one hand and the level of protection offered by the national regulatory framework given the small number of countries with relevant survey data. All countries that have surveyed women in this area meet or exceed the legal requirements outlined in the Directive, but still report high levels of discrimination. In view of the long time period between the adoption of the Directive and the studies it can be concluded that national legislation based on the Directive seemingly has not been sufficiently effective in avoiding unfavourable treatment of women in these countries.

It is difficult to carry out a trend analysis, as most relevant surveys were carried out in one-off studies, but overall, interview based evidence[98] suggests that the level of discrimination is increasing (e.g. Austria, Belgium, Cyprus, Greece, France, UK), particularly following the financial crisis. For example, the Irish Human Rights and Equality Commission has seen a continuous increase in queries related to maternity leave / protection between 2010 and 2013: a 25% increase between 2010 and 2011, a further 20% increase between 2011 and 2012, and reaching 1,278 queries by 2012[99].

Finland is the only country where a study came to a different conclusion. According to the regular working conditions survey of the Finnish Statistics office, carried out seven times since 1977 among 3,000-6,600 workers, the level of discrimination in the workplace due to family situation or pregnancy has reduced from 7% of female and male respondents having *witnessed* such discrimination in 1997, to 5% in both 2003 and 2008, and 4% in 2013[100]. In 2013, 6% of female respondents reported having witnessed discrimination on this basis (as opposed to 3% of men) (down from 10% of women in 1997). Commentators identified significant case law (arising from the implementation of the Directive) in the area of pregnancy related discrimination and dismissal protection as a reason for greater awareness among employers of rights of pregnant women.

2.1.2.3 Nature of pregnancy / maternity related discrimination

This section assesses the groups of women most affected by this type of discrimination, including by type of employer and the nature of discrimination related to dismissals during protected periods. It also provides existing evidence on the experience discrimination during recruitment (for family reasons, or as a result of the possibility of becoming pregnant) and assesses the extent to which employers provide appropriately substantiated grounds for dismissals in writing.

Analysis of the profile of workers affected

[97] It is interesting to note that the Danish survey indicates that men are also affected by such discrimination. The survey revealed that 23% of men have experienced discrimination for taking paternity leave.

[98] Stakeholders interviewed where largely equality bodies.

[99] Disaggregated data is no longer available after 2013.

[100] Sutela, H., Lehto, A-M. (2014) Työolojen muutokset 1977-2013. Tilastokeskus

There are certain groups of women who are more at risk of discrimination at work due to pregnancy / maternity. Those most at risk are female workers, vulnerable due to their situation, who are not aware of their employment rights related to pregnancy and maternity as well as temporary workers, such as those on fixed-term or project contracts and agency workers. Expert reports and ombudsmen from a number of countries report that agency workers are often let go upon announcement of the pregnancy and women on fixed-term contracts do not have their contracts renewed despite earlier promises to do so[101]. Other groups of women disproportionally affected by discrimination include: 1) those who are frequently on sick leave as a consequence of the pregnancy, 2) women with children who suffer from health problems[102], and 3) women in social groups/countries/regions where particularly strong cultural stereotypes prevail regarding the role of women as caregivers.

A Dutch study on pregnancy / maternity related discrimination found that higher and lower educated workers experience different types of unfavourable treatment. Higher-educated women suffer more often with respect to their possibilities for career advancement as many find that their position / duties have changed during their maternity leave to their disadvantage. Lower-educated women are more likely to suffer from the lack of extension of temporary employment contracts and dismissals linked to the nature of their contract[103].

There is mixed evidence on discrimination in the public vs. the private sector, although in countries like Austria and Malta, the level of protection against discrimination is higher for employees in the public than the private sector. In the UK, the survey mentioned above found that women working in public administration are less likely than those working in the private sector to feel forced to leave their jobs (3% compared to 11% on average) or to report financial loss resulting from pregnancy/maternity[104]. This is partially due to better awareness among public sector managers of employment rights of pregnant women, and they are also more likely to feel it is in the best interest of their organisation to support pregnant women and those on maternity leave (97% compared to 84%). Similar findings, albeit of a more anecdotal nature, have been reported in Belgium, Croatia, Cyprus, the Czech Republic and Portugal[105].

Evidence from Ireland and Norway shows that there are more pregnancy and maternity related court cases involving public rather than private sector workers. This stems from the high numbers of female workers in the public sector as well as higher levels of employment protection, with such workers therefore having more confidence to take legal action.

There is some evidence of more pregnancy-related discrimination in smaller than in large firms. This is indicated by the Dutch[106] and UK studies, for example. The UK survey mentioned above found that mothers who work for employers with less than

[101] E.g. Equinet survey on Pregnancy and Maternity Leave Related Discrimination, Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST.

[102] Commissie Gelijke Behandeling (2012) Hoe is het bevallen? Onderzoek naar discriminatie van zwangere vrouwen en moeders van jonge kinderen op het werk Utrecht March 2012 in Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST

[103] Commissie Gelijke Behandeling (2012) Hoe is het bevallen? Onderzoek naar discriminatie van zwangere vrouwen en moeders van jonge kinderen op het werk Utrecht March 2012

[104] Adams, L. et al (2015) Pregnancy and maternity-related discrimination and disadvantage. Department for Business, Innovation and Skills and the Equality and Human Rights Commission. No specific figures on the level of financial loss are provided.

[105] On the basis of a review of country chapters included in Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST

[106] Commissie Gelijke Behandeling (2012) Hoe is het bevallen? Onderzoek naar discriminatie van zwangere vrouwen en moeders van jonge kinderen op het werk Utrecht March 2012

50 staff are more likely to indicate that they felt forced to leave their jobs as a result of pregnancy/maternity (13% compared to the average of 11%).

Review of the problem of dismissals during protected period(s)

The evidence base on the prevalence of dismissals during pregnancy and maternity leave – i.e. during protected periods – and after return from maternity leave (where such additional protection is in place) suggests that such dismissals take place, despite of the legal protection offered by national and EU legislation. For instance, according to the office of the Austrian Ombudsman for Equal Treatment, such dismissals are particularly common after announcing a pregnancy during a trial period or after the end of the protected period following return from leave. Dismissal just following this protected period was also found to be fairly commonplace in Germany. A Spanish study indicates that as many as 25% of pregnant women are dismissed or encouraged to resign voluntarily. According to a Danish survey, 1 in 7 women do not return to the same employer following maternity or parental leave[107].

Many women returning from maternity (or parental) leave find that their role has either disappeared or been transferred to someone else, with the consequence of many returnees losing their job soon after returning to work. The economic crisis and associated increases in redundancies appear to have intensified this problem.

Even more commonly, women employed on fixed-term contracts and those working through agencies, do not have their contracts renewed even if such promises were made before the announcement of the pregnancy. For example, the Dutch survey discussed above found that in nearly half of cases (44%), a temporary contract was not renewed. This trend runs counter to decisions by the CJEU[108] that refusal to extend a fixed-term contract of a pregnant worker constitutes direct discrimination.

Nature of discrimination during recruitment

In terms of discrimination, gender equality legal experts tend to agree that the law prohibiting discrimination regarding recruitment of pregnant women and new mothers is *'sufficient and satisfactory'*[109], although compliance and enforcement issues remain. However, existing maternity leave legislation finds it more difficult to prevent discrimination pre-pregnancy which can take place at the recruitment stage and can contribute to preventing future or existing mothers to enter or return to the labour market. Furthermore, it is also less able to prevent discrimination and dismissal post-maternity leave, which is when many women also find themselves discriminated against. Finally, issues remain in relation to compliance with case law regarding to preparatory measures for dismissal whilst women are on maternity leave[110].

By way of example to illustrate these issues, a third (35%) of surveyed women in Finland were asked about plans to start / expand family during a job interview, against 16% of the surveyed women in Denmark[111]. Even if the Finnish rate seems high, the share of women who have been asked about such plans has actually declined, from 42% of respondents in 2009 to 35% in 2012[112]. In Latvia, according to a 2011 survey

[107] Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST

[108] Cases C-109/00 Tele Danmark A/S v Handels- og Kontorfunktionærernes Forbund i Danmark (HK) [2001] ECR I-2785 and C-438/99 Maria Luisa Jiménez Melgar v Ayuntamiento de Los Barrios [2001] ECR I-6915.

[109] Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST

[110] Masselot et al. (2012)

[111] Warming, K. (2016) Diskrimination af forældre – oplevelsen af diskrimination i forbindelse med graviditet og barselsorlov. Institut for Menneskerettigheder

[112] TRAL (2012) Tradenomit ja työelämän tasa-arvo.

of the Latvian Ombudsman's office half of respondents (50%) had been asked about their family status by their employer[113].

Such findings demonstrate that the factors leading to discrimination and the under-representation of women in the labour market go deeper than the issues directly addressed by the maternity leave Directive (although all these issues are interlinked). The behaviour of employers is conditioned by concerns that women will take longer leaves and are more likely to be absent should a child (or an older relative) require care. This reflects current gender gaps in paid and unpaid work and patterns of leave taking, which would be more effectively addressed by measures which support both parents and carers in achieving better work-life balance and encourage the greater sharing of caring responsibilities. In most countries existing measures are currently insufficient to achieve this outcome.

More immediate issues linked to the enforcement of existing legislation (e.g. reasons why individuals affected by such forms of discrimination do not take effective legal action) are outlined below.

Evaluation of the extent to which employers provide appropriately substantiated grounds for dismissals in writing in cases of dismissals during protected periods

An evaluation of the extent to which employers provide appropriately substantiated grounds for dismissals in writing is based on a limited number of responses from national equality bodies to a questionnaire of the Equinet network[114]. Responses are mixed but generally speaking suggest that, in practice there is a lack of substantiation of grounds of dismissals in writing. Affected employees may not be aware of their right to receive information of the grounds for dismissal in writing, or choose not to pursue a complaint due to the vulnerability of the situation or lack of know-how of how to navigate the legal system, or the costs involved in bringing a case forward. Greater legal clarity in legislation could assess in addressing this issue.

Pregnancy / maternity related discrimination queries and cases

National equality bodies and ombudsmen deal with potential discrimination cases in the form of informal information queries as well as through formal investigations of potential discrimination cases. Data gathered at this level can therefore shed more light on: 1) the prevalence and nature of reported discrimination cases, and 2) concerns of pregnant workers. However, not all such bodies gather or publish such data, or data does not distinguish between different types of discrimination, making it difficult to provide comparisons between countries.

The table below offers a summary overview of findings from 14 countries[115]. These findings are fragmented but demonstrate that the number of information requests and cases equality bodies investigate varies considerably. The number of queries received per year ranges from just one case or two to hundreds, without there necessarily being any direct relation the size of the country (or the precise nature of legal provisions). Therefore, it is more likely to be an indication of the confidence of women to take action, awareness of their legal rights, understanding of complaints processes and accessibility of the system in terms of costs.

[113] Tiesībsarga 2011.gada ziņojums (Annual Report of Ombudsman for 2011), http://www.tiesibsargs.lv/files/gada_zi%C5%86ojumi/ties%C4%ABbsarga_gada_zi%C5%86ojums_2011.pdf, accessed 17 September 2012.

[114] Responses from Austrian, Cypriot, Finnish and Irish equality bodies to this question.

[115] Based on Equinet 2016, on the basis of information from the Belgian Institute for Equality for Women and Men, Cyprus Office for the Commissioner for Administration and Human Rights, German Federal Anti-Discrimination Agency (FADA), Finnish Ombudsman for Equality, Irish Human Rights and Equality Commission, Malta National Commission for the Promotion of Equality (NCPE), The Slovak National Centre for Human Rights, and country authors of Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST.

Pregnancy / maternity related discrimination cases make up anywhere between 2% and 50% of all discrimination cases handled, per country. They constitute a low share in countries like Poland (2%) and France (5%), and up to 42% in Belgium and 50% in Latvia.

Table 10. Pregnancy / maternity related discrimination queries and cases handled by equality bodies (based on fragmented information from 14 countries)

Criteria	Findings
Volume of information queries and handled cases	Countries with a high number of queries or cases in relation to size of population in last 5 years: Cyprus (120), Finland (181), Ireland (unknown for the past 5 years but 1,278 queries in 2012 alone), Netherlands (unknown for the past five years but 62 cases in 2011 alone plus further 288 information requests)
	Countries with a relatively medium or low number of queries or cases in relation to size of population: France (unknown for the past 5 years but 126-618 case per year between 2008-2010), Germany (78), Hungary (5-7 per year), Malta (8), Slovakia (6)
Baseline analysis; the share of potential pregnancy / maternity related discrimination cases from all discrimination cases handled by the equality bodies:	Pregnancy / maternity related discrimination cases constitute up to 40-50% of all discrimination cases handled by relevant equality bodies / ombudsmen (e.g. Belgium with 42% and Latvia with around 50%).
	In Denmark, such cases make up the largest share of discrimination cases related to workplace and in Finland, they are the third largest group of cases, after access to employment and pay related cases.
	In Cyprus, 25% of discrimination cases are related to maternity and family disputes in workplaces. Their share from all work-related complaints has gradually increased from 18% in 2011 to 33% in 2015 and 36% in 2016.
	Nearly half (45%) of sex discrimination cases handled by the Netherlands Institute for Human Rights are related pregnancy and motherhood (e.g. 62 out of 139 sex discrimination cases in 2011).
	Pregnancy / maternity related claims make up a much smaller share of claims handled by the equality body in France, where such claims represent less than 5% of all claims.
	In Poland, maternity / pregnancy related complaints to the National Labour Inspectorate stand for just 2% of discrimination cases.
Trend analysis	Very limited trend data is available, but the limited data suggests that the number of cases / queries is on the rise, either through increases in the total number of cases (e.g. Ireland, France) or as a share of all discrimination cases (e.g. Cyprus).
	In the case of Cyprus, the actual number of cases handled each year has gone down but their share from all work-related complaints has gradually increased from 18% in 2011 to 36% in 2016. The former Irish equality body saw annual increases of 20-25% in queries related to maternity leave and protection between 2010 and 2012 (disaggregated data is no longer available).

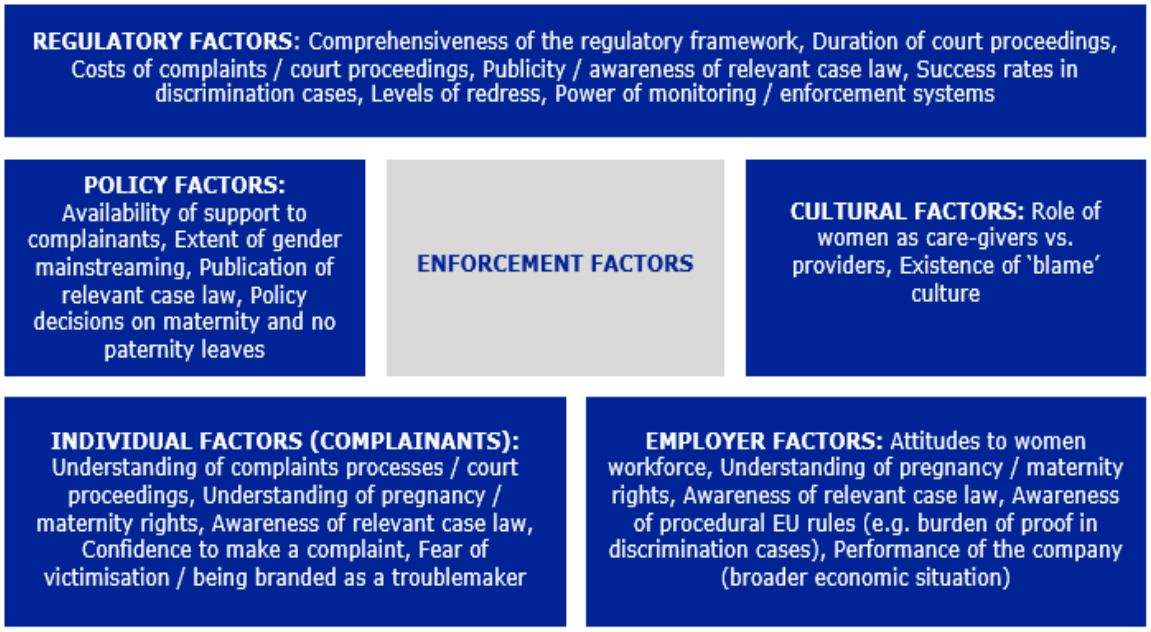
Sources: Equinet 2016, on the basis of information from the Belgian Institute for Equality for Women and Men, Cyprus Office for the Commissioner for Administration and Human Rights, German Federal Anti-Discrimination Agency (FADA), Finnish Ombudsman for Equality, Irish Human Rights and Equality Commission, Malta National Commission for the Promotion of Equality (NCPE), The Slovak National Centre for

Human Rights. Country authors of Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST.

Effectiveness of enforcement

Previous sections have discussed the substantial gap that persists between the law and practice in most countries, often resulting from a lack of compliance and/or effective enforcement of the law. A broad selection of contributing factors identified by key literature in this field have been summarised in figure below.

Figure 4. Factors contributing to the effectiveness of enforcement



Source: ICF on the basis of findings from Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST, and other literature.

The report prepared by the network of legal gender equality experts on behalf of DG Justice[116] found that generally speaking, a good level of awareness of rights will lead to a higher degree of enforcement and effectiveness. Sweden and Finland were identified as prime examples of this as these countries are characterised by widespread awareness, which has then been followed by a considerable amount of case law from both labour courts and ombudsmen.

On the contrary, low awareness of rights among both employers and employees, case law and procedural EU rules, such as the burden of proof in discrimination cases, translates to fewer cases. This is evident, for example, in Croatia, Greece and Spain.

Other factors contributing to the limited effectiveness of existing legislation include, for example, confidence and availability of support in making a claim / complaints; many women are afraid to defend their rights because they are afraid of reputational consequences (especially in small Member States, small sectors, etc.) and chances of renewing their temporary or project contracts. Others are put off by high costs of litigation (e.g. Norway, Croatia), lack of advice (e.g. Lithuania) and low chances of achieving redress (e.g. Latvia). Other contributing factors are the length of the procedure (e.g. Greece, Ireland, Germany), the lack of case law and lack of transparency because cases are not published (Hungary, Lithuania, Liechtenstein, Luxembourg), and generally the difficulty of proving discrimination (e.g. Germany).

[116] Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST.

Such issues could, in principle, be addressed within the currently legislative framework by addressing and enhancing enforcement processes and increasing guidance and dissemination of information about existing rights. However, as previously indicated, broader factors are at play which influence perceptions and action which can lead to discrimination in recruitment decisions and in the treatment of employees (particularly those taking and returning from leave). Some problems of clarity have also been highlighted in relation to the existing legal framework.

Current patterns of in the sharing of paid and unpaid work and the impact of the available leave framework on such patterns influence employer perceptions and can contribute to the direct or indirect discrimination of (young) women in recruitment and career decisions. Such broader factors can only be addressed through a more holistic work-life balance package which seeks to increase the labour force participation of women and reduce some of the stereotypes and practices around caring and the sharing of paid and unpaid work.

2.1.2.4 Conclusions

This section summarises the conclusions on this brief evaluation of the Directive 92/85/EEC in achieving its goals related to prevention of discrimination and examines its effectiveness, efficiency, relevance, coherence and community added value.

Effectiveness

The objectives of the Directive in relation to prevention of discrimination on grounds of pregnancy / maternity (particularly in relation to dismissal) have been largely met from a legal transposition perspective. The Member States have transposed the provisions and in many cases have gone further to introduce more protective conditions.

While issues remain in relation to awareness of rights, compliance and the ability to enforce such rights, much broader factors prevail in conditioning the behaviour of employers, which cannot be addressed through discrimination provisions alone, but require a broader approach to work-life balance, the sharing of paid and unpaid work – and as a result female labour market participation, which are not sufficiently addressed by the current Directive. Some issues have been identified which remain with the regard to the transposition of the existing acquis and relevant case law in a number of Member States. Existing legislation is particularly not able to prevent any discriminations which occurs in recruitment or career decisions prior to pregnancy or upon return from maternity leave.

In the absence of strong comparative information on the incidence of discrimination prior and post the transpositions of the Directive and clear costs associated to discriminatory decisions linked to dismissal, it is not possible to meaningfully assess the efficiency of the transposition of the Directive.

Relevance

In order to address the questions of relevance, it needs to be considered to what extent the original objectives of the Directive have proven to be appropriate for the intervention in question. It can be argued that the measures introduced were appropriate to address pregnancy related discrimination in the form of unfair dismissal linked to pregnancy. The Directive has contributed to creating common minimum rights on this issue. However, the discussion above highlights that issues remain in relation to the common application of relevant case law arising across the Member States (particularly in connection with preparatory measures for dismissal). It is also clear that compliance and enforcement issues remain. However, with regard to the objectives of the work life balance initiatives being assessed by this study, the objectives of the Directive fall short as they have not been able to address pre-pregnancy discrimination linked to perceptions that young women may take time off work for family commitments, as well as post-maternity leave discrimination, which is

when many women experience that their jobs have changed or disappeared. In order to address such issues, a broader set of measures capable of addressing underlying perceptions and trends of leave taking for family reasons.

Thus, where the relevance of the Directive in relation to these objectives could be further enhanced by measures capable of breaking down the cultural barriers which see women as main caregivers and men as providers. This involves ensuring both maternity and paternity leave provisions and sharing of the parental leave, as well as flexible working arrangements, thereby reducing the number of women who leave the labour market at this point of the career and foster greater involvement of fathers in family responsibilities.

Coherence

The non-discrimination goals of the Directive tie in with a broader framework of other EU regulatory and policy measures to enhance health and safety and address discrimination between men and women.

Community added value

The EU has been successful in establishing minimum standards against discrimination, as established by the transposition review carried out for the Directive. This has provided for a more harmonised baseline of rights than exists in areas of family leave (and access to flexible working arrangements) where EU measures are currently absent. The current situation demonstrates that EU action has a very strong influence on Member States' legal frameworks. It is only when EU legislation regarding maternity leave is in place that there is legislation in place in every Member State. The lack of more harmonised provisions in all these areas contributes to limitations in achieving some of the goals of the Directive. As EU action stems from a comparative analysis of Member States' experiences, by acting at EU level there is a possibility to build on Member States' recognised good practices and to create a momentum for Member States to advance together towards less pregnancy and maternity related discrimination. EU-level intervention could mitigate trends of increasing levels of discrimination in some Member-States.

2.1.3 Paternity leave

Although there is currently no EU Directive on Paternity Leave at EU level[117], many Member States have introduced or developed relevant legislation whereby fathers are entitled to a period of leave after the birth of a child and/or during the first few months of a child's life. Compared to maternity leave, such leave is generally very short. Paternity leave is usually designed as an individual right of the father which cannot be transferred to the other parent.

As of September 2016, 23 of the 28 EU Member States and 2 out of the 4 EFTA countries examined provide a form of statutory paternity leave ranging from one (IT) to 91 working days (IS).

Paternity leave is compulsory in 4 EU Member States, i.e. Belgium (3 days), Italy (1 day[118]), Portugal (10 days), Spain (two days). In the remaining 18 EU Member States, paternity leave is taken on a voluntary basis[119].

[117] Indirect provisions exist to protect workers returning from paternity leave from discrimination in Directive 2006/54/EC.

[118] A second day can be granted if the mother agrees to transfer one day of maternity leave. As a result of Budget Law n.232/2016 art.1(354) approved on 11 December 2016, paternity leave in Italy will be extended to 4 days from 2018. As this change was approved after the close of the relevant study period, this change has not been factored into the macro-economic and cost benefit analysis, but will reduce the cost of paternity leave policy options in Italy.

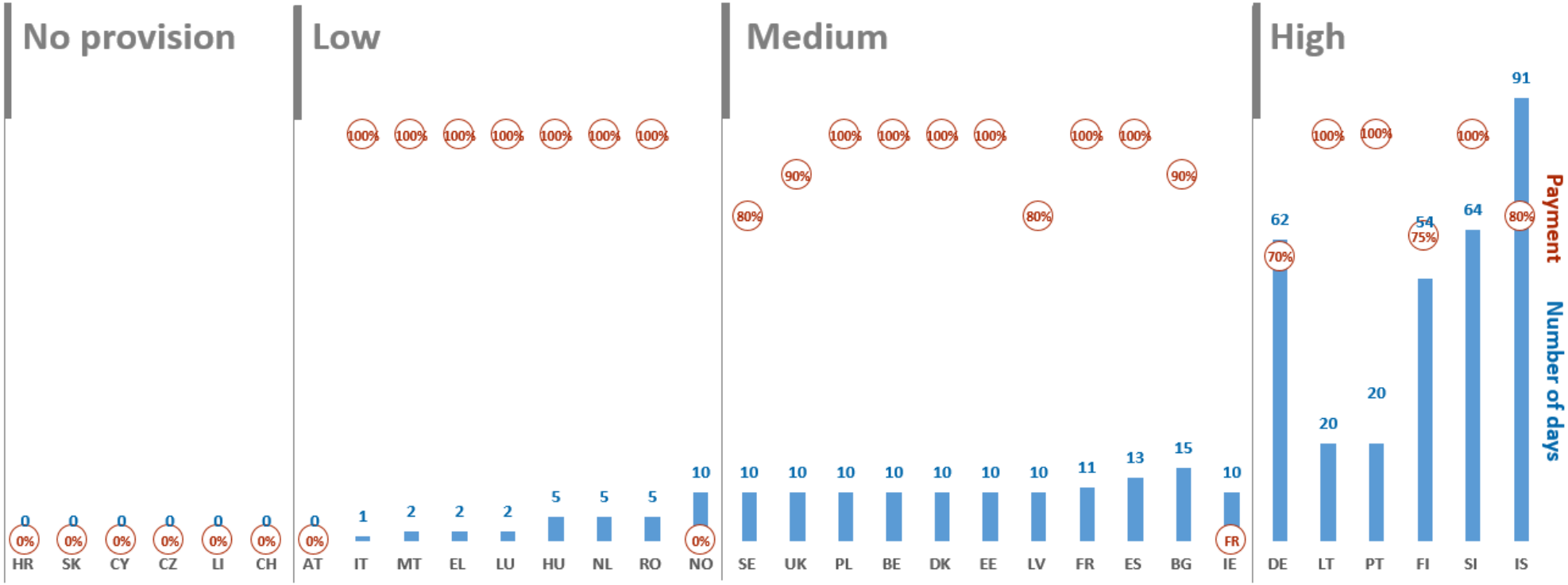
The countries which do not offer a statutory paternity leave provision are Austria, Croatia[120], Cyprus, the Czech Republic, Liechtenstein, Slovakia and Switzerland. Whilst Germany does not provide for a leave officially termed 'paternity leave', the country has rather generous provisions for paid parental leave which can be taken close to the birth of the child, also including measures supporting its take-up by fathers. In Austria, collective agreements provide for access to paternity leave (2 days paid at 100% of previous income for most private sector employees) and recently introduced financial incentives for the take-up of leave by fathers. Ireland introduced statutory paternity leave in September 2016, compensated with a €230 weekly (flat rate) allowance for fathers[121].

In countries offering paternity leave, this is always paid, with levels of pay ranging from 70% to 100% of previous salary. Figure 5 below provides an overview of paternity leave in the 32 study countries in relation to the length and compensation of leave. The judgement of low, medium and high levels of provision is mainly based on considerations of length and level of compensation during leave, rather than other considerations around flexibility and non-discrimination provisions (as for such leave, they are of less significance), which are also discussed below.

Benefits during paternity leave are either funded from general taxation, social security (with contributions from employers and employees) or from a combination of sources.

[119] Study on the costs and benefits of possible EU measures on paternity leave carried out by ICF (at the time GHK) and updated in January 2016 (unpublished).
[120] Unless the mother wishes to transfer 7 working days from maternity leave to the father.
[121] Paternity Leave and Benefit Act; http://www.irishstatutebook.ie/eli/2016/act/11/enacted/en/html

Figure 5. Overview of current paternity leave provisions (length in working days)



Note: Number of days: AT (2 days provided at full pay in most collective agreements), FR (10 or 11 days), DE (not paternity leave per se, but leave which can be taken by the father close to the birth of the child). In Italy, a second day can be granted if the mother agrees to transfer one day of maternity leave. As a result of Budget Law n.232/2016 art.1(354) approved on 11 December 2016, paternity leave in Italy will be extended to 4 days from 2018. As this change was approved after the close of the relevant study period, this change has not been factored into the macro-economic and cost benefit analysis, but will reduce the cost of paternity leave policy options in Italy.

2.1.3.1 Length of leave

The length of paternity leave varies considerably between the Member States/EFTA countries:

- 1 Member State offers paternity leave of just one day: Italy[122]. This can be increased to 3 days if the mother agrees to make 2 days of her maternity leave available to the father.
- 2 Member States currently provide for paternity leave of two working days in length: Greece, Luxembourg and Malta;
- 3 Member States – Hungary, the Netherlands[123] and Romania[124] – offer five working days;
- 8 countries provide for 10 working days. These include Belgium, Denmark[125], Estonia, Ireland (2 weeks), Latvia (10 calendar days), Poland, Sweden and the United Kingdom, as well as Norway;
- 1 Member State – France – offers 11 working days;
- Spain offers 13 uninterrupted days;
- In Bulgaria, 15 working days are provided;
- 4 Member States provide for 20 working days or longer (Lithuania – 20[126]; Portugal provides 10 compulsory and a further 10 optional days; Finland – 54, Slovenia – 64 working days (90 calendar days).
- Iceland provides for 3 months of paternity leave.
- Germany provides 'paternity' leave as a part of parental leave entitlements, with the length depending on the overall share of parental leave being taken by the father (with a certain share of this leave reserved for the father). This should be distinguished from a situation such as that of Sweden which also has a part of parental leave reserved for fathers but also offers paternity leave.

2.1.3.2 Compensation rates during leave

Compensation rates for paternity leave differ between the Member States, but the majority of countries provide a 100% compensation rate (particularly for shorter leaves), although in some countries, maximum payment ceilings are in place (e.g. DK, EE, FR, LV, LT, SE, SI).

Table 11. Compensation levels during paternity leave in the EU28, Iceland, Liechtenstein and Norway (simplified)

Assessment of compensation rate	Compensation rate (as a proportion of previous earnings)	Countries
Low (also includes flat rate)	1-59%	IE, NO[127]

[122] A second day can be granted if the mother agrees to transfer one day of maternity leave. As a result of Budget Law n.232/2016 art.1(354) approved on 11 December 2016, paternity leave in Italy will be extended to 4 days from 2018.

[123] 3 of these days are unpaid.

[124] 15 days if the father has completed a course on infant care.

[125] 14 consecutive days (10 working days).

[126] Until the child is 1 month old (28 days total).

[127] Unpaid but in public sector and parts of private sector covered by the employer.

Assessment of compensation rate	Compensation rate (as a proportion of previous earnings)	Countries
Medium	60-80%	DE[128] (around 70%); FI (75% capped for first 30 days, 70% after 30 days capped); IS, LV, SE (80% capped)
High	81-100%	90%: BG; 100%: BE[129]; UK (EUR 190 per week)[130]; DK (up to a ceiling of approx. EUR 110 per day, which is relatively low in relation to the average incomes in the country, but 100% due to wide coverage of collective agreements); EE, FR, LU, LT, SI[131] (capped) EL, ES, HU, IT, MT, NL, PL, PT, RO

Source: International Leave Network Report (2015); European Network of legal experts in the field of gender equality and non-discrimination: A comparative analysis of gender equality law in Europe (2015); EPEC and COWI (2011 updated by ICF in 2016; unpublished).

2.1.3.3 Flexibility of leave, protection from discrimination and overall assessment of paternity leave provisions

Due to the short duration of paternity leave in most countries, the question of part-time or flexible take-up is arguably less relevant and is not discussed in the literature or offered explicitly in legislation. Where flexibility can be relevant is in relation to the timing of when leave can be taken. In most countries, paternity leave needs to be taken within a fixed period of time from the birth of the child. In some countries including Estonia, Denmark, Hungary, Lithuania, Latvia and the UK, the leave has to be taken close to the birth of the child.

Protection from discrimination for reasons of taking paternity leave and continued accrual of pension and other benefits is usually assured in legislation. With relatively short lengths of paternity leave in most countries, these issues are of less significance than in relation to maternity or parental leave.

2.1.3.4 Take-up rates of paternity leave

There is considerable variation in the level of take-up of paternity leave between countries (see Figure 6 below). It should be noted that this figure contains data for Austria, where there is no statutory paternity leave, but 2 days of leave at full pay are provided in most collective agreements. Furthermore, the Figure does not include data for Germany, where paternity leave forms part of parental leave and no specific data is available for leave taken by fathers close to the birth of the child (as previously indicated, other countries, such as Sweden also have dedicated periods of parental leave for fathers, but additionally offer paternity leave). No data is available to date for Ireland, where paternity leave was only introduced in 2016.

Sixteen countries have take-up rates above 70%, with among the highest rates achieved in countries with very short, fully paid leaves (e.g. EL, IT, LU, MT). However, in four countries (HU, PL, EE, LV) less than half of all fathers take paternity leave,

[128] Not paternity leave but parental leave which can be taken close to the birth of the child.

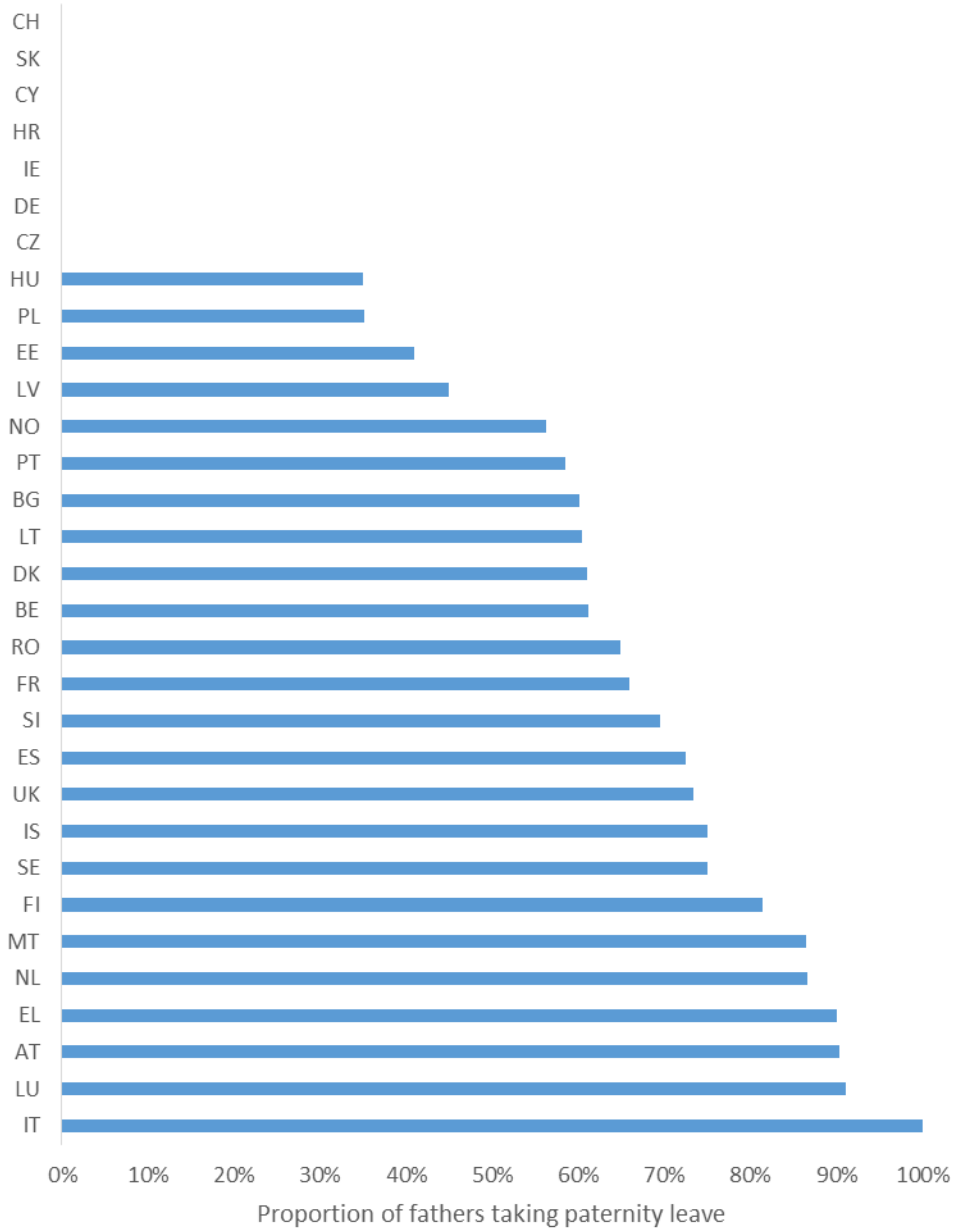
[129] 100% for 3 days, then 82%, but this is equal to 100% as no contributions are deducted for social security benefits.

[130] Or 90% of their average weekly earnings (whichever is lower).

[131] 90% (emergency measure – to return to 100% when economic growth exceeds 2.5% of GDP) capped for 15 days, then unpaid, state pays father's social security contributions.

despite the fact that a vast majority of fathers are entitled to such a leave (based on existing eligibility criteria) and leave is fully paid in all of these countries.

Figure 6. Level of take-up of paternity leave by country

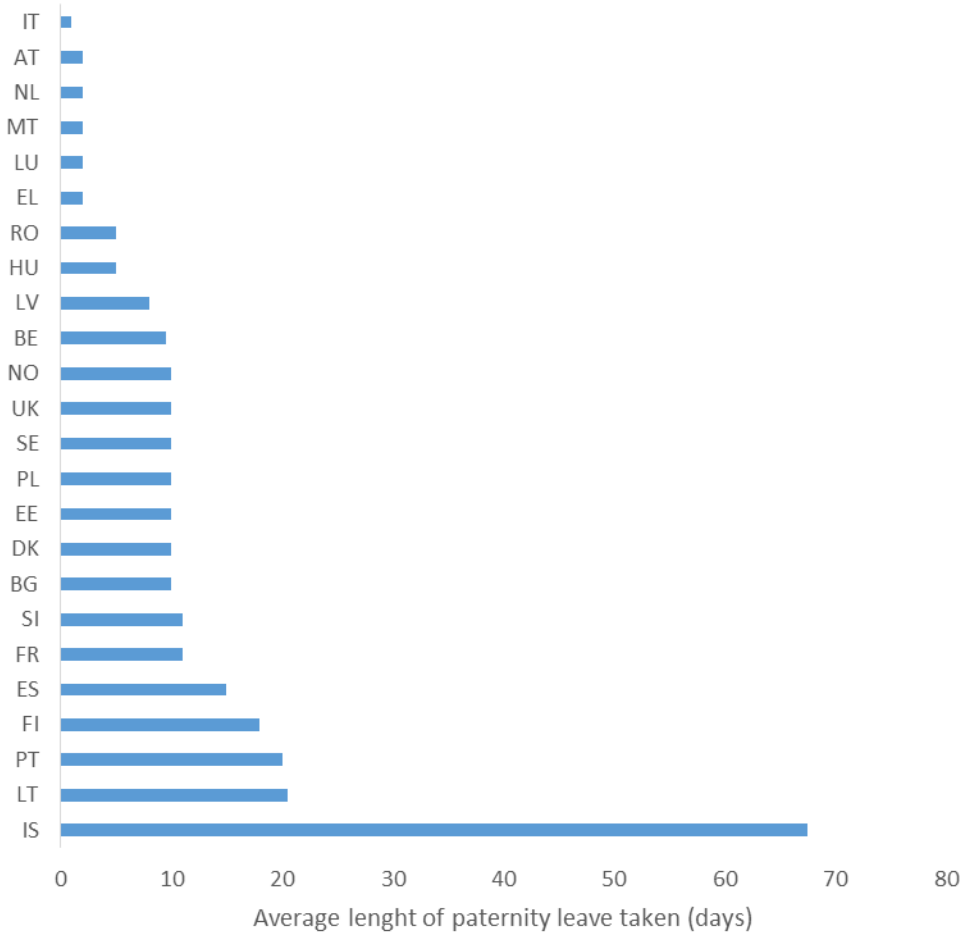


Note: Limited information is available in take-up rates of paternity leave from national statistics. Figure is based on administrative or survey data made available by national competent bodies in AT, DK, ES, FR, PT, SE, SI and the UK are actuals (from various years between 2004-2015). Data from other countries (where available) have been calculated by ICF on the basis of estimates provided by competent authorities and stakeholders of the overall number of beneficiaries and the split between male and female beneficiaries. These numbers are subject to a certain level of uncertainty.

Source: European Commission (2011, updated in 2016) Study on the costs and benefits of possible EU measures on paternity leave and ICF national research and calculations

Given that paternity leave is overwhelmingly a very short form of leave, the length of leave actually taken tends to be close to the full number of days available, and averages around 10 working days in the EU. In seven of the nine countries where paternity leave entitlements exceed 10 working days, fathers take more than two weeks of leave, however, the number of actual days taken remains below actual entitlement, particularly in Finland and Slovenia. These findings on take-up rates and length of leave taken are relatively consistent with the literature on paternity leave which suggests that *'utilisation is greatest when leave is reimbursed at least two thirds of regular earnings'*[132].

Figure 7. Length of paternity leave take-up (in days) by country



Note: Figures are based on administrative or survey data made available by national competent bodies in AT, DK, ES, FR, PT, SE, SI and the UK are actuals (from various years between 2004-2015). Data from other countries (where available) have been calculated by ICF on the basis of estimates provided by competent authorities and stakeholders of the overall number of beneficiaries and the split between male and female beneficiaries. These numbers are subject to a certain level of uncertainty.

Source: European Commission (2011, updated in 2016) Study on the costs and benefits of possible EU measures on paternity leave and ICF national research and calculations

[132] Moss and O'Brien, 2010, p.35.

2.1.3.5 Leverage effects between paternity and parental leave

The term 'leverage effect' in this context refers to the impact the availability and take-up of paternity leave has on the take-up by fathers of other family leave entitlements (in particular parental leave), and the resulting impact on gender equality and family health and well-being. Such leverage effects are considered to be the result of the father's ability to spend more time with their child around the time of the birth due to paternity leave, thus achieving better bonding between fathers and infants. This bonding, and indeed the availability to paternity leave in itself can generate a greater wish and a greater feeling of entitlement to spend time with the child and be involved in childcare tasks in the longer term. Absence from the workplace (albeit short) and the acceptance of such absences (by employers as well as co-workers) can also serve to reduce concerns about any desire to rebalance work and family priorities in light of changed family circumstances. At the same time, the presence of the father close to the birth of the child can also help to reassure the mother that the father is capable of taking care of the newborn (or indeed children already present in the family) and assisting with household tasks. The greater togetherness of the family unit at this time should therefore be considered to provide the possibility of longer term 'leverage effects' with regard to family health as well as gender equality.

Evidence for such leverage effects can be considered to be present if the availability of paternity leave can be shown to have led to, or at least significantly contributed to, an increase in the take-up of other family leave provisions by fathers.

A limited number of studies are available regarding the impact of paternity leave on the take-up of parental leave. These largely come from countries with relatively long paternity leave entitlements (e.g. Finland, Portugal and Slovenia). A Finnish study[133] suggests that longer paternity leave can be related to a longer period of parental leave subsequently used. A survey carried out for this study showed that fathers who took all three weeks of paternity leave also took more parental leave, on average 11.2 weeks (compared to an average of 10 weeks among those who had taken less than three weeks paternity leave), thus indicating a longer-term impact on fathers' behaviour.

In Portugal, where entitlements to paternity leave have been significantly strengthened in recent years (including the introduction of an element of compulsory leave), data from the social insurance administration show that 80% of fathers who take-up paternity leave go on to use at least some of their parental leave (although no clear information is available on how much leave is used). In 2013, 68% of fathers used the ten obligatory days and 58.5% of fathers took the ten optional days (these percentages are based on the number of fathers who take leave in relation to the number of births). If take-up is calculated in relation to the total number of Initial Parental leaves (paternity leave) granted, then the proportions in 2014 increased to 82% for the ten obligatory days and to 71.5% for the ten optional days.

In Slovenia, data from the Ministry of Labour show that the take-up of parental leave increased from 2.2% in 2003 to 6.3% in 2009, following the gradual stepping-up in paternity leave entitlements. Around 65% of fathers took up their entitlement of 15 days of fully paid paternity leave in 2003. The 90 calendar days of paid paternity leave came into effect in 2005. Since then, take-up has increased to 80% (2009). Data also show an increase in the number of fathers taking more than 15 calendar days of leave. In 2006 this proportion stood at 10% and has since increased to 19% (2009). There is therefore considered to be a link between the increase in take-up (and length of take-up) of paternity leave and the take-up of parental leave. Some evidence is also available from Iceland, regarding more long-term changes in fathers' behaviour.

[133] Taskula, S, (2007). Parental leave for fathers? Research Report no 166. Finland. National Research and Development Centre for Welfare and Health

A study by Eydal[134] found that two years after the adoption of the three months fathers' quota, fathers had reduced their working hours during the first year of a child's life and returned to pre-birth employment rates much later than the first cohort of fathers which took up this leave, thus demonstrating a 'cultural shift' over time under the new entitlement.

2.1.4 Parental leave

The Parental Leave Directive (2010/18/EU) provides workers with an individual right to parental leave of at least four months on the grounds of birth or adoption of a child, until the child reaches an age of up to eight years (Member States are able to specify a lower maximum age). The Directive does not impose any obligations with regard to pay during parental leave. Member States are free to decide whether leave can be taken on a full-time or part-time basis or whether it can be taken up on a piecemeal basis.

The main provisions of this Directive are the following:

- Both male and female workers have individual entitlements to parental leave on the grounds of the birth or adoption of a child (under 8 years old), enabling them to take care of the child for at least four months;
- At least one of the four months cannot, in principle, be transferred to the other parent, i.e. it is reserved for each parent;
- Notice periods to be given by the worker to the employer when exercising the right to parental leave, specifying the beginning and the end of the period of leave;
- Workers are protected from discrimination on the grounds of applying for or taking parental leave;
- When returning from parental leave, workers must have the right to return to the same job or to an equivalent or similar job consistent with their employment contract or relationship;
- Workers may also request leave on grounds of *force majeure* for family reasons, particularly in cases of sickness or accident making the immediate presence of the worker within the family indispensable;
- Workers returning from parental leave also have the right to request changes to their working hours for a set period; in considering such requests, employers must balance the needs of the workers and the company.

The Directive also encourages EU Member States and the social partners at national level to define additional measures or specific conditions for the taking of leave by adoptive parents and parents of children with a disability or a long-term illness[135]. As the Directive does not require parental leave to be paid, Member States therefore determine matters relating to social security and income in relation to parental leave even though clauses 5(2) and 5(3) provide some common principles to follow[136].

All EU Member States offer statutory parental leave as required by Directive 2010/18/EU. However, significant variations exist regarding the maximum duration of parental leave, payment during leave, flexibility in relation to how leave can be taken and other associated rights and protections. Duration ranges from 4 – 36 months with compensation ranging from 100% of previous salary (for part or the whole leave

[134] Eydal, G.B. (2008). Policies promoting care form both parents- the case of Iceland. In Eydal G.B., Gíslason, I.V. (Eds.) Equal rights to earn and care, pp. 111-148. Reykjavík: Félagsvísindastofnun.
[135] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3Aem0031
[136] See also CJEU C-116/08 Meerts case.

period) to no payment at all. Figure 8 provides a simplified presentation of duration and pay levels, with Table 5 in Annex 1 delivering a more detailed overview of parental leave provisions.

It should be noted that the assessment whether leave provision in relation to duration is low, medium or high does not in itself constitute a value judgement, as long leaves (depending on their specific characteristics) can encourage long absences and potential exits from the labour market. Such considerations have to be taken into account in the context of other features of the leave such as payment levels, flexibility of take-up and encouragement to share the leave.

2.1.4.1 Length of leave and aspects of transferability

The length of parental leave in terms of individual entitlements varies significantly between Member States/EFTA countries:

- 9 countries currently provide for parental leave of more than 24 months per parent. These countries are Austria, the Czech Republic, Estonia, France, Germany, Hungary[137], Lithuania, Slovakia and Spain;
- 5 countries (NO[138], RO, SE, SI and UK) offer between 12 to 24 months per parent;
- 17 countries offer between 4 to 12 months per parent. These include Belgium, Greece, Iceland, Ireland, Liechtenstein, Malta and Portugal (4 months in each country); Bulgaria, Cyprus, Finland[139], Luxembourg, Poland (6 months in each country), Croatia (6 months[140]), Denmark[141] (7.4 months), Italy (10 months or 11 months if the working father agrees to take no less than 3 months off). In Latvia, parents can choose the length of the parental benefit payment so length varies up to age 1 or 1.5 of the child. In the Netherlands, parents are entitled to a leave duration 26 times the number of working hours per week per parent per child.
- Switzerland is the only country without a statutory entitlement to parental leave.

It should also be noted that in a number of countries the length of parental leave increases if the other parent (usually the father) takes up parental leave (e.g. AT, DE, HR, PT).

The age of a child up to which leave can be taken can be grouped into three different age ranges (different age limits apply in many countries if a child is disabled):

- Between the ages of 3 to 6. These include Austria, Estonia, Czech Republic, Germany[142], France, Hungary, Lithuania, Slovakia, Spain (3 years of age), Luxembourg (5 years of age), Greece, Poland, Portugal (6 years of age);
- Between the ages of 7 to 12. These include Croatia, Cyprus, Hungary, Iceland, Ireland, Latvia, the Netherlands, Sweden (8 years); Belgium, Italy (12 years); and
- Up to the age of 18 in Finland, Liechtenstein, Malta, Norway, Romania, Slovenia and the UK.

[137] Hungary has two types of parental leave; GYED for insured parents available for 25 months on average, paid at 70% capped and GYES for uninsured parents available for an average of 37 months paid at flat rate.
[138] 49 weeks at full rate or 59 weeks at 80% rate.
[139] In Finland the 6 months are a family entitlement.
[140] Per household, 2 months cannot be transferred.
[141] This is a shared entitlement, parents themselves decide how to share it.
[142] Up to the child's third birthday, of which 24 months can be taken up to the child's eighth birthday.

Member States provide parental leave either as:

- A non-transferable individual right;
- An individual right which can – in total or in part – be transferred to the other parent; or
- A 'family right' that parents can divide between them as they choose.

The table below shows which of these arrangements applies in the countries studied[143] and how much of the leave is transferable.

Table 12. Transferability of parental leave arrangements in the EU28, Iceland, Liechtenstein, Norway and Switzerland (simplified)

Categorisation of transferability	Countries	Share of leave which is transferable
Parental leave is a an individual, non-transferable right	BE, DE, EL, ES, FR, HU, IE[144], IS, LI, LU, LV, MT, NL, PT[145], SK, UK[146]	None
Parental leave is an individual right which can – at least partly – be transferred	AT	Fully transferable, parents can decide freely if they want to divide the leave period between them, mandatory minimum duration of one part of leave 2 months.
	BG	Two types of parental leave are available. The paid leave available at the end of maternity leave until the child turns 2 years of age is transferable from when the child is 6 months old. The unpaid leave which can be taken up to the child's 8th birthday is fully transferable.
	CY	Two weeks of the leave are transferable
	HR	All but two months of the leave are transferable
	IT	Two months of the leave are transferable
	NO	10 weeks are non-transferable
	PL	One month of childcare leave is transferable
	RO	One month is non-transferable
	SI	In part transferable for the mother, fully transferable for the father
	SE	All but 60 days are transferable, for children born after 2016, all but 90 days are

[143] Switzerland currently does not offer parental leave.

[144] In Ireland, up to 14 weeks leave is transferable provided both parents work for the same employer and the employer so consents.

[145] This applies to additional parental leave.

[146] This applies to unpaid parental leave of 18 weeks, whereas statutory shared parental leave is transferable with the exception of the 2 weeks maternity leave following birth. This leave is paid at the same rate as maternity leave.

Categorisation of transferability	Countries	Share of leave which is transferable
		transferable
Parental leave is a family entitlement	CZ, DK, EE, FI, LT, PT[147]	In principle, entire leave is transferable. In DK, the parents are entitled to 32 weeks of parental benefit, which they can share as they wish. In Finland, all leave is transferable, but there are provisions for part of the leave to be lost if the father does not use his entitlement.

Source: European Commission (2015); The implementation of the Parental Leave Directive 2010/18 in 33 European Countries

In most Member States[148] and EFTA countries except Norway parents are entitled to flexible parental leave which can be taken either full-time, part-time, or in blocks[149]. Only in the Czech Republic, Estonia, Latvia, Lithuania, Slovakia and Romania parental leave can only be taken full-time. In Estonia and Latvia, the leave can be taken in blocks.

All 28 Member States and 3 EFTA countries have implemented provisions against less favourable treatment or dismissal on the grounds of an application for or the taking of parental leave. The entitlement to social security benefits remains intact across all 28 Member States and 3 EFTA countries.

2.1.4.2 Compensation during leave

As indicated above, Directive 2010/18/EU does not stipulate an obligation for Member States to provide for remuneration during parental leave. As a result, the compensation rate for parental leave differs considerably between countries. Nine countries do not provide any compensation: Greece, Ireland, Iceland, Liechtenstein, Malta, the Netherlands[150] and Spain.

Austria, Belgium, France, Luxembourg, Slovakia and the UK pay a flat-rate allowance during parental leave[151]. There are significant differences between the flat rate allowances payable[152]. In some of these (and other) countries the level of allowance depends on the length of leave being taken.

The Czech Republic, Finland, Germany, Hungary, Latvia, and Sweden replace between 60-80% of previous earnings, whereas Croatia, Denmark, Estonia, Lithuania, Norway, Romania and Slovenia pay between 80-100% of previous earnings.

In eight Member States, compensation rates are financed from general taxation (Czech Republic, Croatia, Denmark, Estonia, Germany, Luxembourg, Norway, and Slovakia). In the majority of Member States (14), compensation rates are funded through social security contributions – mostly including contributions from employers

[147] This applies to initial parental leave. Six weeks of this leave are reserved for the mother.

[148] No information was available on Romania.

[149] Daily, hourly, weekly, or monthly blocks.

[150] In some sectors, payment is regulated by collective agreement.

[151] This refers to statutory shared parental leave (of 52 weeks – with 2 weeks reserved for the mother), parental leave is unpaid.

[152] In Austria this ranges from 436 Euros to over 1000 Euros depending on the length of leave being taken (higher payments apply for shorter leaves); in Belgium the payment amounts to around 705 Euros net; in France the level of payment depends on the number of children and ranges between 390 and 800 Euros; in Luxembourg the payment is around 1,775 Euros, whereas in Slovakia the allowance is as low as 205 Euros.

and employees (Austria, Belgium, Bulgaria, Finland, France, Hungary, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovenia, and Sweden). Further information on the funding of benefits during various family related leaves can be found in Table 9 in Annex 1.

Table 13. Compensation levels during parental leave in the EU28, Iceland, Liechtenstein, Norway and Switzerland (simplified)

Assessment of compensation level	Compensation rate (as a proportion of average earnings)	Member States
None	0% (unpaid)	EL, ES, IE, IS, LI, MT, NL, ES
Low	>0%-60%	AT[153] (choice between flat rate or income related – level depends on how many months of leave are chosen and whether leave is shared – income related is 90% of income), BE (€707 net per month), BG[154] (€122 net per month), FR (around €390 average per month), IT (30% of previous earnings), LU (€1778 flat-rate), PL (depends on maternity leave payment chosen – can go up to 100%), PT (additional parental leave), 25% of average salary), SK (€203,20 per month),
Medium	<60%-80%	CZ, FI, DE, HU (for insured parents), LV, SE
High	<80%-100%	DK, EE, HR (100% for first 6 months, subsequently 50%), LT (100% until child is 1 year old), NO, RO (85% of salary), CY, SI (90% of average earnings[155]), PT (100% or 80% depending on length chosen), UK (flat rate allowance at sick pay level[156])

The assessment of the level of provision below is conditioned by the level of compensation, length of leave (with median length leaves considered preference to avoid lengthy labour market absences) and transferability of leave (systems not allowing for the transfer of leave to the other parent are considered preferable as transferability generally means that the women takes most of the leave, keeping her away from the labour market for longer and reinforcing stereotypes. However, this assessment does not take account of any existing incentives for fathers to take-up such leave).

As a result, no country has been ranked as high, as the countries with the highest payment levels (100%) all allow for transferability of leave (in some cases leave is a family entitlement and is fully transferable). As indicated above, in Austria, Germany, Croatia, Portugal and Sweden, leave periods are either extended and/or payment rates increase if the leave is more equally shared between the mother and the father.

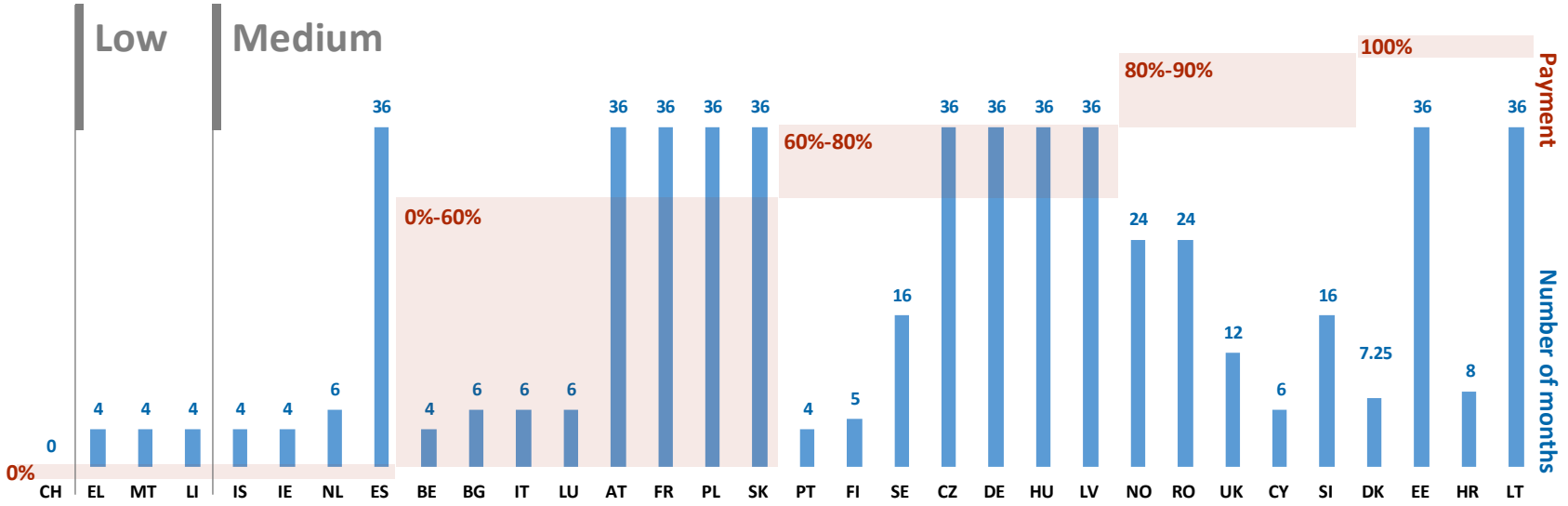
[153] Benefit can go up to 80% of previous income depending on the option selected.

[154] One form of parental leave is unpaid.

[155] Emergency measure in SI, will revert to 100% when GDP growth exceeds 2.5%.

[156] Statutory shared parental leave, parental leave of 18 weeks is unpaid.

Figure 8. Overview of current parental leave provisions (length in months)



Note: This figure should be read in relation with Table 13 on compensation rates above. In UK the leave is paid (flat rate or 90% of previous salary – whatever is lower).

2.1.4.3 Take-up of parental leave

The current take-up levels of parental leave are significantly higher for women than for men, as is illustrated in Figure 9[157]. More specifically:

- On average, in 18 out of 30 countries covered by this study, less than 10% of employed fathers are estimated to take-up parental leave. Only in seven countries more than a quarter of men take parental leave, with Sweden reaching the highest proportion at 44%.
- In 18 out of 30 countries, more than three quarters of employed mothers take parental leave. Only in eight countries, less than a quarter of women take parental leave.

Women also take parental for much longer periods than men (see Figure 10). Women taking parental leave are considered to take it for at least 100 days in 20 out of the 30 countries covered by this study. Men take parental leave for more than a 100 days only in Spain. In 24 out of 30 countries men take on average less than 50 days of parental leave. A study conducted for the European Parliament FEMM Committee[158] places the average percentage of fathers taking parental leave in the EU at 10.1%.

A Eurofound study on 'Promoting uptake of parental and paternity leave among fathers in the EU' indicates that the level of compensation is an important factor influencing parental leave take-up[159]. A study from 2008[160] also highlighted the impact of the potential loss a paid period of leave on take-up rates. The lowest take-up rates among men can be found in Cyprus, Greece and Malta where this leave is unpaid.

Furthermore, the combination of pay with non-transferability of leave can be shown to have had an impact on the take-up of parental leave by fathers. For example, in Sweden, an equality cash bonus is available on top of the daily allowance granted if parental leave is equally distributed between both parents (the bonus is only granted if each parent takes 240 days of each). This incentive has contributed to increasing take-up rates by fathers from 9% (of all parental leave days used) in 1989 to 47% in 2013[161].

[157] ICF (2016) Study on the costs and benefits of possible EU measures on paternity leave (update report carried out in behalf of the European Commission (unpublished); European Parliament Study for FEMM Committee, Maternity, paternity and parental leave: data related to duration and compensation rates in the EU (2015)

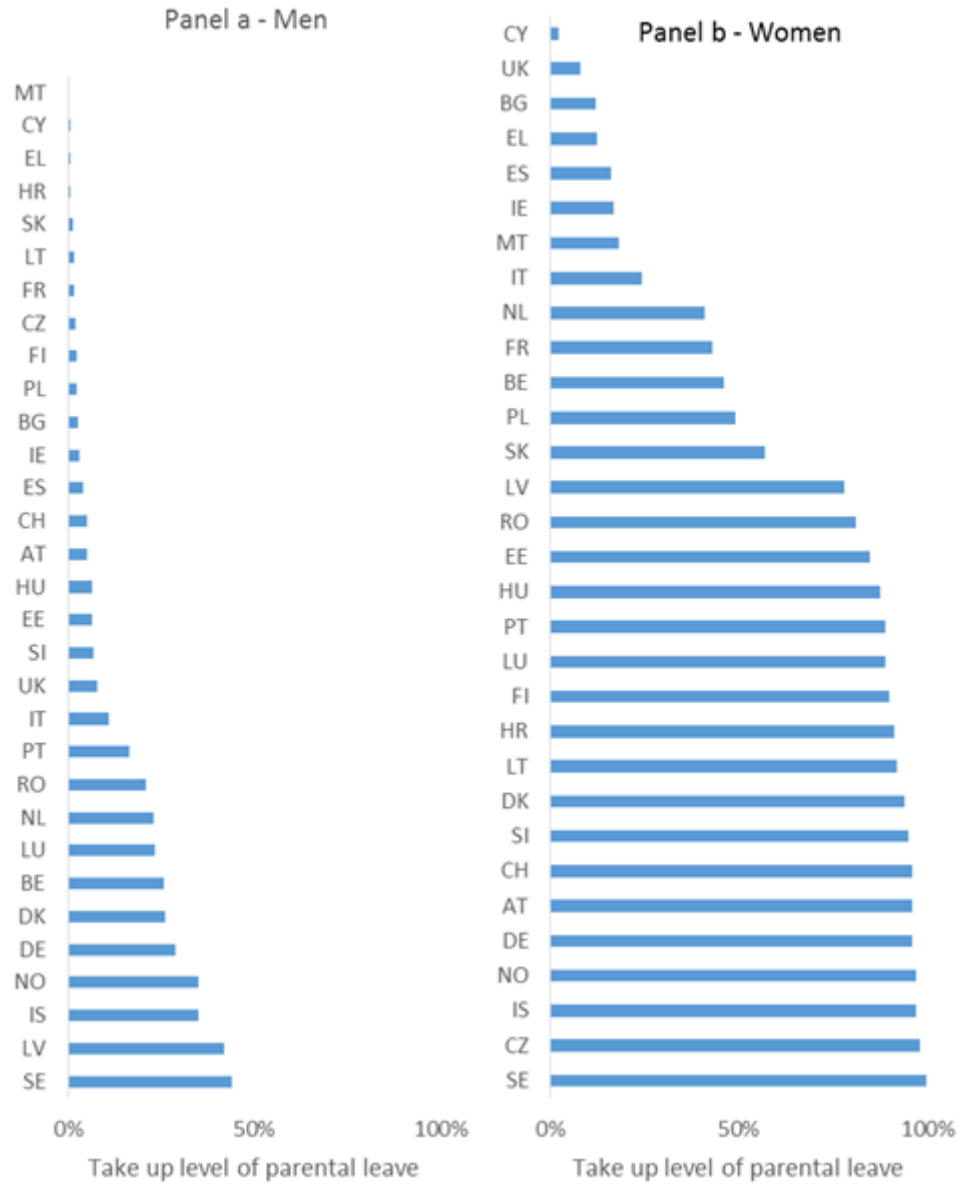
[158] European Parliament Study for FEMM Committee, Maternity, paternity and parental leave: data related to duration and compensation rates in the EU (2015)

[159] Eurofound (2015); Promoting uptake of parental and paternity leave among fathers in the EU

[160] Eurofound, Parental leave in European companies

[161] Ekberg, J., Eriksson, R. and Friebel, G. (2013) 'Parental leave – a policy evaluation of the Swedish 'daddy month'

Figure 9. Level of take-up of parental leave by country and gender

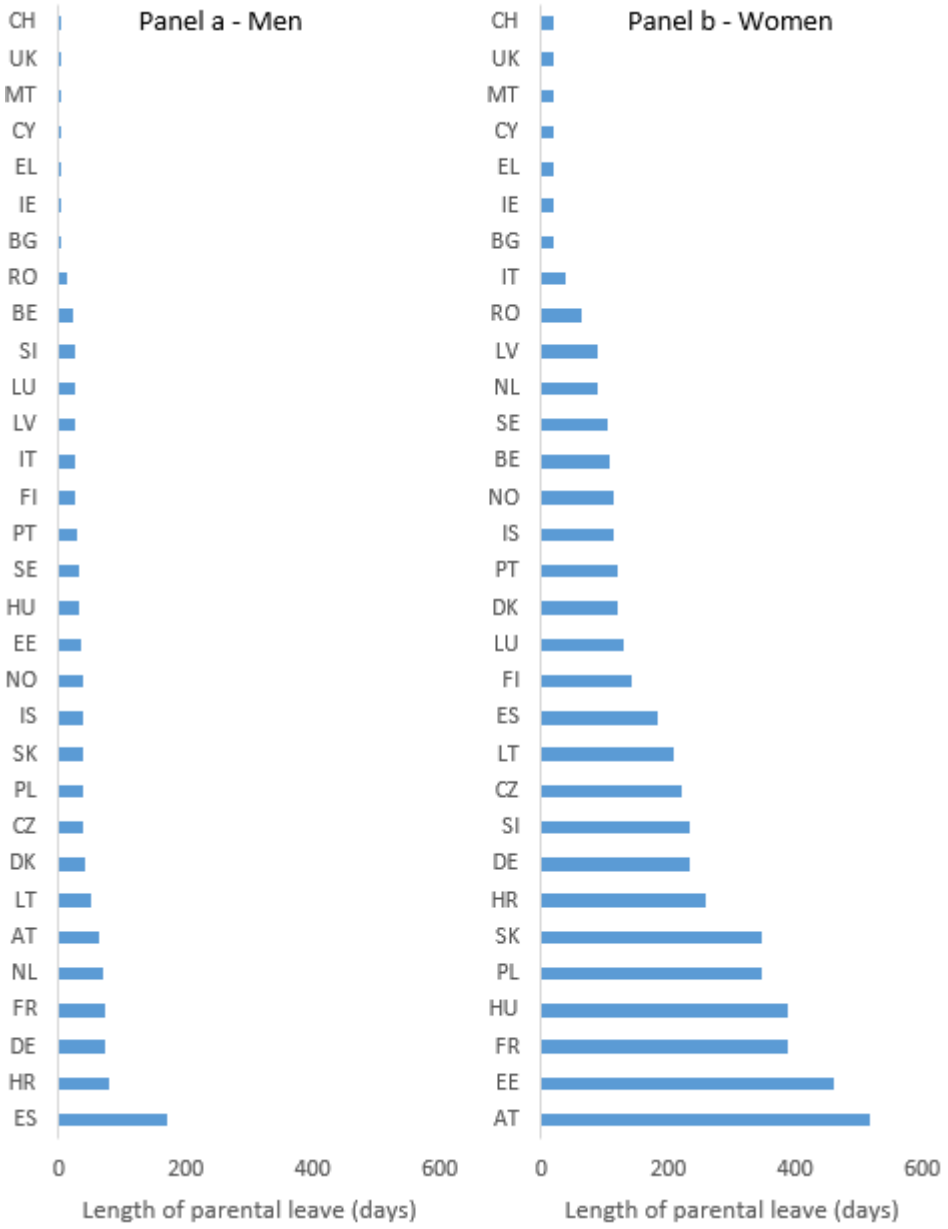


Note: Limited information is available in take-up rates of parental leave from national statistics.

Figures are based on administrative or survey data made available by national competent bodies in AT, CZ, DE, DK, EE, FI, IT, NL, PT, UK (from various years between 2010-2015). Data from other countries (where available) have been calculated by ICF on the basis of estimates provided by competent authorities and stakeholders of the overall number of beneficiaries and the split between male and female beneficiaries. These numbers are subject to a certain level of uncertainty.

Source: ICF national research and calculations

Figure 10. Estimated length of parental leave by country and gender



Note: Limited information is available in take-up rates of parental leave from national statistics.

Figures are based on administrative or survey data made available by national competent bodies in AT, CZ, DE, DK, EE, FI, IT, NL, PT, UK (from various years between 2010-2015). Data from other countries (where available) have been calculated by ICF on the basis of estimates provided by competent authorities and stakeholders of the overall number of beneficiaries and the split between male and female beneficiaries. These numbers are subject to a certain level of uncertainty.

Source: ICF national research and calculations

2.1.5 Evaluation of Directive 2010/18/EU

The key goal of the Parental Leave Directive 2010/18/EU, which implemented the revised Framework Agreement on Parental Leave concluded by the European social

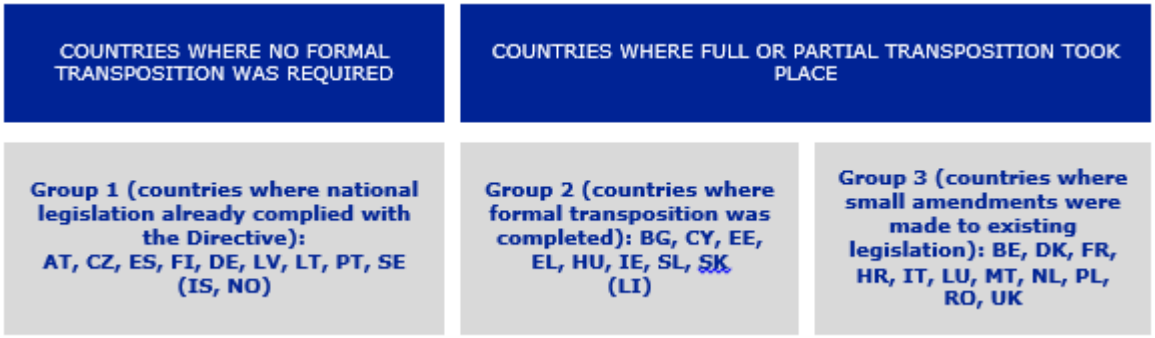
partners on 18 June 2009[162] was to *'facilitate the reconciliation of parental and professional responsibilities for working parents […]'*. As the social partner agreement – and the Directive – amended a previous Framework Agreement (and Directive 96/34/EC) on Parental Leave, Member States had already developed basic parental leave frameworks, as part of a wider network of work-life balance measures.

2.1.5.1 Transposition of Directive 2010/18/EU

For this reason, the implementation of the Directive has not caused substantial transposition issues; most countries already complied fully or at least partially with the provisions introduced by the Directive, or were in the process of introducing similar rights when the Framework Agreement was concluded:

- Approximately a third of study countries (nine Member States plus Iceland and Norway) already met the requirements when the Directive was first introduced and thereby did not require formal implementation.
- A further 11 Member States made amendments to existing legislation so as to meet the specific requirements of the Directive, for example, in terms of minimum duration of parental leave[163] and the right to request a temporary change in working patterns following return from the leave.
- A formal transposition was completed in the remaining eight Member States and Liechtenstein.

Figure 11. Baseline analysis – extent to which legal transposition was required



Source: ICF on the basis of information from European Network of Legal Experts in the field of gender equality (2015) The implementation of Parental Leave Directive 2010/18 in 33 European countries. DG JUST.

Note: The Directive has not been transposed in Switzerland

No systemic shortcomings have been detected in the implementation of *specific objectives* of the Directive[164] (individual entitlement to parental leave of four months – of which at least one month should be non-transferable; a right to request changes to working time / working patterns upon return; protection from discrimination on the grounds of taking parental leave and a right to request leave on grounds of force majeure for family reasons). In general terms, many countries not only meet but exceed many of the specific objectives of the Directive. However, some countries do currently fall short of some of the requirements of the Directive, particularly in relation to non-transferability of leave, with parental leave remaining a family entitlement (see above). A significant number of Member States also still allow the transfer of a large share of parental leave entitlements between parents, which usually means that

[162] Entered in to force on 7 April 2010. EU countries had to incorporate it in national law by 8 March 2012.
[163] BE, EL (private sector), IE, HR, LI, LU, MT, UK.
[164] By a review of the European Network of Legal Experts in the field of gender equality.

women continue to take significantly longer leave, with a negative effect on their labour market participation and career opportunities.

2.1.5.2 Achievements in relation to facilitating the reconciliation of parental and professional responsibilities for working parents

In terms of actually achieving the objectives of a better reconciliation between work and private life, the information on take-up rates presented above (as well as the information on persistent gender gaps in paid and unpaid work presented in section 3 below) demonstrate that the overarching goal of the Directive has not been achieved.

As discussed more extensively in Section 3 below, women remain underrepresented in the labour market, even though they are equally or in some cases better educated than men[165], leaving a large part of talent under-utilised. In 2015, the employment rate of women (age 20-64) in the EU28 was 64.3%, compared to 75.9% of men in the same age group constituting an 11.6% gender employment gap, which has only declined by 4.1 percentage points in the last decade[166]. The employment rate of women with children is even lower. The employment rate of women with two children less than 6 years old in the EU28 was 12% lower compared to women without children.

In principle parental leave measures should contribute to reconciling work and family life, redistributing unpaid work between women and men in order to allow women to increase their participation in the labour market.

In practice though take-up rates among men remain very low, and this affects the length of leave taken by women and their subsequent employment opportunities. As indicated above, compensation levels are shown to have an important impact on the level of take-up of leave by fathers. Indeed, the take-up rate of fathers at 17.2% in countries where the compensation rate varies from 60% to 100% of income[167] is nearly twice as high as the take-up rate of 9.4% in countries where the level of compensation varies between zero and 60%[168]. Compensation also has an impact on the duration of leave taken, although it is substantially less marked. When only a part of the parental leave is compensated for, mothers and fathers tend to limit the leave to the period which is paid for.

If one compares compensation levels of parental leave with the labour market participation sub-domain of EIGE's Gender Equality Index a clear pattern emerges: countries that have no or low compensation levels of parental leave (such as Malta, Italy, Greece, Spain and Ireland) have some of the lowest scores in the relevant sub-domain of EIGE's Gender Equality Index. Countries that have medium to high compensation levels (such as Denmark, Estonia, Lithuania, Sweden and Portugal) also have some of the highest scores in the relevant sub-domain of EIGE's Index. Even though there is no correlation between compensation and labour market participation, there is a clear link between them. Unpaid or low paid parental leave is less likely to lead to redistribution of unpaid time within the household and improve the reconciliation between work and private life.

A similar observation can be made to an extent if one compares the transferability of leave with the sub-domain of care in EIGE's Gender Equality Index. Countries where the leave is a family entitlement, such as the Czech Republic and Lithuania, have some of the lowest scores in terms of equal distribution of caring responsibilities in the household. Countries in which parental leave is an individual right which is either only

[165] In 2014, 42.3% of women aged 30-34 had tertiary education or higher compared to 33.6% of men.

[166] In 2006, the employment rate of women stood at 61.1 while that of men stood at 76.8%%.

[167] HR, LT, SI, EE, DK, NO, RO, SE, CZ, DE, FI, HU, LV.

[168] AT, BE, BG, FR, IT, LU, PL, PT, SK, MT, EL, CY, IE, ES, CH, UK, NL, IS.

partially transferable or non-transferable score better in the relevant domain of EIGE's Gender Equality Index. Exceptions exist, suggesting that there are other, factors that affect take-up rates and ultimately equal sharing of unpaid responsibilities (such as compensation levels as discussed above or other policy or more deep seated cultural factors).

To summarise, the Parental Leave Directive 2010/18 has thus provided some harmonising effects on the availability and modalities of parental leave across Europe and thereby it was a *relevant* approach to take; but only to a limited extent, considering that most countries already operated one or even several different types of leave with the purpose of reconciling work and family life.

2.1.5.3 Conclusions

This section summarises the conclusions on this brief evaluation of Directive 2010/18/EU in achieving its goals related to facilitate the reconciliation of parental and professional responsibilities for working parents and examines its effectiveness, efficiency, relevance, coherence and community added value.

Effectiveness and efficiency

In terms of *effectiveness*, a striking difference remains between average take-up rates of mothers and fathers as indicated above. This means that the Directive has not met the objective related to greater involvement of fathers and suggests that the current provisions of the Directive are not enough to address the gap between policy/legal goals (related to reconciliation) and practice.

There are many reasons for this. First and foremost, some provisions further extend gender imbalances rather than address them. For example, the requirement for parents to have taken parental leave before being able to request flexible working arrangements further reinforces the role of women as caregivers (given existing patterns of take-up linked to compensation levels).

The *effectiveness* and *efficiency* of the Directive could be enhanced through measures that further individualise and incentivise specific provisions for fathers. This can translate to a dedicated, paid period of leave, which cannot, in principle, be transferred to the mother. This has, in part, been introduced by the 2010 Directive but the current provisions do not guarantee compensation or provide incentives. Compensation is difficult to achieve in current economic climate, but incentives could be considered, such as extending the overall duration of the leave when a certain period is taken by the father. Positive promotion of 'fathers' quotas' can also help in addressing the disparity.

Relevance

The Directive has thus provided some harmonising effects on the availability and provisions of parental leave across Europe and thereby it was a *relevant* approach to take; but only to a limited extent, considering that most countries already operated one or even several different types of leave with the purpose of reconciling work and family life. Approximately two thirds of study countries either already met the requirements when the Directive was first introduced and thereby did not require formal implementation or made some amendments to existing legislation so as to meet the specific requirements of the Directive. The Directive arguably did not go far enough though to propose legislative changes in terms of compensation levels and non-transferability clauses reducing its effectiveness as discuss above.

Coherence

The non-discrimination goals of the Directive tie in with a broader framework of other EU regulatory and policy measures and require the implementation of a broader set of measures to address all the drivers underlying the unequal take-up of family leaves.

Community added value

The EU has been relatively successful in harmonising and establishing a common ground for the provision of parental leave which allows for the sharing of parental responsibilities and enhancing the reconciliation of work and family life. However, current provisions and their implementation are insufficient in shift persisted stereotypes over the caring roles of men and women, leading to strong imbalances in take-up rates. This can partly be attributed to a lack of provision on the payment of parental leave and particular to the relative flexibility which remaining in transferring leave entitlements between parents. As the right to request flexible working remains a procedural right in many countries and is limited to individuals returning from parental leave in many countries, existing patterns of leave taking encourage take-up of flexible working time options primarily by women, thus further impacting their career and earnings potential.

Furthermore, the lack of a broader family leave and flexibility working package also serves to cement existing patterns in the sharing of paid and unpaid work.

2.1.6 Carers' leave

For the purposes of this study, carers' leave is understood as leave to care for ill, disabled, frail, elderly or dependant first-degree relatives and spouses/life partners or other adults deemed relevant in the scope of national legislation. It is understood as a period of leave longer than the 'force majeure' leave to take time off for urgent family reasons such as that under the Parental Leave Directive (Clause 7). It is also understood as not overlapping with parental leave, i.e. it is leave covering care for persons in respect of whom it would not be possible to take parental leave.

There is currently no provision for carers' leave in EU regulation. Nonetheless, most Member States already offer leave provision which allow workers to look after sick or dependent family members. These can mainly be classified into three main kinds of carers' leave:

- Short term leaves which can allow care for a relative in an emergency situation (beyond the force majeure provisions of contained in the Parental Leave Directive) or to make arrangements for care. These are available in a high number of Member States (e.g. AT, BG, CZ, DE, EL, ES, FI, HR, IE, LT, LV, LU, NL, PL, PT, SI, SK, UK);
- Longer leaves of several weeks or months to directly care for a relative (DK, FR, HU, RO, SE);
- Palliative care leave to take care of a relative at the end of life (e.g. AT, SE).
- A number of countries offer of combination of longer and shorter forms of carers' leave (e.g. AT, BG, DE, EE, ES, FI, IE, IT).

Some countries only have provisions for sick children (between 12 and 18 years of age) but not for spouses or elderly family members (LT, LU, LV, RO).

The countries which do not have a *statutory* provision for carers' leave are Cyprus and Malta[169]. Iceland also has no statutory requirement[170].

2.1.6.1 Length of leave

Length of leave varies widely between Member States as depicted in Table 14, with countries relatively evenly split between those offering (at least one) leave option of medium to long or short duration. Many countries (see above) have different forms of leave (for different purposes; e.g. leave for short-term requirements to arrange for

[169] These countries only have force majeure leave as required by the Parental Leave Directive. In Malta leave is available, but this is deducted from the annual leave entitlement.

[170] But carers' leave can be provided for in collective agreements in Iceland.

care; palliative care leave etc.). In the Figure 12, only one form of leave (usually a shorter, compensated form of leave) is depicted, with other leave available being referred to in the Table below.

Table 14. Length of carers' leave in the EU28 and Iceland, Liechtenstein and Norway (simplified)

Assessment of length of leave	Length of leave (working days unless stated otherwise)	Countries
None	0 days	CY, MT
Low	1-10 working days (up to 2 weeks)	ES, LU[171] (2 days); IE (3 days); AT (5 days for dependent family members, 10 days for children), IT (5 days for children), EL (6 days), CY, LI, LT, SI (7 days with possible further 7 day extension), CZ (9 days[172]), DE, EE, NL, SK (10 days), UK[173]
Medium	11-66 working days (up to 3 months)	BE (palliative care leave[174]), BG, EL[175], FR[176], HR, IT, LV[177], LT[178], NL, NO, PL, PT (with possible extension by further 15 days), RO[179]
High	67- 520 working days	AT (family hospice leave, 6 months); DE (6 months), SE (100 days min), DK (palliative care 2-6 months; 132 days with possible extension of 66 days to look after disabled relative), BE (12 months[180]), ES[181], FI (100-360 calendar days[182]), FR (310 days max), HU, IE[183], IT (520 days), BG (no restriction on length of leave, but only 10 days compensated), SE[184]

Source: EPEC 2011 (updated 2016; unpublished), MISSOC tables 2016

2.1.6.2 Possible frequency of take-up

An important feature of carers' leave relates to the possible frequency of take-up. Carers' leave entitlements can be granted in various ways: 1) the full leave

[171] For children only.

[172] In principle leave is unlimited, but benefits are only paid for 9 calendar days).

[173] Provision is for 'a reasonable amount of time off'.

[174] 2 months maximum per patient.

[175] Between 6-12 days depending on the number of dependent persons).

[176] Family support leave to care for disabled relatives unpaid and family solidarity leave (end of life) paid at a daily allowance of 55 Euros.

[177] Sick child up to age of 14 – max of 21 days.

[178] For children only.

[179] Only for disabled children.

[180] 24 when taken part-time.

[181] This is also a leave which allows individuals to reduce working hours until a child is 18 if suffering from a serious illness.

[182] Job alternation paid at 70-80% of unemployment benefit. Finland also offers short unpaid periods of leave as agreed with employer. Municipal grants to support informal care are also available.

[183] Up to 13 weeks. Unpaid but may qualify for carers benefit.

[184] No explicit time limit is given.

entitlement can be used once per year; 2) leave can be used once per month (in Luxembourg and Italy only); 3) the full leave entitlement can be used several times whenever the relative gets sick or seriously ill ('per case of illness'), or 4) the full leave entitlement can be used only once for a certain dependent relative ('once per person to be cared for'), but several times if the caregiving employee has more than one relative to care for during his/her working lifetime. A distinction can be drawn between the different types of frequencies. Leave options which can be used 'once per case of illness' or 'once per relative cared for' reflect an emphasis on the rights of the person in need of care, options like 'once per year' or 'once per month', allude more to the rights of the carer.

In the vast majority of EU countries, leave is taken once per year or once per person to be cared for (see Table 15 below[185]). In fewer cases, employees are entitled to take leave anytime a relative gets sick. Luxembourg (in the public sector only) and Italy have special monthly provisions. Carers' leave options that can be used only once during an individual's working lifetime are provided only in Italy. Such leave measures are particularly long (two years) to cater for the needs of long-term carers looking after relatives with a chronic illness or disability. Leave arrangements offering leave only once per working lifetime are assessed as a 'low' level of provision (in Figure 12 below), whereas leaves which can be taken up monthly or in each case of illness are considered to offer a 'high' level of provision for the carer. Overall, the strength of such provisions needs to be seen within the context of the length, level of payment and flexibility of take-up of the leave, as well as the level of protection afforded to those availing themselves of the leave. Furthermore, it should be taken into account in respect of whom leave can be taken (e.g. only spouses, first line relative or beyond). More detailed information on this aspect of carers' leave is presented in Table 6 in the Annex 1.

Table 15. Frequency of take-up of carers' leave in the EU28, Iceland, Liechtenstein and Norway (simplified)

Assessment of strength of right linked to frequency of take-up	Frequency of take-up	Countries
Low	Once per working lifetime Once per person to be cared for	IT (long leave to look after family member with chronic disability) AT[186], BE[187], DE, ES, FI, FR, HU, IE, SE, SK
Medium	Once per year	AT, BG, CY, CZ, DE, DK, EE, EL, FR[188], LU, LT, NL, NO, PL, PT , RO, SI, SK
High	Once per month Per case of illness	IT , LU (public sector only) CZ, EE, HR, LI, LV, SI

[185] It should be noted that several countries appear twice in the table which indicates that frequency of take-up differs between carers' leave schemes.

[186] Hospice leave.

[187] The right to take-up care of another patient can be refused by the employer if the company has 50 employees or less and if the claimant had already taken medical care leave to care for a first patient during 6 months or more of full-time leave or 12 months or more of part-time leave.

[188] Parental presence leave is available for up to 310 days within 3 years. Family solidarity leave available for 3 months is renewable once.

Source: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave, MISSOC tables 2016

Carer-specific employment protection is explicitly provided in 19 Member States. Flexible take-up of carers' leave provision is possible in 17 countries (AT, BE, BG, CY, DE, DK, ES, FR, HU, IE, IT, LU, LT, NL, NO, PT, SE) and can include take-up in blocks, part-time or full-time.

2.1.6.3 Compensation during leave

The compensation rates for carers' leave differ significantly between countries (see Table 16 and Figure 12 below), but it is generally lower than other family leave measures such as paternity or maternity leave. Half of countries do not provide any compensation for at least some of the forms of carers' leave (usually longer leaves). Nine further countries provide modest compensation up to 60% of average earnings. Six countries (Belgium, Bulgaria, the Czech Republic, France, Denmark, Ireland) provide low flat rate benefits (for at least one the available leaves). Nine countries provide full compensation of (at least one of the forms of) carers' leave. These are Austria, Denmark, Italy, Liechtenstein, Luxembourg, the Netherlands, Norway, Spain and Sweden.

Because of the complexity of carers' leave provisions, and the multiplicity of provisions in some Member States, a global assessment of the quality of existing carers' leave arrangements is particularly challenging. The assessment presented in the Figure below should therefore be viewed with caution. In its assessment it seeks to take into account length and compensation of leave, who the leave can be used for and how often. Availability of flexible take-up and protection from discrimination are also considered, however, since these are provided in most countries, these considerations play less of a role in the aggregate assessment. As payment for carers' leave is generally low (particularly for somewhat longer leaves) and fully paid leaves are very short, no country has been classified as having overall 'high' levels of provision in this area.

Table 16. Compensation levels during carers' leave in the EU (simplified)

Assessment of level of compensation of leave	Compensation rate (as a proportion of average earnings)	Member States
None	0% (unpaid)	BE (leave for urgent reasons), CY, DE (caring leave), EL, ES, FI, FR, HU, IE[189], IT, LT, NL, PT, UK
Low	>0%-69%	BE, BG, CZ, FR (flat rate around sick pay level), IE (majority receive flat rate equivalent of 26.7% average earnings), DK (palliative care leave 1.5 times sick pay), AT (family hospice leave, 55% of net income[190]); SK (55% with ceiling set higher than compensation rate), CZ (60% with ceiling higher than compensation ate)
Medium	<70%-89%	BG, HR, NL (70%), DE (short term absence), EE, FI (job alternation), PL SE, SI (80%), LT, RO (85% with ceiling higher

[189] Carers' benefit may be paid.

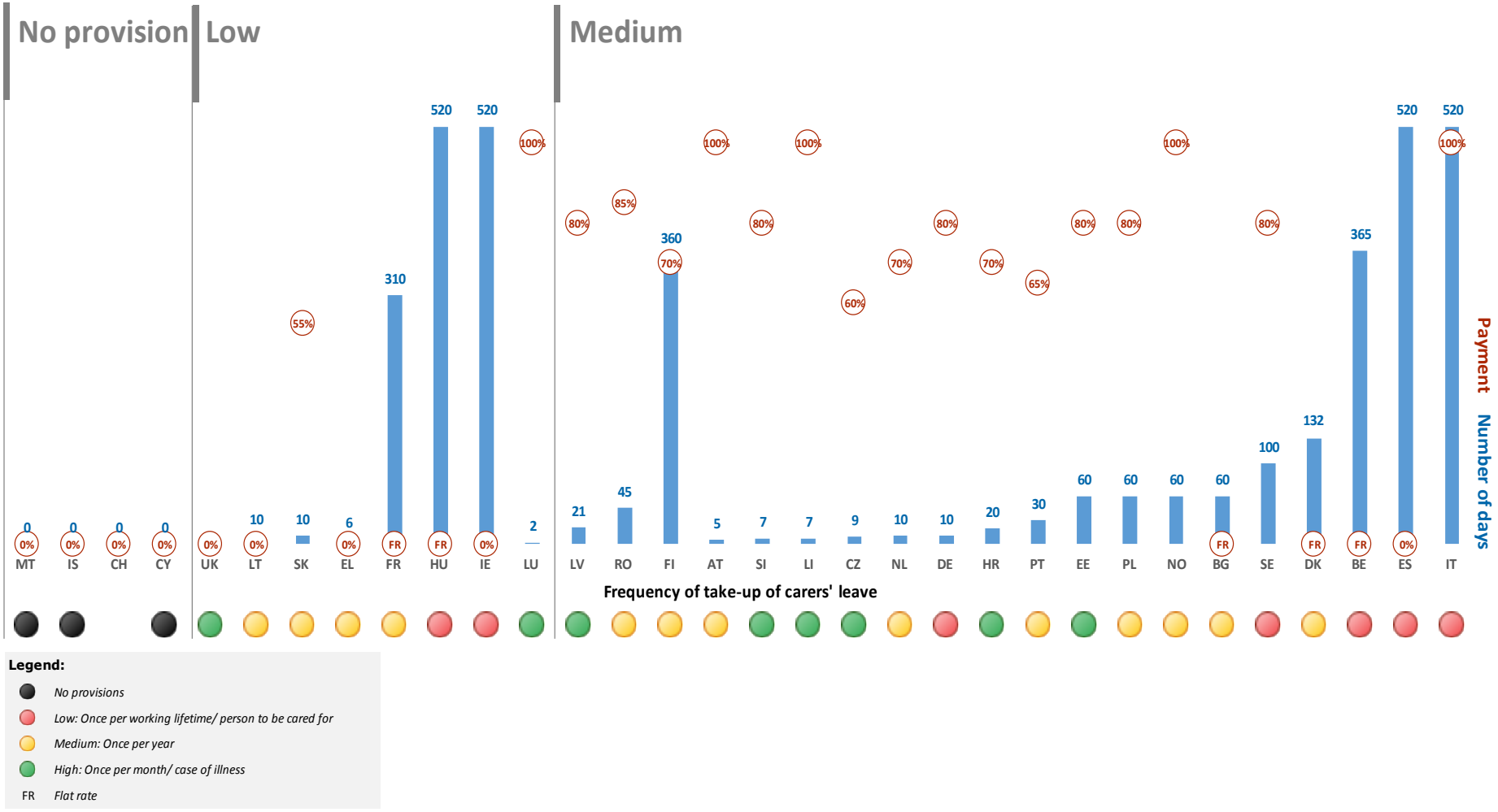
[190] This leave can also be taken part-time and salary is reduced proportionally.

Assessment of level of compensation of leave	Compensation rate (as a proportion of average earnings)	Member States
None	0% (unpaid)	BE (leave for urgent reasons), CY, DE (caring leave), EL, ES, FI, FR, HU, IE[189], IT, LT, NL, PT, UK
		than compensation rate)
High	<90%-100%	90%: DE (short-term caring leave); 100%: AT, DK (leave to look after disabled relative), ES (short term care leave), IT, LI, LU, NL (emergency leave), NO, SE[191]

Source: EPEC 2011 updated in 2016, MISSOC tables 2016

[191] Regulated in collective agreements.

Figure 12. Overview of current carer's leave provisions



Note: Only forms of carers' leave providing highest level of compensation are presented here.

Source: EPEC 2011 updated in 2016, MISSOC tables 2016

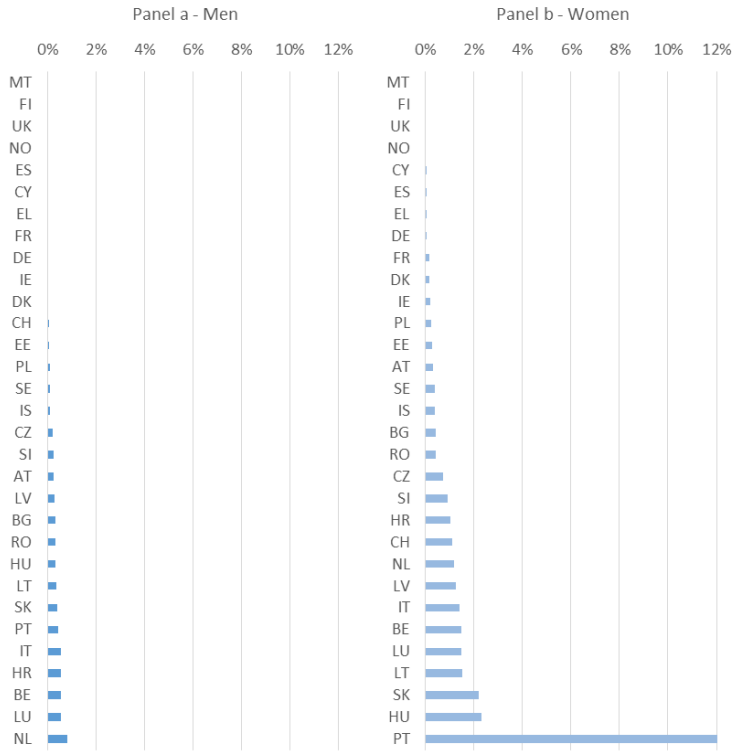
2.1.6.4 Take-up of carers' leave

The overall take-up level of carers' leave is relatively low compared to other types of leave covered in this study, which reflects the often very specific circumstances under which carers' leave can be taken, the short duration of many leaves and the low level of compensation for leaves of longer duration. In all countries except Portugal, less than 2% of people in employment take carers' leave (Figure 13).

Women are more likely to take-up carers' leave than men (Figure 13). The proportion of employed men taking carer's leave is lower than 1% in all the countries covered by this study. The highest proportion of men taking carer's leave is in Netherlands, where 0.8% of all employed men take such leave. More than 1% of employed women take carers' leave in 12 out of the 30 countries covered by this study.

The average duration of carers' leave taken reflects the variety of different provisions available in the Member States and EFTA countries, ranging from very short term leave to very long-term care leaves designed to allow for care for people with long-term illnesses or disabilities.

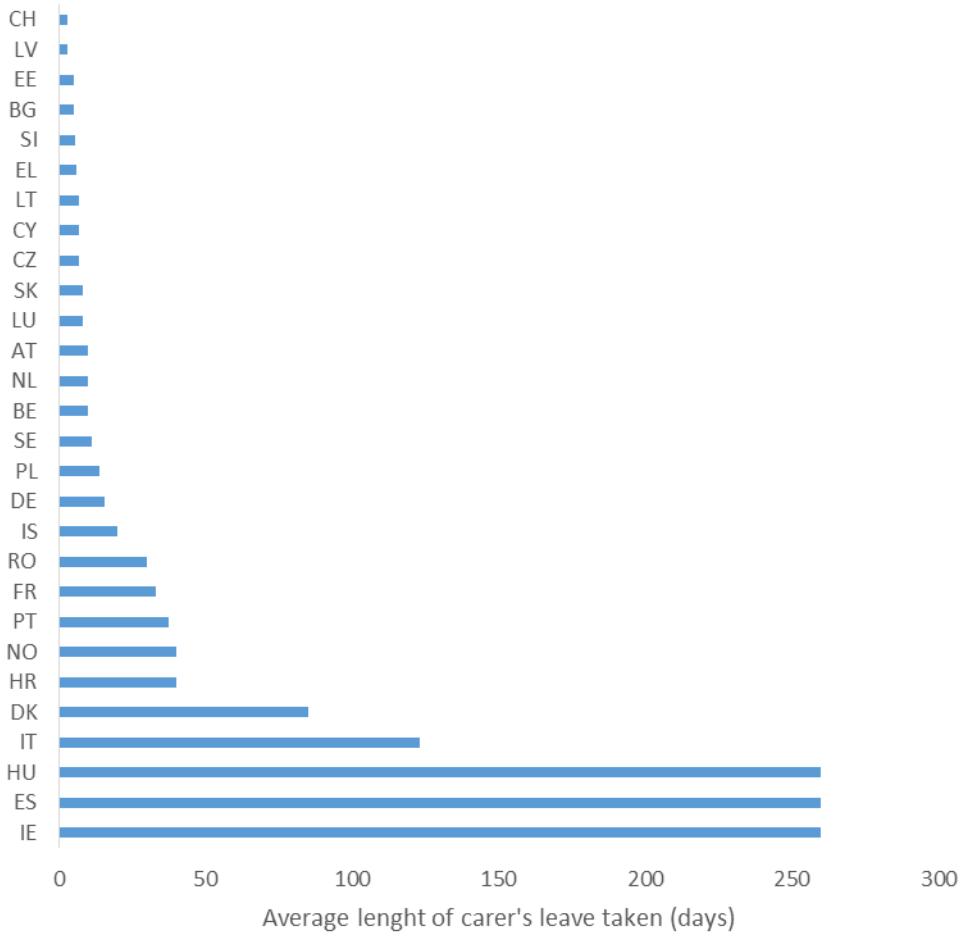
Figure 13. Level of take-up of carer's leave by country and gender



Note: Figures are based on administrative or survey data made available by national competent bodies in BG, DK, EE, ES, IE, NL, PL, SI, SK. Data from other countries (where available) have been calculated by ICF on the basis of estimates provided by competent authorities and stakeholders of the overall number of beneficiaries and the split between male and female beneficiaries. These numbers are subject to a certain level of uncertainty.

Source: European Commission (2012, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave

Figure 14. Average duration of carer's leave (in days) by country



Note: Figures are based on administrative or survey data made available by national competent bodies in BG, DK, EE, ES, IE, NL, PL, SI, SK. Data from other countries (where available) have been calculated by ICF on the basis of estimates provided by competent authorities and stakeholders of the overall number of beneficiaries and the split between male and female beneficiaries. These numbers are subject to a certain level of uncertainty.

Source: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave

2.1.7 Flexible work arrangements

Previous studies indicate that access to flexible working opportunities plays an important role in supporting the ongoing participation of individuals with caring

responsibilities in the labour market[192]. The impact of flexible working arrangements on pay and career progression depends on the particular form of flexible working selected (temporal – through the reduction in working hours, geographical or in terms of the organisation of unchanged hours over the working week/month). The Parental Leave Directive provides the right for parents returning from parental leave to request flexible working, either in the form of altered working schedules/patterns or reduced hours. However, the Directive also provides the employer with the right to refuse such requests. No similar right (or entitlement) exists at European level for carers of adult relatives or indeed for individual not linked to return from parental leave. Italy, Malta and Romania are the only countries currently no providing statutory rights to request any form of flexibility, meaning that these countries are currently potentially not in line with the requirements of the Parental Leave Directive.

In practice, flexible working time schedules are rather widespread in the Nordic countries and in Germany, the Netherlands, France and Luxembourg compared to the Southern and Eastern EU Member States.

In Denmark flexitime arrangements and working time banking are common, whereas in Sweden staggered hours are an important form of flexible working time schedules, but are usually based on collective agreements or company level agreements. In Germany working time banking is the main form of flexibility and it is also the country with the highest share of employees having access to this schedule.

There is currently considerable diversity among the Member States as regards the availability of different flexible working time arrangements (e.g. flexibility in working schedule, flexibility in place of work and possibility to reduce working hours).

2.1.7.1 Flexible working schedules

Only one country (Austria) currently offers an absolute right for parents of young children to request flexibility in working schedules. A further six countries offer a conditional right to request to parents/those returning from parental leave (with employers having to provide serious business reasons for refusing to grant a request). This applies in Cyprus, the Czech Republic, Poland, Portugal, Liechtenstein and Norway. In the Netherlands such a conditional right is offered to all employees. Procedural rights to request with regard to flexible working schedules are in place linked to parenthood/return from parental leave in four countries (BE, DK, EE, and SK). Such a procedural right is available to all employees in Italy, the UK and Iceland.

2.1.7.2 Geographical flexibility

In 2002, the European social partner agreed an autonomous framework agreement on telework which encouraged the use of this form of work where suitable to support work-life balance[193]. This was to be implemented in line with the procedures and practices specific to social partners in different countries.

A study carried out on behalf of the European Commission to assess the implementation of this agreement[194] found that social partners in 9 countries took no action to implement this agreement, in a further 2 countries implementation was limited to the translation and dissemination of the agreement, and in 7 countries the social partners drafted joint guidelines or codes of practice. Nine countries reached national cross-industry or sectoral collective agreements on the use of teleworking

[192] OECD (2012) Closing the gender gap

[193] https://www.etuc.org/framework-agreement-telework

[194] http://www.eurofound.europa.eu/observatories/eurwork/articles/commission-reviews-social-partner-agreement-on-teleworking

(BE, DK, EL, ES, FI, FR, IT, LU, IS) and in three countries the European level agreement led to legislative amendments at the national level (HU, PL, PT). In addition to these countries, Italy, Slovenia and Portugal also have procedural rights to request flexibility regarding the place of work. As a result, access to such arrangements therefore remains at the discretion of the employer in most cases. In Poland and the UK, such procedural rights to request teleworking are available to all employees. In the Netherlands, a conditional right to request is available to all, whereas in Bulgaria a conditional right exists for mothers of young children only.

2.1.7.3 Right to request reduced hours

Reduced working hours, including part-time work, remains the most widespread form of flexible working arrangement. In three countries (HR for parents of a disabled child; AT, SE) this right is absolute. In 11 countries, it is conditional, with the employer having to cite serious business reasons to refuse such a request (BG, CY, CZ, DE, ES, FI, HU, NL, PT, LI, NO). In Bulgaria, Germany and the Netherlands this right is not directly linked to the return from parental leave or parenthood. In a further 14 countries (BE, DK, EE, EL, FR, IE, LT, LV, LU, PL, SI, SK, UK, IS) there is a procedural right to request reduced hours, which the employer only has to consider and provide a reason for refusal (either in writing or orally). In France, the UK and Iceland this right to request is not strictly tied to parenthood.

Not all countries automatically provide a right to return to previous hours, although many ensure (at least on paper) protection from discrimination for those requesting flexible working.

Seven Member States (EE, HU, LT, LV, PL, PT, and SI) have regulations limiting overtime for workers with young children[195]. In Estonia, workers with children under 12 can only be assigned to overtime, working at nights and weekends with the consent of the employee. In Hungary, parents with a child up to one (or lone parents with a child up to four) can only be assigned to work performed outside the scheduled working hours with their consent. In Portugal and Poland the regulation covers both overtime and night work, whereas in Latvia the regulation only covers night work and in Lithuania and Slovenia overtime.

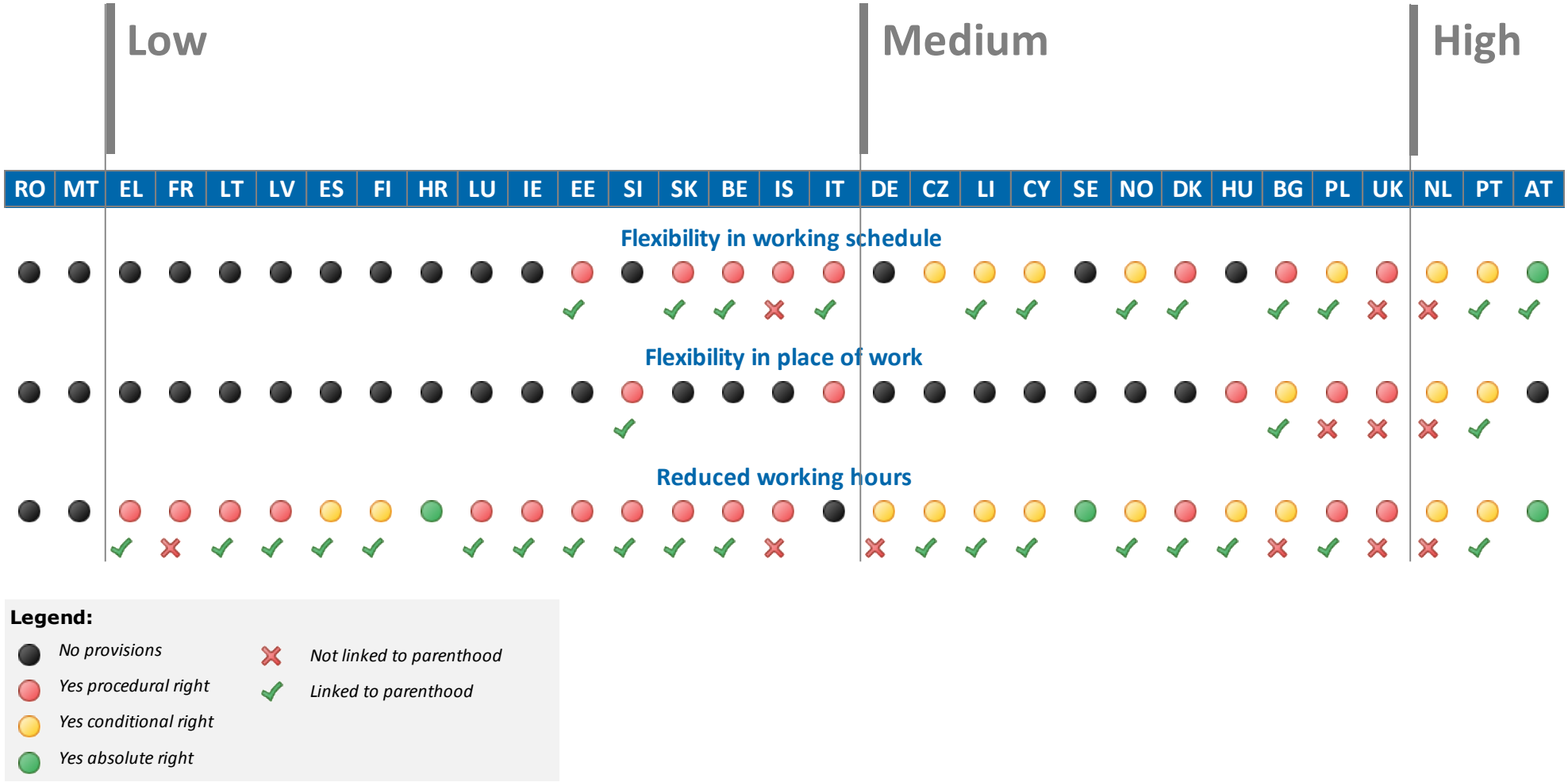
The Figure 15 summarises existing flexible working provisions available in different Member States and EFTA countries.

Existing provisions are ranked 'high' if rights are absolute, conditional rights exist with regard to all forms of flexibility and if conditional rights are not limited to individuals returning from parental leave. These conditions are only met in Austria, Portugal and the Netherlands.

Countries are considered to have a low level of provision if they have no provision in at relation to at least two forms of flexibility or have not provisions in one area and only procedural rights in the other.

[195] KE-31-10-378-EN-C FlexibleWorkingArrang_web.pdf (See page 34)

Figure 15. Overview of current flexible work arrangements



Source: LSE (2016), Challenges of work-life balance faced by working families; ICF research for this study

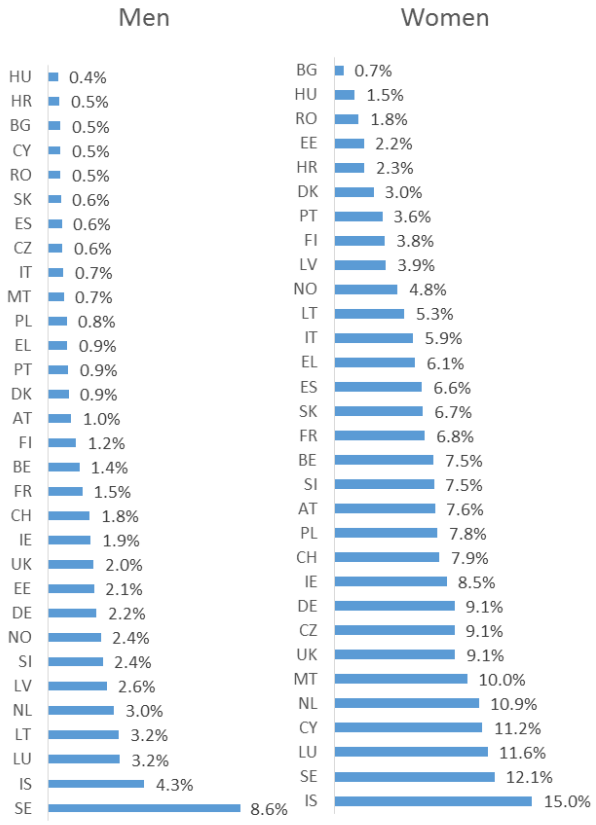
2.1.7.4 Take-up of flexible working arrangements

The current take-up levels of reducing working hours are significantly higher for women than for men, as is illustrated in Figure 16[196] (in some cases more than ten times higher, e.g. ES). More specifically:

- In 30 out of 31 countries where data are available, less than 5% employed men are estimated to reduce their working time to care for their child. Only in SE (8.6%) more fathers decide to do it.
- In 21 out of 31 countries, more than 5% of employed mothers reduce their working time due to caring responsibilities. IS and SE have the highest share of women choosing to do so.

[196] Employees by flexibility of their working schedule and economic activity (1 000) [lfso_10fvareco] - Flexitime/working time banking and Determines own work schedule (no formal boundaries)

Figure 16. Level of take-up of reduced working hours by country and gender



Source: ICF calculation based on Eurostat, Persons who reduced their working time to care for their youngest child aged less than eight [lfso_10lredwor], (ages 15-64), as of 2010

Note: Due to missing values assumptions has been made about the share of persons reducing their working time in LV (for men Assumed as average of LT and EE), IE (assumed as in the UK), CH (assumed as average of FR and DE), MT (for men assumed as IT) and BG (for men assumed as RO).

The proportion of companies offering employees the possibility to choose the time they begin and finish their working day increased by 9 percentage points between 2009 and 2013. In 2013, this figure stood at 66%. The availability of so-called 'flexitime' was widespread in Finland (86%), Austria (77.5%), Denmark (76.9%) and

Sweden (74.2%). However, less than one in four employers offered such possibility in Croatia (22.1%), Bulgaria (20.8%), Greece (20.6%) and Cyprus (14.2%)[197]. The possibility of employees to have flexible work schedule depends on the sector (with lowest 'flexitime' availability in construction sector – 56%) and size of company. 80% of large companies offer flexitime to at least some of their employees, compared to 71% of medium-sized establishments and 64% of small ones[198].

Although workplace flexibility is seen as a key driver of achieving better work-life balance, the take-up of these options is often insufficient[199]. A recent study suggested that two thirds of establishments in Europe provide some of their employees with the possibility to choose the time they begin and finish their working day but the take-up remains low[200]. In 2010 in the age group 15-64 only one in ten employees declared that actually use this flexitime which might be due to the fact that not all employees in the companies are afforded such options. Additionally one in twenty employees stated that they determine their own work schedule. The differences between gender (1 percentage point difference between women and men) and type of contract is minimal with 11% of part time and 10% of full time workers using flexitime. Overall parents tend to have slightly more flexibility in their working hours than non-parents in most countries[201]. Several reasons might influence the take-up of flexible work policies, such as individual characteristics of workers, employers and national contexts. Often organisational factors hinder the use of flexible work arrangements, such as unsupportive organisations or supervisors and reward systems that penalize those who do not follow the standard '9 to 5' pattern[202].

The current take-up levels of flexibility in working schedules is higher for men than for women, as is illustrated in Figure 17. In 19 out of 31 countries where data are available, men use the flexibility of working schedule more often than women. The difference between genders varies across analysed countries from the highest in NO (+7 percentage points) and IS (+5 percentage points) to more equal accessibility of this working arrangement in 19 countries where difference between men and women is up to around 1 percentage point (AT, BE, BG, DE, CY, CZ, EL, ES, HU, HR, IT, LV, LT, PL, RO, SK, SI, SE, UK). In MT and IE women more often than men have more flexible working schedule.

[197] Eurofound (2015), Third European Company Survey – Overview report: Workplace practices – Patterns, performance and well-being, Publications Office of the European Union, Luxembourg

[198] Ibid.

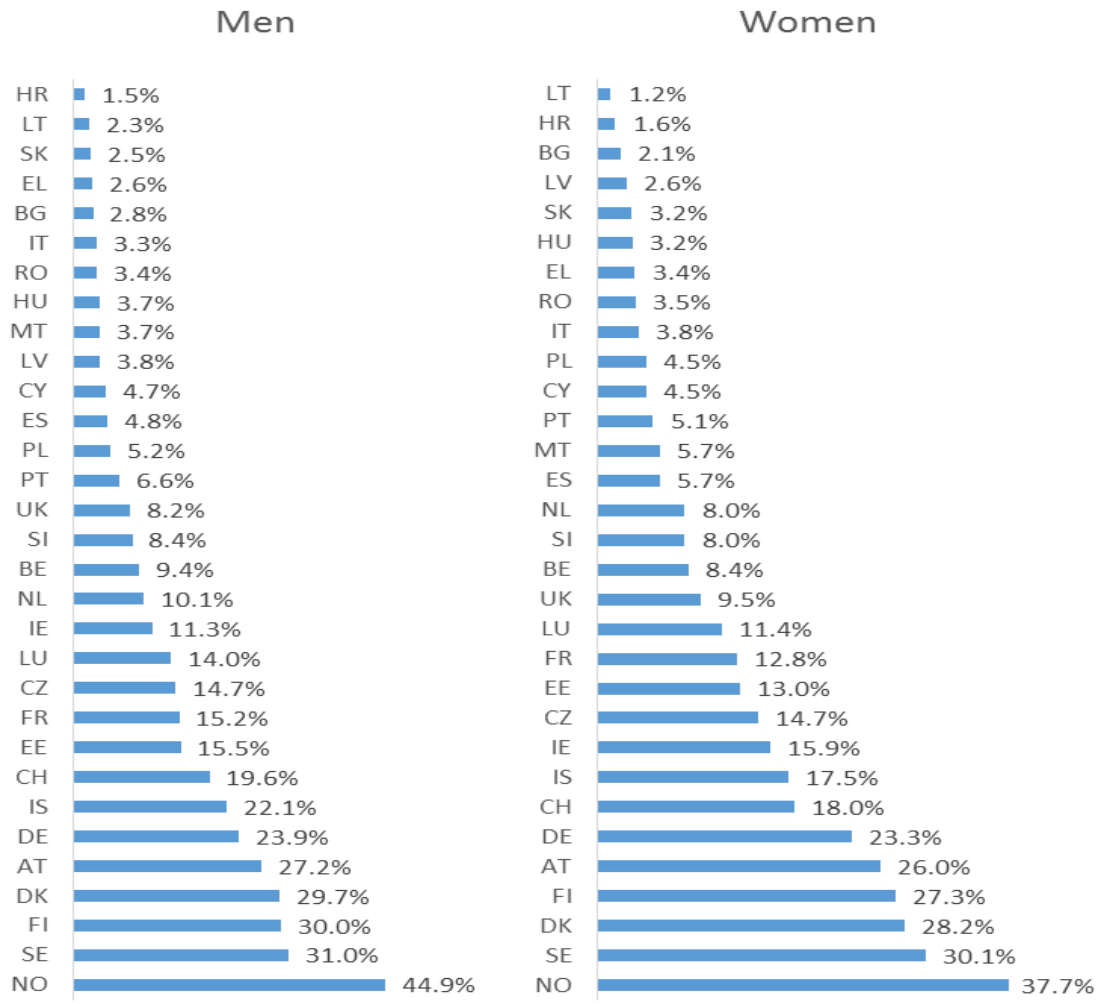
[199] *Kossek, E. E., Lewis, S., & Hammer, L. (2010). Work-life initiatives and organizational change: Overcoming mixed messages to move from the margin to the mainstream. Human Relations, 63, 1–17.*

[200] RAND (2014) Parents at work: Men and women participating in the labour force

[201] RAND (2014) Parents at work: Men and women participating in the labour force

[202] *Sweet, S. et al. (2013), Explaining organizational variation in flexible work arrangements: why the pattern and scale of availability matter, Community, Work & Family, 17(2): 115-141*

Figure 17. Level of take-up of flexible working schedule by country and gender



Source: ICF calculation based on Eurostat, Employees by flexibility of their working schedule and economic activity (1 000) [lfso_10fvareco] – Flexitime/working time banking and Determines own work schedule (no formal boundaries), (ages 15-64), as of 2010

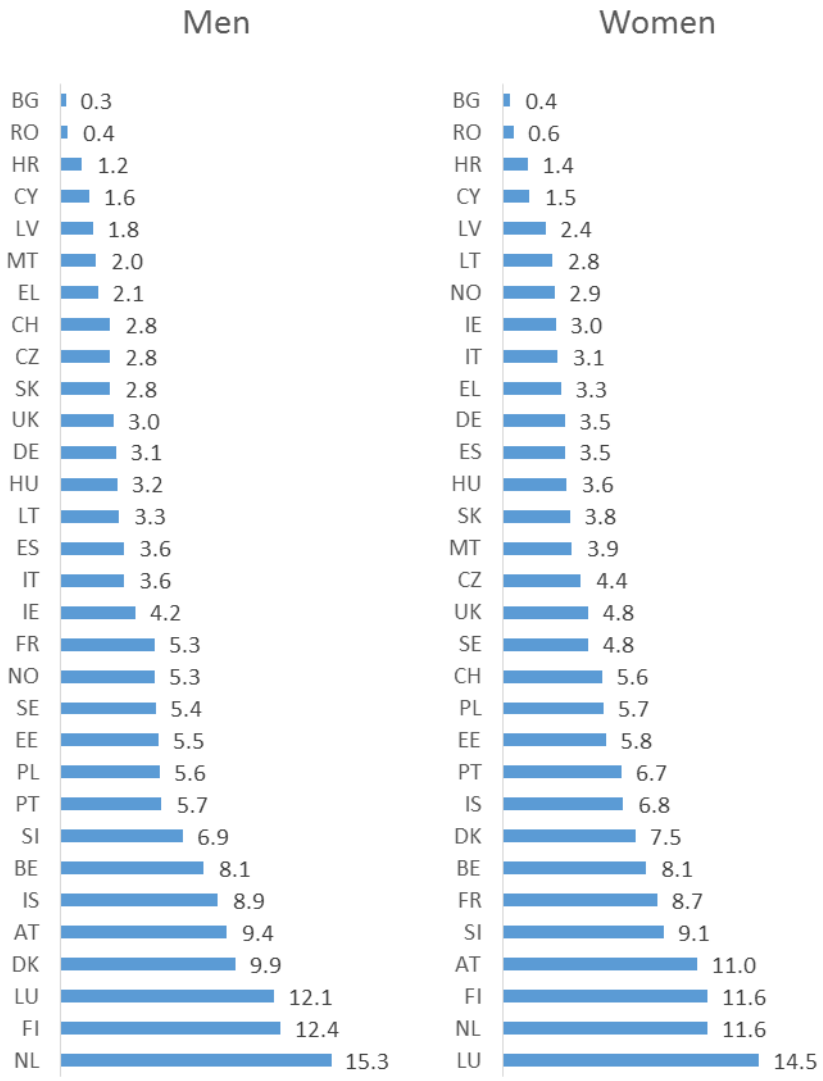
Another family friendly workplace practice is giving employees the possibility to work from home (or telework from a remote location). According to the European Working Conditions Survey conducted in 2010, around 4% of employees report that they work from home. Teleworking in the EU28 is to some extent more common for women (4.2%) than for men (3.3%) – a pattern prevailing across all age groups and among highly educated men than among highly educated women (5% against 3.8%).

Information on employed persons working from home available in Eurostat were used to establish level of take-up of flexibility in working place. In EU28 one in twenty employee worked from home in 2015[203]. Women (5.1%) slightly more often using this flexible working arrangement then men (4.4%). In 15 countries the difference

[203] Employed persons usually working from home as a percentage of the total employment, by sex, age and professional status (%) [lfsa_ehomp]

between sexes is less than 1 percentage point (BE, BG, DE, EE, ES, HR, IT, CY, LV, LT, HU, PL, RO, FI, SE). The biggest differences between sexes in use of the flexibility of place of work is in NL, DK, NO and IS where men are more likely to work from home. The difference is also more pronounced in SI, LU, CH and FR where women more often work from home.

Figure 18. Level of take-up of flexibility in place of work by country and gender (%)



Source: Employees by flexibility of their working schedule and economic activity (1 000) [lfso_10fvareco] – Flexitime/working time banking and Determines own work schedule (no formal boundaries), (ages 15-64), as of 2015

2.1.8 Childcare

2.1.8.1 Existing provisions

Expansion in the provision of childcare is an important priority of European employment and gender equality policy. In 2000, the Lisbon Strategy stipulated an overall employment rate target of 70% and a female employment rate target of 60% by 2010. This also inspired the so-called Barcelona targets in 2002 which were put in place to improve the provision of childcare across EU Member States, and to remove

barriers to women's labour market participation. The European Council agreed that by 2010, Member States should provide childcare to at least 33% of children under the age of three, and at least 90% of children between three years old and the mandatory school age.

The importance of these targets was reaffirmed in the Employment Guidelines (2008-2010) adopted by the Council and in the Europe2020 targets. Access to childcare facilities is recognised as being critical to achieve the employment goals together with other measures that are within the scope of this study (flexible working and an appropriate family leave framework).

The Commission's Strategic Engagement for Gender Equality 2016-2019 as well as the European Pact for Gender Equality (2011-2020) give further support to the Barcelona targets by encouraging Member States to improve, amongst others, the availability, quality and affordability of childcare services. The European Social Fund also provides financial support to increase investment in childcare initiatives in EU Member States.

Member States have committed themselves to increasing the availability of childcare and improve its quality and affordability.

Regarding childcare availability, Member States have committed themselves to improve it in two main ways: either by providing a legal entitlement to early childhood education and care (ECEC)[204] or by making ECEC compulsory for at least the last pre-primary year[205]. On the one hand, legal entitlement to ECEC refers to '*a statutory duty on ECEC providers to secure publicly subsidised ECEC provision for all children living in a catchment area whose parents, regardless of their employment, socio-economic or family status, require a place for their child*'[206]*.* Even though in this case public authorities have a duty to guarantee a place in ECEC settings for all children that are covered by legal entitlement, children are not obliged to participate in it and the provision is not necessarily free. On the other hand, compulsory ECEC for the last one or two years requires '*the responsible authorities to ensure a sufficient number of pre-primary places for all children in the age-range covered by compulsory attendance. Children are obliged to attend, and ECEC is free*'[207].

As indicated in Table 17 below, only four countries covered by the study have not established either a legal entitlement to, or compulsory enrolment in ECEC: Italy, Lithuania, Slovakia and Iceland. All other counties have introduced relevant provisions in their legislation either for a legal entitlement or for compulsory pre-school education even though significant variations exist in relation to the age from which children have a guarantee to a place in ECEC and the hours of entitlement.

[204] In this section the term 'Early childhood education and care (ECEC)' is used to refer to the provision for children from birth through to primary education that falls within a national regulatory framework, i.e., it has to comply with a set of rules, minimum standards and/or undergo accreditation procedures.
[205] European Commission (2014) Key Data on Early Childhood Education and Care in Europe, Eurydice and Eurostat report
[206] European Commission (2014) Key Data on Early Childhood Education and Care in Europe, Eurydice and Eurostat report, pp. 38-39.
[207] Ibid.

Table 17. Legal entitlement and/or compulsory ECEC

Provision	Countries/age of the child in years
Legal right to ECEC soon after child's birth (often immediately after the end of childcare leave)	DE (1 year),[208] DK (6 months), EE (1.5 years), FI (8 months), MT (all children of working parents),[209] NO (1 year), SE (1 year), SI (11 months)
Legal entitlement to ECEC with a minimum two year gap between the adequately compensated childcare leave and the legal entitlement	BE fr (2.5 years), BE de (3 years), BE nl (2.5 years), CZ (5 years), ES (3 years), FR (3 years), IE (3.5 years), LI (4 years), LU (3 years), HU (3 years), PT (3 years), RO (5 years)[210] and UK (3 years)
Compulsory pre-primary education (when child is 4 or 5 years old)	AT (5 years), BG (5 years), CH (4 years), CY (4.5 years), HR (5 years),[211] HU (5 years), LU (4 years), EL (5 years), LV (5 years) and PL (5 years).
No legal entitlement or compulsory pre-primary education	IT, LT, SK and IS

Note: Data are not available for the Netherlands
Source: Eurydice and Eurostat (2014); Eurydice (2015)

The hours of entitlement on a weekly basis also vary significantly between countries ranging from 15 hours in Ireland to 40 hours in other countries, providing different levels of flexibility to working parents. In Malta the maximum hours of entitlement match the working hours of the parent with the lowest work intensity (plus an hour each day for commuting)[212].

Table 18. Weekly hours of entitlement to ECEC

Country	AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT
Weekly hours	15-20	23	20-24	26.5	40	(x)	40	40	22.5	25	40	24	(4)	20	15	-
Country	**LT**	**LU**	**LV**	**MT**	**NL**	**PL**	**PT**	**RO**	**SE**	**SI**	**SK**	**UK**	**IS**	**LI**	**NO**	**CH**
Weekly hours	-	18 26	(x)	30 (y)	:	25	25	:	40	40	-	(z)	-	28	40	(x)

Note: (x) No central regulations; : data not available; (y) In Malta the maximum hours of entitlement match the working hours of the parent with the lowest work intensity (plus an hour each day for commuting); (z) UK-ENG 30, UK-WLS 25, UK-NIR 27.5, UK-SCT 31[213]; - no provision.
Source: Eurydice and Eurostat (2014); Eurydice (2015)

As far as quality of childcare is concerned, Member States have introduced in most cases central regulations covering the maximum number of children allowed per staff

[208] In Germany, all one-year-old children are entitled to ECEC since August 2013.
[209] In Malta, entitlement to free ECEC provision has been extended to all children of working/studying parents since April 2014.
http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2204&furtherNews=yes
[210] In Romania, the legal entitlement for 5-year-olds became available f[210]om 2014 September.
[211] In Croatia, from September 2014, one year of pre-school ECEC programme became compulsory.
[212] 'Key policy messages from the Peer Review on 'Making Work Pay for Mothers', Peer Review on Making Work Pay for Mothers, St Julian's, Malta, 18-19 May 2015,
http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2204&furtherNews=yes
[213] 2016 Childcare Bill.

member and/or per group in centre-based settings (see Table 19 below). In most cases these are maximum numbers and actual numbers can be lower. All countries have also introduced educational guidelines but there are variations in the aspects covered by them across Member States.

Table 19. Maximum number of children per staff and per group

	Maximum number of children per staff member						Maximum number of children per group					
	Ages of children						Ages of children					
	Under 1	1	2	3	4	5	Under 1	1	2	3	4	5
Befr	7	7	7	20	20	20	nr	nr	nr	nr	nr	nr
BE de	6	6	6	19	19	19	nr	nr	nr	nr	nr	nr
BE nl	6.5	6.5	6.5	nr	nr	nr	nr	nr	nr	nr	nr	nr
BG	nr	nr	nr	nr	nr	nr	8	16	16	22	22	22
CZ	nr	nr	nr	nr	nr	nr	nr	nr	24	24	24	24
DK	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
DE	5	5	5	14	14	14	10	10	10	25	25	25
EE	nr	8	8	8	12	12	5	16	16	16	24	24
IE	3	5	8	8	8	na	nr	nr	nr	nr	nr	nr
EL	4	4	4	12.5	12.5	12.5	12	12	12	25	25	25
ES	nr	nr	nr	nr	nr	nr	8	14	20	25	25	25
FR	5	8	8	nr	nr	nr	nr	nr	20	30	30	30
HR	nr	nr	nr	nr	nr	nr	5	8	12	14	18	23
IT	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
CY	6	6	16	25	25	25	nr	nr	nr	25	25	25
LV	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
LT	3	10	15	20	20	20	6	10	15	20	20	20
LU	6	6	8	8	11	11	12	12	15	15	15	15
HU	6	6	7	nr	nr	nr	12	12	14	25	25	25
MT	3	5	6	15	20	na	nr	nr	nr	15	20	na
NL	:	:	:	:	:	:	:	:	:	:	:	:
AT	5	7.5	7.5	12.5	12.5	12.5	10	15	15	25	25	25
PL	8	8	8	nr	nr	nr	nr	nr	nr	25	25	25
PT	5	7	9	7.5	12.5	12.5	10	14	18	25	25	25
RO	4	5	6	17	17	17	7	7	15	20	20	20
SI	6	6	6	8.5	11	11	12	12	12	17	22	22
SK	nr	nr	10	20	21	22	nr	nr	10	20	21	22
FI	4	4	4	7	7	7	nr	nr	nr	nr	nr	nr
SE	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
UK-ENG	3	3	5	13	13	na	nr	nr	nr	nr	30	na
UK-WLS	3	3	4	8	8	na	12	12	12	26	30	na
UK-NIR	3	3	4	8	na	na	26	26	26	26	na	na
UK-SCT	3	3	5	8	8	na	nr	nr	nr	nr	nr	na
IS	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr	nr
LI	Variable	Variable	Variable	Variable	Variable	Variable	8	8	12	12	20	20
NO	9	9	9	18	18	18	nr	nr	nr	nr	nr	nr
CH	6	6	8	8	nr	nr	12	12	12	12	24	24

Source: Eurydice and Eurostat (2014)

Last, Member States have introduced different measures to improve the affordability of childcare as they consider it an essential public service. These include fee subsidies, cash benefits and tax reductions and/or tax credits[214].

Fee subsidies are usually introduced to address equity concerns and sometimes target low income families, families with more children, lone parents/mothers or students with parental responsibilities. In many cases fees are linked to the family income and family structure.

Cash benefits on the other hand are a form of direct transfer to parents or grandparents (cash benefits that take into account the family situation) or to the suppliers (providing direct funding to private suppliers, in exchange of them applying regulated fees to low income families). For example, Belgium provided cash benefits

[214] Mantouvalou, K. (2015), Making work pay for mothers: An EU perspective, Peer Review on 'Making Work Pay for Mothers' St Julian's (Malta), 18-19 May, 2015, p.11-13.

directly to the supplier to address supply problems. The Flemish government introduced a parental financial participation system (PFP) based on income to enable more parents to access the non-subsidised childcare or childminder services. Childcare providers that work with the PFP have to reserve 20% of their places for lone parents and low-income families who are unemployed or on labour market activation programmes.

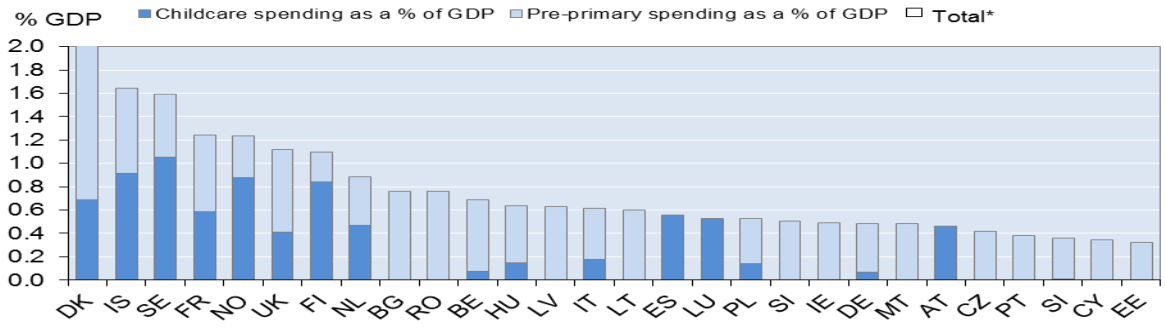
Tax reduction and/or tax benefit programmes aim at encouraging carers' (and especially middle and high income mothers subject to a higher income tax rate) to return to work, by lowering tax payments. Tax reduction measures for families are often use to provide family support in Belgium, France, Germany, Czech Republic and the Netherlands.

Tax credits on the other hand can be targeted to low-income earners. Tax credits are similar to cash benefits, but they are usually paid out after taxes have been submitted. If tax returns are only submitted once a year, parents need to manage childcare cost themselves over the year before they receive the credit. In the UK, tax credits can be paid weekly or monthly, based upon the estimated income of the family. Tax credits can also target employers. In France, a tax credit was introduced in 2004 and targeted companies that finance childcare services for their employees.

Even though these measures are important to increase the affordability of childcare, they do not always apply to ECEC provision for younger children (below pre-primary education). Parents are sometimes expected to bear all the costs of these services for this age group. When ECEC is compulsory for the last one or two pre-primary school years it is provided free of charge.

Public expenditure on ECEC as a proportion of the GDP varies across Europe. As indicated in Figure 19 below, total public spending is over 1% of GDP in France, the Nordic countries and the United Kingdom, while it is below 0.5% of GDP in Austria, the Czech Republic, Estonia, Portugal and the Slovakia. Most countries spend more on pre-primary school care that starts when the child is four or five than formal childcare for children below the age of three, which is a reflection of coverage of the existing institutional framework discussed above. Pre-primary school spending is highest at over 0.7% of GDP in Denmark, Iceland and the United Kingdom, while childcare spending is only over 0.7% in the Nordic countries.

Figure 19. Public expenditure on childcare and early education services as a percentage of GDP, 2011



Source: Social Expenditure database 2014; OECD Education database; Eurostat for Non-OECD countries. Note: Where no childcare spending is indicated, data is not available

Information is limited on the extent to which employers provide childcare support to employees. According to the Establishment Survey on Working Time carried out by

Eurofound in 2004-2005, on average for some 21 European countries for which data was available, about 7% of the companies reported to provide childcare and/or service support to some of their workforce (see Table 20 below). This proportion is considerably higher in Latvia, the UK and particularly the Netherlands, where many employers provide significant financial childcare supports to their employees.

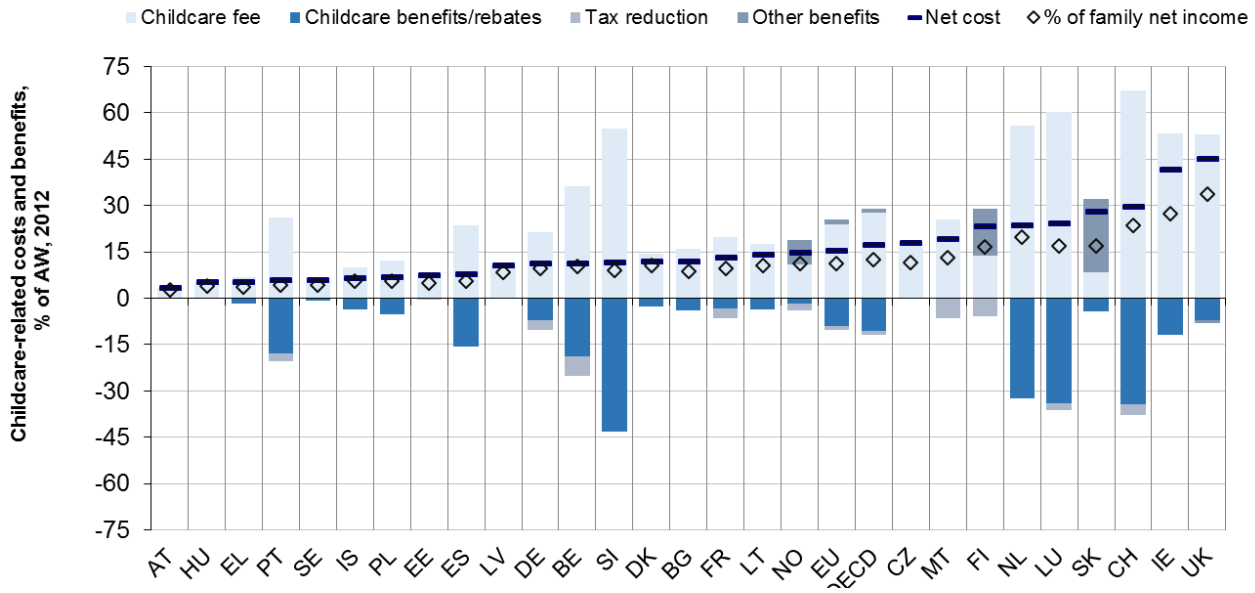
Table 20. Employers' provision of childcare/other domestic support in %

	Companies offer childcare and/or other service support			Companies offer childcare and/or other service support	
	With employees on parental leave	With no employees on parental leave		With employees on parental leave	With no employees on parental leave
AT	6	7	IE	5	14
BE	3	3	IT	2	2
CZ	3	3	LU	9	5
CY	4	3	NL	41	26
DK	5	4	PL	3	7
DE	5	3	PT	7	5
EL	9	5	SI	1	2
HU	4	5	ES	8	3
LV	22	15	SE	3	3
FI	7	4	UK	17	17
FR	7	8	EU21	8	7

Source: Establishment Survey on Working Time, 2004-2005 (management interviews), in Anxo et al. (2007), Parental leave in European companies, European Foundation for the Improvement of Living and Working Conditions.

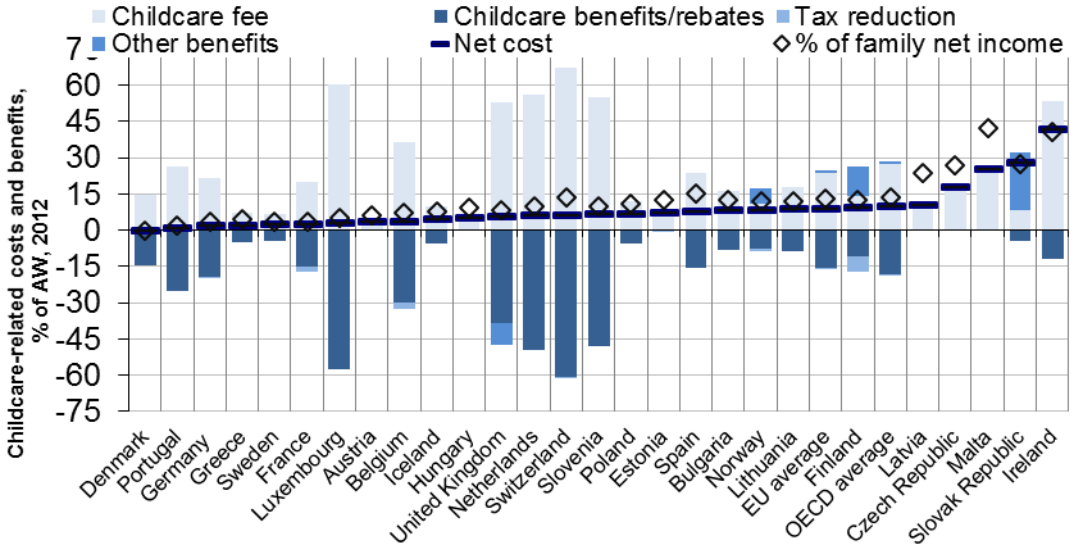
In many cases parents also bear a significant part of the cost of childcare, especially for children below the age of three. The cost of formal childcare does not have the same impact on all types of households and, as discussed above, childcare cost for 0 to 3 year olds is linked to the household income in most Member States. The following two figures present the net childcare costs for a dual-earner family with two children (aged 2 and 3) and for a sole-parent family with two children of the same age.

Figure 20. Net childcare costs for a dual-earner family with two children (aged 2 and 3) and with full-time earnings at 150% of the average wage, 2012



Source: OECD Tax-Benefit model 2014

Figure 21. Net childcare costs for a sole-parent family with two children (aged 2 and 3) and with full-time earnings at 50% of the average wage, 2012



Source: OECD Tax-Benefit model 2014

2.1.9 Participation in early childhood education and care

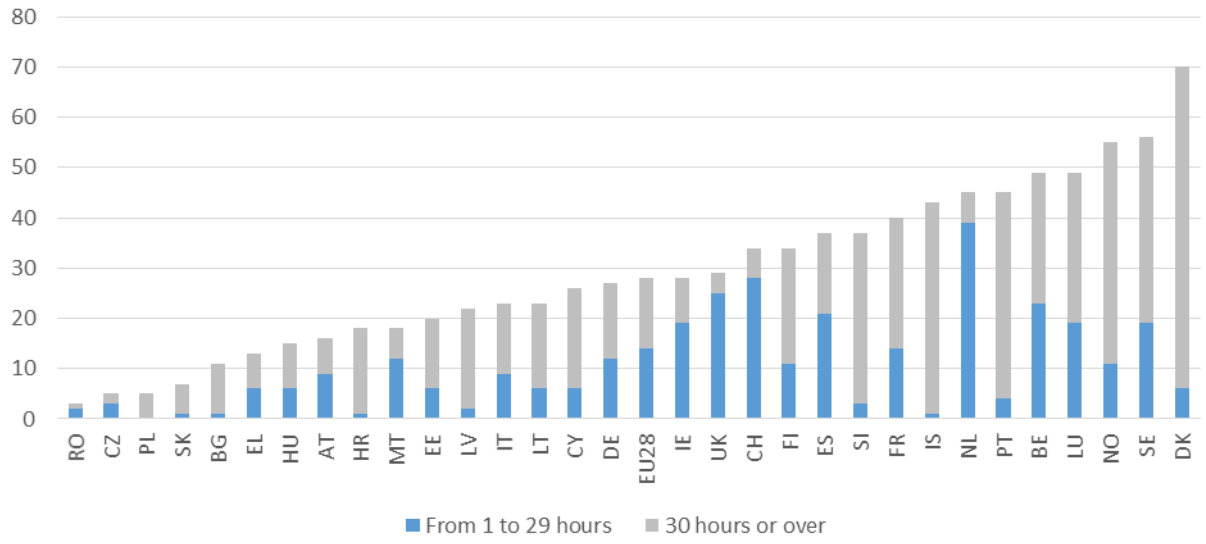
Even though Member States have introduced a number of measures to increase the availability, quality and affordability of childcare, in practice, as discussed above, significant variation exists in the current provisions and this affects the participation in ECEC. More than a decade after the introduction of the Barcelona targets, slow progress has been made to achieve them.

In 2014, 28% of European children under the age of three were cared for in formal structures. This rises to 83% of children between the ages of three and mandatory school age. If the EU average was close to meet the Barcelona targets, this was partly due to the fact that a few Member States had already significantly exceeded the objectives. This includes Denmark where 70% of children below the age of 3 are in formal childcare and Sweden where 56% of children belonging to the same age group are in formal childcare.

Children under three years cared for in formal structures

As indicated in Figure 22 below, in 2014, only 10 countries (BE, DK, ES, FR, LU, NL, PT, SI, FI, SE) exceeded the target of 33% of children under the age of three being cared for in formal structures. An additional two countries (IE and UK) almost met this target and reached or surpassed the EU average of 28%. However, only six countries (DK, PT, SI, SE, IS, NO) had reached the 33% target of children being cared for in formal structures on a full-time basis (30 hours or more).

Figure 22. Formal childcare for under three years old by duration – % over the population of each age group (2014)



Note: Data are not available for Lichtenstein; Source: EU-SILC survey [ilc_caindformal]

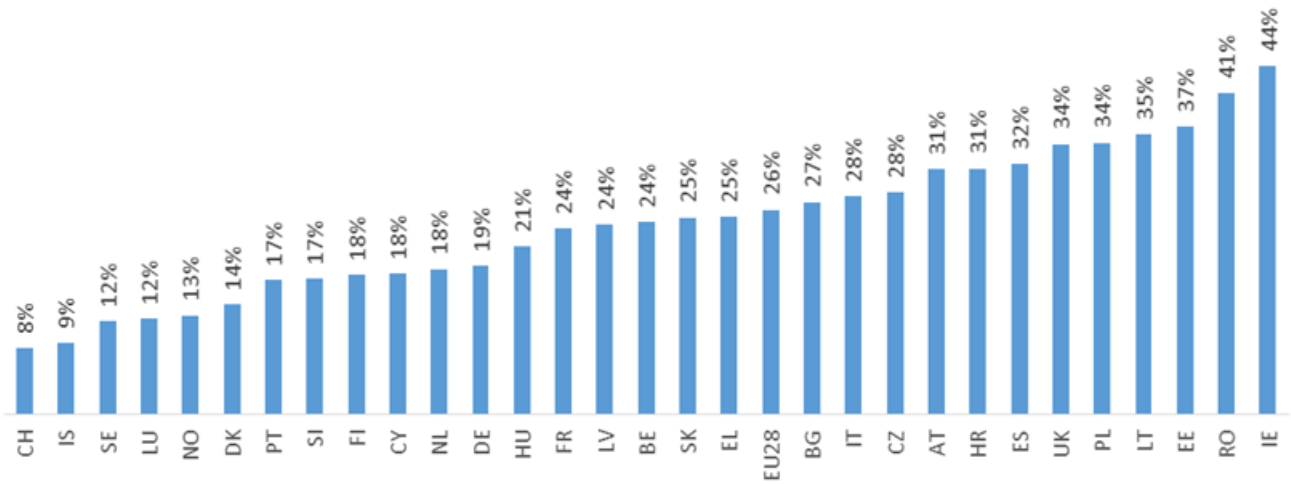
There is very limited data providing a more detailed breakdown by age group (for under one year olds, one and two year olds respectively).

Even though, as discussed above, most Member States have introduced relevant provisions in their legislation either for a legal entitlement or for compulsory pre-school education, the percentage of children in formal childcare is below the Barcelona targets in a number of Member States raising the question about the extent of unmet demand across Europe. There are no readily available data on this subject. Unmet demand in childcare provision for parents aged between 1-3 years old has been estimated using available data on the percentage of 1-3 year olds cared only by their parents (available from Eurostat) and the percentage of parents who reported in the LSF ad hoc module 'Reconciliation between work and family life'[215] that they do not work or work part time due to either: low availability, high costs or insufficient quality of childcare.

On the basis of this information it can be established that 50% of the parents of 1-3 year olds take care of their children on their own and that approximately 53% of parents do so due to low availability, high costs or insufficient quality of childcare. The following figure presents the percentage of unmet demand in the provision of childcare for 1-3 year olds across Member States. If Member States increased the provision of childcare to address the estimated unmet demand all of them with the exception of Slovakia would meet Barcelona target for this age group.

[215] LSF ad hoc module 'Reconciliation between work and family life': Main childcare related reasons for not working or working part-time (1 000) [lfso_10cnowchi]

Figure 23. Percentage of unmet demand in the provision of childcare for 1-3 year olds across MS

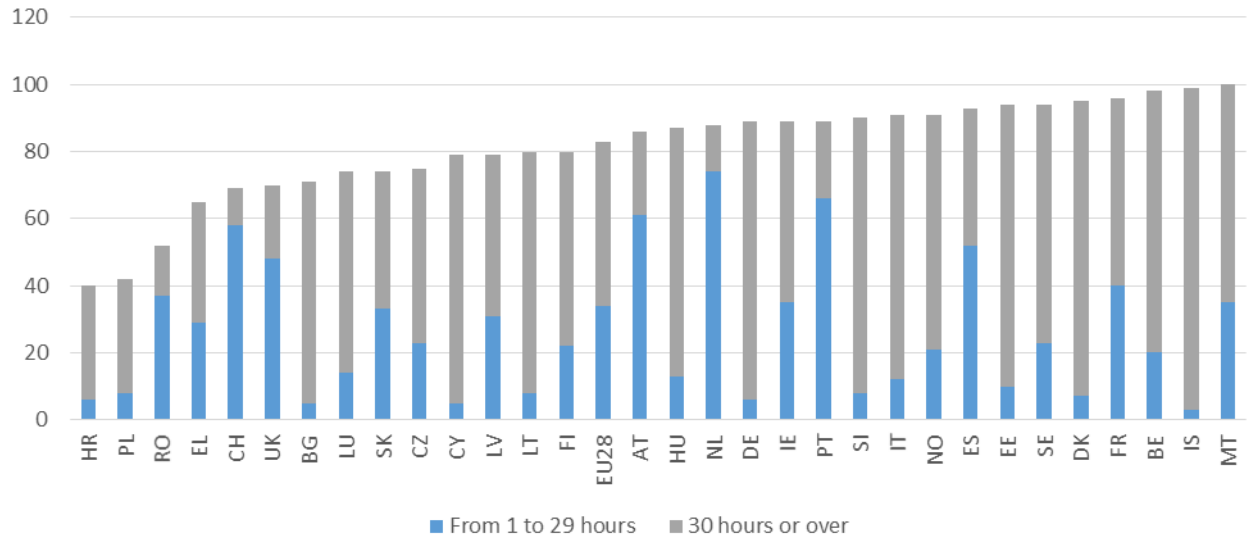


Source: Eurostat EU-SILC [ilc_caparents], LFS ad hoc module [lfso_10cnowchi], ICF estimates; Note: Data not available for IS, LI. NO, CH.

Children between three and the mandatory school age cared for in formal structures

In 2014, overall in the European Union, 34% of children between 3 and the mandatory school age were being cared for in formal structures between 1 and 29 hours per week. Another 49% of children were cared in formal childcare structures for over 30 hours per week (Figure 24).

Figure 24. Formal childcare between three and the mandatory school age by duration – % over the population of each age group (2014)



Note: Data are not available for Lichtenstein; Source: EU-SILC survey [ilc_caindformal]

The use of formal childcare facilities therefore increases with the age of the child. Looking at children between three and the mandatory school age, 9 countries (BE, DK, EE, ES, FR, IT, MT, SI, SE,) have met the target of 90%. Six countries (AT, DE, IE,

HU, NL, PT) have met or exceeded the EU average (83%). In most countries, childcare for this age group is predominantly full-time (over 30 hours per week). However, in seven countries (IE, ES, NL, AT, RO, UK,) childcare for this age group is still mostly taken up on a part-time basis.

Insufficient, expensive or low-quality childcare provision can be a significant contributing factor leading women to return to work only part-time or to exit the labour market for a significant period of time following childbirth. The 2011-2012 European Quality of Life Survey (EQLS) revealed that 59% of those who wish to use childcare services in the EU reported cost as the main obstacle to access these services[216]. High childcare costs have a strong impact on women's employment; 53% of women respondents reported that they do not work or work part-time because of childcare costs. In four Member States (IE, NL, RO and UK) more than 70% of mothers responded that they cannot work or have to work part-time due to prohibitive childcare cost. The only exception is Sweden where childcare is subsidised by the state and capped to a maximum of 2.5% of the family income. Only 11% of the respondents noted that childcare cost was an issue for accessing it[217]. The problem is exemplified by statistics which show that in 2013, only 26.7% children aged under two in the EU27 were in any formal care arrangements. This means that by the time the child reaches the age of three, the main carer (usually the mother) would have spent a significant amount of time outside the labour market, which reduces her employability and opportunities for re-integration into the labour market. Studies carried out by the OECD, among others, find that subsidised childcare boosts female labour market participation by raising the rate of return to work[218].

2.1.10 Long term care

International organisations (OECD, Eurostat, WHO) define long-term care (LTC) as a range of services required by persons with a reduced degree of functional capacity, physical or cognitive, and who are dependent for an extended period of time on help with basic activities of daily living. This personal care component is frequently provided through basic medical services, nursing care, prevention, rehabilitation or palliative care. LTC services can also be combined with lower-level care related to help with so-called instrumental activities of daily living (e.g. domestic help, help with administrative tasks, etc.)[219].

Member States differ in their LTC systems reflecting perceived needs, social traditions, culture and financial means[220]. Due to these differences between systems – covering health and social care – the information about LTC is patchy. Primary responsibility for providing care falls first on families while public support provided acts only as a safety net for individuals without the means of funding their own care or any relatives on whom caring responsibilities can be placed[221]. Currently there are no Europe-wide

[216] Eurofound (2012), Third European Quality of Life Survey – Quality of life in Europe: Impacts of the crisis, Publications Office of the European Union, Luxembourg

[217] Mills M et al. (2014), Use of childcare services in the EU Member States and progress towards the Barcelona targets – Short Statistical Report No. 1, Rand Europe.

[218] OECD (2012) Closing the gender gap: Act Now, OECD Publishing.

[219] Colombo, F. et al (2011), Help Wanted? Providing and Paying for Long-Term Care, OECD Publishing

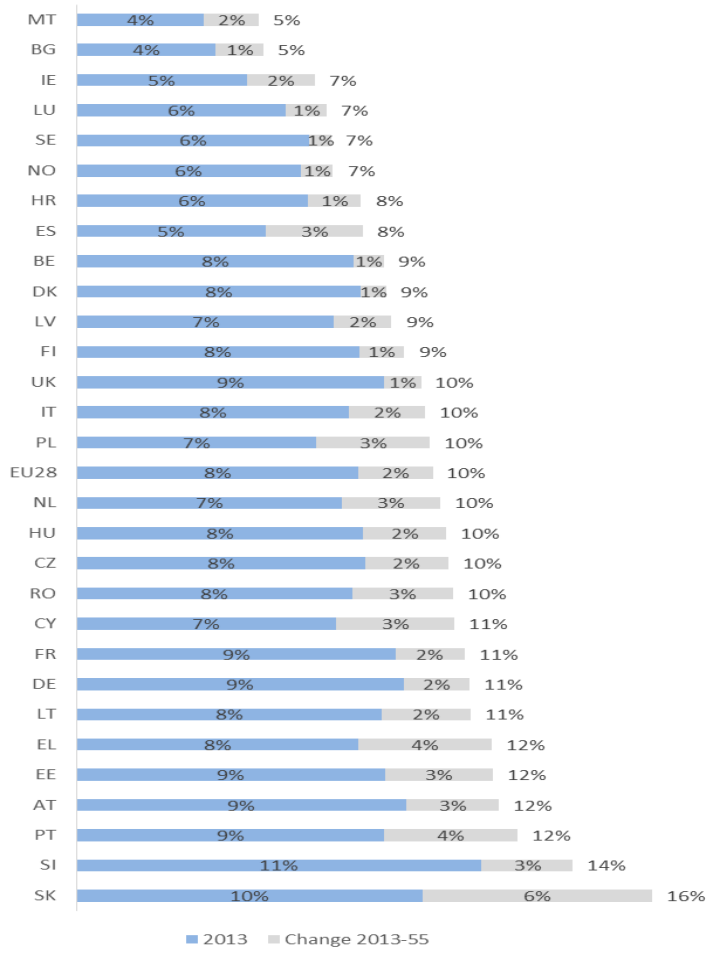
[220] Social Protection Committee and the European Commission (2014) Adequate social protection for long-term care needs in an ageing society; ESPN Thematic Report on work-life balance measures for persons of working age with dependent relatives (2016)

[221] Social Protection Committee and the European Commission (2014) Adequate social protection for long-term care needs in an ageing society

targets (as in case of childcare) in terms of provision of good quality and affordable institutional LTC.

According to the Commission's 'Ageing report'[222], the share of dependent individuals in the total population was 8% in 2013. The Ageing Working Group reference scenario[223] projects that by 2055 the share of dependent individuals will increase by 2.1 percentage points. It is estimated that their number will increase in all countries. In absolute numbers, by 2055, in the EU28 almost 52 million people will report limitations in activities because of health problems (increase by 12.2 million comparing to 2013 value). The vast majority of those will be cared for by relatives. If current patterns of informal caring persist, these will be mainly women.

Figure 25. Projected share of dependent people – AWG reference scenario



[222] The Ageing report provides projections on the number of dependent people and dependents receiving institutional, home care and cash benefits. Recipient data for 2013 were provided by Member State, meanwhile EU-SILC data were used to estimate the dependent population. Information about long-term care recipients were later projected until 2060 by DG ECFIN using a macro-simulation model according to different scenarios regarding the evolution of dependency rates, unit costs and policy settings.

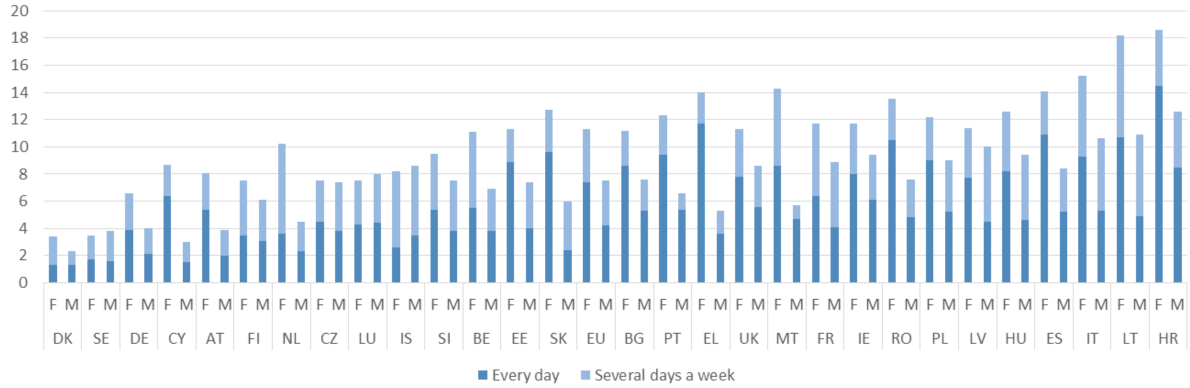
[223] Projections presented below are based on the Ageing Working Group (AWG) reference scenario as it is used in the multilateral budgetary surveillance at EU level. This scenario takes an intermediate position between 'demographic' scenarios – assuming that average lifetime consumption of long-term care services will increase over time, and a 'constant disability' scenario assuming a gradual decrease over time in disability prevalence.

Source: ICF calculations based on 'Aging report cross-country tables. The share of dependent people in projected population.

According to the 2012 European Quality of Life Survey data from Eurofound, on average 5.7% of surveyed Europeans cared for elderly or disabled relatives every day and 3.5% did this several days a week, which indicates that almost one in ten European has intensive caring responsibilities. The share of informal carers varies across countries from less than 5% (SE, DK) to over 10% (IT, LT, HR). As previously indicated, care is more likely to be provided by female rather than male relatives (11.3% and 7.5% respectively).

The gender gap in caring responsibilities is highest (with over 5 percentage points) in Croatia, Cyprus, Greece, Lithuania, Malta, the Netherlands, Portugal, Romania, Slovakia and Spain. Meanwhile in Iceland, Luxembourg and Sweden men are more likely to declare that they care for elderly or disabled relatives every day or several days in the week. However, there are gender differences in the type of care being performed with women more likely to perform more intimate and intensive care tasks (such as washing and feeding). Other data show that with the increase of the intensity of the care provided the typology on informal care needs among European countries also changes. While in Denmark and the Netherlands almost 80% of informal carers spend a lower number of hours on care; once the need for care intensifies less informal care occurs. In Poland on the other hand, for example, the situation of informal carers does not seem to change as care needs become more significant[224].

Figure 26. Caring for elderly or disabled relatives by sex (%)



Source: ICF based on European Quality of Life Survey (2012), question: Caring for elderly or disabled relatives / How often are you involved in activity outside of work?

In 2013, 4% of Europeans were, or had member of their family admitted to a long-term care facility (such as a nursing or care home)[225]. Formal care is provided at home or in an institution (such as care centres and nursing homes). Additionally some Member States provide cash benefits to purchase formal care at home or in an institution, which can be paid to informal caregivers as income support.

Although institutional care is provided to people of all ages, in 16 countries for which data are available only 2% of LTC recipients were below 65 years old. The coverage of home care in the total population aged 65 years old and over is on average 8.3% from

[224] Bettio, F. Verashchagina, A. (2010), Long-term care for the elderly, provision and providers of 33 European countries, for the European Commission

[225] European Union (2013) Euro Barometer 411: Patient Safety and Quality of Care

the lowest level in Portugal (0.8%) to the highest in Switzerland (14.2%). The support provided by institutions other than hospitals covers 4% of population aged 65 years old and over in the countries for which data were available. The lowest coverage of institutional LTC can be found in Poland (0.8%) and highest in Belgium (8.8%)[226].

Europeans asked about factors which make it difficult for them, or someone close to them, to use LTC services, most frequently mentioned limited availability (e.g. waiting lists, lack of provision) of services (63.4%)[227]. Costs were considered as problematic by over three in five of those surveyed (61.2%), followed by half of respondents indicating the accessibility of institutional care being an issue (e.g. linked to distance or opening-hours) (50.1%). The quality of LTC services was indicated as problematic by 46% Europeans. Asked to rate the LTC services in their country on a scale from 1 – very poor quality to 10 – very high quality, the average score was 5.8, ranging from 3.8 in Bulgaria to 7.6 in Luxembourg.

Table 21. Perception of the quality of LTC services

Assessment of size of LTC sector	
No data	CH, NO, LI
Low (1st quartile among the countries where data are available)	BG, EL, HR, HU, IT, LV, PL, RO, SK
Medium	IS, CY, CZ, DE, EE, ES, FI, IE, LT, PT, SE, SI, UK
High (3rd quartile among the countries where data are available)	AT, BE, DK, FR, LU, MT, NL

Source: ICF based on European Quality of Life Survey (2012), question: How would you rate the quality of long term care services in your country?

It is estimated that around 30% of the population of the EU will be aged 65 or above by 2060. While healthy life expectancy has increased in most countries, allowing older individuals to live more or less independent lives in the community (with some support from friends and relatives) for longer, at the same time, more severe health problems tend to cumulate in older age, making caring requirements ultimately more intensive and placing greater demands on LTC services. Without significant additional investment in such services, demands on informal carers are therefore likely to increase, which can have in important impact on labour force participation.

According to a study on informal carers, between 7% and 21% of individuals with longer term caring responsibilities reduce their working hours and between 3% and 18% withdraw from the labour market[228], making it important to address the issue of leave arrangements for informal carers and broader LTC provisions.

[226] ICF calculation based on OECD Dataset: Long-Term Care Resources and Utilisation (LTC recipients in institutions (other than hospitals) and home % of total, aged 65 years old and over)

[227] European Quality of Life Survey, 2011-2012

[228] Bettio, F. Verashchagina, A. (2010), Long-term care for the elderly, provision and providers of 33 European countries, for the European Commission

2.2 Developments in the baseline in the absence of EU level action

2.2.1 Forthcoming policy developments in the baseline

Few planned policy measures are known which will affect the baseline situation in the coming years. In particular, there are few planned legislative measures aimed at encouraging the more equal take-up of family leaves between men and women. In relation to childcare, there are a few initiatives at Member State level aimed at extending the availability of childcare places (primarily through investment in such facilities), whereas with regard to LTC the emphasis is on reviewing existing services with a goal of enhancing informal care in the community. Any legislative measures already adopted (even if not yet entered into force) have been taken into account for the cost benefit and socio-economic impact analysis conducted for this study. However, soft low and investment measures without a clear financial scale have not been taken into account[229].

This section focusses on projections regarding trends in measurable indicators such as future female labour force participation and employment trends, sharing of unpaid work and key demographic trends to assess how these would evolve in the absence of actions at EU level (but taking into account forthcoming developments in the baseline). It has not been possible to project some relevant indicators such as likely trends in the gender pay gap due to the absence of relevant data.

Available data and relevant projections show that in the absence of EU level action, while some ongoing improvements in female labour market participation can be expected (following existing trends), significantly more gains could be obtained in this area through the implementation of the suggested policy options (see section 6 on the respective impact of different options). Calculations of the benefits of these options take account of the trends projected in the baseline.

2.2.2 Labour force trends

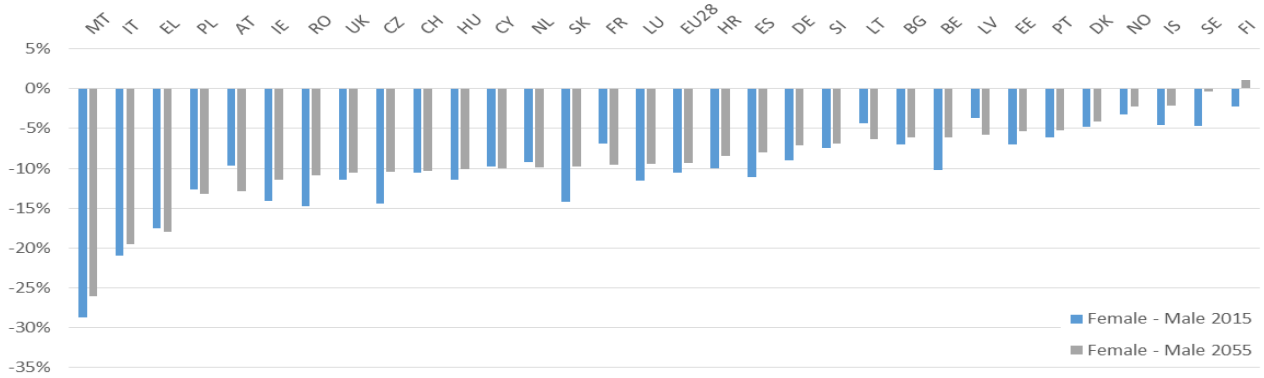
2.2.2.1 Economically active persons

On average in the EU28 countries the share of economically active persons will increase by 3 percentage points reaching 74%[230]. The percentage of the active population aged 15-64 is projected to increase in all countries except Belgium, the Czech Republic, Luxembourg and Sweden. By 2055 the gender gap in activity rates is projected narrow in the majority of European countries in line with ongoing trends. The most significant progress in this regard is expected in Belgium, the Czech Republic, Romania, Slovakia and Sweden, which may be attributed to a projected lower activity rate of men. By 2055, Finland and Sweden are projected to have similar activity rates for men and women. However, the situation remains sub-optimal with a remaining average gender gap in male and female activity rates in the EU of around 9%, with gaps at or above 10% in 13 Member States (AT, CY, CZ, EL, HU, IE, IT, MT, NL, PL, RO, SK, UK). In Greece, the gap is projected to grow and remain at over 15%, it Italy it will remain close to 20% and in Malta it will exceed 25%.

[229] A detailed overview of forthcoming policy changes can be found in Table 8 in Annex 1

[230] The projected number of economically active persons until 2055 was estimated using the E3ME model.

Figure 27. Projected difference between female and male activity rate (ages 15-64) (2015, 2055)



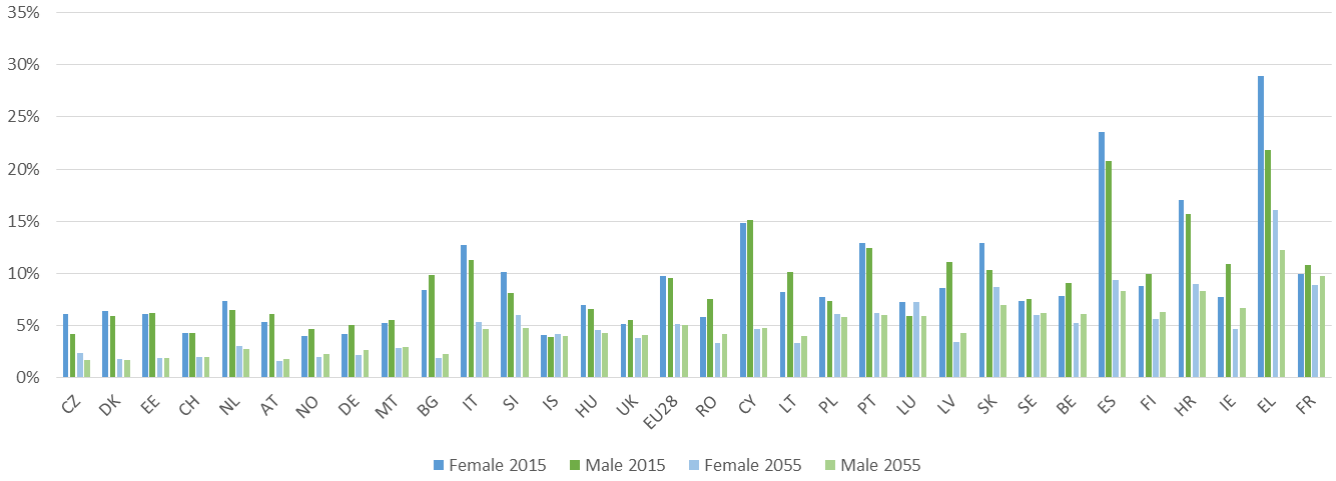
Source: ICF based on data from the E3ME model (CEDEFOP).

Note: Data unavailable for LI

2.2.2.2 Unemployment

Unemployment is projected to consistently decrease in the years 2015 to 2055 across all countries that are subject of this study with very limited exceptions[231]. The largest projected reductions will take place in Spain (- 3.3 million), Italy (- 1.7 million) and Germany (- 1.1 million). The only countries where unemployment is expected to increase are Luxembourg (12,000) and Iceland (1,000). Despite these projected trends, Spain is likely to continue (into 2055) to be one of the countries with the highest number of unemployed individuals.

Figure 28. Projection of unemployment rate by gender (2015-2055)



Source: ICF based on data from the E3ME model (CEDEFOP). Countries in lowest to highest difference between female and male unemployment rate in 2055

Note: Data unavailable for LI

[231] Developments in unemployment rates until 2055 were estimated through the E3ME model which relies on Eurostat and Ageing Report projections.

In 2055, the unemployment rates of women and men are expected to be on a par in 17 countries covered by this study. Small differences (around 1 pp.) are projected for a further 12 countries. Greece is the only countries where projections indicate much higher unemployment level for women than men (difference of 4 pp.).

The cost of unemployment, through the payment of unemployment benefits, is estimated to be €168 billion in 2015, and this is expected to grow to €232 billion in 2055[232].

2.2.2.3 Employment

Projections for the analysed countries indicate a likely further decline in employment (following on from the job losses during the economic crisis) until 2055 with a further loss of 215,000 jobs on average[233]. The employment loss is projected to be more marked in Poland and Romania, with a loss of approximately 4 million and 2 million jobs respectively. Germany is also projected to loose over 9.5 million jobs, remaining however one of the countries with the highest number of employed, with over 32 million people in employment in 2055. On the other hand, France and the UK are expected to gain the greatest number of jobs. The UK in particular, the country with the second to highest employment in 2015 (30.5 million) will gain a further 6 million jobs, and is projected to be the country with the highest employment in 2055 with nearly 37 million employed. This should be noted that these projections do not take account of the potential impact of Brexit on the economy and employment levels. These impacts remain challenging to predict.

[232] The value of unemployment benefit payments has been calculated by estimating the percentage of average earnings which are paid to unemployed individuals. The value of unemployment benefits was calculated by dividing data from Eurostat on out of work maintenance and support payments by the number of unemployed individuals. This provided an average payment per unemployed person. This was then divided by the average earnings in each country. The percentage of earnings which are paid to unemployed individuals was held constant over the whole period, meaning that the level of unemployment benefit grows in line with earnings.

[233] Employment projections until 2055 were estimated through the E3ME model which is based on Eurostat and Ageing Report data.

Figure 29. Projections of employment (2015-2055)

	2015	2020	2025	2030	2035	2040	2045	2050	2055	Trend	Ch 2015-55 (pp.)
BE	4,576	4,743	4,867	4,944	4,995	5,064	5,126	5,170	5,274		15
BG	3,370	3,379	3,311	3,200	3,020	2,833	2,673	2,541	2,443		-28
CZ	5,189	5,278	5,307	5,323	5,194	4,998	4,835	4,695	4,610		-11
DK	2,778	2,861	2,988	3,008	2,987	2,991	3,018	3,042	3,102		12
DE	42,133	41,581	40,728	39,097	37,237	36,099	34,966	33,611	32,526		-23
EE	629	622	613	598	586	572	552	528	520		-17
IE	1,894	1,989	2,100	2,215	2,303	2,353	2,384	2,423	2,484		31
EL	3,778	3,926	4,073	4,036	3,923	3,798	3,691	3,624	3,577		-5
ES	17,411	18,364	19,202	19,407	19,098	18,630	18,156	17,877	17,901		3
FR	27,213	28,089	28,909	29,460	29,487	29,662	29,768	29,783	30,108		11
HR	1,735	1,717	1,707	1,682	1,590	1,487	1,408	1,341	1,303		-25
IT	24,354	25,000	25,682	25,744	25,264	24,927	24,733	24,561	24,600		1
CY	348	371	402	420	430	439	442	441	451		30
LV	933	943	941	926	893	855	805	740	707		-24
LT	1,337	1,337	1,320	1,274	1,230	1,201	1,167	1,114	1,092		-18
LU	368	386	395	401	401	401	401	400	402		9
HU	4,124	4,129	4,175	4,172	4,002	3,785	3,614	3,456	3,366		-18
MT	178	179	180	180	174	169	164	158	154		-13
NL	8,613	8,770	8,879	8,858	8,693	8,620	8,599	8,550	8,580		0
AT	4,278	4,333	4,380	4,373	4,336	4,329	4,312	4,274	4,304		1
PL	15,601	15,582	15,428	15,081	14,435	13,690	12,834	12,008	11,395		-27
PT	4,547	4,687	4,858	4,869	4,771	4,649	4,529	4,430	4,443		-2
RO	9,151	9,224	9,230	9,190	8,755	8,257	7,750	7,301	6,955		-24
SI	929	943	935	918	897	871	843	820	808		-13
SK	2,225	2,287	2,316	2,285	2,212	2,105	1,984	1,868	1,781		-20
FI	2,506	2,562	2,576	2,614	2,618	2,632	2,627	2,614	2,646		6
SE	4,682	4,789	4,931	5,060	5,084	5,136	5,195	5,222	5,315		14
UK	30,498	31,432	32,196	32,817	33,459	34,361	35,151	35,674	36,829		21
IS	174	175	185	195	201	209	217	226	237		36
NO	2,791	2,956	3,062	3,156	3,203	3,262	3,333	3,386	3,518		26
CH	4,965	5,105	5,226	5,251	5,231	5,232	5,212	5,159	5,184		4
EU28 av	8,049	8,196	8,308	8,291	8,146	8,033	7,919	7,795	7,774		-3
EU28 sum	225,377	229,501	232,627	232,154	228,074	224,914	221,730	218,268	217,676		-3

Source: ICF based on data from the E3ME model (CEDEFOP).

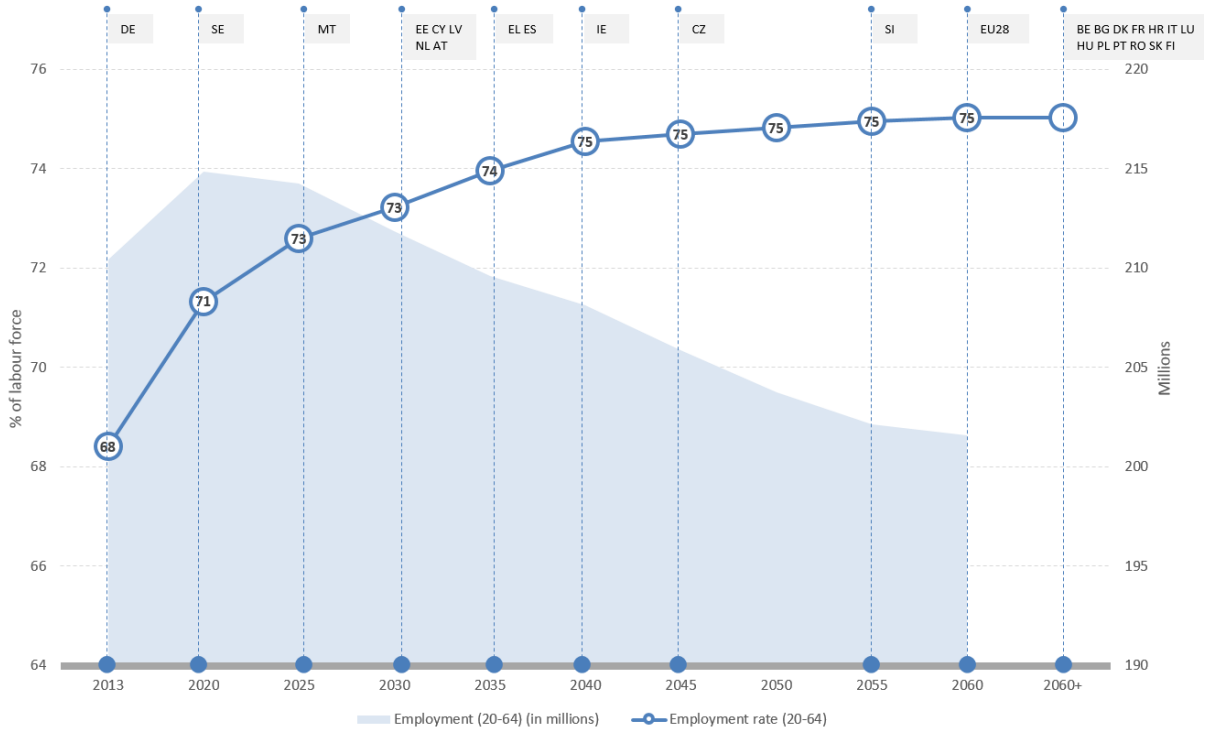
Note: Data unavailable for LI

Based on projections of the working age population and assumptions underlying the projected unemployment rate, the employment rate in age group 20-64 is expected to increase from 68.4% in 2013 to 75% 2055.

According to Ageing report[234] projections, the EU2020 target 75% employment rate among 20-64 year-olds to be employed will be reached in 2060. Almost half of Member States will not be able to meet national targets set. Only two countries are expected to reach their national targets by 2020.

[234] European Commission (2015) The 2015 Ageing Report. Economic and budgetary projections for the 28 EU Member States (2013-2060) and EU2020 targets

Figure 30. When EU2020 employment targets will be reached?



Source: ICF based on European Commission (2015) The 2015 Ageing Report. Economic and budgetary projections for the 28 EU Member States (2013-2060) and EU2020 targets

Note: lower target levels were taken into consideration in case of AT, CY, IE, IT. UK did not set employment target.

The employment rate of women and older workers will play an important role in cushioning the impact of demographic change. The female employment rate measured as a ratio of employed to economically active is projected to increase in all analysed counties except Iceland where small decrease is expected (-0.1 pp.). Among both women and men the highest increase in employment is projected in Cyprus, Greece and Spain. The gender gap in employment is projected to narrow in line with ongoing trends.

Figure 31. Employment rate by gender in 2015 and 2055 (ratio of employment to economically active, ages 15-64)

			EU28	EL	ES	HR	FR	SK	LU	PT	PL	SE	SI	FI	IT	BE	IE	CY	HU	IS	UK	LV	LT	RO	NL	MT	CZ	DE	NO	CH	EE	BG	DK	AT
Female	2015	%	90%	71%	76%	83%	90%	87%	93%	87%	92%	93%	90%	91%	87%	92%	92%	85%	93%	96%	95%	91%	92%	94%	93%	95%	94%	96%	96%	96%	94%	92%	94%	95%
	2055	%	95%	84%	91%	91%	91%	91%	93%	94%	94%	94%	94%	94%	95%	95%	95%	95%	95%	96%	96%	97%	97%	97%	97%	97%	98%	98%	98%	98%	98%	98%	98%	98%
	Ch 2015-55	pp.	4.6	12.8	14.2	8.0	1.0	4.2	0.0	6.7	1.6	1.3	4.1	3.2	7.4	2.6	3.0	10.1	2.4	-0.1	1.3	5.2	4.9	2.5	4.3	2.4	3.7	2.0	2.0	2.2	4.2	6.5	4.6	3.7
Male	2015	%	90%	78%	79%	84%	89%	90%	94%	88%	93%	93%	92%	90%	89%	91%	89%	85%	93%	96%	95%	89%	90%	93%	94%	95%	96%	95%	95%	96%	94%	90%	94%	94%
	2055	%	95%	88%	92%	92%	90%	93%	94%	94%	94%	94%	95%	94%	95%	94%	93%	95%	96%	96%	96%	96%	96%	96%	97%	97%	98%	97%	98%	98%	98%	98%	98%	98%
	Ch 2015-55	pp.	4.5	9.6	12.5	7.4	1.1	3.3	0	6.4	1.5	1.3	3.3	3.6	6.6	3	4.2	10.3	2.3	-0.1	1.4	6.8	6.1	3.3	3.8	2.6	2.5	2.4	2.4	2.2	4.3	7.5	4.2	4.3

Source: ICF based on data from the E3ME model (CEDEFOP).

2.2.3 Labour productivity

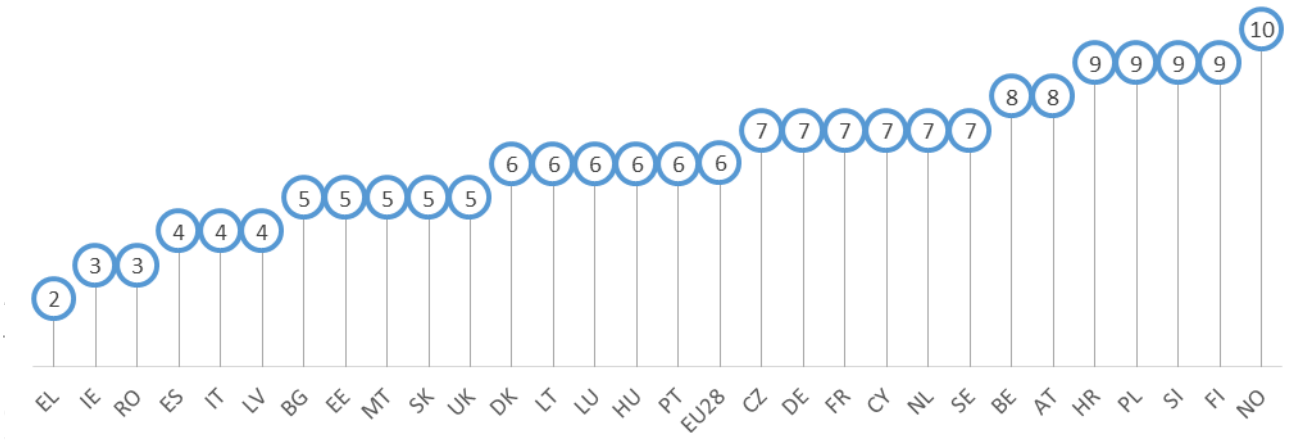
2.2.3.1 Absence from work

Absence rates from work were estimated as the number of days of health-related absence in the past 12 months reported in the European Working Conditions Survey in

2010[235]. Absence rates are relevant as insufficient work-life balance measures have been shown to impact on (particularly women's) absence rates from work (see also section 3 below). There are two reasons for this. One is that inadequate work-life balance measures mean that carers (who, in current patterns or caring are mostly women) are forced to be absent from work when caring requirements arise and the second is linked to satisfaction at work – an indicator which is also linked to a sense of being able to achieve a good balance between work and family life. Greater satisfaction at work is also linked with fewer absence days from work. Both impacts have a positive effect on productivity and ultimately economic competitiveness.

In 2010, an average of 6.2 working days were lost per worker due to sickness in the EU28. This figure was lowest in Greece (2), Ireland and Romania (3), and highest in Norway (10) and Croatia, Finland, Poland and Slovenia (9).

Figure 32. The number of days of health-related absence in past 12 months



demonstrated in section 6 below, absence rates are expected to decline with improved work-life balance measures, with associated cost reductions for employers. No such reductions in absence rates can be projected in the baseline.

2.2.3.2 Gross Domestic Product

GDP projections until 2055 were estimated using the E3ME model. According to these projections, the average GDP growth rate over the years 2015-2055 in EU28 is 1.6%. As will be show in section 6 below, such growth rates could be significantly enhanced through the implementation of work-life balance measures encouraging the higher labour market participation of women.

[235] This number was assumed to remain constant over the whole modelling period between 2015 and 2055, as there was no data that would allow for analysis and extrapolation of past trends into the future.

Figure 33. Projected GDP growth rates (period averages)

	2015-2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050	2051-2055	2015-2055
BE	1.4%	1.5%	1.6%	1.7%	1.8%	1.8%	1.8%	1.8%	
BG	2.1%	1.2%	1.5%	1.5%	1.3%	1.0%	0.8%	0.9%	
CZ	2.2%	1.7%	1.8%	1.7%	1.5%	1.4%	1.2%	1.3%	
DK	1.4%	1.6%	1.5%	1.5%	1.5%	1.7%	1.7%	1.7%	
DE	1.4%	1.2%	1.2%	0.8%	1.0%	1.1%	1.1%	1.1%	
EE	2.6%	2.1%	2.3%	1.9%	1.7%	1.3%	1.0%	1.1%	
IE	2.3%	3.3%	3.1%	2.4%	2.0%	1.7%	1.8%	1.8%	
EL	0.9%	1.2%	1.3%	1.3%	1.1%	1.0%	1.2%	1.1%	
ES	1.9%	2.8%	2.8%	1.8%	1.4%	1.2%	1.3%	1.2%	
FR	1.8%	2.3%	2.2%	1.8%	1.9%	1.9%	1.9%	1.9%	
HR	2.1%	1.9%	1.7%	1.7%	1.1%	1.0%	0.9%	1.0%	
IT	1.2%	1.8%	1.8%	1.5%	1.4%	1.5%	1.6%	1.5%	
CY	1.5%	1.8%	2.2%	2.4%	2.2%	1.9%	1.7%	1.8%	
LV	2.5%	2.3%	2.3%	1.6%	1.4%	0.9%	0.4%	0.7%	
LT	1.9%	1.7%	1.9%	1.6%	1.7%	1.5%	0.9%	1.2%	
LU	1.9%	1.9%	1.8%	1.8%	1.7%	1.7%	1.7%	1.7%	
HU	1.0%	1.7%	1.9%	1.6%	1.3%	1.1%	1.0%	1.0%	
MT	1.5%	1.9%	1.9%	1.8%	1.5%	1.2%	0.9%	1.1%	
NL	1.6%	1.2%	1.2%	1.2%	1.4%	1.4%	1.5%	1.5%	
AT	1.6%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	
PL	2.8%	1.9%	1.7%	1.5%	1.3%	0.9%	0.7%	0.8%	
PT	1.0%	1.8%	2.0%	1.7%	1.4%	1.3%	1.2%	1.2%	
RO	2.2%	1.3%	1.3%	1.3%	1.2%	0.8%	0.6%	0.7%	
SI	1.7%	1.6%	1.6%	1.3%	1.1%	1.0%	0.9%	1.0%	
SK	2.5%	2.6%	2.1%	1.4%	1.0%	0.8%	0.6%	0.7%	
FI	1.5%	1.5%	1.4%	1.6%	1.6%	1.5%	1.5%	1.5%	
SE	1.8%	1.9%	1.8%	1.8%	1.9%	1.9%	1.7%	1.8%	
UK	2.2%	2.3%	2.4%	2.2%	2.3%	2.3%	2.2%	2.2%	
IS	1.7%	1.9%	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	
NO	1.7%	1.9%	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	
CH	1.7%	1.9%	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	
EU28	1.8%	1.8%	1.8%	1.6%	1.5%	1.4%	1.3%	1.3%	

Source: ICF based on ICF based on data from the E3ME model.

2.2.4 Population/demographic trends

2.2.4.1 Fertility Rate

The ageing of the population is one of the key challenges facing European labour markets and societies, as the available labour force is set to decline and – despite improved health into older age – countries are set to face increasing pressures on their pension, health and long-term care budgets.

Fertility has declined sharply in the past decades. The total fertility rate for the EU, or the number of births per woman, has dropped since the peak of the baby boom of above 2.5 births per women in the second half of the 1960s to well below the replacement level of 2.1 births per women, which is required for the population to

replace itself[236]. In 2014, the fertility rate in the EU28 was 1.58. This rate, however, has been on the increase since 2001, when there were on average 1.46 births per woman in the EU28.

This trend, however, has been inconsistent across countries. In fact, 11 of the countries studied experienced a decrease in their fertility rate. Most markedly, Cyprus, where the second highest rate was recorded in 1995 (2.03 births per women), witnessed the largest drop and in 2014 had a fertility rate of 1.3, second to last in the countries covered by this study. Ten other countries also suffered a decline in the fertility rate (MT, PL, LU, PT, IS, SK, HU, NO, DK and FI). On the other hand, in Bulgaria, Latvia and Slovenia the fertility rate increased by approximately 0.3 percentage points. This is also a significant change in Bulgaria, where in 1995 one of the lower rates was recorded (1.23).

Eurostat's main population projection scenario data were used to project the fertility rate until 2055[237].

The average fertility rate is expected to continue to increase. Projections indicate that in 2055 the average number of births in the EU28 will be 1.7 per women. However, this is still far from the 2.1 replacement rate.

However, this more positive projection is not consistently found in all countries. Four countries (IE, FR, SE and IS will see their fertility rate drop slightly – with changes always smaller than 0.05). France, Iceland and Ireland have the highest rates in 2015, and are the only three countries with more than 2 births per women. Even with these negative projections, they are projected to have the highest fertility rates in 2055, at 1.98 (IE and FR), and 2.01 (IS) births per women.

The largest fertility rate increases are projected in Hungary, Malta and Poland (approximately 0.3 percentage points).

[236] European Commission, 2009a, after: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave

[237] The indicator 'main scenario – age specific fertility rates' covered fertility rate projections over the same period [proj_13npms].

Figure 34. Projection of total fertility rates (number of births per woman) (2015-2055)

	2015	2020	2025	2030	2035	2040	2045	2050	2055	Trend	Ch 2015-55
BE	1.8	1.8	1.8	1.8	1.8	1.9	1.9	1.9	1.9		0.1
BG	1.5	1.6	1.6	1.7	1.7	1.7	1.7	1.8	1.8		0.2
CZ	1.6	1.6	1.7	1.7	1.8	1.8	1.8	1.8	1.8		0.3
DK	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.9		0.1
DE	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6		0.2
EE	1.6	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8		0.2
IE	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0		0.0
EL	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.6		0.2
ES	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5		0.2
FR	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0		0.0
HR	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7		0.1
IT	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6		0.2
CY	1.4	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.6		0.2
LV	1.5	1.6	1.7	1.7	1.7	1.7	1.8	1.8	1.8		0.2
LT	1.6	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8		0.2
LU	1.6	1.6	1.7	1.7	1.7	1.7	1.8	1.8	1.8		0.2
HU	1.4	1.5	1.6	1.6	1.7	1.7	1.7	1.7	1.7		0.3
MT	1.5	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.8		0.3
NL	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8		0.1
AT	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6		0.2
PL	1.3	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6		0.3
PT	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.5		0.2
RO	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8		0.2
SI	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7		0.1
SK	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.5		0.2
FI	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.9	1.9		0.1
SE	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9		0.0
UK	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9		0.0
IS	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0		-0.1
NO	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9		0.0
CH	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7		0.1
EU28	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7		0.2

Source: ICF based on Eurostat Main scenario – Projected demographic balances and indicators [proj_13ndbims] and Fertility indicators [demo_find]

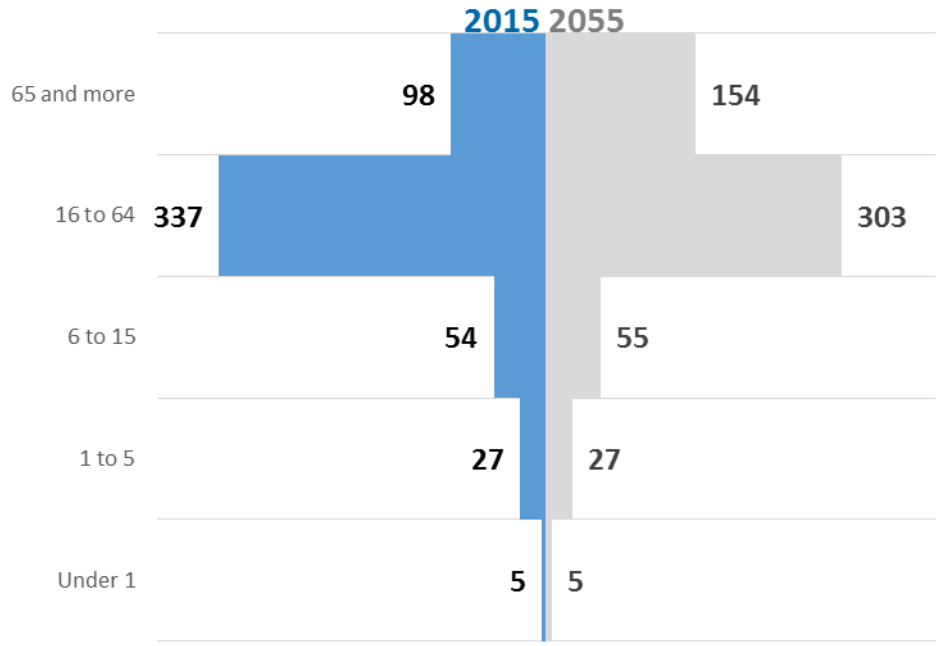
Note: Missing data for LI

2.2.4.2 Population

Dynamics in fertility, life expectancy and migration contribute to an overall increase in the population by 2055. The population of countries covered in the study is expected to increase by 22 million reaching 544 million. However, an increase in population size is not projected for all countries. Compared to 2015, a decrease is projected for almost half of countries (BG, DE, EE, EL, ES, HR, LV, LT, HU, PL, PT, RO, SI, SK and LI). The strongest growth in the population, mainly due to high net migration, is projected by Eurostat in Luxembourg (+95%), Norway (+53%), Switzerland (+35%), Belgium (+33%), Sweden (+31%), Iceland (+27%) and Cyprus (+24%). The largest decline in population size is expected in Lithuania (-35%), Latvia (-28%) and Bulgaria (-21%).

According to Eurostat's projections the population of the EU as a whole will be larger in 2055 than in 2015 but will be significantly older (see Figure 35)[238]. The number of children (under the age of 15) will be similar. However the share of 65 year-olds will increase by 9 percentage points, constituting 28% of the whole population in 2055.

Figure 35. Population pyramid for the EU28 and EFTA countries in 2015 and 2055 (in millions)



Source: ICF based on Eurostat Main scenario – Projected demographic balances and indicators [proj_13ndbims]

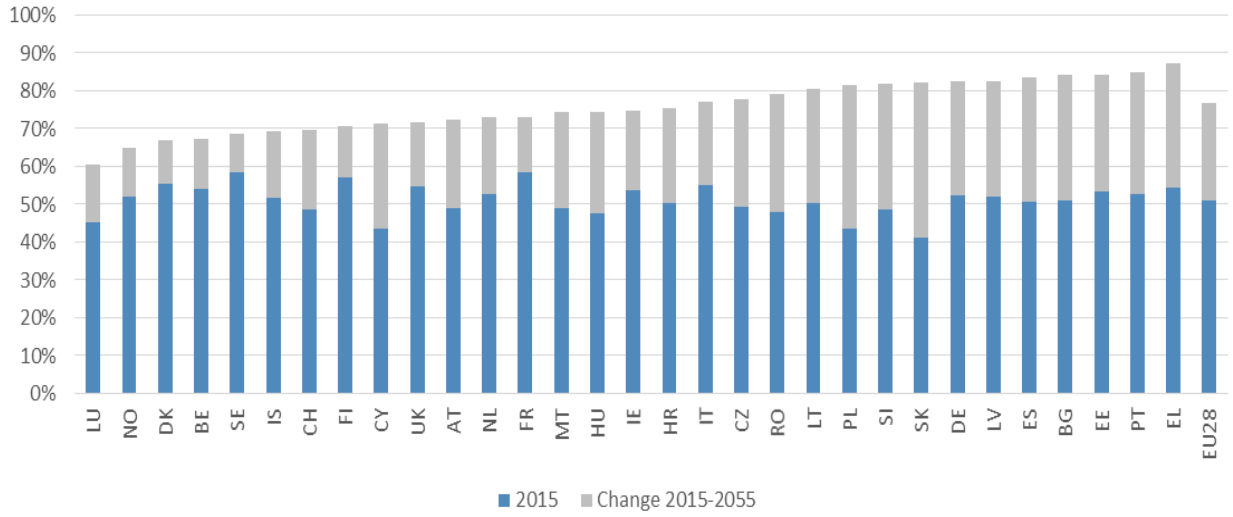
Note: Data unavailable for LI

2.2.4.3 Dependency ratio

As a result of these demographic trends, the total dependency ratio (calculated as the ratio of people aged below 20 and 65 or above relative to the working age population aged 20-64), is projected to rise significantly from 51% in 2015 to 75% in 2055.

[238] http://ec.europa.eu/eurostat/en/web/products-datasets/-/PROJ_13NPMS

Figure 36. Projection of the total dependency ratios (2015-2055)



Source: ICF based on data from the E3ME model.

Note: Data unavailable for LI

2.2.5 Reconciliation of work and family life

2.2.5.1 Average minutes spent on unpaid work[239]

The duration of time spent by females and males undertaking unpaid work tasks has been taken from OECD data. Where data is not available for any country in the analysis, the value of time from a similar country has been used (for example the value of time in Greece has been taken from Italy, in the absence of any other data). In all countries, females undertake more unpaid work than males. The largest differences between the duration of female and male unpaid work is in Italy and Portugal.

[239] Just one year as we hold it constant in the future.

Figure 37. Average minutes spent per day in different activities (both weekends and weekdays) (ages 15-64)

		Unpaid work	routine housework	shopping	care for household members	child care	adult care	care for non household members	volunteering	travel related to household activities	other unpaid
Men											
DK	2001	186	107	22	20			11	4	22	
NO	2010	162	61	16	20	20			5	20	42
SE	2010	154	79	13	17	13	4	na	na	16	4
FI	2009-10	159	91	23	13			11	4	16	
EE	2009-2010	160	89	20	18	18	0	11	0	21	
BE	2005	151	97	22	9			0	7	16	
FR	2009	143	98	18	15	14	0	1	7	4	1
DE	2001-02	164	90	26	10			8	9	21	
ES	2009-10	154	76	20	20			7	7	23	
SI	2000-01	166	114	15	11			9	1	16	
UK	2005	141	66	25	34	26	2		3	13	
PL	2003-04	157	93	18	15			14	1	16	
NL	2005-06	133	63	22	19	17	2		19	10	
AT	2008-09	135	79	16	21			2	5	13	
HU	1999-2000	127	65	17	12			-	1	32	
IE	2005	129	49	16	29			-	9	26	
IT	2008/09	104	51	18	13	12	2	4	2	15	0
PT	1999	96	51	10	6			4	1	24	
Women											
DK	2001	243	145	30	35			9	2	22	
NO	2010	211	104	23	34	34			4	21	26
SE	2010	207	95	16	25	21	4	na	na	17	6
FI	2009-10	232	137	29	31			13	3	19	
EE	2009-2010	249	147	27	42	42	0	8	0	25	
BE	2005	245	167	31	23			0	3	21	
FR	2009	233	158	25	35	35	0	1	5	7	1
DE	2001-02	269	164	36	27			9	6	27	
ES	2009-10	258	127	36	42			12	9	32	
SI	2000-01	286	212	20	30			5	0	19	
UK	2005	258	133	40	62	52	4		3	19	
PL	2003-04	296	194	28	39			12	1	22	
NL	2005-06	254	134	37	42	38	3		21	20	
AT	2008-09	269	170	26	47			3	3	21	
HU	1999-2000	268	186	26	28			-	0	28	
IE	2005	296	135	40	94			-	7	20	
IT	2008/09	315	213	33	33	31	3	8	2	26	0
PT	1999	328	253	19	26			10	2	17	

Source: OECD

2.2.6 Conclusion

Taking into consideration developments of socio-economic indicators the 'no change in policy' scenario is unlikely to be sufficient to address the problems identified in section 3, despite projections of some increases in female labour market participation and increases in employment rates (in line with trends over the previous decades). Significant differences in male and female activity and employment rates will remain in most countries and fertility rates are projected to remain insufficient to reach replacement rates, thus further increasing dependency ratios. Other key gender gaps, such as in the sharing of unpaid time are also likely to remain generally unchanged,

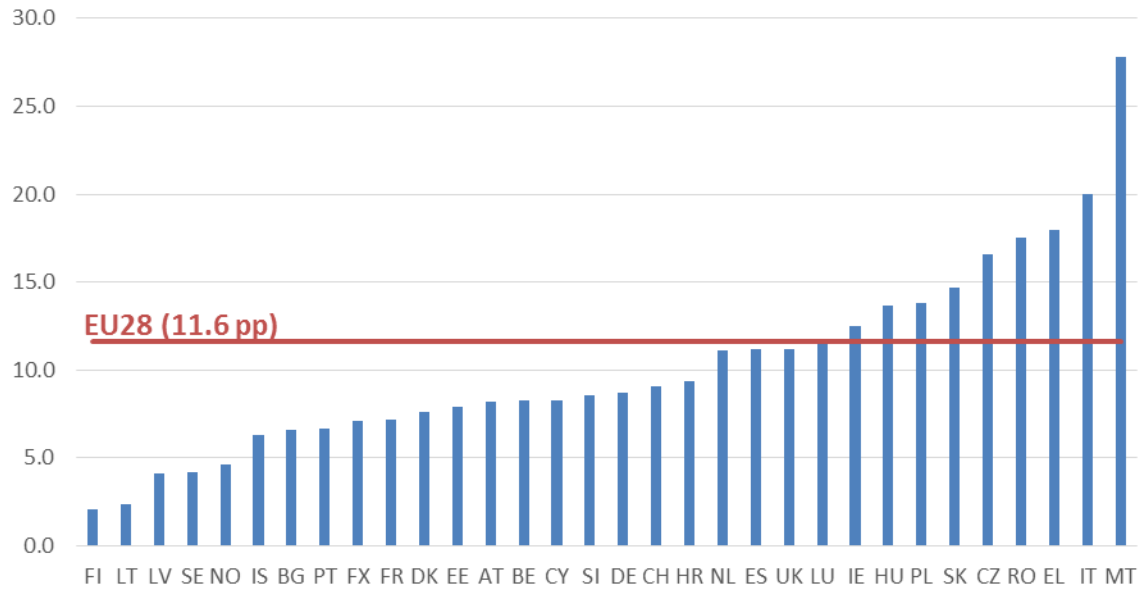
impacting female labour market participation in future in the absence of a more rounded and harmonised set of holistic work life balance measures.

3 Problem definition

The main policy problem that this initiative seeks to address is the low participation of women in the labour market which is linked to the unequal distribution of caring responsibilities between men and women and the lack of effective possibilities for men and women to balance those responsibilities with the demands of their working lives[240].

Even though women are equally qualified and increasingly tend to be better educated than men[241], they remain underrepresented in the labour market leaving a large part of talent under-utilised due to a number of factors presented above. In 2015, the employment rate of women (age 20-64) in the EU28 was 64.3%, compared to 75.9% of men in the same age group constituting an 11.6% gender employment gap, which has only declined by 4.1 percentage points in the last decade[242].

Figure 38. Employment rate gap between women and men (2015)



Source: Eurostat [lfsi_emp_a]

The EU's female employment rate is significantly below that of other major industrialised countries[243]. When measured in full-time equivalents, the employment rate of women (aged 20-64) in the EU stood at 54.6% compared to 72.7% of men in the same age group.

Even when mothers work, they are more likely to be found in part-time employment than women without children[244]. Part-time employment rates of women increase along with the number of children they have. In 2015 almost a third (32.1%) of women with one child worked part-time, this is 5.1% more than women without children. This rate increases with the number of children. Almost half (44.6%) of women with three

[240] European Commission SWD (SWD(2016) 145 final) accompanying the Consultation Document 'Second-stage consultation of the social partners at European level under Article 154 TFEU on possible action addressing the challenges of work-life balance faced by working parents and caregivers

[241] In 2014, 42.3% of women aged 30-34 had tertiary education or higher compared to 33.6% of men.

[242] In 2006, the employment rate of women stood at 61.1 while that of men stood at 76.8%%.

[243] US 70.6%, Japan 67.6% (2015)

[244] Percentage of part-time employment of adults by sex, age groups, number of children and age of youngest child [lfst_hhptechi]

children or more worked part-time in EU28 in 2015. Men's part-time employment rate decreases with the number of children until the third child, demonstrating the reverse impact parenthood has on women and men[245].

The 2015 Ageing Report[246] forecasts that, without additional gender-sensitive work-life balance measures at EU level, a convergence between women's and men's labour market participation rate is unlikely in the near future.

Measures to reconcile work and family life would partly seek to redistribute unpaid work between women and men and partly to reduce it by externalising child and long-term care in order to allow women to increase their participation in the labour market.

The following sections present the main drivers leading to women's greater economic inactivity and underrepresentation in full-time employment, discuss the consequences of unequal sharing of unpaid work and summarise the impacts of this inequality at individual, organisational and wider societal level.

3.1 Drivers

Parenthood and other caring responsibilities are the most significant reasons for differences in labour market participation between women and men, as women currently provide the bulk of childcare as well as care for dependent adults. The following section identifies the main drivers of the problem in the existing legislative and institutional framework as well as in their interaction with deeply rooted stereotypes about the division of labour within household.

Leave provisions encourage longer absences from work for mothers than for fathers

The impact of parenthood on employment remains significant. While fathers have longer working hours than other men, the gender employment gap increases with the number of children in the household, especially for women with children less than 6 years old. While women reduce their participation in the labour market following parenthood, the opposite is true for fathers, with fathers more likely to be employed (and working longer hours) than non-fathers.

The percentage difference in the employment rate of men and women without children is 1%; with one child less than six years it is 21%; with two children it is 25% and with three children this rises to 37%.

Carers of elderly and disabled relative are primarily women. According to the 2012 European Quality of Life Survey data from Eurofound, 11.3% of carers are women compared to 7.5% being men. According a study on informal carers, between 7% and 21% of individuals with longer term caring responsibilities reduce their working hours and between 3% and 18% withdraw from the labour market[247].

The unequal distribution of caring (and other household) responsibilities between men and women is reflected the fact that women perform three times more unpaid work than men[248]. The burden of unpaid work drives women to take long leaves of absence compared to men, reducing their working hours and in some cases exiting the labour market altogether (at least for a period of time, making is subsequently significantly more difficult to re-enter employment).

[245] SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers

[246] The 2015 Ageing Report http://europa.eu/epc/pdf/ageing_report_2015_en.pdf

[247] Bettio, F. Verashchagina, A. (2010), Long-term care for the elderly, provision and providers of 33 European countries, for the European Commission

[248] United Nations (2015); Human Development Report 2015

Member State polices have a strong impact in reinforcing or mitigating the influence of caring responsibilities on employment outcomes for women. In some Member States, deficiencies in existing work-life balance policies contribute to exacerbate the impact of caring responsibilities on employment, whereas in others, well-designed leave and flexible working policies emphasising a more equitable distribution of unpaid work coupled with support through good quality child and long-term care measures) have been shown to remove barriers to female labour force participation.

The availability (or otherwise) and precise design of leave arrangements have been shown to have a significant impact of female employment (both in terms of participation rates and hours worked).

Research by the OECD, Eurofound and others[249] has shown that provisions for paid maternity and parental leave tend to boost female labour market participation. There is some discussion on what the 'ideal' length of leave is to avoid a career gap. Some research suggests that after 20 weeks of leave[250], the positive effects diminish, while other studies found that after six months parental leave may have negative effects on women's labour market participation, wages and career prospects[251]. According to the OECD, leaves longer than two years can lead to skills deterioration and career gaps, making it more difficult to re-enter the labour market[252]. A report prepared for the European Parliament also advocates of well compensated leaves under two years in length[253]. Thus, in the current situation where the design of leave continues to encourage leave-taking by women and in some cases rather long leaves lead to extended absences from the labour market, this has demonstrable negative consequences for employability, career development and opportunities for re-integration into the labour market. It can also lead women to consider more carefully the economic impact of having (further) children.

Return to the labour market by young mothers can also be hampered by provisions regarding entitlements to breastfeeding breaks and facilities. While entitlements to at least a 60 minute breastfeeding break are in place in most Member States, in more than half of the countries covered in this study[254] women do not have a legal entitlement to suitable breastfeeding facilities, which can limit the possibility to take-up any existing right to breastfeeding breaks. Inadequate support for breastfeeding mothers can act as a disincentive to their return to work earlier from maternity leave as they cannot express milk in private and provide for their young child while balancing work commitments[255].

Effective protections against dismissal for pregnant women, or mothers returning from maternity leave are also important to ensure retention in the labour market[256]. Although discrimination of young women remains an issue pre-pregnancy, existing research has shown that many women find that their work has

[249] OECD (2012), Closing the Gender Gap; OECD (2004) Economic Studies No. 37 2003/2; Thevenon (2013) Labour Market Effects of Parental Leave in OECD countries; Akgündüz and Plantenge (2013) Labour market effects of parental leave in Europe; Eurofound (2016) The gender employment gap: challenges and solutions

[250] See e.g. Akgündüz and Plantenga (2013), Labour market effects of parental leave in Europe, Cambridge Journal of Economics 37(4):845-862

[251] Plantenga (2015) Searching for welfare, work and gender equality, Working Paper no 59, Welfare Wealth Work For Europe

[252] OECD (2012) Closing the gender gap: Act Now, OECD Publishing

[253] Van Lancker, W. (2016), Effects of poverty on the living and working conditions of women and their children, European Parliament

[254] CY, CZ, DE, DK, EE, ES, FI, HR, HU, IS, IT, LI, LU, LT, MT, PL, SE, NO.

[255] Maternity Action, (2013) 'Children and Family Bill: Statutory right to breastfeed on return to work'

[256] European Network of Legal Experts in the Field of Gender Equality (2012) Fighting discrimination on the grounds of pregnancy, maternity and parenthood

changed upon return to work or feel otherwise pressurised into leaving their jobs[257]. Such evidence demonstrates that there are not only remaining issues liked to compliance and enforcement with regard to existing legislation, but also the importance of effectively preventing preparation for dismissal during leave and in the months following return from leave.

Crucially it is **not only leave arrangements for mothers which have an impact on female labour market participation. Of equal importance are the availability of leaves for fathers**.

The use of leaves by men (both in relation to children and sick, disabled or elderly relatives) reduces the burden of care on women, allowing either a faster return to employment (in the case of mothers) or a greater likelihood of remaining in the labour market (for other carers). Fathers' involvement in early childhood care (e.g. through the offer of paternity leave) has been shown to have a positive impact (or leverage effect) on their ongoing involvement in childrearing and taking further leaves (e.g. in the form of parental leave) or taking up flexible working to ensure such an ongoing involvement in their children's upbringing[258].

However, the opportunities and incentives available for fathers (and male carers) to take leave currently remain very varied between Members States. Even though, as discussed in Section 2.1.1.3 above, a small number of countries have sought to increase the flexibility of the take-up of leave and to encourage greater involvement of fathers by allowing elements of maternity leave to be shared with the father[259] such possibilities are currently relatively limited with 21 countries out of the 32 studied offering no option of transferring parts of maternity leave.

Furthermore, as indicated in section 2.1.3 above, not all EU Member States offer paternity leave[260] and in six countries, this leave is of very short duration (between 1-5 days), making it less likely for leverage effects to emerge. Overall, take-up rates by father of parental leave arrangements remain low, and where fathers take such leave, it is usually for a short period[261] (see also section 2.1.4.3 above). Take-up of parental leave by fathers is also not encouraged by the fact that, in 15 Member States, fathers have the possibility to transfer a significant proportion of their parental leave to the mother, thus further contributing to longer female absences from the labour market. Conversely, in countries which have introduced dedicated leave periods for fathers, which are non-transferable, this has resulted in a significant increase in take-up rates by fathers[262]. The extent to which leave can be taken flexibly (either part time or in

[257] Commissie Gelijke Behandeling (2012) Hoe is het bevallen? Onderzoek naar dicrimnatie can zwangere vrouwen en moeders van jonge kinderen op het werk; Adam L et al (2015) Pregancy and maternity related discrimination and disadvantage; Department for Business, Innovation and Skills and the Equality and Human Rights Commission

[258] Taskula, S (2007) Parental leave for father? Research report No 166, National Research and Development Centre for Welfare and Health Finland; Eydal, G.B. (2008) Policies promoting care from both parents – the case of Iceland

[259] This is in addition to countries which have arrangements which do not strictly separate between parental/maternity leave – for instance – and where parental leave can therefore be shared *per se*

[260] 23 out of 28 EU Member States currently make provisions for paternity leave. This considers that parental leave provisions in Germany, which does not have a leave officially termed paternity leave can be counted as paternity leave, as it can be taken around the time of the birth of the child.

[261] OECD (2012) Closing the gender gap

[262] The introduction of parental leave quota for fathers (the so-called 'daddy month' – paid at around 80% of previous salary) in Sweden in 1995 lead to an increase in the share of fathers taking at least one month of leave from 9% to 47%; Ekberg et al (2013) Parental leave – a policy evaluation of the Swedish 'daddy month reform, Journal of Public Economics, Vol97:131-143. In Iceland, which offers three months of non-transferable leave for fathers (paid at around 80% of previous salary), 92.7% of fathers took a period of leave after the birth of the child and took on average 87 days (compared to 176 for mothers in 2012. This is down from 100 days prior to the economic crisis; see International Leave Network Report (2016).

different blocks) can also have an impact on take-up rates and acceptance and support by employers[263].

The availability of flexible working arrangements (such as telework and flexitime) and of access to reduced working hours (part-time work) and the precise nature of statutory regulations around such arrangements also influence female employment. A lack of access to flexible working arrangements can lead individuals with caring responsibilities (and currently therefore primarily women) to drop out of the labour market altogether[264]. As demonstrated in section 2.1.7 above, not only is the right to request flexible working currently primarily focussed on the right to request reduced hours, it also largely remains a procedural right mainly linked to parenthood and return from parental leave. Given the prevalent trends mentioned above regarding the take-up of parental leave, the nature of (statutory) access to flexible working currently remains focussed on mothers upon return from parental leave and emphasises reduced hours working, rather than other forms of flexibility – which could have a more limited impact of earnings (and resulting poverty in old age) and career potential (see also section 3.3 below).

One of the key obstacles to other forms of flexibility is that a workplace culture that is much focused on presence while working, although more recently there has increasing recognition amongst employers that flexibility is valuable and the willingness to introduce workplace culture supportive of flexible working might increase[265]. The proportion of companies offering employees the possibility to choose the time they begin and finish their working day increased by 9 percentage points between 2009 and 2013. However, access to such arrangements remains very uneven between Member States, sectors and size of company as indicated in section 2.1.8 above, indicating that legislative provisions are currently insufficient to ensure equitable access to this important form of flexibility.

There is a disproportionate share of women choosing reduced hours arrangements where they are available. While part-time work might be considered as an incentive for women to remain active at the labour market, it is associated with negative consequences such as lower wages and a lower pension in older age (see also Section 3.3 below), as well as potentially affecting career development.

Similarly, the culture of 'presenteeism' can have a negative impact on the offer and take-up of telework arrangements, which can also help to facilitate work-life balance. Such arrangements are in principle much facilitated by developments in technological, but, as indicated in section 2.1.7 above, its use remains limited to around 4% of employees. While access to telework will likely always remain restricted to particular occupations and sector, where presence in the workplace is not imperative due to the nature of the task, the use make of this form of flexibility remains highly limited not only due employer (and individual manager) perceptions, but also due to limited statutory access in terms of rights to request teleworking (even as a procedural right).

In sum, the availability of flexible working arrangements and/or of possibilities to reduce working hours impact the employment rate of women with caring responsibilities. Recent data from a comparative study among seven European Member States (Germany, Spain, France, Netherlands, Poland, Sweden and United Kingdom) shows that the three countries with the highest proportion of women with some degree of autonomy over their scheduling have also the highest employment

[263] Eurofound (2016) The Gender Employment Gap: Challenges and solutions

[264] Plantenga, J. and Remery, C. (2009) Flexible working time arrangements and gender equality

[265] Eurofound (2016 – forthcoming) The Gender Employment Gap: Challenges and Solutions, after: SWD(2016) 145 final Analytical Document Second-stage consultation of the social partners at European level under Article 154 TFEU on possible action addressing the challenges of work-life balance faced by working parents and caregivers

rate of women. These are Sweden with 62% of scheduling autonomy, and an employment rate of 77% for women, followed by the Netherlands with 68% and 72% respectively and Germany (47% and 72%). On the other hand, in Spain, France and Poland women have a low degree of autonomy over their work schedules (27%, 37% and 33%) and low employment rates respectively (54%, 66% and 58%)[266]. Thus, a lack of flexible work arrangements can lead women to drop out of the labour market or to change their job to one that is perceived as offering more flexibility (e.g. in terms of flexible schedules or reduced commuting times due to home working) or reduced working hours, which is often below their skill level or for less pay. This can in turn lead to wage and career gaps for women in the long term (see Section 3.3 below). One third of Europeans asked in 2014 about the most effective ways to increase the number of women in the labour market indicated increasing flexible work arrangements (e.g. part-time work, working from home) as being important (32%). Moreover an overwhelming share of unemployed mothers would be willing to work if there was more flexibility in determining working hours[267]. Several studies found that working mothers can advance in their career and balance caring responsibilities using flexible working arrangements[268]. However, some concerns persist that employees who use flexible working arrangements might suffer 'flexitime penalties' in the form of career set-backs, wage penalties, lower performance evaluations and fewer promotions. This might contribute to the lower take-up of such policies, even if they are implemented in organisations[269]. Such issues could be overcome in an environment of stronger entitlements more suited to encouraging more equal take-up between men and women.

Accessibility of childcare services is another important factor influencing the employment rate of parents (and indeed effectively of mothers under current patterns of caring). The availability of affordable and quality childcare in Europe is insufficient and women tend to either work part-time or be inactive in order to take care of young children. Even though in most countries there is a legal entitlement to childcare this is only rarely introduced after the end of (well compensated parts of) maternity/parental leave. In most cases there is at least a two year gap between the end of such leave periods and access to childcare. In addition, even when a right to a childcare place is in place, this does not mean that childcare is affordable, full-time and of high quality to facilitate the return of the parent (usually the mother) to the labour market[270].

Insufficient, expensive or low-quality childcare provision can be a significant contributing factor leading women to return to work only part-time or to exit the labour market for a significant period of time following childbirth. As indicated above, the 2011-2012 European Quality of Life Survey (EQLS) revealed that 59% of those who wish to use childcare services in the EU reported cost as the main obstacle to access these services[271]. The problem of a lack of access to suitable childcare is exemplified by statistics which show that in 2013, only 26.7% children aged under two

[266] Silim A. & Stirling A. (2014), Women and flexible working: Improving female employment outcomes in Europe, IPPR. *http://www.ippr.org/publications/women-and-flexible-workingimproving-female-employment-outcomes-in-europe*

[267] Eurofound (2014) Quality of life in Europe: Families in the economic crisis

[268] For an overview see: Akter K. Work-Life Balance Strategies and Consequences: A Few Aspects. ASA University Review. January 2016;10(1):35-52

[269] Castellano, S. (2013), The Dilemma of Workplace Flexibility, T+D. 67(12): 10; Munsch, C. L. (2016), Flexible Work, Flexible Penalties: The Effect of Gender, Childcare, and Type of Request on the Flexibility Bias, Social Forces 94(4):1567-1591

[270] Mantouvalou, K. (2015), Making work pay for mothers: An EU perspective, Peer Review on 'Making Work Pay for Mothers' St Julian's (Malta), 18-19 May, 2015, p. 2-3.

[271] Eurofound (2012), Third European Quality of Life Survey – Quality of life in Europe: Impacts of the crisis, Publications Office of the European Union, Luxembourg

in the EU27 were in any formal care arrangements. This means that by the time the child reaches the age of three, the main carer (usually the mother) would have spent a significant amount of time outside the labour market, which reduces her employability and opportunities for re-integration into the labour market. Studies carried out by the OECD, among others, find that subsidised childcare boosts female labour market participation by raising the rate of return to work[272] [273].

Demand for informal care[274] is growing due to demographic ageing and increased life expectancy. At the same time, support for adults with caring responsibilities remains insufficient. In 2012, four in ten Europeans have either taken care of an older family member in the past or do so currently. Of those currently taking care of an older family member, 3% are full-time carers and 12% do so part-time[275]. Due to current workplace policies and practices and low provisions of leave at national level, carers often experience work-life balance conflicts; this affects their productivity through absenteeism and use of sick leave or unpaid leave. In some cases, it also leads to exiting the labour market altogether. Studies show that carers are often in need of short-term flexible care leave arrangements, enabling them to better balance their work and care responsibilities[276]. The introduction of policies regarding carers' leave may help to reduce the dual pressure from work and care for employed caregivers. Workers with access to unpaid family leave are more likely to remain in the labour force, maintain or increase their hours of employment. However, the design of carers' leave needs to refrain from reinforcing expectations for women to provide informal care[277].

Where carers' leave is available, it tends to be poorly compensated (particularly for longer leaves) and is still significantly more likely to be taken up by women[278] (see also section 2.1.6.4), partly due to gender stereotypes and partly due to (and reinforced by) the fact that in most cases the partner with the lower salary is still the woman, as according to most recent data from Eurostat, women in the EU earn approximately 16.1% less than their male counterparts. Insufficient evidence is currently available to show whether leave taking behaviour – both in relation to parental or carers' leave changes significantly in situations where women are higher earners, but it can be assumed that changing trends in this area could have a future impact.

Furthermore, access to affordable, accessible and high quality formal long-term care remains insufficient – a situation which is likely to be further exacerbated by demographic trends (see also section 2.1.8).

Besides policies and measures that influence work-life balance of women and men, gender stereotypes and different attitudes toward working mothers and fathers play a role as well.

[272] OECD (2012) Closing the gender gap: Act Now, OECD Publishing.

[273] Hicks, A., and Kenworthy L. (2008), Family Policies and Women's Employment: A Regression Analysis., pp. 196-221; Pettit, B., and Look, J. L. (2005), The Structure of Women's Employment in Comparative Perspective. *Social Forces* 84: 779–801; Pettit, B. and Hook J. L. (2009), Gendered Tradeoffs, New York, NY: Russell Sage; Steiber N and Haas B (2009) 'Ideals or compromises? The attitude-behaviour relationship in mothers' employment', *Socio-Economic Review*, 7(4): 639−668.

[274] According to the World Health Organisation, informal care, informal assistance, help or supervision (usually unpaid) is provided to persons with one or more disabilities by family, friends or neighbours who may or may not be living with them in a household. http://www.who.int/kobe_centre/ageing/ahp_vol5_glossary.pdf

[275] European Union (2011) Special Eurobarometer 378: Active Ageing

[276] Akter K. Work-Life Balance Strategies and Consequences: A Few Aspects. ASA University Review. January 2016;10(1):35-52

[277] For an overview see: Vaganay, A. et al. (2016) Challenges of work life balance faced by working families. Review of Costs and Benefits, LSE Enterprise

[278] Eurofound (2013) European Quality of Life Survey

Stereotypes about women's and men's respective roles in society continue to persist. In a 2014 Eurobarometer survey, 60% of Europeans agreed that all in all family life suffers when the mother has a full-time job. Half of those surveyed think that overall men are less competent than women to perform household tasks[279]. EIGE's analysis of narratives on gender perceptions reveals that motherhood and being 'a good wife' are still seen by many as women's main contribution to and role in society, and thus as their main or even only expected goal in life[280].

The currently implemented leave arrangements discussed above and gender stereotypes are interrelated. The design of maternity and parental leave reinforces gender stereotypes in relation to caring responsibilities[281]. EIGE's study noted that in countries with long (two to three years) maternity and parental leave provisions, the pressure on women to devote these years exclusively to the care for their young children tends to be (very) high, leaving them hardly any choice than to take-up this maternity leave, turning motherhood into a duty[282].

Further, childcare provisions and gender stereotypes are interrelated. The lack of provisions of childcare reinforce gender stereotypes in relation to caring responsibilities and affect the employment patterns of women and men. As highlighted by Kremer 'women's employment is not merely driven by their wish to work, but by gendered cultural norms around the appropriate care for children'[283].

Persistent gender stereotypes in relation to caring roles are another factor influencing decisions on leave taking within the family and they underpin the current distribution of labour, paid and unpaid work in the family. In many cases, this is reinforced by persistent cultural stereotypes of men as the main breadwinner and women as carers and home-makers. Therefore, given the ageing population and the increased need for elder care, women aged 30-50 may end up caring both for young children and for their ageing parents[284].

The gender roles attributed to women as 'main caregivers' and 'mothers' contributing to biased policy development regarding leave provisions and the availability of childcare contribute to loss of career opportunities for women and in some cases to discrimination of women at the labour market. EIGE's study respondents consider that women's role as mothers may be regarded as a disadvantage by employers, because they hold the 'risk' of getting pregnant, taking maternity leave, and being absent to take care of their children when these are ill[285].

Tax-benefit disincentives can discourage women to enter the labour market or to work more hours. In some Member States, the joint taxation systems provide often less benefit for the second earner of the household (often the women) to enter or remain in the labour market. Transferable tax credits or deductions for single earner households rather act as disincentives for women's participation at the labour market[286].

[279] European Commission (2014) Special Eurobarometer 428: Gender Equality
[280] EIGE (2011) A study of collected narratives related to gender perceptions in the 27 EU Member States
[281] SWD (2016) Analytical Document – Second-stage consultation of the social partners at European level under Article 154 TFEU on possible action addressing the challenges of work-life balance faced by working parents and caregivers
[282] EIGE (2011) A study of collected narratives related to gender perceptions in the 27 EU Member States
[283] Cited in Broeckmann I., Misra J. and Budig M. (2013) 'Mothers' employment in wealthy countries: how do cultural and institutional factors shape the motherhood employment and working hours gap?', Luxembourg Income Study working paper series no 594, Luxembourg. http://www.lisdatacenter.org/wps/liswps/594.pdf
[284] Triantafillou et al. (2010), after: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave
[285] EIGE (2011) A study of collected narratives related to gender perceptions in the 27 EU Member States
[286] Plantenga (2015) Searching for welfare, work and gender equality, Working Paper no 59, Welfare Wealth Work For Europe

These tax-benefit disincentives do not impact only those with caring responsibilities, but they tend to impact them adversely, as e.g. high costs for childcare or formal long-term care coupled with tax-benefit disincentives may lead to a higher probability of women (as the main caregivers) to not enter the labour market[287].

Addressing these drivers that lead to lower labour market participation of women and to issues in reconciling work and family responsibilities, remains a key policy concern at EU level, having impacts on the individual level (for women, men and other family members), the company level as well as the society level across the EU.

3.2 Consequences of the problem

Women's lower participation in employment, higher representation in part-time work and longer career gaps due to caring responsibilities has negative consequences at the individual, firm and societal levels.

3.2.1 Individual level: consequences for women, men, children and persons in need of long-term care

3.2.1.1 Consequences for women

At the individual level effects on women are manifested through reduced labour market participation and career opportunities, the gender pay and pension gap, poverty and social exclusion, and negative consequences on personal wellbeing as described in more detail below.

Reduced labour market participation

Issues such as a lack of flexible work arrangements, provisions in place concerning maternity, paternity, parental and carers' leave, affect women's employment rate. As indicated above, in 2015 the employment rate of women in the EU28 continued to lag 11.6 percentage points behind men's labour market participation rate. The employment rate of women with children is even lower. The employment rate of women with two children less than 6 years old in the EU28 was 12% lower compared to women without children[288].

The cost of childcare also strongly impacts women's employment. 53% of women who responded to the European EQLS survey in 2011-2012 reported that they work either part-time or not at all due to expensive childcare[289]. The lack of affordable childcare adversely impacts women in lower income households. The cost of childcare, especially for more than one child, may exceed the household income and affect women's choices to return to work. Further, the opening hours of childcare services affect the employment prospects. This is particularly the case with parents who work outside the conventional pattern of 9am to 5pm jobs. Since many jobs with 'atypical hours' are in low-paid sectors, mothers working in these sectors often face an additional disadvantage. Across the EU28 child care use is lower among low income families compared to high income families. For example in France, where 45% of children are in formal childcare, only 18% of those are from lower income families, compared to 71% from high-income families[290].

Gender pay and pension gap

Caring responsibilities for children and/or other family members encourage women to exit the labour market either temporarily or permanently or to work reduced hours in

[287] European Commission (2015) Secondary earners and fiscal policies in Europe, available at: http://ec.europa.eu/justice/gender-equality/files/documents/150511_secondary_earners_en.pdf
[288] Ibid.
[289] Eurofound (2014), Third European Quality of Life Survey – Quality of life in Europe: Families in the economic crisis
[290] Van Lancker, W. (2016), Effects of poverty on the living and working conditions of women and their children, European Parliament

the longer term (as shown above). This leads to a gender pay gap, which stood at 16.1% across the EU28 in 2014[291]. The gender pay gap also reinforces its root causes, as it often simply makes economic sense for mothers to take longer parental leave and / or to work-part time, if the fathers' incomes are substantially higher.

Wage penalties lead to further negative consequences for women over time. Shorter working careers due to caregiving can negatively impact women's pension entitlements and other contributory benefits, in particular, occupational or private pensions that greatly depend on the number of years of contribution to the scheme[292]. Women have on average 40% less pension compared to men in the EU28 (gender pension gap)[293]. In some EU Member States over a third of all women have no pension at all[294]. This leads to poverty in old age, as described further below.

Reduced career opportunities

Long maternity, parental or care leaves as well as prolonged part-time work can lead to women's reduced career progression opportunities[295]. As described above, career interruptions due to care responsibilities lead to wage penalties. These further lead to a deterioration of human capital and skills depreciation, and the loss of opportunities for career advancement[296].

Especially part-time workers face career penalties such as lower status and pay, fewer training and development opportunities and lower pensions. There are only limited part-time options available for highly skilled jobs. Women often take-up lower-level part-time jobs undervaluing their skills, and hence get 'stuck' in the gendered patterns of domestic work and care[297].

[291] European Commission (2016), European Semester thematic fiche – Labour market participation of women.
[292] Arkensey et al. (2005), after: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave
[293] Ibid.
[294] ENEGE (2013), The gender gap in pensions in the EU
[295] SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers
[296] For an overview see: Vaganay, A. et al. (2016) Challenges of work life balance faced by working families. Review of Costs and Benefits, European Commission Evidence Review
[297] Lyonette, C. (2015), Part-time work, work–life balance and gender equality, *Journal of Social Welfare and Family Law*, 37:3, 321-333

> The glass ceiling refers to artificial impediments and invisible barriers that militate against women's access to top decision-making and managerial positions in an organisation, whether public or private and in whatever domain. The term 'glass' is used because these impediments are apparently invisible and are usually linked to the maintenance of the status quo in organisations, as opposed to transparent and equal career advancement opportunities for women and men within organisations.

Studies show that the number of women in senior positions in companies is considerably lower compared to men, even if there is an equal number of women and men in mid-level positions. For example only 23.3% of board members of the largest publicly listed companies across the EU were women[298]. Often the career breaks women have diminish their chances of getting promoted in senior level positions. Moreover, women in more senior positions who want to work part-time or reduce their hours often do not have the chance to do so and remain in the same positions, but they 'decide' to downgrade and work below their experience and skill levels[299]. There is a lack of opportunities for getting back into senior level positions after a certain amount of time spent away from work or working part-time and women often hit the 'glass ceiling'[300].

Poverty and social exclusion

Women's lower participation in the labour market and interruptions in their career can lead to the gender pay and pension gaps described above, and thus expose women to greater vulnerability and risk of poverty and social exclusion**.**

Low levels of maternal employment increase the gender pay gap and this is a particular problem for mothers from disadvantaged backgrounds. The period spent outside the labour market following childbirth leads to a reduction in the earnings of mothers which subsequently affect their pension and increase their poverty risk at later stages in life[301].

Further, part-time work and temporary jobs – where women with children are over-represented – are associated with a higher risk of poverty, as these types of work are often poorly paid and insecure[302].

Statistics show that there is a significant difference between the risks of poverty for women compared to men, especially for the population aged over 65. At EU level this gender gap is more than 4 percentage points[303]. Further evidence shows that women with care responsibilities for older people also incur a greater risk of old age poverty[304].

[298] European Commission (2016), Gender balance in decision-making positions, available at: http://ec.europa.eu/justice/gender-equality/gender-decision-making/index_en.htm
[299] Darton, D., & Hurrell, K. (2005). People Working Part-time Below Their Potential. September, Manchester: EOC
[300] For the definition in the box, see: EIGE (2016), Gender equality glossary and thesaurus, available at: http://eige.europa.eu/rdc/thesaurus/terms/1228
[301] Thompson, S. and Ben-Galim D. (2014), Childmind the gap: Reforming childcare to support mothers into work, Institute for Public Policy Research.
[302] Van Lancker, W. (2016), Effects of poverty on the living and working conditions of women and their children, European Parliament
[303] European Commission (2015) Why older women are much more exposed to the risk of poverty than older men, available at: http://ec.europa.eu/social/main.jsp?langId=en&catId=1196&newsId=2349&furtherNews=yes
[304] Viitanen (2005), after: Social Protection Committee and the European Commission (2014) Adequate social protection for long-term care needs in an ageing society

Personal wellbeing

Negative impacts on physical and emotional health and wellbeing are another consequence of maternity, parental and care leave arrangements encouraging long absences from the labour market and not sufficiently promoting equality in sharing caring responsibilities between women and men. Insufficient work-life balance arrangements allowing women to reconcile work and care commitments put them and their families under substantial stress[305], having adverse impacts in terms of physical and psychological health[306].

This is especially evident for carers. The prevalence of mental health problems among carers is 20% higher than among non-carers[307]. Especially working carers find it difficult to balance paid work and care responsibilities leading to strains on work-life balance, emotional distress and physical ill-health for the carer. There is persuasive evidence demonstrating that carers often experience exhaustion and psychological distress, including anxiety and depression[308]. OECD research shows that the prevalence of mental health problems among carers aged over 50 years is 20% higher than among non-carers in same age bracket[309]. Intensive carers are at most risk of poor mental health (even after controlling for socio-demographic factors such as age, income or education)[310].

3.2.1.2 Consequences for men

While having children lowers the labour market participation rate of women due to a lack of availability of suitable leave, child and long-term care provisions, for men, the opposite is observed. The employment rate of men with children was over 10 percentage points higher than the employment rate of men without children[311]. At the same time, it has been argued that the low proportion of fathers taking family related leave can have a negative impact on bonding between father and child with a knock-on effect on child health and welfare. The presence of the father is evidenced to have significant beneficial effects on health of the father and the whole family unit and can contribute to a desire to take greater childcare responsibilities in the longer term (the leverage effect referred to above).

In 2014, 23% of the Europeans asked about what should be done to increase the time spent by men on caring activities (housework, caring for children and/or dependents) indicated compulsory paternity leave. The most frequently mentioned actions were changing men's and boys' attitudes towards caring activities (41%), but also increasing flexible work arrangements (e.g. working from home) (40%), making sure men are not discriminated against if they take leave to care for dependents (35%), making child care more accessible (31%), improving access for women to better

[305] Harper and Leicht (2007) Exploring Social Change: America and the World, after: SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers

[306] OECD (2007) Babies and bosses: Reconciling work and family life, after: SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers

[307] Colombo et al. (2011); Lilly et al. (2007), after: Social Protection Committee and the European Commission (2014) Adequate social protection for long-term care needs in an ageing society

[308] Hoffman and Rodrigues (2010); Glendinning, Arksey and Tjadens (2009), after: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave

[309] Colombo et al. (2011), after: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave

[310] Although we acknowledge that in general carers might be women or men, the majority of carers have been identified as women. Therefore most impacts of care provisions affect women and are summarised under this section.

[311] European Commission (2016), European Semester thematic fiche – Labour market participation of women.

quality jobs (26%)[312]. In general, the perceptions of fatherhood are changing and a more engaged fatherhood is becoming increasingly important[313].

3.2.1.3 Consequences for children

Regarding impacts of an imbalance of work and life on children, the fact that women drop out from the labour market also impacts their children by putting them at higher risk of poverty than in households where both parents have jobs[314]. Children from low income families are at higher risk of school drop-out and later unemployment and poverty[315].

In contrast available and affordable childcare has a positive direct and indirect impact on the development of the child. The main direct impacts include improved educational, social and behavioural outcomes, especially for children from disadvantaged groups. Research has shown that childcare attendance had medium and long-term positive effects on children's cognitive development and academic achievement. Results of the OECD's Programme for International Student Assessment (PISA) suggests that 15 year-old students who attended Early Childhood Education and Care (ECEC) for more than one year outperformed the ones who did not (or did for less than one year) by 35%[316]. Childcare provision also has a number of indirect impacts on the development of the child. As discussed above, there is a positive relationship between affordable childcare and maternal employment rates. Employment rates have a positive impact on maternal well-being as mothers in employment have better mental health and lower levels of depression. Improved mental health of mothers in turn helps the development of the child[317].

3.2.1.4 Impacts on other family members in need of (long-term) care

Evidence suggests that there is a general preference for family care over other care arrangements in the formal sector (such as retirement or nursing homes)[318]. Older people often prefer to stay in their own homes with assistance from their families rather than using institutional care[319]. In 2007 Eurobarometer survey, 30% of Europeans considered that 'the best option for the elderly parent was to live with one of their children' whilst 27% of them stated that 'the elderly should stay at home and receive regular care visits either from a public or private care service provider'[320]. Only 10% consider a move to a nursing home as the best choice for elderly parents. This puts pressure on families and carers and raises concerns about care outcomes and about the health and wellbeing of the dependent person and entire family.

Options such as assisted care in combination with carers' leave can mitigate the negative effects of care responsibilities, as the carer can more flexibly take time off work and the persons in need of long term care do not necessarily need to move into formal care facilities having a positive effect on their health too. So far the evidence

[312] European Commission (2014) Eurobarometer 82.4
[313] Seierstad, C., & Kirton, G. (2015). Having It All? Women in High Commitment Careers and Work-Life Balance in Norway. Gender, Work & Organization, 22(4), 390-404.
[314] OECD (2011) Doing better for families, after: SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers
[315] European Commission (2016) Working parents the best protection against child poverty, available at: http://ec.europa.eu/social/main.jsp?langId=en&catId=1196&newsId=2505&furtherNews=yes
[316] However, ECEC attendance is not the only or even main factor, other factors also contribute to this result, such as students' socioeconomic background, gender and individual motivation. For more information see: European Commission/EACEA/Eurydice/Eurostat (2014), p. 71.
[317] Harkness S. and Skipp A. (2013), *Lone mothers, work and depression*, Nuffield Foundation.
[318] European Commission and Economic Policy Committee (2009); Hoffman and Rodrigues (2010), EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave
[319] Burge et al. (2006); Chvetzoff et al. (2006), after: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave
[320] European Commission (2007) Special Eurobarometer 283: Health and long-term care in the European Union

on health and wellbeing of the persons in need of care due to the introduction of carers' leave is limited. However, as carer's leave might enhance the wellbeing of the carers enabling them to take time off work more flexibly and thus reducing the combined work-care stress, the effect on the cared for might be positive as well[321].

3.2.2 Employer level: Consequences for businesses

The impacts on employers relate mainly to difficulties in finding the right talent, high turnover and low company productivity as seen below.

High absenteeism and reduced employee productivity

Women are at a higher risk of absenteeism from work due to their dual commitments as carers and the imbalanced take-up of responsibilities between women and men. An analysis of the data from 31 countries covered by the European Working Conditions Survey shows that caregivers are more likely to report to have missed work for family reasons and they are also more likely to report the use of sick leave[322]. Most importantly, analysis reveals a higher share of involuntary absenteeism (and less voluntary absenteeism) amongst working family caregivers compared to non-caregiving workers. In addition to absenteeism, working carers also report problems such as reduced productivity, difficulty in maintaining concentration and making mistakes at work, interruptions in the working schedule due to the need to make care arrangements[323]. For the employer, staff turnover and absenteeism lead to a loss of human capital (and in fact, investment if they have trained the individual).

The index on 'workplace well-being' was constructed by taking the average of the standardised scores on the items on work climate, change in work climate, problems with employee retention, problems with poor employee motivation and problems with high sick leave.

The index on 'establishment performance' was constructed by taking the average of the standardised scores on four items: the current financial situation; changes in the financial situation since 2010; changes in labour productivity since 2010; and changes in the amount of goods and services produced since 2010.

Flexible work arrangements in the form of part-time work, home working and flexitime might contribute to a higher wellbeing and hence increase employees' productivity. Studies show that insufficient availability of flexible work arrangements may impact well-being of employees and as result the company's performance[324].

According to a Eurofound analysis organisations offering 'limited' working time flexibility had scored lowest in terms of workplace well-being and establishment performance. In contrast, companies with 'encompassing' working time flexibility scored highly in both outcome indicators[325].

[321] Vaganay, A. et al. (2016) Challenges of work life balance faced by working families. Review of Costs and Benefits, European Commission Evidence Review

[322] Zuba and Schneider (2011), after: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave

[323] Lilly et al. (2007); Seddon et al. (2004), after: EPEC (2011, updated in 2016) Study on the costs and benefits of possible EU measures on carers' leave

[324] For an overview see: Akter K. Work-Life Balance Strategies and Consequences: A Few Aspects. ASA University Review. January 2016;10(1):35-52; Vaganay, A. et al. (2016) Challenges of work life balance faced by working families. Review of Costs and Benefits, European Commission Evidence Review

[325] Eurofound (2015), Third European Company Survey – Overview report: Workplace practices – Patterns, performance and well-being, Publications Office of the European Union, Luxembourg.

Skill shortages and lower company productivity

At the company level the fact that women drop out from the labour market reduces the available talent pool, which can make it difficult for employers to find the skills needed. As indicated above, women are now on average more highly educated than men and their drop-out of the labour market produce a lack of skilled labour for companies and thus higher recruitment costs[326]. Inadequate solutions allowing to balance work and caring responsibilities lead to high absence at work or cause staff turnover, and thus impacting company productivity[327]. Research has shown that the cost of staff turnover can be as high as 20% of salary – particularly in the case of more highly skilled workers[328].

3.2.3 Societal level: Consequences for society

Lower labour force participation of women has large economic impacts for the society as a whole[329]:

- Lower available labour supply, reduced tax-revenue, lower household consumption, and increased social transfers in order to address female and child poverty. Gender gaps in the labour market cause loss of up to 10% of GDP per capita in Europe[330].
- Low birth rates, changing family structures and ageing population putting further pressure on the sustainability of public finances[331].
- Lower return on publicly subsidised investment in skills and competences acquired by women. For example, in 2015, 43.4% of women (aged 30-34) had tertiary education or higher compared to 34% of men[332].

Available studies show that addressing improving work life balance measures and child and long-term care provisions can increase women's participation in the labour market positively influence economic growth and wellbeing in society.

These factors also contribute to increased pressures on public finances due to lower availability of labour supply, lower production and competitiveness and as a result lower GPD, reduced tax revenue and increased social transfers to address unemployment and female, child and household poverty. A lack of suitable work-life balance measures can also depress fertility rates which contributes to increased dependency ratios and associated costs as well as reducing the availability of skilled labour in the medium to long term[333]. In Sweden and Norway a positive association between fathers' take-up of parental leave and continued childbearing was found. Couples where the father takes parental leave have considerably higher second- and third-birth intensities than couples where the father takes no leave at all[334].

[326] SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers
[327] Ibid.
[328] Boushey, H.and Glynn, S.J. (2012); There are significant business costs to replacing employees
[329] SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers
[330] Cuberes and Teignier-Baqué (2014) Aggregate Costs of Gender Gaps in the Labor Market: A Quantitative Estimate, available at: http://www.marcteignier.com/research_files/GGLMAP_CT.pdf
[331] SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers
[332] European Commission (2016), European Semester thematic fiche – Labour market participation of women
[333] Thévenon, O and Luci-Greulich, A. (2013), The impact of family policies on fertility rates in developed countries, European Journal of Population November 2013, Volume 29, Issue IV
[334] Duvander, Lappegård and Andersson (2008) Family Policy and Fertility: Fathers' and Mothers' Use of Parental Leave and Continued Childbearing in Norway and Sweden

Fertility impacts also arise from insufficient affordable, quality childcare provision, by making the upbringing of a child difficult for working women. The fertility rate in 2015 was 1.58, well below the rate of 2.1 births per women, which is required for the population to be replaced[335]. The ability to access employment, the affordability of childcare and the ability to adjust working hours to childcare are three of the main factors that affect parents' decision to have another child[336]. Member States that have the highest birth rates are those which also have a more extensive work-life balance framework and higher employment rates for mothers[337]. This demographic challenge further affects economic growth potential and places an increasing strain on public social security and pension budgets. In the long run, the competitiveness is negatively affected by falling fertility rates and the underutilisation of women's skills and their human resource potential.

A study seeking to estimate the effects of the gender employment gap in terms of aggregate productivity and income per capita found that the European the average income loss amounted to around 10%[338]. Furthermore, Eurofound has calculated the total cost of women's lower employment in terms of foregone earnings and tax revenue, as well as spending on social transfers, which amounted to an equivalent of 2.8% of EU GDP[339].

As indicated above, reduced productivity for individuals business leads to reduced productivity and competitiveness at the level of the whole economy, as well as reduced growth.

Addressing the gender employment gap has been shown to have significant benefits for economic growth[340]. The OECD estimates that halving the gender gap in labour market participation would lead to an additional gain in GDP of 6% by 2020 and 12% if complete convergence between male and female participation rates was achieved.

However, addressing the imbalance of work and life through increasing women's participation in the labour market and fostering paternity and parental leave would positively influence economic growth in the society.

[335] European Commission (2011) Special Eurobarometer 370: Fertility and Social Climate

[336] Kotowska, I., E. Słotwińska-Rosłanowska, M. Styrc, and A. Zadrożna (2007). Sytuacja kobiet powracajacych na rynek pracy po przerwie spowodowanej macierzynstwem i opieka nad dzieckiem. Raport z badan w ramach 'Wieloaspektowa diagnoza sytuacji kobiet na rynku pracy, SPO RZL 1.6b. Warsaw.

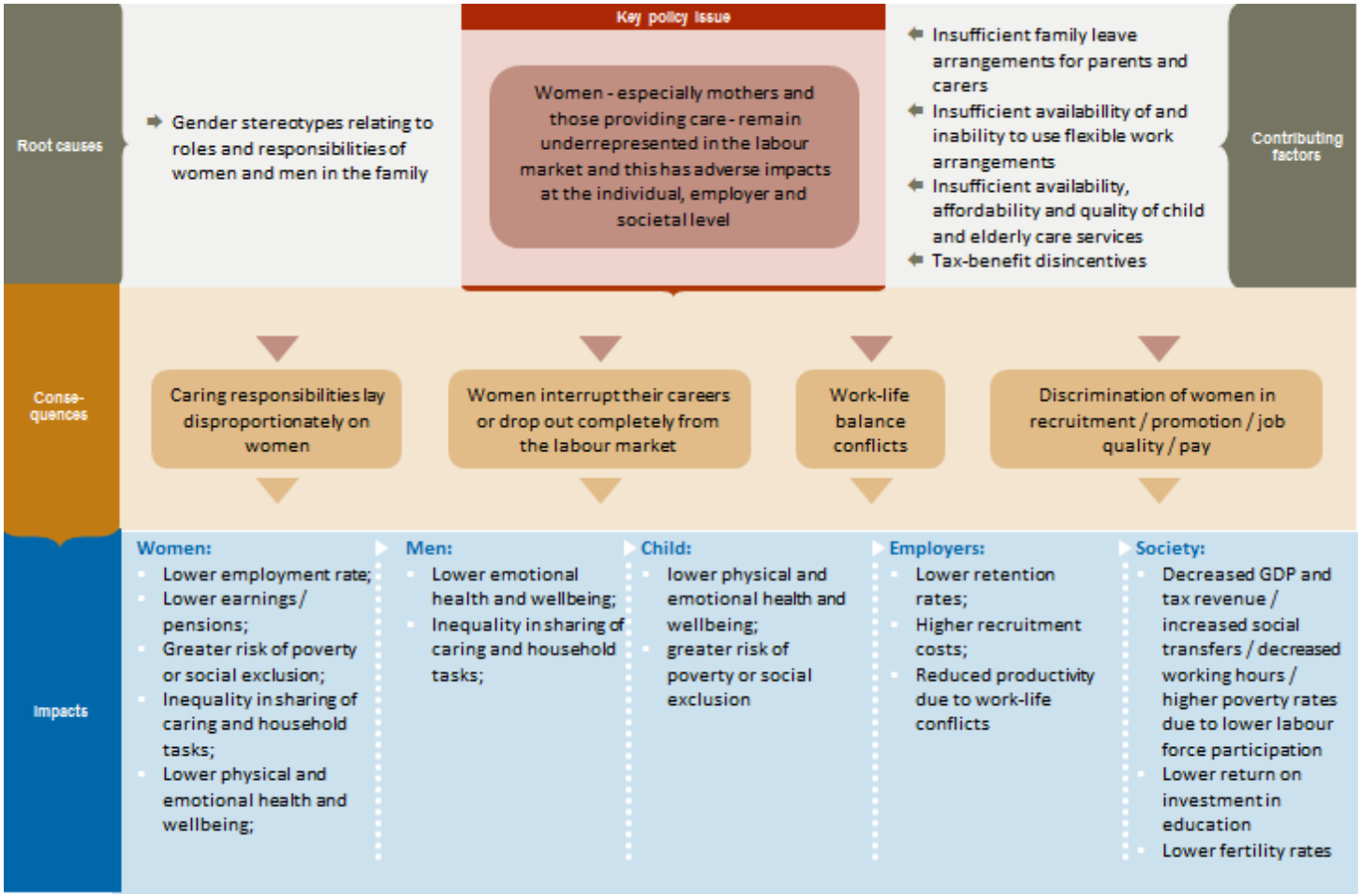
[337] European Commission (2009). The provision of childcare services: A comparative review of 30 European countries.

[338] Cuberes and Teignier-Baqué (2014) Aggregate Costs of Gender Gaps in the Labour market: A quantitative estimate

[339] Eurofound (2016), The Gender Employment Gap; Challenges and Solutions

[340] OECD (2014), Promoting inclusive labour markets in the G20 countries: potential returns and obstacles' IMF (2013) Women, Work and the Economy: Macroeconomic gains from gender equality

Figure 39. Problem tree in relation of current work-life balance



4 Rationale for EU action

The first priority of the European Commission as stated in the Political Guidelines[341] is to ensure Europe's economic development and competitiveness through 'jobs, growth and investment'. The employment of parents and caregivers, in particular women, is one of the pillars of this priority. This is particularly important in light of the current demographic challenges and skills shortages that Europe is facing. As part of the Europe 2020 Strategy[342] for 'smart, sustainable and inclusive growth', work life balance through reconciliation of work and caring responsibilities is recognised as a key priority for increasing the overall labour force participation and achieving equality between women and men in labour markets across the EU.

The lower participation of women in the labour market which is linked to the unequal distribution of caring responsibilities between men and women and the lack of effective possibilities for men and women to balance those responsibilities with the demands of their working lives has contributed to a reconsideration of the existing EU legal and policy framework.

4.1 The legal basis and policy overview

The legal basis for EU action is set out in the Treaty on the Functioning of the European Union (TFEU). Article 153(1)(i) of the TFEU gives the right to the European Parliament and the Council to adopt minimum requirements in the field of gender equality regarding labour market access and treatment at work. In addition, Article 157(3) of the TFEU enables the European Parliament and the Council to adopt measures for equal opportunities for women and men in employment, such as the principle of equal pay for equal work or work of equal value. Further, Article of the 23 EU Charter of Fundamental Rights guarantees equality between women and men in all areas, 'including employment, work and pay'. The aim of the legal measures is to create a competitive level-playing field between all Member States and to avoid downward competition between Member States in labour and equal treatment matters.

As described in section 2 of this report, two EU Directives are providing the basis for current EU-level work-life balance policies: the Pregnant Workers Directive 92/85/EEC harmonising minimum rights and entitlements for working mothers and the Parental Leave Directive 2010/18/EU.

More recent policy developments in terms of gender equality are based on the 2000 Lisbon Strategy, as part of which the European Commission proposed a Community framework strategy on gender equality for the period 2001-2005[343]. The aim of this framework strategy was to strengthen the gender dimension of the European Employment Strategy. This was to be achieved through policy action aiming to promote equal employment opportunities and the balancing of work and family responsibilities. An important part of the EU's employment and gender equality strategy was the expansion of childcare. In 2002 the Barcelona Objectives were formulated with the aim 'to provide childcare by 2010 to at least 90% of children between 3 years old and the mandatory school age and at least 33% of children under 3 years of age'[344].

[341] 'A new start for Europe: My agenda for jobs, growth, fairness and democratic change; Political Guidelines for the next European Commission'

[342] European Commission (2010), Europe 2020: A strategy for smart, sustainable and inclusive growth, COM(2010) 2020

[343] European Commission (2000), Towards a Community framework strategy on gender equality (2001-2005), COM(2000) 335 final

[344] http://ec.europa.eu/smart-regulation/roadmaps/docs/2015_just_xxx_maternity_leave.en.pdf

The Community Framework Strategy was followed by the first European Pact for Gender Equality and the Roadmap for equality between women and men 2006-2010[345]. Both emphasised that important drivers of economic growth are the economic independence of women and equal treatment between women and men in terms of pay and career advancement.

A subsequent European Pact for Gender Equality (2011-2020)[346] and the Commission's Strategy for Equality between Women and Men (2010-2015)[347] further supported the Barcelona targets. Their aim was to encourage Member States in promoting better work-life balance through improvement of childcare services (in terms of availability, affordability and quality) as well as through promotion of flexible working arrangements.

In the 2013 Social Investment Package[348], the European Commission reaffirmed the goal to support the labour market participation of women. The package puts emphasis on early childhood education as one of the ways to enhance women's employment prospects.

Most recently, in August 2015 the Commission announced its intention to develop a new and comprehensive policy proposal to increase the participation of women on the labour market. This aim is to improve work-life balance of women and men in a 'comprehensive way'. This is supposed to be achieved by introducing new and amending existing legislation at EU level, complemented by non-legislative instruments, taking account of the developments in EU Member States in the past decade as part of a Roadmap[349].

4.2 Subsidiarity and proportionality

4.2.1 Necessity of action at EU level

According to the subsidiarity principle set out in Article 5(3) of the Treaty on European Union (TEU) the Union shall only act as the objectives of the proposed action cannot be sufficiently achieved by the Member States.

As shown in Section 2, an EU legal framework regarding leave and work arrangements contributing to work-life balance is already in place in relation to maternity and parental leave and the protection of parents returning from leave. The existing EU legislative framework illustrates that there is a common agreement on the necessity of EU action in this area. In general, this is in line with the subsidiarity principle.

The existing EU legislative framework has provided the basis for protecting pregnant workers and mothers, as well as offering basic provisions for parental leave. However, no such minimum standards exist in relation to paternity or carers' leave (beyond the force majeure leave provided for by the Parental Leave Directive). Flexible working provisions at EU level also remain limited to procedural rights linked to return from parental leave and are therefore mainly used by women (within the context of current take-up rates) and are not open to other carers, which is not the case in relation to paternity and carers' leave, as well as rights to flexible working beyond the rights

[345] European Commission (2006), A Roadmap for equality between women and men 2006-2010, COM(2006) 92 final

[346] Council conclusions (2011), European Pact for Gender Equality (2011-2020), 2011/C 155/02

[347] European Commission (2010), Strategy for equality between women and men 2010-2015, COM(2010) 491 final

[348] European Commission (2013), Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020, COM(2013) 83 final

[349] European Commission (2015), Roadmap: New start to address the challenges of work-life balance faced by working families, http://ec.europa.eu/smart-regulation/roadmaps/docs/2015_just_012_new_initiative_replacing_maternity_leave_directive_en.pdf

provided for those returning from parental leave. There is little indication in the forthcoming measures discussed or agreed in Member States that would indicate that this uneven playing field is likely to be addressed by action solely taken at the national level. Similarly, no European level measures beyond the Barcelona targets are currently in place to encourage much needed improvements in childcare provisions and only monitoring and peer learning measures are in place with regard to LTC provision.

As outlined above the main objective of the maternity leave Directive 92/85/EEC was to protect the health and safety of pregnant women in the workplace and women who have recently given birth or are breastfeeding[350]. Further, the important objective was the protection of women from unfavourable treatment as a result of pregnancy/motherhood. The aim of the Directive was to ensure that women are not dismissed from work because of their pregnancy for the period from the beginning of their pregnancy to the end of the period of maternity leave. According to assessment of the implementation of the Directive, generally speaking, Member States have comprehensive legal provisions in place to protect women against pregnancy and maternity related discrimination at work. The Directive has indeed succeeded at harmonising the level of legal protection and in fact, many countries have introduced even more protective conditions than those stipulated by the Directive and relevant case law. A number of concerns remain regarding provisions on the substantiation of grounds for dismissal in writing, where no statutory provisions are in place in Italy and Sweden and Ireland limits this right to where a specific request is made by the mother. Similarly some countries are seen to not fully comply with relevant CJEU case law regarding protection against preparatory measures for dismissal during leave[351].

The main objective of the Parental Leave Directive 2010/18/EU was to ensure a balance between parental and professional responsibilities for working parents. All Member States transposed the Directive, and many Member States met or exceeded the objectives of the Directive, although a few issues remain, in some countries, particularly with regard to the non-transferability of leave, the right to request changes in working time patterns or working time upon return and protection from dismissal due to taking parental leave[352].

However, these remaining shortcomings and issues of compliance and enforcement also outlined in this report are insufficient in explaining the significant issues that remain in gender gaps in unpaid and paid work. Although, Member States transposed both Directives, the implemented measures are not sufficiently effective in avoiding mothers' discrimination in the labour market, in allowing equal sharing of unpaid responsibilities between women and men and, ultimately, in allowing parents and caregivers to reconcile work and family responsibilities, thus boosting women's participation in the labour market. Unfavourable treatment of women due to pregnancy and maternity continues to persist, and is even widespread in many contexts and countries as employers continue to discriminate against mothers/mothers-to-be assuming that they will be absent from work for much longer periods than men for family related reasons. Such discrimination can therefore precede recruitment decisions and – whilst the unequal distribution of caring responsibilities persists – can be difficult to address with regulation aimed at addressing pregnancy and motherhood related discrimination in the workplace. Furthermore, in a significant number of Member States do not offer discrimination

[350] Please not that although part of the goals of the maternity leave directive focus on health and safety, this report relates solely to the goals that pertain to the policy options being considered.

[351] AT, BE, EL, FI, HR, HU, LU, MT, NL, PL RO, SE, SK, UK; see Masselot et al. (2012) Fighting Discrimination on the Grounds of Pregnancy, Maternity and Parenthood. DG JUST

[352] European Network of Legal Experts in the field of gender equality (2015) The implementation of Parental Leave Directive 2010/18 in 33 European countries. DG JUST.

protection beyond return from maternity leave, which is when evidence shows women often find themselves treated less favourably and (directly or indirectly) driven to leave their employment.

The labour market participation rate of women is still considerably lower compared to men; many women struggle to balance work and family life and too often end up having to work reduced hours (in the form of involuntary part-time work), to stay in jobs below their qualification level or to leave the labour market altogether[353]. Hence, the existing EU legislative framework is arguably not sufficiently comprehensive to deal with the challenges of balancing work, family and care obligations (see also section 3) and does not encourage high levels of labour market participation among caregivers (mostly women). Thus, the experience relating to existing EU legal provisions (see Section 2.1) and remaining challenges relating to the participation of caregivers in the labour market – and related remaining gender gaps in the sharing of paid and unpaid work indicate the need to further develop the legislative framework across Member States.

In other important areas for the reconciliation of work and family responsibilities EU level provisions do not exist. Provisions on parental and carers' leave, as well as flexible working arrangements, across Member States are either not effective enough or there are no measures implemented at all even though problems have substantially increased in recent years. This is not only true in relation to individual measures to promote paternity leave, carers' leave and flexible work arrangements but also in relation to a combination of measures that is necessary in order to address effectively the complex and multi-faceted issue of work-life balance and increase the labour market participation of women bringing substantial benefits to the EU economy.

In principle, Member States can take measures, however the baseline assessment in Section 2.2 in this report shows only limited changes in the current situation could be expected if actions are taken solely at Member States. Even actions which may be envisaged are often dependent on the priorities set by a particular government in power (and therefore not always guaranteed to take place). Member States might also be reluctant to take further labour and equal treatment measures if they fear that these could become burdensome for employers or if they might perceive a risk of putting their own companies at a disadvantage compared to companies form other Member States that may have not introduced similar measures (even though the assessment in this report shows that in the medium to longer term such actions are indeed beneficial for the whole economy). Member States might also consider the 'trade-off' between short-term costs and the long-term benefits of work-life balance measures and decide that the benefits might not offset these costs, especially if introducing such measures could lead to competitive disadvantage to other Member States – a longer term view – such a longer term view of costs and benefits of a measure is often not encouraged by view of a particular political legislature.

Additionally, measures taken by some Member States (and not all of them) are unlikely to be sufficient to address the current and upcoming socioeconomic and demographic challenges in Europe which are also outlined in the baseline. These issues do not concern only some Member States, but the whole Union (albeit to different degrees). EU legislative action would encourage Member States to implement strategies to address these demographic and socio-economic challenges the EU is facing now and will continue to face in the future[354]**.** Higher economic activity rates of women can reduce the negative impact of an ageing population on the sustainability of

[353] SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers

[354] SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers

public finances. In view of demographic ageing and the projected shrinking of the working age population, Europe needs to make better use of its available labour supply for economic growth and fiscal sustainability now and in the future. Women are the largest (currently underexploited) group that can contribute to improved labour supply for Europe. This highlights the necessity of policies that support women and men to better balance work and family life in order to encourage their participation in the labour market.

Without action at EU level women are likely to face continuing limitations regarding access to the labour market despite their qualification. This will contribute to negative consequences for their career prospects, pay and pensions, as well as poverty (in particular in old age). This will inevitably lead to negative consequences for businesses and the society as a whole as discussed in Section 3.3 above. Also, the choice of couples whether or not to have children, if both cannot remain in paid work contributes to either them deciding not to have children or to have fewer children. This exacerbates the negative consequence of the demographic change across the EU[355].

Taking into account the issues described above, in the baseline assessment as well as in the problem definition, a comprehensive legislative package at EU level provides the opportunity to set basic rights for working caregivers across the EU in a way which encourages the greater sharing of paid and unpaid work and increases the participation of women in the labour market, thus providing the potential to reduce persistent gender gaps.

A final question that arises is if EU action should be in a legislative or non-legislative form. The non-legislative dimension of EU policy making, including through the open method of co-ordination or through the European Semester and country-specific recommendations, is of great importance, especially in the areas where there is no EU competence to legislate (e.g. in relation to childcare or elderly care) and should be developed further. It is clear though that it is not enough to address reconciliation issues for parents and care givers. Slow progress in achieving the Barcelona targets provides ample evidence about the limitations of isolated non-legislative measures. A comprehensive package of measures that includes legislative measures in the areas of EU competence and non-legislative options in other fields is therefore needed, and provide the only way to ensure that these problems are addressed at the level of the Union.

4.2.2 EU added value

Action at the EU level is the only way to amend existing EU level instruments to make them more effective and efficient to meet wider work-life balance challenges. Furthermore, the EU level is best paced to modernise and enhance the existing regulatory framework to improve work-life balance of parents and care-givers in a way which contributes to the reduction of gender gaps in employment and unpaid work and thus increases female participation in the labour market with all its attendant benefits. As indicated above, Member States by themselves may hesitate to legislation in this area because of fears of losing short-term market advantages, whereas EU level action can contribute to a longer-term view and ensure a level playing field without damaging international competitiveness (by taking account of the principle of proportionality (see below)).

A lack of EU action would contribute to a persistence of many of the issues outlined in the problem definition, which have a negative impact on public finances through lost tax revenues, higher social security and health care costs and on the sustainability of pensions.

[355] See Section 3 for a detailed description of current issues.

As will be shown in section 6 below, many – albeit not all – of the benefits of work-life balance measures are achieved in the medium terms and extend beyond the individual employer, wider adoption of such practices benefits more firms and workers and wider society as a whole. It is therefore easier from an EU perspective to fight any misconceptions that work-life balance measures raise significant costs to firms (including SMEs). As indicated in section 3 above, as well as section 6 below, work-life balance measures can significant enhance productivity and the greater representation of women can contribute to a significant increase in GDP. This echoes the findings of the OECD which argues that a 50% reduction in the gender labour force participation gap could yield an additional gain in GDP in most EU countries.

Further positive economic effects are also linked to increases to projected increases in fertility rates which are considered likely to result from measures encouraging a more gender balanced take-up of work-life balance measures.

Common action at the EU level could help to overcome any short-term distortions and lead to significant medium to long-term socio-economic benefits (see also section 6 below).

4.2.3 Proportionality

However, EU wide actions would respect the proportionality principle, meaning that they would not exceed what is necessary to achieve the set objectives. This is in line with the minimum harmonisation approach ensuring that measures will be tailored only to the extent where they achieve the objectives. Hence the EU-wide measures remain sufficiently flexible to ensure compatibility with diverging legislative systems across the Member States[356].

4.2.4 Impact on Fundamental Rights

An EU initiative improving work-life balance for working parents and people with caring responsibilities would have a direct positive impact on several rights laid down in the Charter of Fundamental Rights. Most significantly, it would facilitate the exercise of the rights recognised in Article 33 of the Charter, which specifically refers to the reconciliation of family and professional life.

In addition, an EU level work-life balance initiative would facilitate the exercise of the rights set out in the equality title of the Charter, particularly equality between women and men (Article 23); the prohibition of discrimination based on sex (Article 21); and the rights of children to such protection and care as is necessary for their well-being (Article 24).

Regarding economic operators, an EU initiative would imply certain restrictions on the freedom to conduct a business (Article 16) and the right to property such as business assets (Article 17) due to obligations to grant certain leaves and to permit flexible working arrangements in appropriate circumstances. Such restrictions are admissible if justified by a legitimate objective. A legitimate objective exists in the protection and promotion of other fundamental rights set out in the Charter as referred to above. Moreover, the general interest in increasing labour market participation of women and the resulting increase in growth and competitiveness also contributes to the justification, particularly since this leads to significant wider societal benefits, as well as be shown in section 6 below. The cost-benefit and wider-socio-economic benefit analysis (see section 6) also shows that administrative and financial burdens for employers remains limited to the extent that the restrictions are clearly outweighed by the benefits of EU-level action.

[356] European Commission (2015), Better Regulation Toolbox, available at: http://ec.europa.eu/smart-regulation/guidelines/docs/br_toolbox_en.pdf

4.3 Policy objectives

Work-life balance policies relate to the EU's commitment to 'more and better jobs' where all individuals are afforded the same opportunity to fulfil their potential on the labour market while enhancing their social well-being.

Revised legislative provisions at EU level would contribute following objectives (which are based on the TFEU)[357]:

- General objectives
  - Promoting gender equality regarding labour market opportunities and treatment at work
  - Enhancing the labour market participation of women
  - Supporting equal rights at work
- Specific objectives
  - Improving work-life balance measures and providing incentives for their wider use especially by men
  - Removing obstacles for labour market participation of women

The fulfilment of these objectives through EU-wide action would contribute to a more balanced allocation of care responsibilities enabling women to remain either fully active on the labour market or to increase their hours of work.

Revised EU-wide measures would further contribute to countering the stereotypes that women are more costly to hire compared to men, because they are more likely to take leave after having a child or due to care responsibilities. This might reduce the present discrimination against women in terms of their employability and thus enhance their participation in the labour market.

Equal use of work-life balance measures across the EU could also contribute to increased involvement of fathers in terms of caring. As shown in Section 3 this can increase the well-being of the whole family.

Finally, work-life balance measures that are equally implemented across the EU could reduce the existing constraints on employment choices in terms of working hours, place of work, career progression and income as they would allow women and men to make real choices regarding participation at the labour market and the use of these measures.

[357] SWD (2016) Analytical Document […] on possible action addressing the challenges of work-life balance faced by working parents and caregivers

5 Policy options and gap analysis

5.1 Policy options

The potential legislative and non-legislative policy measures assessed by this study reflect the comprehensive approach to work-life balance measures adopted in the 2015 Roadmap.

With regard to maternity leave, it includes legislative options to enhance the existing legal acquis by variously:

- Providing entitlements to breastfeeding breaks and facilities;
- Increasing the level of pay during leave;
- Increasing the length of leave.

It also includes legislative options to build on the rights enshrined in the Parental Leave Directive by providing:

- The right for flexible take-up;
- Increasing the age of the child in relation to which leave can be taken;
- Increasing the length of the non-transferable part of leave;
- Providing for payment of the leave (during the non-transferable part or the entire leave).

Other options foresee the introduction, at EU level of entitlements to paternity and carers' leave with sub-options focussing on varying lengths and levels of payment, as well as flexibility of take-up (in relation to carers' leave).

Different approaches and entitlements to flexible working (flexible working schedule, geographical flexibility and entitlement to reduce working hours) are also explored, providing either for absolute, conditional or procedural rights to such flexible arrangements in relation to different caring responsibilities.

The assessed non-legislative options focus on the possibility of introducing a childcare guarantee for parents of young children (either 6, 12 or 18 months old) to be granted within a specific period following a request being made.

All legislative and non-legislative policy options being explored by this study are summarised in Table 22 below. This table also indicates how many countries will be affected by each of the options. This is explained further in the legal gap analysis below.

In addition, two combinations of options were assessed. These combinations were stipulated by the European Commission and are presented in Table 23.

Table 22. Legislative and non-legislative options assessed

	Maternity leave	**Countries which would be required to make changes to existing legislation**
Option 1	No change in length The first 2 weeks (compulsory period) fully paid and any subsequent weeks as currently (at least at the rate of sick pay) An entitlement for breastfeeding mothers to breaks of at least 1 hour per full working day An obligation for employers to provide appropriate facilities for breastfeeding	24 Member States: BE BG CY CZ DE DK EE EL ES FI HR HU IE IT LT LU LV MT PL PT RO SE SK UK
Option 2	No change in length or pay An entitlement for breastfeeding mothers to breaks of at least 1 hour per full working day An obligation for employers to provide appropriate facilities for breastfeeding	18 Member States: CY CZ DE DK EE EL ES FI HR HU IT LT LU MT PL PT SE UK
	Paternity leave	
Option 1	One week of paternity leave, unpaid	9 Member States: AT, CY, CZ, EL, HR, IT, LU, MT, SK
Option 2	One week of paternity leave, compensated at least at the level of sick pay	10 Member States: AT, CY, CZ, EL, HR, IT, LU, MT, NL, SK
Option 3	Two weeks of paternity leave, compensated at least at the level of sick pay	12 Member States: AT, CY, CZ, EL, HR, HU, IT, LU, MT, NL, RO, SK
	Parental leave	
Option 1	Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks) 8 years as the maximum age of the child up to which parents can take parental leave No change to the length of parental leave, nor the non-transferable period between parent; unpaid	16 Member States: AT, CZ, DE, EE, EL, ES, FI, FR, HU, LT, LU, PL, PT, RO, SI, SK
Option 2	Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks) 12 years as the maximum age of the child up to which parents can take parental leave No change to the length of parental leave (4 months per parent), nor the non-transferable period between parents (1 month per parent) Non-transferable month between parents paid at least at sick pay level or unemployment benefit level	25 Member States: AT BG CY CZ DE EE EL ES FI FR HR HU IE LT LU LV MT NL PL PT RO SE SI SK UK

Option 3	Length remains 4 months per parent per child up to the age of 12 Paid at least at sick pay level for the full four-month period 100% non-transferable Right to request flexible use of parental leave in agreement with employer	26 Member States: AT BG CY CZ DE DK EE EL ES FI FR HR HU IE LT LU LV MT NL PL PT RO SE SI SK UK
	Carers' leave	
Option 1	Entitlement to 12 weeks' leave per worker throughout their career, unpaid Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks)	12 Member States: CY CZ EE EL ES HR IE LU LV MT SI SK
Option 2	Entitlement to 4 weeks' leave per worker throughout their career Paid at least at the level of sick pay Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks)	16 Member States: CY, CZ, EE, EL, ES, FR, HR, HU, IE, LT, LU, LV, MT, SI, SK, UK
Option 3	Right to a short-term leave of 5 days per year, per child or dependent relative paid at sick pay level	6 Member States: CY EL LT LU MT UK
	Flexible working	
Option 1	Right to request flexibility in working schedule and in place of work for a set period of time For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave Right to request reduced working hours For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave With an automatic right to return to the previous working hours at the end of the period of reduced working hours Employer only has to consider a request and reply without obligation to grant the requested change	All Member States with the exception of NL and UK
	Non-legislative	
	Childcare	

Option 1	Childcare guarantee for parents of 6 month, 1 year, 18 months old children Ensured place within 1, 2, 3 months after parents request Childcare guarantee financed by EU funding	20 Member States (depending on the age of the child) A legal entitlement to ECEC for children under the age of 18 months only exists DE, DK, EE, FI, MT, NO, SE and SI
Option 2	Non-binding recommendations to Member States to provide childcare services or on reduce fiscal disincentives to work for second earners which arise from tax and benefit systems and childcare-related costs	All Member States depending on precise nature of recommendation
	Long-term care	
Option 1	Non-binding recommendations to Member States to provide elderly care services	All Member States depending on precise nature of recommendation
Option 2	Setting benchmark or target on the provision of formal elderly care	All Member States depending on precise nature of target (unspecified for this study)
	Dismissal protection	
Option 1	Improved protection against dismissal through: Requirement of substantiation of the grounds for dismissal in writing until the end of the leave and upon the employee's request for a period of 6 months after the end of leave Prohibition of preparatory measures for dismissals until the end of leave	Various Member States depending on whether it is to be applied to maternity, paternity or parental leave

Two combined options made up of elements of the above were also assessed.

Table 23. Combinations of options for assessment

Combination 1	
Maternity leave	Baseline
Paternity leave (Option 2)	One week of paternity leave (5 working days) Compensated at least at sick pay level
Parental leave (Option 3)	Entitlement to flexible uptake (part-time, full-time, time-credit, one or more block) 12 years as the maximum age of the child up to which parents can take parental leave 100% non-transferable Pay for the entire leave period of 4 months at least at sick pay level.
Carers' leave (Option 3)	Entitlement to 5 days of leave per worker per year Pay at sick pay level Entitlement to flexible uptake (part-time, full-time, time credit, one or more blocks)
Flexible Working Arrangements (Option 1)	Right to request flexibility in working schedule and in place of work for a set period of time For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave Right to request reduced working hours For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave With an automatic right to return to the previous working hours at the end of the period of reduced working hours Employer only has to consider a request and reply without obligation to grant the requested change
Combination 2	
Maternity leave (Non-legislative)	Policy guidance for litigation, awareness raising, sharing best practices
Paternity leave (Non-legislative)	Assessment of situation in Member States in the framework of the European Semester; awareness raising, sharing best practices
Parental leave (Option 2)	Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks) 12 years as the maximum age of the child up to which parents can take parental leave No change to the length of parental leave (4 months per parent), nor the non-transferable period between parents (1 month per parent)

	Non-transferable month between parents paid at least at sick pay level or unemployment benefit level
Carer's leave **(Non-legislative)**	Assessment of situation in Member States in the framework of the European Semester; exchange of good practice in Member States
Flexible Working Arrangements **(Option 1)**	Right to request flexibility in working schedule and in place of work for a set period of time For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave Right to request reduced working hours For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave With an automatic right to return to the previous working hours at the end of the period of reduced working hours Employer only has to consider a request and reply without obligation to grant the requested change

5.2 Legal gap analysis

A legal gap analysis was carried out for each option in the five policy areas to be assessed in this study. This was done on the basis of desk research at national and transnational level and verified with representatives from relevant national ministries[358]. The purpose of the legal gap analysis was to assess the extent to which Member State provisions in the baseline already meet the requirements of the different policy options outlined above. This also takes into account any likely changes in the legislative framework already foreseen, but not yet enacted, which would affect any gap between existing statutory provisions in the baseline and the policy options being explored (see Table 22 above). The legal gap analysis plays an important role in informing the CBA and socio-economic impact analysis, as the assessments carried out here determine whether a) a country is considered to be affected by a particular policy option (in terms of having to implement changes to transpose any new legislation which could give rise to costs or benefits – including administrative burden – when compared to the baseline) and b) the significance of this gap and therefore the likely cost/benefit impact. The gap analysis mainly takes account of existing or planned statutory provisions, but in countries where collective agreements pay a significant role in regulating work-life balance measures – either because they are universally applicable or because they cover almost the entirety of the workforce – these have also been taken into account.

A detailed presentation of the results of the legal gap analysis is provided in Annex 2 of this report, while this section presents a brief synthesis. The overview tables below summarise the number of countries which would be affected by the different options in regard to different family leave and flexible working arrangements. This also includes an overview of the number of Member States which would have to implement legal changes relating to the two combined options being explored in this report.

[358] Verification information was received from 10 countries (BG, CZ, DE, EL, ES, IE, NO, PL, SI and UK).

For most legislation options more than half, and in some cases all (or nearly all) Member States will be affected by the proposed policy options (and combination of options) related to maternity leave, parental leave and flexible working arrangements, whereas less than half of Members States are affected by paternity leave options 1, 2, and 3 and carers' leave options 1, 3. Below we briefly discuss the results of the legal gap analysis for the different options with regard to the various forms of family leave and flexible working.

5.2.1 Maternity leave

The legal gap analysis on maternity leave provisions shows that the most significant gaps with regard to the various options vis a vis the baseline scenario exists in relation to breastfeeding facilities. Some significant gaps also exist in a number of Member States with regard to payment of levels.

5.2.2 Paternity leave

In relation to the introduction at EU level of paternity leave, options 2 and 3 would require the most significant changes in the Member States, linked to the length of the leave.

5.2.3 Parental leave

The results of the legal gap analysis for parental leave show that many Member States do not comply with any of the options set out above, mainly due to the age of the child for which options are stipulated, as well as in relation to transferability of leave.

5.2.4 Carers' leave

Half of Member States would be required to introduce new measures in relation to the proposed options. This relates mainly to the flexible take-up, but also payment of leave. Few Member States currently use the frequency option 'throughout the career', which makes the assessment regarding length provisions more challenging. In the tables below it is assumed that options providing annual entitlements meet this requirement.

5.2.5 Flexible working arrangements

The legal gap analysis on flexible arrangements shows the following:

- Most Member States do not meet the requirements of the policy option on rights to geographical flexibility and with regard to flexible scheduling for carers. Thirteen Member States also currently have no provisions on flexible scheduling for parents returning from leave.
- Provisions for reduced hours working exist in all but 3 Member States for parents returning from leave, but carers only have access to these provisions in 4 Member States.
- In most countries rights to reduced hours (and other forms for flexible working where in place) are procedural rights.
- The scope of provisions on flexible working arrangements would therefore need to be broaden to meet the requirements of the options. The main changes would occur in relation to the absolute or at least conditional character of the right which is presently limited to very few countries and is only available to parents returning from parental leave with children below a certain age.

5.2.6 Child and eldercare

Regarding the provision of childcare, although most Member States have committed themselves improving early childhood education and care (ECEC), very few offer a guarantee of such services for very young children (under 18 months). A legal

entitlement to ECEC for children under the age of 18 months only exists in Germany, Denmark, Estonia, Finland, Malta, Norway, Sweden and Slovenia. Similar entitlements for children aged between 18 months and 3 years are available in a further 11 countries[359]. The weekly hours of entitlement for such care also vary significantly from 15 hours in Ireland to 40 hours in countries such as the Czech Republic, Denmark, Estonia and Finland. In 2014, only 10 countries (BE, DK, ES, FR, LU, NL, PT, SI, FI and SE) exceeded the Barcelona target of 33% of children under the age of 3 being cared for in formal structures, which clearly has an impact of female labour force participation (and number of hours worked).

As the population of the EU ages, the provision of long-term care (either at home or in institutional settings) is likely to have an increasing impact on the labour force participation of carers (as indicated above, the majority of such carers are currently women). When asked about factors which make it difficult for them to use LTC facilities, the reason most frequently mentioned in the European Quality of Life Survey (2012) was the availability and cost of such services (63.4% and 61.2%) respectively.

The Figures below summarise the results of the legal gap analysis in relation to the potential legislative options and highlight the number of countries which are affected by different options and to what extent. Further information on the precise nature of the legal gap can be found in Annex 2.

For all tables, arrows signify the following (and the second set of tables refers to number of countries affected):

No current provisions 

Falls significantly short of requirements 

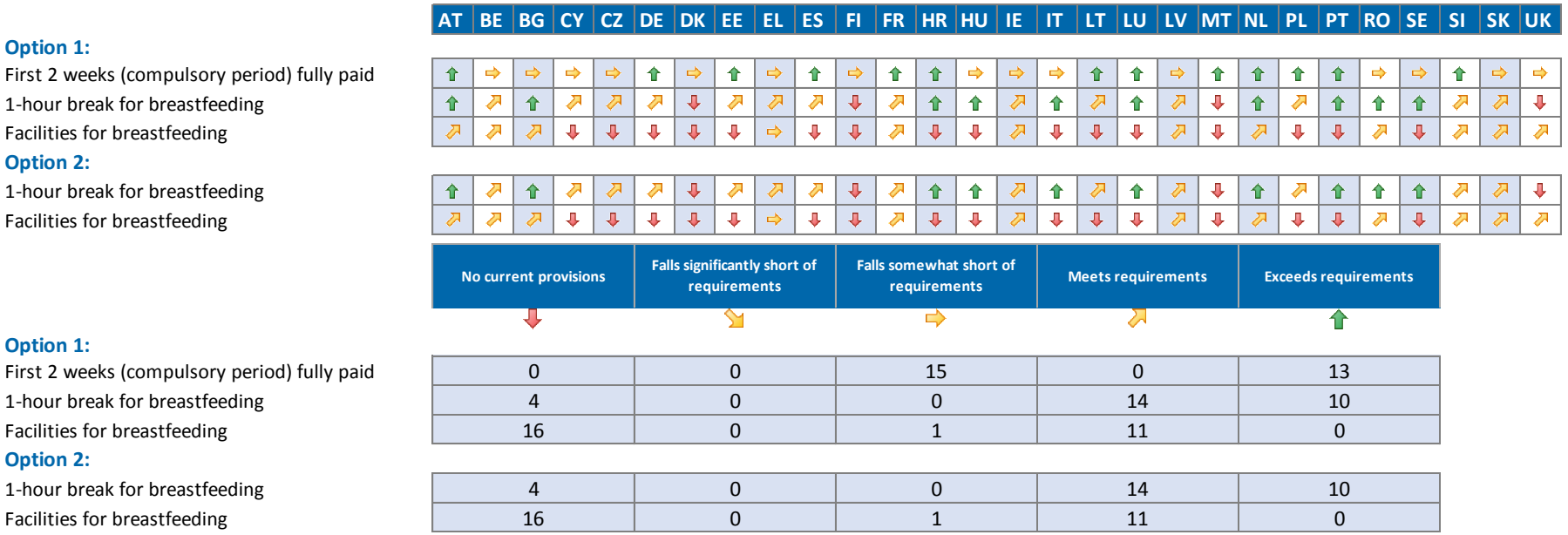
Falls somewhat short of requirements 

Meets requirements 

Exceeds requirements 

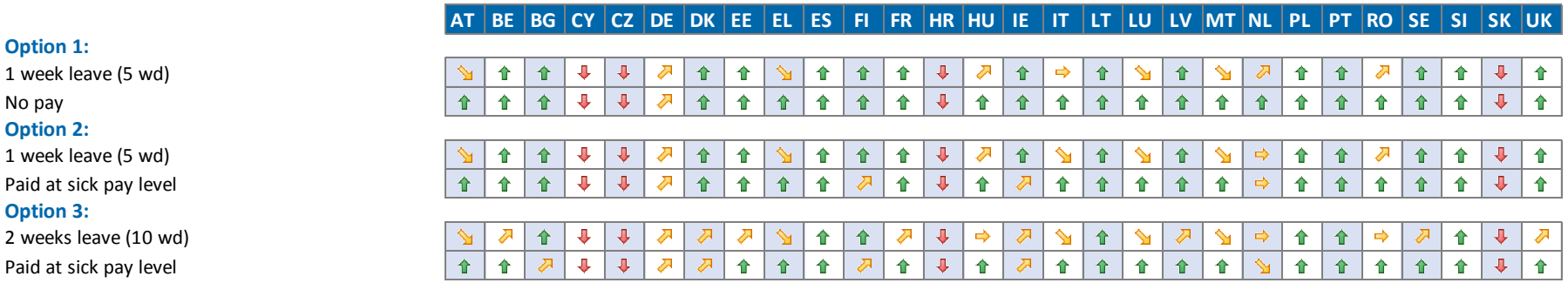
[359] BE, CZ, ES, FR, IE, LI, LU, HU, PT, RO, UK.

Figure 40. Simplified legal gap analysis – maternity leave



	No current provisions	Falls significantly short of requirements	Falls somewhat short of requirements	Meets requirements	Exceeds requirements
Option 1:					
First 2 weeks (compulsory period) fully paid	0	0	15	0	13
1-hour break for breastfeeding	4	0	0	14	10
Facilities for breastfeeding	16	0	1	11	0
Option 2:					
1-hour break for breastfeeding	4	0	0	14	10
Facilities for breastfeeding	16	0	1	11	0

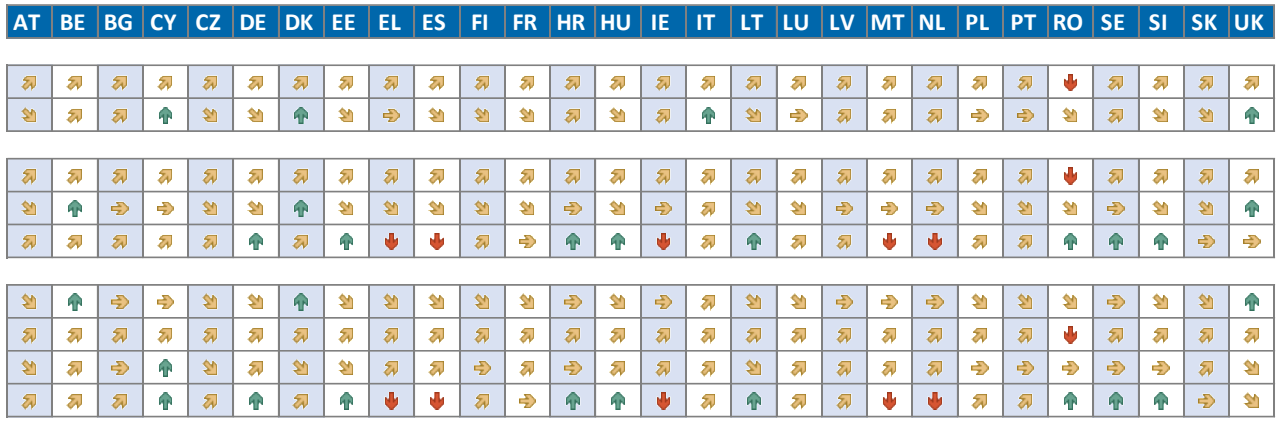
Figure 41. Simplified legal gap analysis – paternity leave[360]



	No current provisions	Falls significantly short of requirements	Falls somewhat short of requirements	Meets requirements	Exceeds requirements
Option 1:					
1 week leave (5 wd)	4	4	1	4	15
No pay	4	0	0	1	23
Option 2:					
1 week leave (5 wd)	4	5	1	3	15
Paid at sick pay level	4	0	1	3	20
Option 3:					
2 weeks leave (10 wd)	4	5	3	9	7
Paid at sick pay level	4	1	0	5	18

[360] Germany has no format paternity leave, but part of parental leave can be taken close to the birth of the child. A second day can be granted if the mother agrees to transfer one day of maternity leave. As a result of Budget Law n.232/2016 art.1(354) approved on 11 December 2016, paternity leave in Italy will be extended to 4 days from 2018. As this change was approved after the close of the relevant study period, this change has not been factored into the macro-economic and cost benefit analysis.

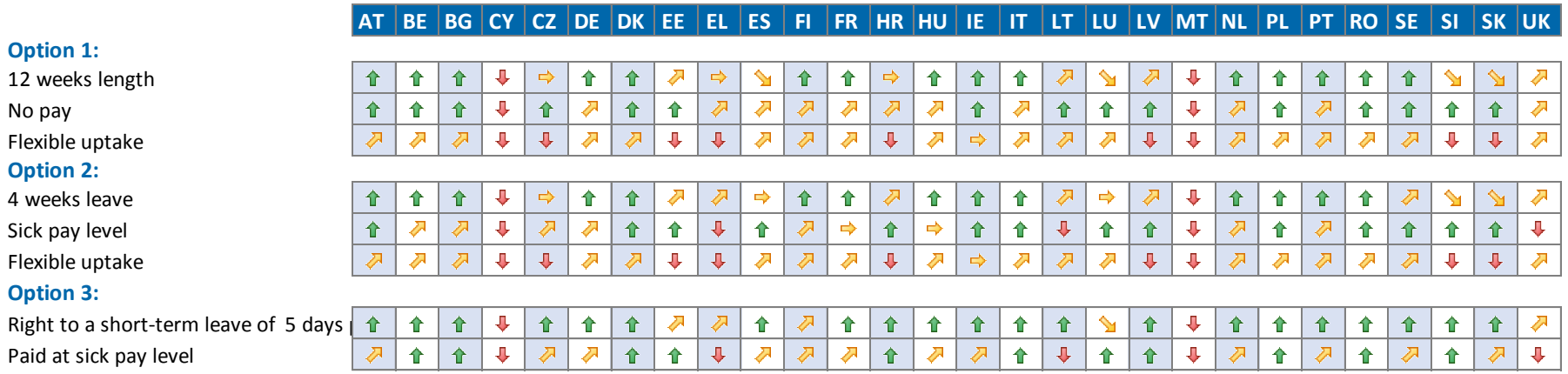
Figure 42. Simplified legal gap analysis – parental leave[361]



	No current provisions	Falls significantly short of requirements	Falls somewhat short of requirements	Meets requirements	Exceeds requirements
Option 1:					
Flexible uptake	1	0	0	27	0
Child's max age: 8 years	0	12	4	8	4
Option 2:					
Flexible uptake	1	0	0	27	0
Child's max age: 12 years	0	16	8	1	3
No transferable month paid at sick leave level	5	0	3	12	8
Option 3					
Length 4 month up to child age 12	0	16	8	1	3
Right to request flexible use	1	0	0	27	0
100% non transferable	0	6	8	13	1
Entire period paid at sick pay level	5	1	2	11	9

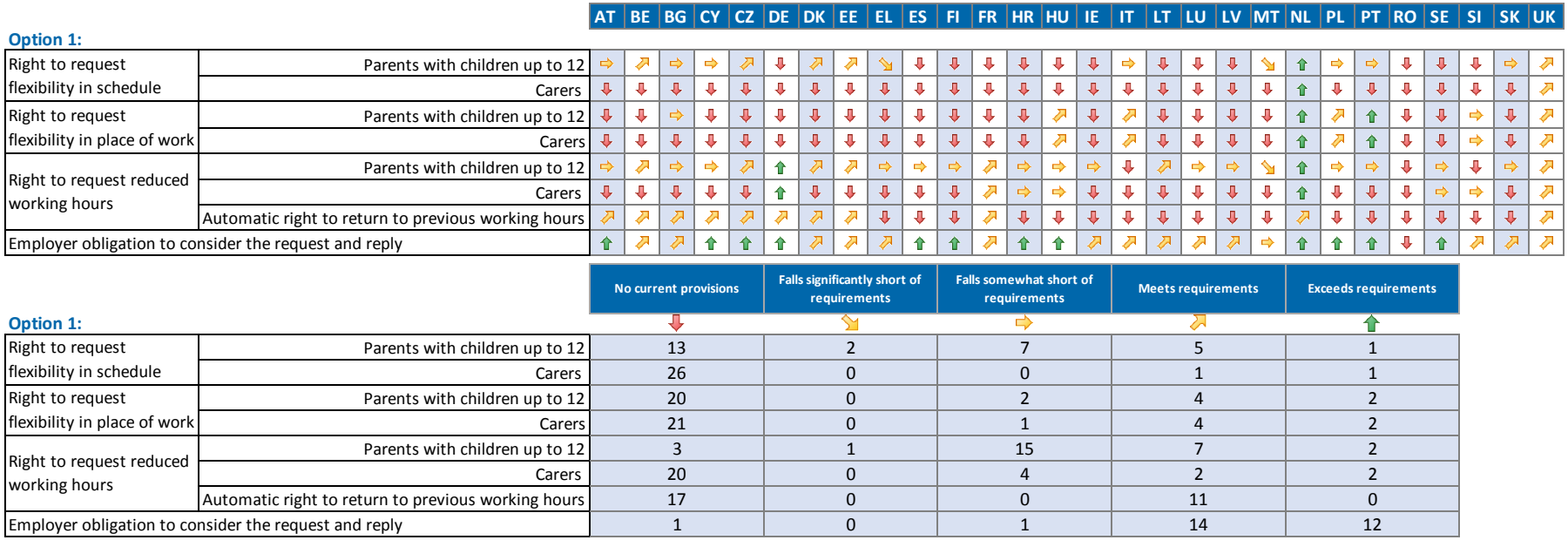
[361] For the UK, the assessment regarding pay relates to statutory shared parental leave, but non-transferability applies to parental leave.

Figure 43. Simplified legal gap analysis – carers' leave



	No current provisions	Falls significantly short of requirements	Falls somewhat short of requirements	Meets requirements	Exceeds requirements
Option 1:					
12 weeks length	2	4	3	4	15
No pay	2	0	0	11	15
Flexible uptake	9	0	1	18	0
Option 2:					
4 weeks length	2	2	3	7	14
Sick pay level	5	0	2	7	14
Flexible uptake	9	0	1	18	0
Option 3:					
5 days of leave	2	1	0	4	21
Sick pay level	5	0	0	12	11

Figure 44. Simplified legal gap analysis – flexible work arrangements



Option 1:		No current provisions	Falls significantly short of requirements	Falls somewhat short of requirements	Meets requirements	Exceeds requirements
Right to request flexibility in schedule	Parents with children up to 12	13	2	7	5	1
	Carers	26	0	0	1	1
Right to request flexibility in place of work	Parents with children up to 12	20	0	2	4	2
	Carers	21	0	1	4	2
Right to request reduced working hours	Parents with children up to 12	3	1	15	7	2
	Carers	20	0	4	2	2
	Automatic right to return to previous working hours	17	0	0	11	0
Employer obligation to consider the request and reply		1	0	1	14	12

6 Assessment of the costs and benefits of policy options

This section provides a brief description of the methodology used to estimate the impacts of the each policy option set out above, before presenting the estimated quantifiable and non-quantifiable cost and benefits for different stakeholders, as well as the broader macro-economic impacts. In presenting the findings, account was taken of the different timescales over which impacts will emerge, as well as whether costs/benefits are recurring or one-off.

6.1 Cost Benefit Analysis

The methodology adopted to assess the direct and indirect costs and benefits of the different legislative (and non-legislative) policy options is Cost-Benefit Analysis (CBA). A CBA evaluates impacts using a comparative unit of measurement (in this case Euros), with the clear advantage that distinctly different policy options and any associated economic, social and environmental impacts can be compared against each other in an even-handed, consistent way to determine the best possible policy option.

The inherent difficulty of CBA is its more limited ability to value non-monetary impacts, such as the impact on gender equality or the potential impacts on family cohesion if both men and women are able to take care of children and ill, disabled or impaired family members. In this analysis, this problem has been overcome by evaluating the magnitude of these impacts (for example percentage changes) where monetary values are not available.

In order to assess the impact of the different policy options, an extensive literature review was carried out to collect evidence of the impact of the policy options on a variety of indicators. The literature review sought to define and quantify relationships between key variables to help quantify differences in impacts between the options. Where no evidence was available in the literature, benchmark countries were selected and impacts were calculated using these baseline measures.

The evidence collected from the literature was used to form assumptions and calculations to estimate the impacts of the policy options. Although the assumptions used in the calculations are based on the evidence collected from the literature, they are not always the exact multipliers presented in the sources. This is because the literature does not provide evidence on each individual policy option; it instead provides evidence of the impact of having any leave, or flexible working arrangements compared to having none, or the effect of the level or duration or pay. Therefore the direction of travel has been taken from the literature for some impacts, and the multipliers adjusted for each policy option. It should be noted that for the purposes of the CBA (and the baseline), information around current take-up of leave and flexible working options and associated costs is not based on administrative data (which was only available for very few countries), but on birth rates, information on current numbers of individuals with other caring responsibilities, information on the current take-up rate of these measures, the employment rate and data on current average compensation levels. Furthermore, in the absence of reliable data on this issue, assumptions have been made about the length by which women reduce the length of leave (or the share of flexible working) taken up in situations where men are encouraged to take-up more leave. This is particularly relevant in relation to parental leave (including as a leverage effect of paternity leave, but also to some extent to carers' leave and different flexible working patters (particularly reductions in working hours). The following assumptions were used:

- In countries, where there is a significant legal gap on transferability of parental leave (leave is currently fully or very significantly transferable), an increase in take up and duration of men taking leave, it is assumed that an additional period of leave taken by men substitutes for the same length of leave taken by women (e.g. a 1:1 substitution) – unless the average duration of parental leave taken by women is below a month, in which case no change in duration is

assumed. In the option which foresees one month non-transferability, it would be assumed that men increase their length of take up by 2 weeks and women decrease theirs by up to two weeks. In the option where leave is fully non-transferable, it would be assumed that men increase their length of take up by 4 weeks and women reduce theirs by up to 4 weeks.

- Where there is a less significant legal gap on transferability of parental level and the leave was previously unpaid, an increase in the take up and duration of men taking leave leads to women shortening their leave by a quarter – unless the average duration of parental leave taken by women in below a month, in which case no change in duration is assumed.

It is acknowledged that, in principle, the length of maternity leave taken may also have an impact, but taking this into account would have made the modelling very cumbersome, this aspect was taken into account qualitatively.

These assumptions used impact on the estimation of the benefits achieved with regard for female labour force participation (and hours worked) and its associated benefits as well as the estimation of costs arising from lost production.

A number of other important assumptions used, which impact the range of costs and benefits estimated should be mentioned here:

Literature sources, including assessments by the OECD[362] discuss the impact to stricter employment protection legislation (EPL) on employment and labour market dynamics. Although legislation entitling workers to request flexible working does not strictly fall under the heading of EPL as described in these sources, it was considered important to take account of the potential discouraging impact on employers' recruitment decisions of additional regulation regarding access to flexible working. In particular, this could have discouraging effects on the recruitment of women of childbearing age, who are (still) most likely to request such forms of working, In order to take this into account, assumptions around the likely impact on labour market participation arising from improved work-life balance measures was slightly modified[363].

When individuals go on leave (or reduce their working hours), employers make decisions around whether to replace them – either temporarily, or, in the case of flexible hours, on a permanent basis. For leaves over 3 weeks, it was generally assumed that 33% of workers are replaced. Where leaves are already in place, but length of leave, level of pay, flexibility of take-up or transferability are modified, a range of assumptions were used conditioned by current take-up behaviour.

To ensure a sensitivity analysis around the impact of lost production (occurring as individuals take leave, some of whom are not replaced when leave periods are relatively short), a range of calculations from 100%, 80% and 50% of assumed lost production was performed. This was considered important as lost production constitutes a particularly important element of costs arising to employers and literature shows that productive capacity is not always fully utilised (depending, for instance, on the point in the economic cycle).

Detailed information on the assumptions used is presented in Annex 3 of this report. Further information on the literature used to assess the benefits of different work-life balance measures can be found in Annex 4.

Additionally, as each Member State has different legislation currently in place, the nature and scale of the impact for each country is different. Therefore, the effect of a

[362] OECD (2004); OECD Employment Outlook (2004); Chapter 2: Employment Protection Legislation and Labour Market Performance

[363] A reduction from a 10% increase to an increase of 9.5% was applied.

policy option will be different in each Member State, depending on the legal gap assessment for each leave or flexible working option (see Section 5 above). The legal gap analysis takes in account that in countries where a form of leave or flexible working does not exist, or payment is below a level set by an option, if there are near universal collective agreements in place (i.e. AT in relation to paternity leave and DK in relation to aspects of pay during leave) these are factored into the gap analysis. This has the impact of reducing the potential cost of the implementation of a measure as near universal coverage is already assumed to be in place by virtue of collective agreements. Only cross-sectoral collective agreements in countries where the coverage of collective agreements is close to 100% are considered in this way. No specific considerations are included in relation to higher levels of provision for public sector employers only. In order to illustrate the impact of this approach, examples are given of the impact the non-consideration of less than universal collective agreements, and specific provisions which sometimes exist for public sector workers have on the calculation of costs and benefits (see box below). This approach leads to an over-estimation of the cost (and potentially some of the benefits) of the implementation of a measure, as some of these workers may already have access to certain rights and payments.

Impact collective agreements

In many Member States, particularly those with a strong tradition of cross-sectoral or sectoral collective bargaining, collective agreements can play a significant role in enhancing leave or flexible working measures provided in law. In countries where a significant part of the working population is covered by collective agreements, this can therefore mean that a significant share of workers can benefit from more generous provisions than those that are taken into account in the legal gap analysis performed for this study, thus potentially overestimating any cost (or benefits) arising from a revision of legislative measures. While such collective agreements can obviously be re-negotiated altering such provisions (for the better or worse), it is important to consider the impact of taken account of such provisions in collective agreements. A sample calculation was therefore performed in relation to parental leave, using the example of just one country: the Netherlands. According to a report by the Leave Network, 10% of collective agreements in the Netherlands provided for parental leave (which according to law is unpaid) to be partly paid – between 40% and 75% for 13 weeks. As a basic calculation, it was therefore assumed that 10% of the workforce receive a payment of 57% for 13 weeks of parental leave. For parental leave options 2 and 3, calculated at EU level, this change in the calculation for the Netherlands leads to the overall balance of costs and benefits to the state to reduce slightly from a benefit of €785 million in option 2 to a benefit of €770 million. At the same time, the overall balance of costs and benefits to employers will reduce from a cost (calculated on the basis of an assumption of 100% of lost production for workers who are not replaced) of €10.4 billion in option 2 to a cost of €9.7 billion and from €39.8 billion to €37.1 billion in option 3.

Other examples of collective agreements containing more favourable provisions are:

In Denmark, many collective agreement provide for 100% payment of salary during paternity leave. Similarly, the public sector, one form of carers' leave is remunerated at 100% (where only a flat rate payment is available in the private sector);

In Finland, as a result of collective agreements, 60% per cent of all fathers with an employment contract in the private sector, as well as all fathers in the public sector receive full pay during the five or six first days of the paternity leave;

In Portugal, while carers' leave is unpaid in the private sector, public sector employees receive 65% of their previous salary.

Many additional examples of more favourable collective agreements exist at sectoral or company leave, meaning that the costs and some of the benefits of many of the

policy options are over-estimated as provisions in the workplace often exceed legislative requirements.

The level of the impact has also been varied through time. It is likely that the impacts will increase over time as more people get used to the new legislation and begin to use it. However, as no evidence was available on the extent to which take-up develops over time, a linear increase was assumed for the calculations.

It should be noted that in cases where a country does not currently provide for a form of leave, or the leave is unpaid, it is assumed that where this leave is compensated under a particular option being considered, this will be funded in a similar to other (compensated) leave options, e.g. if maternity leave payments are funded via social security arrangements, it is assumed that parental leave benefits would be funded in the same way. Ultimately, countries would obviously be free to decide whether to use this – or indeed a different funding approach.

The impact on SMEs has been analysed by comparing the cost of the policy options to businesses with SME turnover in each sector. The demographic profile of the workforce in each sector has also been analysed, to show if there are sectors where workers are more likely to take advantage of the policy options, and if SMEs in these sectors are disproportionately affected by the policy options.

An econometric modelling approach has been used to model potential labour market and other gender equality impacts of the proposed options. This is discussed in more detail in section 6.2 below.

The results of the CBA are presented in the subsequent sub-sections in this chapter. The overall impacts in 2030 and 2050 are presented (as well as the Net Present Value for the whole modelling period). This is to show the annual impact in a year where all of the effects of the legislation have been fully realised. The headline results of the CBA are then discussed under each key impact heading and for each stakeholder.

6.2 The E3ME model

The macroeconomic impacts of the options were assessed using the E3ME model. E3ME is an econometric model of the global economy that covers each Member State[364]. The model includes a detailed representation of the European and global labour market, including econometrically estimated equations for labour market participation, employment and wage rates at a sectoral and regional level[365]. The structure of E3ME is based on the system of national accounts and the model uses an input-output framework to deduce industry interdependencies.

The model provides a consistent framework for the analysis of measures to improve work-life balance. Unlike many other macroeconomic models, E3ME does not make assumptions about economic equilibrium. For example, the model allows for the possibility of labour markets not being in equilibrium and involuntary unemployment or economic inactivity is possible in the long run. E3ME simulates the actions of economic agents based on empirically-observed behaviours.

[364] E3ME has been widely used to assess the macroeconomic and labour market impacts of policy scenarios at a European level. E3ME is used in producing CEDEFOP's annual skills projections and has recently been applied in studies for EIGE, to assess the macroeconomic effects of measures to improve gender equality, for DG EAC, to assess possible economic imbalances resulting from educational outcomes, and for DG Employment, to assess the economic feasibility of a European unemployment benefit system.

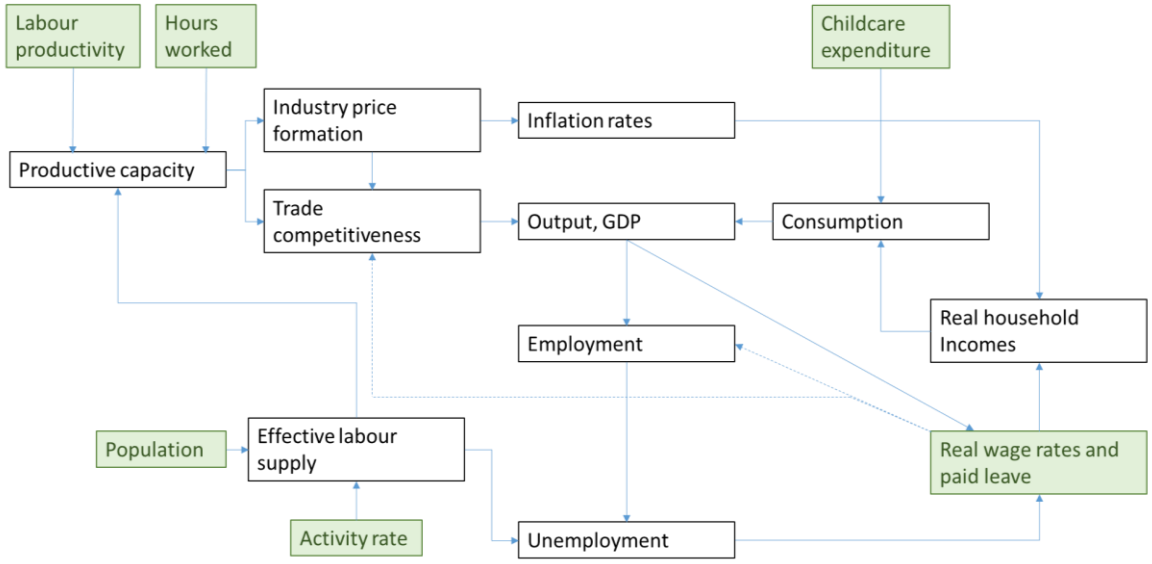
[365] It is noted that, to model the effects of these scenarios in E3ME, we used some exogenous employment and labour inputs (based on analysis of the likely direct impacts on employment and participation of mothers, fathers and carers). Secondary effects on employment and participation, following changes to economic output, GDP, prices and wages were modelled endogenously in E3ME.

For each set of options (in relation to different leave and flexible working measures, as well as with regard to a childcare guarantee), analysis was undertaken to assess the direct impacts for mothers, fathers and carers of introducing measures to facilitate work-life balance. The direct impacts formed exogenous inputs to E3ME. They include:

- An increase in labour market activity rates,
- An increase in the fertility rate,
- An increase in demand for care services,
- A change in hours worked,
- An increase in labour productivity,
- An increase in employment,
- An increase in pay and benefits.

Figure 45 shows the key linkages in E3ME for the assessment of work-life balance options. As a simplified representation there are still some linkages that are not shown in order to reduce complexity. These modelling interlinkages are explained in the text below.

Figure 45. The key linkages in E3ME for the assessment of work-life balance options



Increases in labour market activity rates and increases in the working age population will lead to an increase in the effective labour supply, as more people are willing and able to work. As a result, there will be an increase in the size of the potential productive economy leading to an increase in output and GDP and lower price inflation. The impact on employment and wages will depend on regional labour market conditions in the baseline. In regions where there is low unemployment and labour shortages, there could be an initial increase in employment, as existing vacancies are filled. In regions where unemployment is higher in the baseline, an increase in the labour supply is likely to lead to an initial increase in unemployment. In the long run, the increase in labour supply will put downwards pressure on wage rates and eventually this will lead to an increase in demand for labour. When the increases to the working age population are due to higher fertility rates, it is important to account for the lag in potential outcomes; it will take around 20 years for additional births to translate to a higher working age population.

Increases in labour productivity and hours worked will also affect the potential productive capacity of the economy and is likely to lead to an increase in output and a

reduction in prices, as firms pass on some of the productivity gains by lowering prices for consumers. Lower prices will lead to higher demand (although possibly after some time) and higher production levels, so we would not expect to see higher productivity leading to lower levels of employment.

Some of the options also considered a small increase in real wage rates and paid leave. In these cases, there will be a direct increase in real incomes and consumption, which lead to further macroeconomic gains through the multiplier effect. However, the higher pay and benefits while on leave will add to employer costs which could lead to eventual price increases that could reduce real incomes and have a small negative effect on competitiveness and net exports.

6.3 Results of CBA by instrument

6.3.1 Maternity leave

As indicated above, two policy options were assessed, one of which differs from the baseline by introducing additional provisions on breastfeeding (introduction of breastfeeding breaks and requirement to make available facilities for breastfeeding – option 2) and the provision of full pay during the first two weeks of leave (in addition to breastfeeding entitlements – option 1).

The macroeconomic effects of the maternity leave options reflect:

- an increase in labour market participation (in all options) and an increase in working hours (in option 1, 2), due to improved breastfeeding provisions for working mothers;
- an increase in women's productivity and pay (in options 1 and 2), as improvements to work-life balance are expected to lead to a more productive workforce and reduce the amount of sick leave that is taken.

An introduction of the proposed policy measures is also expected to have positive socio-economic effects, which also reflect the changes in labour market participation, employment and changes in the amount of sick leave taken. These effects can be split between effects on the individual, effects on employers and effects on Member State Governments and Agencies.

The impacts on Central Governments is expected to be driven by changes in employment and pay, which will alter unemployment benefit payments and taxes received. Central Governments and social security systems (via employer and employee contributions) will pay for any additional maternity benefit payments under policy option 1 where these exceed current Member State provisions.

The impacts for employers from the policy options will be a the cost of reasonable adjustment to provide rooms where mothers can breastfeed/express milk which provide sufficient privacy and/or the installation of a suitable refrigerator (in options 1 and 2), a decrease in absence from work among mothers, as evidence shows that breastfeeding can improve the health of the baby, requiring fewer days of absence for the mother. Enhanced pay (in option 1) and breastfeeding provisions are also seen to contribute to greater workplace satisfaction, similarly reducing absence rates. Although breastfeeding mothers would be entitled to additional breaks, it is assumed that resulting level of lost production is minimal, as productivity is enhanced overall. Furthermore, enhanced provision are considered to contribute to more mothers returning to work after their maternity leave finishes, which reduces recruitment costs and enhances productivity as a result of skilled workers returning to work (in all options). The modelling does not take account of the possibility of women returning to work more quickly, as no clear evidence was available on the shortening of maternity leave as a result of enhanced breastfeeding provisions in countries where this are

already provided. If a more rapid return to work were to be assumed, benefits to employers and the state would increase further.

The benefit to individuals is estimated to be that the quality of life and health of mothers and their children improves as a result of the policy measures (these impacts are too small to have an impact at the macro-economic level, but are significant for the individual). There will also be benefits to individuals through increased labour market participation and increased earnings. In option 1, some countries will experience a slight increase in household incomes arising from higher replacement rates in the first two weeks of leave which can contribute to reducing poverty risk for women. The same impact will also result from more likely and earlier return to work following the birth of a child, also contributing to the reduction of poverty among women in old age.

Table 24 presents the NPV of the macro-economic effect over the whole modelling period.

The macroeconomic results in 2030 and 2050 are presented in Tables 25 and 26, and the NPV of the socio-economic impacts are presented in Table 27.

Table 24. Macroeconomic impact of maternity leave options, Net present value (NPV) across the whole modelling period 2015-2055, EU28

	Maternity 1 (first two weeks fully paid; breastfeeding provisions)		Maternity 2 (No change in length or pay; entitlement for breastfeeding mothers to breaks of at least 1 hour per full working day; obligation for employers to provide appropriate facilities for breastfeeding)	
	Value	**%**	**Value**	**%**
GDP (2015 bn euro)	13.3 bn	0.003%	8.3 bn	0.002%

Table 25. Macroeconomic impact of maternity leave scenarios in 2030, EU28

	Maternity 1		Maternity 2	
	Value	**%**	**Value**	**%**
GDP (2015 bn euro)	€ 0.5 bn	0.00%	€ 0.3 bn	0.00%
Real incomes (2015 bn euro)	€ 0.6 bn	0.00%	€ 0.2 bn	0.00%
Labour force	12,000	0.00%	8,000	0.00%
- Female labour force	11,000	0.01%	8,000	0.01%
- Male labour force	1,000	0.00%	0	0.00%
Employment	5,000	0.00%	4,000	0.00%
- Female employment	8,000	0.01%	6,000	0.01%
- Male employment	-3,000	0.00%	-2,000	0.00%
Unemployment	6,000		4,000	
Balance of trade (net exports, 2015 bn euro)	€ 0.1 bn		€ 0.1 bn	
Domestic prices	-0.01%		-0.01%	

Table 26. Macroeconomic impact of maternity leave scenarios in 2050, EU28

	Maternity 1		Maternity 2	
	Value	**%**	**Value**	**%**
GDP (2015 bn euro)	€ 2.2 bn	0.01%	€ 1.5 bn	0.01%
Real incomes (2015 bn euro)	€ 1.5 bn	0.01%	€ 1.1 bn	0.00%
Labour force	13,000	0.01%	10,000	0.00%
- Female labour force	12,000	0.01%	10,000	0.01%
- Male labour force	1,000	0.00%	0	0.00%
Employment	9,000	0.00%	6,000	0.00%
- Female employment	11,000	0.01%	8,000	0.01%
- Male employment	-2,000	0.00%	-2,000	0.00%
Unemployment	5,000		4,000	
Balance of trade (net exports, 2015 bn euro)	€ 0.1 bn		€ 0.1 bn	
Domestic prices	-0.01%		-0.01%	

Table 27. Socio-economic cost of maternity leave options, NPV[366]

	Maternity 1		Maternity 2	
	Value (million)	**% change from the baseline**	**Value (million)**	**% change from the baseline**
Central Government and Social Security partners				
Benefits				
Health care provision	-€ 3,326	-0.48%	-€ 3,326	-0.48%
Costs due to changes in tax revenues	-€ 5,462	0.00%	-€ 4,006	0.00%
Total benefits	**-€ 8,788**	**0.00%**	**-€ 7,332**	**0.00%**
Costs				
Payment of unemployment benefits	€ 1,754	0.03%	€ 1,546	0.02%
Payment of maternity benefit – central Government	€ 2,646	1.72%	€ 0	0.00%
Payment of maternity benefits – Social Security partners	€ 6,823	1.47%	€ 0	0.00%
Administration costs – central Governments	€ 0	0.00%	€ 0	0.00%
Administration costs – Social Security Partners	€ 0	0.00%	€ 0	0.00%
Total costs	**€ 11,222**	**0.16%**	**€ 1,546**	**0.02%**
Total impact government/social security	**€ 2,434**	**0.00%**	**-€ 5,786**	**0.00%**

[366] The socio-economic cost table presents the costs to Central Governments, Social Security partners and Employers of implementing the new measures proposed under each option. The table presents the additional costs compared to the baseline scenario. In the socio-economic cost table, a negative value indicates a benefit to the Central Government, Social Security partner or Employer. For example, a negative value in the costs due to changes in tax revenue row indicates that tax revenues for Central Governments are estimated to increase in the policy option.

	Maternity 1		Maternity 2	
	Value (million)	% change from the baseline	Value (million)	% change from the baseline
Employers				
Benefits				
Impact of employees remaining employed after leave	-€ 1,667	-	-€ 1,667	-
Cost of absence from work	-€ 133	-	-€ 133	-
Total benefits	**-€ 1,800**	**-**	**-€ 1,800**	**-**
Costs				
Adjustment cost – purchase fridge	€ 771	-	€ 771	-
Administrative cost	€ 0	-	€ 0	-
Payment of maternity benefits	€ 0	-	€ 0	-
Lost production – high	€ 0	-	€ 0	-
Lost production – medium	€ 0	-	€ 0	-
Lost production – low	€ 0	-	€ 0	-
Total costs	€ **771**	**0.13%**	€ **771**	**0.13%**
Total employer impact	**-€ 1,029**	**-0.17%**	**-€ 1,029**	**-0.17%**

6.3.1.1 GDP

The overall impact of these options on GDP is low. In 2030, EU GDP increases by a maximum of €0.5 billion (option 1) to €0.3 billion (option 2) and, in 2050, GDP increases by €1.5 billion (option 2) to €2.2 billion (option 1) when compared to the baseline. Over the whole period, the Net Present Value (NPV) of the change in GDP is estimated to be €8.3 billion to €13.3 billion (option 1) higher in the policy options than in the baseline scenario. Around 81% of the positive impact on GDP would be concentrated in countries in cluster 2 which fall somewhat below the requirements of this option, whereas around 9% of the GDP increase will be concentrated on the 4 countries where measures ranked as currently falling substantially below the requirements (compared to other countries) of option 1 (see Annex 13 for information on the clusters of countries).

The increase in GDP in both 2030 and 2050 primarily reflects an increase in real incomes and consumption due to increases in employment and earnings, particularly under option 1, where improvements to maternity pay and hours worked are greatest compared to the baseline. An increase in activity rates, hours worked and productivity of women also boosts the productive capacity of the economy, leading to a further increase in output and GDP. Despite a small cost to government/social security partners due to measures that increase maternity pay in option 1, there is an overall increase in competitiveness and net exports, as an increase in productive capacity encourages firms to reduce prices and increase production, with some of the additional production exported. The magnitude of the economic impact increases over time, as it takes time for the labour market to adjust (and employment to increase) following an initial increase in labour force participation and because of a lag in the secondary economic multiplier effects following initial increases in output and employment.

Cluster 3 countries make up 7% of the positive GDP impact in option 1, with cluster 2 countries gathering 81% of the benefit. In option 2 cluster 3 countries make up 5% of the positive GDP impact of this option, with cluster 2 countries gathering 76% of the benefit.

6.3.1.2 Labour force

There is an increase in the size of the female labour force as a direct result of the gender equality measures which include increased breastfeeding provisions. In option 1 there is an increase in pay whilst on maternity leave which attracts more women into the labour force, as more women feel it is possible to combine work with motherhood. By 2030 the labour force increases by 8,000 to 12,000 individuals (option 1). By 2050 the labour force increases by between 10,000 and 13,000 individuals.

6.3.1.3 Employment and real incomes

Employment increases in the maternity leave options as they include provisions for breastfeeding. There is a further multiplier effect due to the increase in incomes and consumer expenditure which leads to an increase in output, GDP and employment. The scale of the increase in employment is somewhat supressed by increases in maternity pay. Total employment increases by 4,000 to 5,000 in 2030 and by 6,000 to 9,000 in 2050. In 2030, the impact on labour market participation is greatest in option 1, however the employment impacts are larger in option 2, where no increases are foreseen in maternity pay, and therefore the demand for labour is higher.

The increase in employment and increase in pay for women whilst on leave leads to an overall increase in real incomes by 2050 by €1.1 billion to €1.5 billion (option 1).

6.3.1.4 Dependency ratio

The dependency ratio will remain unaltered in all three of the policy options. This is because the options are not assumed to affect the fertility rate or rate of infant mortality. However, the proportion of people aged 16-64 is anticipated to be higher in

each policy option than in the baseline scenario, so although the dependency ratio will not alter, the number of people working to support dependents will increase in all policy options.

6.3.1.5 Gender pay and employment gap

The rate of employment growth and growth in earnings is slightly higher among women than men in all policy options. This is due to changes in maternity payments in option 1.

The employment gap in the EU is expected to narrow over time in the baseline scenario, but all maternity policy options will help to further reduce the gender gaps in Europe.

The gender pay gap is also estimated to narrow at an EU level in the baseline scenario. In 2050, seven countries are estimated to have a gender pay gap below 5%. The options will reduce the gender pay gap as female employment will increase, and women are more likely to retain the same job as they held before taking maternity leave rather than potentially taking a new job requiring lower skills. Increases in the paid period for maternity will also help to narrow gender pay gaps. As with the employment gap, all the policy options are anticipated to narrow the gender pay gap in the EU more than is the case in the baseline scenario. These estimates are based on average earnings, rather than earnings of full-time workers.

6.3.1.6 Impacts on Central Government

The number of impacts on Member State Central Governments is small under policy option 2, as there are no additional benefit payments and no additional administrative burden. This is because the take-up of maternity leave is already at 100%. In option 1, there are increases in benefit payments of over €11 billion of which the majority of the increase falls on social security partners. This is due to an increase in the mandatory paid period for maternity leave, which increases the average duration of leave.

The increase in employment under the policy options with increases in earnings leads to an increase in tax receipts under all policy options, which is highest in options 1. However, the increase in labour market participation due to the provision of maternity leave will lead to a slight increase in unemployment benefit payments in both option 1 and option 2.

The NPV of the change in tax receipts is estimated to be highest in policy option 1, with an additional €5.4 billion. The change in tax revenue is driven by changes in employment and earnings. Around 67% of the positive impacts on tax receipts can be found in the 20 countries where current provisions fall somewhat below the requirements of the option, whereas around 9% of these benefits will arise in the four countries where current provisions fall significantly below the requirements of option 1.

The change in the cost of the provision of unemployment benefits is driven by changes in employment, labour market participation and earnings. The NPV of the changes in unemployment benefit payments is estimated to be highest in option 1. Despite the increase in employment being highest in option 1, the increase in labour market participation in option 1 means that unemployment also rises. In option 1, unemployment benefit payments are over €1.7 billion higher than the baseline over the whole period analysed.

There is also a decrease in spending on health provision, which is the same under both options 1 and 2 (€3.3 billion) which include breastfeeding provisions. The availability of breastfeeding provisions is assumed to increase the level of breastfeeding, which provides health benefits to mothers and children. Around 13% of the reductions in healthcare expenditure will be concentrated in the four countries in the cluster with provisions currently judged as falling far below the requirements of option 1.

There is no change in administrative burden for central governments, employers or social security providers under any option, as there is no change in maternity leave take-up in any option (and therefore no additional information requirements).

The benefits for Central Governments and social security providers are estimated to be €8.7 billion under option 1, €7.3 billion under option 2. The impact for Central Governments is on the revenue generated (taxation) and Central Government expenditure (benefit payments and healthcare) – however some of the changes in expenditure will be experienced by social security partners.

The total impact on Central Government and social security providers is an increased cost of €2.4 billion in option 1 (mainly arising from additional benefit payments) and a net benefit of €5.8 billion in option 2 as positive impacts on health care systems and improved tax revenues exceed any costs arising from increased unemployment benefit payments.

In terms of impact on different country clusters, cluster 1 countries only have a (significant) positive effect on costs to the state in option 1. Cluster 2 and 3 countries register costs to the state. Among these cluster 3 countries make up 6% of the share of this cost. The overall impact at EU in this option is positive. In option 2, Cluster 3 account for 7% of the benefit to the state of this option. Cluster 2 countries make up a further 67% of the benefit.

6.3.1.7 Impacts on businesses

The impacts of the policy options on businesses are positive. As there is no increase in take-up of maternity leave between the baseline and the policy options, there is no change in administrative burden or costs of recruiting staff to temporarily replace mothers on maternity leave in any policy option. In policy options 1 and 2, there is a positive impact on businesses, which are able to reduce their recruitment costs as more mothers return to work (earlier) following maternity leave through better employment protection and breastfeeding provisions. This means that the introduction of the policy options reduces the costs to businesses of a person taking maternity leave compared to the baseline scenario. This benefit is estimated to be over €1 billion in options 1 and 2.

Given that none of the options assume an increase in the length of maternity leave, there will be no additional costs resulting from lost production.

In options 1 and 2, there is a one off cost to employers to purchase a fridge (to support breastfeeding provisions). The cost to employers of this is €771 million in the first year of legislation, but there are no additional costs in any subsequent years.

There could be an additional cost of reserving space for a room for breastfeeding. If the room can only be used for breastfeeding, the cost would be extremely high for businesses. If a room of 2.5^2 was needed exclusively for breastfeeding, the cost to businesses would be €521 million per year (using 2015 prices). However, it has been assumed that the room with facilities for breastfeeding can be used for other purposes as well, therefore the real estate cost of the room is zero.

The provision of maternity leave is anticipated to have a positive effect on individual workers. This positive effect can come through employees feeling happier and more productive, in addition to choosing to stay in their existing place of work. This increase in wellbeing and productivity will have a positive impact on businesses. However, it has not been possible to assess this quantitatively.

The total positive impact on businesses of the introduction of legislation is €1 billion change from the baseline scenario in option 1 and 2 (as costs outweigh the benefits). Some of the impacts for businesses (change in absence from work, retention savings and the cost of recruiting replacement staff) will be felt in terms of business turnover,

as the impacts relate to changes in business capacity and staff time. A small number of the impacts on business (reasonable adjustment costs) will not affect business turnover, but will change the level of business operating expenditure.

In both options 1 and 2 overall benefits arise to business from these policy changes. In option 1, cluster 3 countries make up 9% of this positive impact, whereas in option 2, cluster 3 countries make up 11% of this positive impact.

The average cost per business and per women taking maternity leave has been estimated, and is presented in Annex 10. The cost per women taking leave shows the average impact to a business for each women taking maternity leave. In 2050, this is estimated to be €17,979 for both options. More details are provided in Annex 9.

Table 28. Average cost per business of maternity leave provisions in selected year and average cost per individual taking leave (Euros)

	2021	2030	2050
Baseline:			
Average cost per business	804	1,265	2,901
Average cost per person taking maternity	5,442	8,371	18,028
Option 1:			
Average cost per business	845	1,261	2,893
Average cost per person taking maternity	5,717	8,341	17,979
Option 2:			
Average cost per business	845	1,261	2,893
Average cost per person taking maternity	5,717	8,341	17,979

6.3.1.8 Assessment of impact on SMEs

The cost to employers in policy option 2 is estimated to be an average of €40 per business for the purchase of fridges to adjust their premises. However, after this initial cost the additional benefits to businesses in options are estimated to outweigh the costs. Therefore the impact on SMEs is estimated to be negligible. This assumes that the room for breastfeeding can continue to be used for other purposes. Otherwise, the real estate burden on SMEs would be large and problematic. In option 1, there is a slight increase in costs due to the loss of production from workers taking a longer duration of maternity leave.

The costs as a percentage of turnover for microbusinesses (with fewer than 10 employees) is presented in Annex 9. This shows that the costs of the policy options on microbusinesses is a low level of the level of turnover, and therefore the policy options do not disproportionately affect the performance of SMEs.

6.3.1.9 Impacts on individuals

The impact on individuals from the maternity leave policy options is related to the change in employment. For each additional person who is employed as a result of the policy options, their quality of life increases. At a population level, the impacts on quality of life are negligible, as the level of employment only increases by a small amount. However, at the individual level can be significant as perception of work-life balance increases and income increases in some of the options. Income increases and there are also health benefits associated with enhanced possibilities for breastfeeding. Increases in income reduce the risk of poverty and can have a particular impact on low income families and lone parents.

6.3.2 Paternity leave

As indicated above, there are currently no EU level provisions on paternity leave. Three options were considered for the purposes of this CBA: the introduction of one week of unpaid paternity leave and the introduction of one or two weeks of leave, each paid at the level of sick pay.

The macroeconomic effects of the paternity leave options are relatively small, as these only affect a small subset of the working population (fathers with young children) and the options only provide for a relatively short period of leave compensated at a level below full replacement rate. Based on a literature, a small, longer-term effect of paternity leave increasing the take-up of parental leave among fathers. It should be noted that the literature considers that such leverage effects are more likely to arise with longer, well compensated leave, so the assumptions made for the CBA may somewhat overestimate this leverage effect.

The key drivers of macroeconomic results are:

- a small increase in employment, as increased take-up of paternity leave leads to an increase in the take-up parental leave, which may lead to some firms employing additional temporary workers to cover for working fathers whilst on parental leave,
- a reduction in hours worked by fathers, as paid paternity leave incentivises more men to take-up the leave (and could subsequently increase take-up of parental leave and/or flexible work options, which generates additional costs and benefits).

An introduction of the policy measure is also expected to have positive socio-economic effects, which reflect the changes in labour market participation, employment, and changes in take-up rate and duration of paternity leave. These effects can be split between effects on the individual, effects on employers and effects on Member State Governments and Agencies.

The impact on Central Governments is expected to be driven by changes in payments made for paternity benefits, and employment and pay levels, which will alter benefit payments and taxes received. The changes in pay and duration are expected to alter the take-up rate of paternity leave. It is assumed that the take-up and duration of leave increase in a linear trend between 2020 and 2030, where the new average take-up rate and duration of paternity leave is reached.

It is also expected that the costs of healthcare provision will change under the policy options, as fathers who take paternity leave are more supportive to their partners, which reduces the healthcare requirements for new mothers. Studies have found that the presence of the father in the early days of a child's life can lead to lower infant mortality rates and improved child health outcomes when leave is well-compensated and jobs are protected[367]. Other research has also found that men's health and well-being is positively impacted by the relationship between their different roles as a husband, parent and worker[368] [369]. Children whose fathers were more present in the early stages of their life have been shown to have had fewer developmental difficulties and better cognitive development, leading on to improved problem-solving skills, better qualifications, employment outcomes and other benefits[370].

[367] Ruhm, 2000; Tanaka, 2005

[368] WHO, 2007

[369] EHRC, 2009

[370] UK National Literacy Trust (Clark, 2009)

The impacts for employers from the policy options will be a potential loss of production for additional fathers who take paternity leave, and existing fathers who take longer paternity leave (particularly where fathers on leave are not replaced by temporary staff, which tends to be less likely for shorter leave periods), the payment of additional paternity benefits in Member States where they are required to and administrative burden to process paternity leave applications.

The benefit to individuals is estimated to be that the quality of life and health of mothers improve as a result of the policy measures. Additionally, paternity leave is estimated to have a leverage effect on parental leave, which in turn alters the sharing of unpaid care work among parents.

Table 29 shows the NPV macro-economic effects over the whole modelling period.

The macroeconomic results of the paternity leave options in 2030 and 2050 are shown in Table 30 and the NPV of monetary effects are shown in Table 31.

Table 29. Macroeconomic impact of paternity leave scenarios, Net present value (NPV) across the whole modelling period 2015-2055, EU28

	Paternity 1 (1 wk leave, unpaid)		Paternity 2 (1 wk leave at level of sick pay)		Paternity 3 (2 wks leave at level of sick pay)	
	Value	**%**	**Value**	**%**	**Value**	**%**
GDP (2015 bn euro)	-€2.4 bn	-0.001%	-€0.4 bn	-0.0001%	-€0.2 bn	-0.00005%

Table 30. Macroeconomic impact of paternity leave scenarios in 2030/2050

	Paternity 1		Paternity 2		Paternity 3	
	Value	**%**	**Value**	**%**	**Value**	**%**
GDP (2015 bn euro)	-€0.1bn to -€0.3 bn	0.00%	€0.0bn to -€0.1 bn	0.00%	€0.0 bn	0.00%
Real incomes (2015 bn euro)	-€0.1bn to -€0.2 bn	0.00%	€0.0bn	0.00%	€0.0 bn	0.00%
Labour force	0 to-1,000	0.00%	0 to-1,000	0.00%	0 to-1,000	0.00%
- Female labour force	n/a		n/a		n/a	
- Male labour force	n/a		n/a		n/a	
Employment	0 to-1,000	0.00%	0 to 1,000	0.00%	1,000	0.00%
- Female employment	n/a		n/a		n/a	
- Male employment	n/a		n/a		n/a	
Unemployment	0-1,000		-1,000		-1,000	
Balance of trade (net exports, 2015 bn euro)	€ 0.0 bn		€ 0.0 bn		€ 0.0 bn	
Domestic prices	0.00%		0.00%		0.00%	

Note: As the macroeconomic impacts are relatively small for the paternity leave scenarios and reflect two offsetting effects, the results presented in the table reflect the range of impacts over 2030 to 2050.

n/a = not applicable (no measurable gender impact)

Table 31. Socio-economic cost of paternity leave scenarios, NPV[371] [372]

	Paternity 1		Paternity 2		Paternity 3	
	Value (million)	% change from baseline	Value (million)	% change from baseline	Value (million	% change from baseline
Central Government / Social Security partners						
Benefits						
Payment of unemployment benefits	-€ 40	0.00%	-€ 154	0.00%	-€ 203	0.00%
Change is hospital admissions	-€ 1	0.00%	-€ 12	0.00%	-€ 15	0.00%
Total benefit	**-€ 41**	**0.00%**	**-€ 166**	**0.00%**	**-€ 218**	**0.00%**
Costs						

[371] The socio-economic cost table presents the costs to Central Governments, Social Security partners and Employers of implementing the new measures proposed under each option. The table presents the additional costs compared to the baseline scenario. In the socio-economic cost table, a negative value indicates a benefit to the Central Government, Social Security partner or Employer. For example, a negative value in the costs due to changes in tax revenue row indicates that tax revenues for Central Governments are estimated to increase in the policy option.

[372] In some countries (for example Luxembourg, the Netherlands, and Italy), the current legislation allows for a short period of paternity leave (shorter than one week). In these countries the take-up of paternity leave is very high (over 90%). It has been assumed that the proportion of individuals taking paternity leave does not decrease under any of the options, but that the duration of leave increases in these countries. As such, the values for these countries represent a maximum value paternity leave benefit payments and value of lost production in these countries.

	Paternity 1		Paternity 2		Paternity 3	
	Value (million)	% change from baseline	Value (million)	% change from baseline	Value (million	% change from baseline
Payments of paternity benefits – central government	€ 2	0.01%	€ 61	0.45%	€ 123	0.89%
Payments of paternity benefits – social security partner	€ 147	0.99%	€ 561	3.77%	€ 2,024	13.60%
Payment of parental benefits – central government (leverage effect)	€ 5	-	€ 66	-	€ 66	-
Payment of parental benefits – social security partners (leverage effect)	€ 0	-	€ 0	-	€ 12	-
Costs due to changes in tax revenues	€ 966	0.00%	€ 357	0.00%	€ 291	0.00%
Administrative cost of processing paternity requests – central government	€ 4	0.08%	€ 63	1.34%	€ 63	1.34%
Administrative cost of processing parental requests – central government (leverage effect)	€ 0	-	€ 9	-	€ 18	-
Administrative cost of processing paternity requests – social security partners	€ 0	0.00%	€ 0	0.00%	€ 6	0.30%
Administrative cost of processing parental requests – social security partners (leverage effect)	€ 0	-	€ 0	-	€ 1	-
Total cost	**€ 1,124**	**0.00%**	**€ 1,117**	**0.00%**	**€ 2,603**	**0.00%**
Total government/social security	**€ 1,083**	**0.00%**	**€ 951**	**0.00%**	**€ 2,385**	**0.00%**
Employers						
Benefits						
Total benefit	**€ 0**	**-**	**€ 0**	**-**	**€ 0**	**-**
Costs						

	Paternity 1		Paternity 2		Paternity 3	
	Value (million)	**% change from baseline**	**Value (million)**	**% change from baseline**	**Value (million**	**% change from baseline**
Administrative cost of processing paternity leave application	€ 2	0.03%	€ 42	0.57%	€ 54	0.74%
Administrative cost of processing parental leave applications (leverage effect)	€ 0	-	€ 4	-	€ 5	-
Payment of paternity benefits	€ 93	1.93%	€ 649	13.50%	€ 1,792	37.29%
Payment of parental benefits (leverage effects)	€ 0	-	€ 0	-	€ 0	-
Cost of lost production for paternity leave - high	€ 359	1.12%	€ 1,707	5.31%	€ 5,756	17.89%
Cost of lost production for paternity leave - med	€ 162	1.67%	€ 661	6.80%	€ 2,527	26.01%
Cost of lost production for paternity leave - low	-€ 134	0.70%	-€ 908	4.77%	-€ 2,475	12.98%
Cost of lost production for parental leave(due to leverage effects) - high	€ 9	-	€ 152	-	€ 184	-
Cost of lost production for parental leave(due to leverage effects) - med	€ 5	-	€ 90	-	€ 107	-
Cost of lost production for parental leave(due to leverage effects) - low	-€ 0	-	-€ 4	-	-€ 7	-
Total costs	**€ 464**	**1.05%**	**€ 2,554**	**5.77%**	**€ 7,791**	**17.60%**
Total employer impacts (with high assumption on lost production)	**€ 464**	**1.05%**	**€ 2,554**	**5.77%**	**€ 7,791**	**17.60%**
Total employer impact (depending on range of lost production assumptions)	**€ -39 464**		**€ -217 - 2,554**		**€ -631 - 7,791**	

6.3.2.1 GDP

The magnitude of the GDP effects of the paternity leave options at the EU level are minimal (less than €300m impact on GDP in 2030 and 2050). When the entire period of 2015 to 2055 is analysed, the NPV of the change in GDP is estimated to be €-2.4 billion (option 1) to €-0.2 billion (option 3) lower in the policy options than in the baseline scenario.

The change in GDP is small in all cases (<0.01% GDP impact) and reflects two offsetting effects. On the positive side, the very small increase in employment of temporary workers (through the leverage effect of paternity leave on fathers taking parental leave) leads to an increase in income, consumption and GDP. Counteracting this effect is a very small reduction in working hours for fathers with young children, which marginally reduces the productive capacity of the economy, leading to a small reduction in output and GDP (as individuals on short periods of leave are less likely to be replaced during their absence). In option 1, there is also a small reduction in pay (due to increased take-up of unpaid leave) that reduces real incomes, consumption and GDP.

The slightly negative GDP impact only marginally arises from changes in cluster 3 countries (1%) with cluster 2 countries making up 68% of the impact in option 1. In option 2, the impact of the legislative change on cluster 3 countries is positive whereas the overall impact remains slightly negative. In option 3, both cluster 2 and cluster 3 countries register GDP benefits, with the slightly negative/neutral GDP impact mainly resulting from a very slightly negative impact in cluster 1 countries.

6.3.2.2 Labour force, employment and real incomes

Labour force impacts are negligible under these options. EU employment increases by up to 1,000 people by 2050 (all options) due to a direct increase in the number of temporary workers employed as a replacement whilst men are on parental leave (through the leverage effect).

Under the alternative paternity leave options, the small increases in employment are due to changes to the behaviour of fathers. The new paternity leave options are not assumed to increase employment when taken in isolation (fathers are not replaced by temporary workers while they are on paternity leave), and labour market participation among males is not expected to rise. The changes predominantly occur through the subsequent increase in take-up of parental leave. The changes in earnings in each of the policy options is modest, which means that there are only small changes to the labour force, employment and real incomes. If one were therefore to assume that at least some fathers would be replaced whilst on leave, the employment effect (and any negative effects on GDP) would change, with employment effects being marginally greater and the GDP reduction lower.

There is very little research conducted on the possible impact of paternity leave on labour market participation of women. There are two prevailing explanations as to why this is. Firstly, it is suggested that paternity leave is intended to provide fathers with the opportunity to take time with their new born child and mother, to support the mother in her recovery from childbirth and to take responsibility for their family[373]. Secondly, it is argued that paternity leave as an intervention is too weak to have a tangible effect on hard outcomes such as labour market participation[374].

[373] L. Addati, N. Cassirer, and K. Gilchrist (2014), Maternity and paternity at work: Law and practice across the world. Geneva: International Labour Organization

[374] P. Romero-Balsas (2015), 'Consequences Paternity Leave on Allocation of Childcare and Domestic Tasks', Rev. Espanola Investig. Sociol., no. 149, pg. 87-109

6.3.2.3 Dependency ratio

These policy options are not estimated to have any impact on the dependency ratio. These short periods of leave are not expected to alter the profile of the population, and the small increases in parental leave take-up as a result of paternity leave options is not expected to have any significant impact on fertility rates or infant mortality. Additionally, the changes in employment for the paternity leave options are very small, therefore the impact of the options on the number of individuals working to support dependents is negligible.

6.3.2.4 Gender pay and employment gap

As stated above, the impact of the policy options on pay and employment are very small, therefore the effect on gender pay and employment gaps is minimal (based on assumptions used about replacement of workers whilst on leave). However, where there are impacts, the employment and pay gaps narrow slightly. The effect on gender employment and pay gaps are largest in policy option 3. The effect on gender pay and employment gaps are driven by the leverage effect of paternity leave driving changes in the take-up of parental leave among fathers. This increases the level of replacement employment opportunities for women.

6.3.2.5 Impacts on Central Governments

The effects on Member State Central Governments are small under all policy options. The cost of the benefits paid and the administrative burden is marginal, as the level of payment for paternity leave is low (due to the relatively short duration) and the change in take-up in most countries is small. The largest change in benefit payments is in option 3, with an increase of €2.1 billion in benefit payments (not taking account of benefit payments resulting from leverage effects). The majority of this increase in benefit payments is expected to fall on social security partners in options 1 to 3 as where there were no previous paternity benefit payments in a country the social security partners are most likely to pay the additional costs in the countries affected (based on the payment of other leave benefits). All of the additional benefit payments for central government will fall on countries without any current provisions, while all costs for social security partners will fall on the eight countries where provisions currently fall somewhat below the requirements.

Under option 1, there is estimated to be a very small increase in benefit payments and administrative costs to Central Governments and social security partners despite the option not introducing compulsory benefit payments. This increase is estimated to be in countries where there is existing paid leave, but this leave is currently of a duration of under one week. The introduction of policy option 1 is estimated to increase take-up in these countries. This leads to an increase in the number of fathers taking the paid period of paternity leave in these countries (which is paid at the same rate as is currently) leading to an increase in the payment of benefits for the period of less than one week.

The change in administrative burden follows the same pattern as the change in benefit payments – the largest increase is seen in policy option 3 (€63 million, 51% of this direct cost to Central Governments), although the absolute changes are relatively small. The largest changes in administrative burden (85%) are seen in in the countries which do not currently offer paid paternity leave.

There are only very small changes in employment, earnings and labour market participation in the policy options. Therefore, the changes in tax receipts and unemployment benefit payments are very small. The amount of tax receipts under each policy option is lower than the baseline scenario. This is due to a reduction in hours worked among males, leading to a small decrease in earnings and therefore tax receipts (based on the above mentioned assumptions about the number of workers replaced). This is partially offset by the small increases in employment. The largest decrease is seen in policy option 1. The change in tax receipts is estimated to be €966

million lower in policy option 1 than in the baseline scenario (€357 million in option 2 and €291 in option 3).

Despite a decrease in tax revenues (a cost to Central Governments), there is a decrease in unemployment benefit payments (a benefit to Central Governments). This is driven by the small increases in employment due to the leverage effect on parental leave. Policy option 3 sees the largest decrease in unemployment benefit spending (-€203 million).

The introduction of the policy options is expected to have a positive effect on the utilisation of healthcare services, as females receive more support from their partners and are less likely to need medical attention. The largest change in healthcare expenditure is estimated to be in policy option 3, where healthcare spending is estimated to reduce by €15million. The largest change is expected in the four countries currently not offering paid paternity leave.

The total impact on Central Governments and social security providers is estimated to be a cost of €1,083 million under option 1, €951million under option 2, and €2.4 billion under option 3. For more details see annex 9. The impact for Central Governments is on the revenue generated (taxation) and Central Government expenditure (benefit payments and healthcare) – however some of the changes in expenditure will be experienced by social security partners.

The impact on the state in different country clusters is as follows:

- In option 1, cluster 3 countries make up 1% of the cost to state in this option, whereas cluster 2 countries are responsible for 53% of the costs. Although the impact in terms of legislative change is large for countries not yet offering parental leave, as the leave is unpaid, the impact is relatively small.
- In option 2, cluster 3 countries make up 12% of the cost to state in this option.
- In option 3, Cluster 3 countries make up 8% of the cost to state in this option.

6.3.2.6 Impacts on businesses

The impacts of the policy options on businesses are costs to the business in all policy options (which outweigh any benefits).

There is an increase in paternity leave and parental leave (through the leverage effect) take-up in all policy options. This leads to an increase in administrative burden in all policy options, which is highest in option 3 (€54 million – not taking account of leverage effects). Around 78% in the increases in administrative burden fall on the four countries where paternity leave is not available in the baseline scenario. There is an additional cost for businesses who are responsible for paying paternity leave as paid duration increases as well.

The fathers taking paternity leave are assumed not to be replaced by employers (due to the short duration of the leave), which leads to an increase in the amount of lost production as a result of the policy options. This impact is to some degree cushioned by an increase in productivity among the remaining staff which was calculated at different rates in the model. This is highest impact is seen in option 3 and ranges from a small benefit (as remaining workers become more productive to a loss of production of 184 million. The majority of the cost of lost production is concentrated in the countries currently not offering paternity leave.

The provision of paternity leave is not estimated to have any impact on the number of days fathers take as absence from work or on the number of fathers who remain with the same employer. Therefore there are no additional benefits to businesses from any of the policy options.

The total cost impact on businesses of the introduction of legislation is heavily influenced by the assumption around loss of production and ranges from a benefit of €39 million if a 50% loss of production is assumed (without replacement) while workers are absent to an additional cost €464 million from the baseline scenario in option 1 if a full loss of production is assumed. In option 2, the low assumption on loss of production produces an overall gain for employers of €217 million and a loss of €2.6 billion at 100% loss of production. The respective figures for option 3 are a positive benefit of €631 million to a loss of €7.8. This mean that the impact on employers can depend significantly on the position on the economic cycle or the sector of activity which can influence the extent to which productive capacity is fully utilised at any given point in time.

In terms of costs to business, cluster 3 countries make up between 5-8% of the cost of this option.

As stated above, it is anticipated that there will be an increase in business turnover in all of the policy options. Some of the impacts for businesses (lost production, change in absence from work, retention savings and the cost of recruiting replacement staff) will be felt in terms of business turnover, as the impacts relate to changes in business capacity and staff time. A small number of the impacts on business (the benefit payments and reasonable adjustment costs) will not affect business turnover, but will change the level of business operating expenditure.

The provision of paternity leave, and the leverage effect on parental leave, is expected to have a positive impact on the level of satisfaction with life among fathers. This in turn would be expected to have a positive effect on their performance at work, which would lead to a benefit to employers. However, it is not possible to quantify this benefit to employers.

The average cost per business and per individual taking paternity leave has been estimated, and is presented in annex 9. The cost per father taking leave shows the average impact to a business for each father taking paternity leave. In 2050, this is estimated to be €1,535 for option 1; €1,603 for option 2; and €1,874 for option 3. This is estimated to be below 1% of the average business turnover. More details are provided in Annex 9. It should be noted that these figures are based on the estimation including a high loss of production and are therefore effectively likely to be lower.

Table 32. Average cost per business of paternity leave provisions in selected year and average cost per individual taking leave (Euros)

	2021	2030	2050
Baseline:			
Average cost per business	66	88	152
Average cost per person taking paternity	683	900	1,513
Option 1:			
Average cost per business	66	89	155
Average cost per person taking paternity	687	908	1,535
Option 2:			
Average cost per business	67	92	166
Average cost per person taking paternity	690	935	1,603
Option 3:			
Average cost per business	69	102	195

	2021	2030	2050
Average cost per person taking paternity	711	1,028	1,874

6.3.2.7 Assessment of impact on SMEs

The cost to employers in policy option 3 is estimated to be €1,874 per person taking leave 2050, the option with the highest costs.

The costs as a percentage of turnover for microbusinesses (with fewer than 10 employees) is presented in Annex 9. This shows that the costs of the policy options on microbusinesses is a low level of the level of turnover (below 1% of turnover), and therefore the policy options do not disproportionately affect the performance of SMEs.

6.3.2.8 Impacts on individuals

The leverage effect of paternity leave on parental leave leads to a small increase in the amount of unpaid work men carry out each week, which in turn reduces the amount of time women spend on unpaid work. This change is very small due to the small number of additional fathers taking parental leave at a population level (less than one minute of additional unpaid work per male per day in all policy options). However, among the additional fathers taking parental leave, the change is between 10 and 20 minutes of additional unpaid work per day.

Fathers taking paternity leave is estimated to have a positive impact on the quality of life of mothers. Again, this is a negligible impact at a population level, but is significant at the individual level as research shows increased wellbeing and child health among families where the father is present in the early weeks following a child's birth.

Research suggests that paternity leave has a positive impact on the sharing of caring responsibilities between men and women[375]. Men who take paternity leave are more likely to participate in undertaking changing nappies, taking the child to the doctor, waking or taking them to bed and waking up during the night to care for them. In particular, it has been noted that men who have a low level of education who take paternity leave are more likely to take an equal share in these responsibilities[376]. This may be because they are allowed the time (that they may not otherwise have due to work commitments) and freedom from prevailing uber-masculine workplace perceptions to take care of their child. Overall, paternity leave is seen to have an overall positive effect on father-child bonding for those fathers who tend to be less involved with their children[377]

An increase in quality of life can come from improvements in health, improvements in satisfaction with life, or having more time to spend on leisure activities, all of which are improved by the fathers taking paternity and parental leave.

Earnings and employment effects are estimated to be small, therefore there is a negligible for individuals.

6.3.3 Parental leave

Three potential changes to parental leave provisions were considered for the CBA, all of which provide for greater flexibility in take-up and from 8 to 12 years as the

[375] A. Pailhe, A. Solaz, and M. To (2015), 'The Impact of Paternity Leave on Housework Division between Spouses'

[376] Vaganay, Canónico and Courtin, (2016) 'Challenges of work-life balance faced by working families: review of costs and benefits', page 36

[377] Ibid.

maximum age of the child for which leave can be taken. Option one does not provide for any further changes from the baseline, whereas option 2 provides for one month to be non-transferable and paid at the level of sick pay. Options three foresees 4 months of non-transferable leave, paid at least at the level of sick pay.

The macroeconomic effects of the parental leave options are driven by:

- an increase in female labour market participation (in all options, but to a different extent), due to more equal sharing of childcare responsibilities between mothers and fathers,
- an increase in the fertility rate (in all options), as having children becomes a practical option for more couples,
- a reduction in working hours for men (in all options), due to changes in the take-up and duration of parental leave and an increase in working hours for women (as they reduce the length of parental leave taken if fathers increase their take-up (and its length),
- an increase in pay for men and women (in option 2 and option 3), due to more generous benefits whilst on parental leave, although a decrease in earnings is observed in option 1 (due to the take-up of unpaid leave),
- an increase in employment (in all options), due to an increase in demand for temporary and replacement worker while parents are on leave,
- a productivity improvement (in option 2, and option 3), as the more generous leave provisions for parents with young children lead to a healthier, more content workforce who are less likely to take sick leave.

The introduction of the policy measures is also expected to have socio-economic effects, which reflect the changes in labour market participation, employment, absence from work and changes in take-up rates by men and women and the duration of parental leave used. These effects can be split between effects on the individual, effects on employers and effects on Member State Governments and Agencies.

The impacts on Central Governments is expected to be driven by changes in payments made for parental benefits, and employment and pay, which will alter benefit payments and taxes received. The changes in pay and duration are expected to alter the take-up rate of parental leave. It is assumed that the take-up and duration of leave increase in a linear trend between 2020 and 2030, where the new average take-up rate and duration of parental leave is reached. It is also expected that the level of healthcare provision will change under the policy options, as fathers who take parental leave are more supportive to their partners, which reduces the healthcare requirements for new mothers and children.

The impacts for employers from the policy options will be a potential loss of production for individuals who additionally take parental leave, and existing parents who take longer parental leave, the cost of recruiting staff to replace existing staff (who tend to be less productive – at least initially) on parental leave and administrative burden to process parental leave applications. There will also be benefits to the employer, as individuals taking parental leave are expected to take fewer days off work due to sickness (or sickness of the child), and are more likely to return to the same job after taking parental leave, which reduces recruitment costs and in turn increases productivity as skilled staff are retained.

The benefit to individuals is estimated to be that the quality of life and health of mothers improve as a result of the policy measures. Additionally, parental leave is estimated to improve the sharing of unpaid work between males and females. This can extend beyond the period of parental leave taken if men are more likely to take-up flexible working opportunities subsequently.

Table 33 presents the NPV of the macro-economic effect over the whole modelling period.

The macroeconomic results in 2030 and 2050 are presented in Tables 34 and 35, and the NPV of the socio-economic impacts are presented in Table 36[378].

[378] As in the context of shared parental leave in the UK leave is transferable, the impact of change in the UK may be under-estimated (with some benefits linked to labour force impacts potentially higher, while some administrative or costs due to lost production may also be higher).

Table 33. Macroeconomic impact of parental leave options, Net present value (NPV) across the whole modelling period 2015-2055, EU28

	Parental 1 (flexible uptake, 8 yrs max age)		Parental 2 (flexible uptake, 12 yrs max age, non-transferable month paid at sick pay level)		Parental 3 (flexible uptake, 12 yrs max age, fully non-transferable, paid at level of sick pay for 4 months)	
	Value	**%**	**Value**	**%**	**Value**	**%**
GDP (2015 bn euro)	-€4.8 bn	-0.001%	€24.2 bn	0.01%	€112 bn	0.03%

Table 34. Macroeconomic impact of parental leave scenarios in 2030, EU28

	Parental 1		Parental 2		Parental 3	
	Value	**%**	**Value**	**%**	**Value**	**%**
GDP (2015 bn euro)	-€ 0.5 bn	0.00%	€ 1.4	0.01%	€ 4.6 bn	0.02%
Real incomes (2015 bn euro)	-€ 0.4 bn	0.00%	€ 1.6	0.01%	€ 4.8 bn	0.04%
Labour force	8,000	0.00%	19,000	0.01%	46,000	0.02%
- Female labour force	9,000	0.01%	23,000	0.02%	46,000	0.04%
- Male labour force	-1,000	0.00%	- 4,000	0.00%	-2,000	0.00%
Employment	2,000	0.00%	49,000	0.02%	55,000	0.02%
- Female employment	6,000	0.01%	38,000	0.03%	53,000	0.05%
- Male employment	-4,000	0.00%	11,000	0.01%	2,000	0.00%
Unemployment	6,000		-30,000		-7,000	
Balance of trade (net exports, 2015 bn euro)	€ 0.0 bn		-€ 0.2		-€ 0.5 bn	
Domestic prices	0.00%		0.00%		-0.01%	

Table 35. Macroeconomic impact of parental leave scenarios in 2050, EU28

	Parental 1		Parental 2		Parental 3	
	Value	**%**	**Value**	**%**	**Value**	**%**
GDP (2015 bn euro)	-€ 0.6 bn	0.00%	€ 1.8	0.01%	€ 12.8	0.05%
Real incomes (2015 bn euro)	-€ 0.4 bn	0.00%	€ 2.6	0.01%	€ 10.8	0.05%
Labour force	16,000	0.01%	59,000	0.03%	106,000	0.05%
- Female labour force	12,000	0.01%	40,000	0.04%	75,000	0.07%
- Male labour force	4,000	0.00%	18,000	0.01%	32,000	0.03%
Employment	5,000	0.00%	64,000	0.03%	134,000	0.06%
- Female employment	7,000	0.01	46,000	0.04%	93,000	0.08%
- Male employment	-2,000	0.00%	18,000	0.02%	41,000	0.04%
Unemployment	11,000		-6,000		-27,000	
Balance of trade (net exports, 2015 bn euro)	€ 0.1 bn		-€ 0.0 bn		-€ 0.4 bn	
Domestic prices	0.00%		-0.01%		-0.02%	

Table 36. Socio-economic cost of parental leave options, NPV[379]

	Parental 1	Parental 2	Parental 3

[379] The socio-economic cost table presents the costs to Central Governments, Social Security partners and Employers of implementing the new measures proposed under each option. The table presents the additional costs compared to the baseline scenario. In the socio-economic cost table, a negative value indicates a benefit to the Central Government, Social Security partner or Employer. For example, a negative value in the costs due to changes in tax revenue row indicates that tax revenues for Central Governments are estimated to increase in the policy option.

	Value (million)	% change from baseline	Value (million)	% change from baseline	Value (million)	% change from baseline
Central Government / Social Security partners						
Benefits						
Payment of unemployment benefits	€ 240	0.00%	-€ 11,196	-0.18%	-€ 10,227	-0.16%
Cost of healthcare	-€ 106	0.00%	-€ 539	0.00%	-€ 2,288	-0.01%
Costs due to changes in tax revenue	€ 1,691	0.00%	-€ 7,101	0.00%	-€ 38,580	-0.02%
Total benefits	€ **1,825**	**0.00%**	**-€ 18,836**	**0.01%**	**-€ 51,094**	**0.03%**
Costs						
Payments of parental benefits – central government	€ 1	0.00%	€ 1,660	4.35%	€ 13,112	34.37%
Payments of benefits – social security partners	€ 15	0.00%	€ 16,075	3.58%	€ 41,361	9.20%
Administrative cost of processing parental leave – central government	€ 2	0.14%	€ 115	10.14%	€ 555	48.93%
Administrative cost of processing parental leave – social security partners	€ 19	0.74%	€ 201	7.66%	€ 265	10.09%
Total costs	€ **36**	**0.01%**	€ 18,051	3.98%	€ 55,292	12.20%
Total impact government/social security	€ **1,862**	**0.00%**	**-€ 785**	**0.00%**	**€ 4,198**	**0.00%**
Employer						
Benefits						
Recruitment cost – employers remaining	-€ 53	-	-€ 168	-	-€ 426	-

	Parental 1		Parental 2		Parental 3	
	Value (million)	**% change from baseline**	**Value (million)**	**% change from baseline**	**Value (million)**	**% change from baseline**
employed after parental leave						
Absence from work	€ 0	-	-€ 153	-	-€ 566	-
Total benefits	**-€ 52**	**-**	**-€ 321**	**-**	**-€ 992**	**-**
Costs						
Administrative cost of processing parental leave application	€ 48	0.68%	€ 402	5.70%	€ 844	11.97%
Benefit payments – employers	€ 1	0.01%	€ 6,284	33.67%	€ 25,840	138.46 %
Recruitment costs – recruiting staff to replace those on parental leave	€ 48	0.30%	€ 479	2.94%	€ 833	5.11%
Lost production – high	€ 189	0.02%	€ 3,535	0.42%	€ 13,261	1.57%
Lost production – med	€ 68	0.01%	€ 1,368	0.26%	€ 3,187	0.60%
Lost production – low	-€ 115	-0.19%	-€ 1,883	-3.10%	-€ 11,923	-19.64%
Total cost (with high assumption on lost production)	€ **285**	**0.03%**	**€ 10,700**	**1.21%**	**€ 40,778**	**4.59%**
Total impact employers	€ **233**	**0.03%**	**€ 10,379**	**1.17%**	**€ 39,786**	**4.48%**
Total impact on employers (depending on range of lost production assumptions)	**-€70 - 233**		**€5,282 – 10,379**		**€ 15,594 - 39,786**	

6.3.3.1 GDP

In the parental leave options, GDP impacts in 2030 are slightly larger in magnitude than in the paternity leave options in the short term. This is primarily because these measures directly affect a larger subset of the population (mothers and fathers). In addition to increases in labour market participation and employment, the parental leave options also reflect an increase in fertility rates. In the short term, it is the positive GDP effects (associated with the increase in wages, employment and subsequently in real incomes and consumption) that dominate.

In 2030, EU GDP increases by a maximum of €4.6 billion (option 3) and, in 2050, GDP increases by €12.8bn relative to the baseline in option 3. Over the whole period, the Net Present Value (NPV) of the change in GDP is estimated to be €-4.8 billion (option 1) to €112 billion (option 3) higher in the policy options than in the baseline scenario (option 1 has a negative impact on GDP compared to the baseline).

The negative impact on GDP in option 1 is influenced by individuals taking unpaid parental leave and reducing the number of hours they work (reducing their income).

In options 2 and 3, the increase in the fertility rate is the key driver of the economic impacts. In the short term, an increase in the fertility rate can have a positive or negative impact on GDP. The estimated equations in E3ME show that an increase in the number of children in the population has only a small impact on aggregate consumer expenditure in most countries. However, an increase in the share of children in the population does lead to some large shifts in the patterns of consumer expenditure. These changes to consumption patterns vary between countries but, in many cases, they reflect a shift from expenditure on luxury goods and services (with a relatively low import content) to expenditure on clothes and food (which have a higher import content) and this has a dampening effect on GDP.

Around 37% of the increase in GDP compared to the baseline scenario can be found in the three countries which are judged to currently fall significantly below the requirements of option 3 (as an example).

The GDP impact of option 2 is positive due to the high level of positive impact in cluster 2 countries. In cluster 1 and 3 countries the impact is negative, with cluster 3 countries making up 81% of this negative impact. In option 3, on the other hand, cluster 3 countries contribute to the positive impact of this option (at 37%, mainly due to assumptions around increased labour market participation by women as transferability is reduced).

6.3.3.2 Labour force

In the short term and the medium term, the improvements to parental leave provisions lead to an increase in the number of mothers and fathers that participate in the labour force. This is driven by improvements in pay, flexibility and employment protection for individuals who take parental leave. The increase in the number of females in the active labour force is estimated to be larger than the increase in males for all policy options.

In the longer term, there is, in addition, an increase in labour supply as a result of the higher fertility rate (as the additional children born approach working age). By 2050, labour force impacts are in the range of 16,000 to 107,000 additional active individuals. The largest increases in labour market participation are estimated to be in policy option 3.

6.3.3.3 Employment and real incomes

The employment results reflect a direct positive effect (as there is an increase in employment of temporary workers to cover for parents while on leave) and an indirect positive effect (as the increases in labour supply following improved conditions for

parents, lead to a reduction in real wages and an eventual increase in employment). Offsetting this positive impact are reductions in demand for labour due to increases in labour productivity and increases in the relative cost for employers (as a result of an increase in pay where this is covered by the employer).

By 2030, the employment impact ranges from 2,000 to 55,000. By 2050, when many of the additional children born will have reached working age, there is an increase in employment of 5,000 to 134,000. The wide range in changes in the number of people employed is due to the assumptions around the change in fertility rates. The increases in employment are highest in policy option.

The increase in employment, coupled with a small increase in pay and benefits for working parents leads to an increase in real incomes by 2050 of up to €10.8 billion, although there is a slight fall in real incomes in policy option 1.

In these options, the impacts on real income are lower, in percentage terms, than the impacts on consumption and GDP, as the additional children in each Member State require feeding and clothing, but do not contribute to incomes or production.

6.3.3.4 Dependency ratio

These policy options are estimated to have an effect on the dependency ratio. Each policy option affects both the rate of infant mortality and the fertility rate. In the short term, up to mid-2030s, these effects will see the dependency ratio increase, as the number of individuals aged 0-15 increases. The largest change to the dependency ratio is seen in option 3.

However, during the late 2030s and 2040 to 2055, these individuals will enter the 16-64 age range and the dependency ratio will begin to fall. As the fertility rate is still expected to be higher than the baseline scenario, the dependency ratio will still be higher than in the baseline scenario in 11 countries by 2055 in policy option 3 (with the largest change in dependency ratio.

The increase in the fertility rate will have an effect on the proportion of the population who are aged over 65. This is expected to decrease most in policy option 3, where nine countries experience a small decrease in the proportion of the population who are aged over 65.

6.3.3.5 Gender pay and employment gap

The introduction of the parental leave options will have an impact on gender pay and employment gaps. The change in employment and pay among women are higher than the changes for men in all policy options (as males taking parental leave are assumed to have reduced their working hours in the policy options). The greatest impact on gender pay and employment gaps is estimated to be in policy option 3.

The employment gap in the EU is expected to narrow over time in the baseline scenario, but all of the parental policy options accelerate this change. In 10 Member States, the employment gap is estimated small (lower than 5 percentage points) by 2055 in the baseline scenario. In option 1, the employment gap is lowered in 17 countries.

The gender pay gap is also estimated to narrow at an EU level in the baseline scenario. The options will reduce the gender pay gap as female employment will increase at a higher rate than male employment, male working hours will decrease and women are more likely to retain the same job as they held before taking maternity leave rather than potentially taking a new job requiring lower skills.

As with the employment gap, all the policy options are anticipated to accelerate the narrowing of the gender pay gap in the EU. These estimates are based on average earnings, rather than earnings of full-time workers. In 2050, the gender pay gap is estimated to be lower than the baseline scenario in 20 countries in option 3, the option with the largest impact.

6.3.3.6 Impacts on Central Governments

The increases in parental leave benefit payments ranges from €1 million (policy option 1) to €13 billion (policy option 3) higher than the baseline scenario for central government and from 15 million to 41 billion for social security partners. Around 31% of this overall increase will be borne by 3 countries which are considered to fall significantly below the requirements of option 3. In policy option 1, there is estimated to be a slight increase in parental leave benefit payments, despite the policy option not making benefit payments compulsory. These payments come from an increase in take-up in countries where benefit payments are already in place, but other aspects of the policy option are not (for example flexibility or duration).

There are increases in administrative burden to Member State Central Governments and social security partners under all policy options. This is driven by an increase in take-up of parental leave. This is highest in options 3, as paid leave has a higher take-up rate than unpaid leave.

The change in employment under the policy options (discussed above) has led to an estimated reduction in unemployment benefit payments in options 2 and 3. This is anticipated to be largest in option 2 (€11.2 billion less than the baseline scenario). Around 26% of these savings can be found in the three countries likely to be most affected by this possible legislative change.

There is also expected to be a benefit to Central Governments in terms of the tax receipts they receive in options 2 and 3. As employment, the fertility rate and average earnings are estimated to increase, the tax received by Central Governments is expected to rise. This increase is expected to be largest in option 3 (39 billion higher than the baseline scenario). This is lower than the reduction in unemployment benefit payments. This is due to changes in the patterns of consumption for individuals who have children, or have more children (shift in consumption towards goods/services with a lower labour intensity and higher import content).

The provision of parental leave and an increase in the take-up of leave is estimated to have a beneficial effect on the health of women and children. This is due to an increased level of support from their partners. The improvement in health will lead to a reduction in the use of health care services. This is a relatively small impact compared to other impacts for the central governments and social security partners. It is estimated that there will be a reduction in healthcare spending of €106 million in option 1; €539 million in option 2; and €2 billion in option 3.

The total impact on Central Governments and social security providers is estimated to be a cost under policy options 1 and 3, with an increase in costs of €1.9 billion under option 1, and €4.2 billion under option 3, over the entire period measured. Option 2, on the other hand, generates a benefit of €785 million. The former is largely driven by the changes in benefit payments made. The impact for Central Governments is on the revenue generated (taxation) and Central Government expenditure (benefit payments and healthcare) – however some of the changes in expenditure will be experienced by social security partners.

The impact on different clusters of countries is as follows:

In option 2, the overall impact of this option is positive. Cluster 3 countries make up 98% of this positive impact. In option 3, there is an overall cost to the state because of the costs accrued in countries in cluster 3 (whereas the option shows a positive impact in cluster 1 and 2). Cluster 2 makes up 66% of this positive impact.

These are high end estimates as the modelling around the age of the child for which leave can be taken assumes that when the period over which parental leave can be taken increases, more of this leave will be taken up. However, in reality it is more likely that parents will take a similar amount of leave, but earlier in the child's life. The

actual changes resulting from this change in the policy option are therefore likely to smaller and will not have a significant impact on employer and state costs/benefits.

6.3.3.7 Impacts on businesses

The impacts of the policy options on businesses are mixed in all policy options. There is an increase in take-up of parental leave under all policy options. This leads to an increase in administrative burden for employers in all policy options. In the countries where employers pay for parental leave benefits, the policy options leads to an increase in benefit payments to employers. The total increase in administrative burden to employers is estimated to be highest in policy option 3 (€844 million).

The increase in the take-up of parental leave, coupled with an increase in the duration of leave in all policy options is estimated to lead to an increase in lost production experienced by employers. This has been calculated as a range between 50-100% of lost production and is estimated to be highest in option 3. When lost production is assumed to be at 50% a perverse impact emerges with employers seemingly better off when workers are absent. In the medium and high level assumptions, the costs of lost production range between €68 million in option 1 (medium assumption) to €13bn in option 3 (high assumption).

The increase in take-up of parental leave leads to employers having to recruit more workers to temporarily replace workers who have taken parental leave. This incurs a cost to employers as the task of recruitment takes time. The cost of this recruitment process is estimated to be highest in option 3, with the cost being an additional €833 million compared to the baseline scenario. Around 62% of this cost is borne by the employers in the three countries in the cluster considered to fall significantly below the requirements of option 3.

However, there are positive impacts from the introduction of the policy options for businesses. The introduction of the policy options is expected to reduce the number of days absence workers take. The benefit businesses get from a reduction in absence from work is estimated to be highest in policy option 3 (€566 million benefit compared to the baseline scenario). Around 72% of this benefit will be experienced in the countries of the cluster experiencing the largest legislative impact.

The introduction of parental leave options is also expected to increase the retention of staff by businesses. This benefit is estimated to be largest in option 3, with an estimated benefit of €426 million to businesses. Around 60% of this benefit will be found in the countries in the cluster most affected by policy option 3. This is driven by more workers feeling able to take leave and return to their existing role, rather than having to leave jobs to care for children.

The provision of parental leave is anticipated to lead to workers being happier and more satisfied in their life. This can lead to benefits to employers, through increases in production. However, it has not been possible to estimate these effects here, due to a lack of quantitative evidence.

There are no further costs or benefits to employers. All the costs and benefits are recurring (they are incurred annually), there are no one-off costs for reasonable adjustment.

The total impact on businesses of the introduction of changes to parental leave legislation is heavily influenced by the assumption around loss of production and ranges from a benefit of €70 million if a 50% loss of production is assumed (without replacement) while workers are absent to an additional cost €233 million from the baseline scenario in option 1 if a full loss of production is assumed. In option 2, the low assumption on loss of production produces an overall cost for employers of €5 billion rising to €10 billion at a 100% loss of production. The figures for option 3 are a cost of €14.6 billion and €39.8 billion respectively. This means that the impact on employers can depend significantly on the position on the economic cycle or the sector

of activity which can influence the extent to which productive capacity is fully utilised at any given point in time.

Cluster 3 countries make up over 20% of the cost of option 3 (under the high end assumption of loss of production).If the maximum age of the child for which leave can be taken were raised to 12, the impact on businesses would be a marginal increase in costs in options 2-3, due to an assumption that more parents would use leave. In reality, parents may simply chose to take their leave earlier.

Some of the impacts for businesses (lost production, change in absence from work, retention savings and the cost of recruiting replacement staff) will be felt in terms of business turnover, as the impacts relate to changes in business capacity and staff time. A small number of the impacts on business (the benefit payments and reasonable adjustment costs) will not affect business turnover, but will change the level of business operating expenditure.

The average cost per business (on the basis of the assumption of the highest loss of production) and per person taking parental leave has been estimated, and is presented in annex 9. The cost per person taking leave shows the average impact to a business for each individual taking parental leave. In 2050, the cost per person is estimated to be €28,676 for option 1; €27,161 for option 2; and €25,933 for option 3. This is estimated to be under 5% of business turnover in all countries in all policy options. More details are provided in Annex 9.

Table 37. Average cost per business of parental leave provisions in selected year and average cost per individual taking leave (Euros)

	2021	2030	2050
Baseline:			
Average cost per business	1,470	1,772	2,796
Average cost per person taking parental	15,475	18,530	28,940
Option 1:			
Average cost per business	1,470	1,772	2,797
Average cost per person taking parental	15,395	18,362	28,676
Option 2:			
Average cost per business	1,486	1,801	2,836
Average cost per person taking parental	15,322	17,523	27,161
Option 3:			
Average cost per business	1,538	1,882	2,946
Average cost per person taking parental	15,365	16,925	25,933

6.3.3.8 Assessment of impact on SMEs

The cost to employers for each individual taking parental leave is discussed above. These costs are ongoing, and occur every year. The costs as a percentage of turnover for microbusinesses (with fewer than 10 employees) is presented in Annex 9. This shows that the costs of the policy options on microbusinesses is a low level of the level of turnover for most countries (below 5%), and therefore the policy options do not disproportionately affect the performance of SMEs. However, the costs represent over 5% of microbusiness turnover in six countries, which is a high level of turnover. However, the existing legislation in these countries incurs a similarly high cost to microbusinesses, therefore the new policy options are no more disproportionate than the existing legislation.

6.3.3.9 Impacts on individuals

The take-up of parental leave by fathers leads to an increase in the amount of unpaid work they carry out each week, which in turn reduces the amount of time mothers spend on unpaid work. At an aggregate level, this change is very small due to the relatively small number of people in the population as a whole taking parental leave.

Fathers taking parental leave are estimated to have a positive impact on the quality of life of mothers. Again, this is a relatively small impact at a population level, with quality of life improving most in option 3, although still negligible at aggregate level (but significant at individual level).

There will also be a positive impact from all policy options on average household income. The level of employment is expected to rise as are average earnings. This will lead to an increase in average household incomes and have a positive effect on the number of households in poverty.

The introduction of the policy options is estimated to have a positive impact on infant mortality.

Alternative take-up scenario

Based on current assumptions, in different policy options, take-up of parental leave will rise, particularly when leave is better compensated. Take-up among fathers is assumed to rise, particularly in more well paid options where non-transferability is increased. Take-up is expected to increase an reach a plateau in line with previous levels of take-up and the difference between the baseline provisions and the difference with the new options (i.e. greater increase in take-up is assumed in countries where the legal gap is greater). The highest level of take-up currently assumed is therefore based on this and underpinning cultural parameters.

These assumptions about take-up rates obviously influence the calculations of costs and benefit which are likely to arise. In order to obtain an insight into the cost and benefits which would arise if take-up in all countries increased to a level similar to that already reached in a country with relatively high level provisions (in terms of pay and non-transferability in particular, e.g. Sweden), an alternative scenario was calculated raising expected take up in all countries to increase towards the level already found in Sweden (based on the gap between current legislation and the proposed measures).

This shows that option 3, which provides for the greatest non-transferability, the overall costs to the state/social security providers would reach €8.9 billion, while costs to employers (based on an assumption of 100% productivity loss of workers on leave who are not replaced) would rise to €41 billion.

6.3.4 Carers leave

As indicated above, no EU level legislation is currently in place providing for carers' leave (beyond the force majeure provisions included in parental leave legislation). Three options were considered for the CBA, providing either for 5 days of leave per year per dependent paid at sick pay level; 4 weeks throughout the career paid at sick pay level, or 12 weeks throughout the career unpaid.

The macroeconomic modelling inputs in the carers leave scenario include:

- an increase in labour market participation for carers, as the improvement to careers' leave provisions enables many more people to enter or remain in the labour market,
- an increase in hours worked for carers, due to a move from part-time to full-time employment or to an increase in part-time hours,
- an increase in employment for carers.

The introduction of the policy measures is also expected to have socio-economic effects, which reflect the changes in labour market participation, employment, absence from work and changes in take-up rate of carers' leave. These effects can be split between effects on the individual, effects on employers and effects on Member State Governments and Agencies.

The impacts on Central Governments is expected to be driven by changes in payments made for carers' leave benefits (in options 2 and 3), and employment and pay, which will alter benefit payments and taxes received. The changes in pay and duration are expected to alter the take-up rate of carers' leave. It is assumed that the take-up and duration of leave increase in a linear trend between 2020 and 2040, where the new average take-up rate and duration of carers' leave is reached. It is also expected that the level of social care provision will change under the policy options, as individuals who use carers' leave are less likely to require the same volume of state social care while they are taking carers' leave.

The impacts for employers from the policy options will be a potential loss of production for individuals who newly take carers' leave, and existing carers' who take longer carers' leave, the cost of recruiting staff to replace existing staff on carers' leave and administrative burden to process carers' leave applications. There will also be benefits to the employer, as individuals taking carers' leave are expected to take fewer days absent from work, and are more likely to return to the same job after taking carers' leave, which reduces recruitment costs.

The benefit to individuals is estimated to be that the quality of life of carers' improves as a result of the policy measures. Additionally, when males take carers' leave it is estimated to improve the sharing of unpaid work between males and females.

Table 38 presents the NPV of the macro-economic effect over the whole modelling period.

The macroeconomic results in 2030 and 2050 are presented in Tables 39 and 40, and the NPV of the socio-economic impacts are presented in Table 41.

Table 38. Macroeconomic impact of carers' leave options, Net present value (NPV) across the whole modelling period 2015-2055, EU28

	Carers 1 (12 wks per worker throughout their career, unpaid; flexible uptake)		Carers 2 (4 wks per worker throughout their career; paid at least at the level of sick pay; flexible uptake)		Carers 3 (Right to a short-term leave of 5 days per year, per child or dependent relative paid at sick pay level)	
	Value	%	Value	%	Value	%
GDP (2015 bn euro)	-€0.3 bn	-0.0001%	€56.6 bn	0.01%	€45.6 bn	0.01%

Table 39. Macroeconomic impact of carers' leave scenarios in 2030, EU28

	Carers 1		Carers 2		Carers 3	
	Value	%	Value	%	Value	%
GDP (2015 bn euro)	€ 0.1 bn	0.00%	€ 1.3 bn	0.01%	€ 1.3 bn	0.01%
Real incomes (2015 bn euro)	€ 0.1 bn	0.00%	€ 1.8 bn	0.01%	€ 1.7 bn	0.01%
Labour force	2,000	0.00%	39,000	0.02%	21,000	0.01%
- Female labour force	1,000	0.00%	26,000	0.02%	14,000	0.01%
- Male labour force	1,000	0.00%	13,000	0.01%	7,000	0.01%
Employment	6,000	0.00%	45,000	0.02%	34,000	0.01%
- Female employment	3,000	0.00%	31,000	0.03%	21,000	0.02%
- Male employment	3,000	0.00%	14,000	0.01%	13,000	0.01%
Unemployment	-4,000		-5,000		-13,000	
Balance of trade (net exports, 2015 bn euro)	-€ 0.0 bn		-€ 0.1 bn		-€ 0.1 bn	
Domestic prices	0.00%		0.00%		0.00%	

Table 40. Macroeconomic impact of carers' leave scenarios in 2050, EU28

	Carers 1		Carers 2		Carers 3	
	Value	%	Value	%	Value	%
GDP (2015 bn euro)	-€ 0.1 bn	0.00%	€ 10.4 bn	0.04%	€ 8.3 bn	0.03%
Real incomes (2015 bn euro)	€ 0.1 bn	0.00%	€ 7.9 bn	0.03%	€ 5.9 bn	0.03%
Labour force	1,000	0.00%	49,000	0.02%	30,000	0.01%
- Female labour force	1,000	0.00%	31,000	0.03%	18,000	0.02%
- Male labour force	0	0.00%	18,000	0.01%	12,000	0.01%
Employment	6,000	0.00%	76,000	0.03%	52,000	0.02%
- Female employment	4,000	0.00%	47,000	0.04%	30,000	0.01%
- Male employment	2,000	0.00%	29,000	0.03%	22,000	0.02%
Unemployment	-5,000		-23,000		-19,000	
Balance of trade (net exports, 2015 bn euro)	€ 0.0 bn		-€ 0.0 bn		-€ 0.2 bn	
Domestic prices	0.00%		-0.03%		-0.02%	

Table 41. Socio-economic cost of carers' leave options, NPV[380]

	Carers 1		Carers 2		Carers 3	
	Value	%	Value	%	Value	%
Central Government / Social Security partners						

[380] The socio-economic cost table presents the costs to Central Governments, Social Security partners and Employers of implementing the new measures proposed under each option. The table presents the additional costs compared to the baseline scenario. In the socio-economic cost table, a negative value indicates a benefit to the Central Government, Social Security partner or Employer. For example, a negative value in the costs due to changes in tax revenue row indicates that tax revenues for Central Governments are estimated to increase in the policy option.

	Carers 1		Carers 2		Carers 3	
	Value	**%**	**Value**	**%**	**Value**	**%**
Benefit						
Unemployment	-€ 709	0.0%	-€ 2,437	0.0%	-€ 1,408	0.0%
Tax revenues	-€ 527	0.0%	-€ 27,174	0.0%	-€ 20,631	0.0%
Social care	20 million days		39 million days		23 million days	
Total benefit	**-€ 1,236**	**0.0%**	**-€ 29,610**	**0.0%**	**-€ 22,039**	**0.0%**
Cost						
Payments of carers' benefits – central government	€ 0	0.0%	€ 1,249	181.5%	€ 610	88.6%
Payments of carers' benefits – social security partners	€ 2,212	11.1%	€ 4,073	20.4%	€ 247	1.2%
Administrative cost of processing carers' leave requests – Central Government	€ 0	0.0%	€ 404	2388.5%	€ 404	2388.5%
Administrative cost of processing carers' leave requests – Social Security partners	€ 15	2.6%	€ 62	11.0%	€ 10	1.7%
Total cost	**€ 2,227**	**0.0%**	**€ 5,788**	**0.0%**	**€ 1,270**	**0.0%**
Total impact government/social security	**€ 991**	**0.0%**	**-€ 23,822**	**0.0%**	**-€ 20,769**	**0.0%**
Employers						
Benefit						
Recruitment cost – employers remaining employed due to carers' leave	-€ 383	-	-€ 2,798	-	-€ 1,328	-
Cost due to absence from work	-€ 83	-	-€ 746	-	-€ 252	-
Total benefit	**-€ 466**	**-**	**-€ 3,544**	**-**	**-€ 1,580**	**-**

	Carers 1		Carers 2		Carers 3	
	Value	**%**	**Value**	**%**	**Value**	**%**
Cost						
Administrative cost of processing carers' leave application	€ 95	4.1%	€ 426	18.4%	€ 288	12.4%
Payments of carers' benefits	€ 0	0.0%	€ 390	12.5%	€ 0	0.0%
Recruitment costs – recruiting staff to replace those on carers' leave	€ 218	3.9%	€ 853	15.4%	€ 0	0.0%
Cost due to lost production - high	€ 458	0.5%	€ 1,578	1.6%	€ 214	0.2%
Cost due to lost production - medium	€ 277	0.5%	€ 707	1.2%	€ 22	0.0%
Cost due to lost production - low	-€ 178	22.8%	-€ 600	76.8%	-€ 266	34.1%
Total cost (assuming high level of lost production)	**€ 770**	**0.7%**	**€ 3,249**	**3.0%**	**€ 502**	**0.5%**
Employer total impact (assuming high level of lost production)	**€ 304**	**0.3%**	**-€ 295**	**-0.3%**	**-€ 1,078**	**-1.0%**
Total impact on employers (based on range of assumptions of lost production)	**€ -331 - 304**		**-€2,475 - -€ 295**		**- €1,602 – €1,078**	

6.3.4.1 GDP

In 2030, EU GDP increases by between €0.1 billion (option 1) and €1.3 billion (options 2 and 3) and, in 2050, GDP increases by up to €8.3 billion (option 3) when compared to the baseline. Option 1 have small negative estimated GDP effects by 2050. Over the whole period, the Net Present Value (NPV) of the change in GDP is estimated to be between a small negative impact (€-0.3bn) to a positive impact of €56.6 billion (option 2). Around 73% of this benefit arises in the 13 countries considered to fall somewhat below the requirements of option 2, whereas only 3% arise in the three countries considered to fall significantly below the requirements of this option.

The increase in GDP in 2030 and 2050 in most options (with the exception of option 1 in 2050) are driven by increases in employment and labour market participation, along with increases in hours worked. The scale of the positive impact on GDP increases over time, as multiplier effects begin to unfold i.e. the initial increase in employment, real incomes and consumption drives an increase in demand for goods and services, which, over time, drives a further increase in output, employment and GDP. There are competitiveness improvements and an overall increase in net exports, as higher production capacity encourages firms to reduce prices and increase production, with some of the additional production exported.

The overall GDP impact of option 2 of carers' leave is positive, Cluster 3 countries make up 3% of this impact, with cluster 2 countries brining 73% of the positive impact. In option 3, cluster 3 countries make up 2% of this positive impact. Cluster 2 contributes around 68% of the benefit.

6.3.4.2 Labour force

There is an increase in the size of the labour force as a direct result of the measures introduced in each of the policy options. The provision of carers leave prevents individuals from falling out of the labour market to care for individuals in their family. This is through both the provision of leave and the paying of leave, which encourages a higher number of individuals to remain in the labour market.

The improved carers leave provisions lead to an increase in labour force participation of around 2,000 to 21,000 people in 2030; and an increase of up to 49,000 in 2050 (option 2).

6.3.4.3 Employment and real incomes

The introduction of all the policy options leads to an increase in employment. However, it is notable that, whilst the labour force impacts stay fairly constant over the medium to long term, the scale of the employment impacts grow over time. In two of the options, the increase in employment in 2050 is significantly higher than that observed in 2030. This is due to the multiplier effect as, by 2050, much larger increases in output and GDP drive an increase in employment, so that firms are able to meet the growing demand. In the short-term, the changes in employment are driven by the temporary replacement of individuals who take carers leave.

The changes in employment are estimated to be between 6,000 and 45,000 (option 2) additional individuals employed compared to the baseline scenario in 2030, and between 6,000 and 76,000 in 2050. The largest increase in employment is seen in policy option 2.

The policy options are also expected to increase real incomes. In all options, this is driven by the increase in employment; however in options 2 and 3, the introduction of (partly) paid carers leave (or extending the period over which the leave is paid) can also help to drive increases in real income. Real incomes are expected to increase by up to 0.01% (options 2 and 3) by 2030 and by up to 0.03% by 2050 (options 2 and 3). This is determined by the legislation already in place in the Member States and the baseline macroeconomic performance in the country.

6.3.4.4 Dependency ratio

These policy options are estimated to have no impact on the dependency ratio.

6.3.4.5 Gender pay and employment gap

The effect of these options is estimated to be positive on gender employment and pay gaps. Although the carers leave options provide benefits to both males and females in the labour market, they affect women to a greater degree. Female labour market participation, employment and earnings all improve by a larger proportion than for males.

As discussed in previous sections, the employment gap in the EU is expected to narrow over time in the baseline scenario. However, all the policy options for carers' leave help to reduce the gender pay and employment gaps. Policy option 5 is expected to have the greatest impact on the employment gap. In 10 Member States, the employment gap is estimated small (lower than 5 percentage points) by 2055 in the baseline scenario.

The gender pay gap is also estimated to narrow at an EU level in the baseline scenario. The options will reduce the gender pay gap as female earnings increase faster than male earnings. This is through increased employment, the payment of carers' leave and females remaining in the same job rather than having to leave the labour market to care for a relative and return at a later date in a lower skilled role. As with the employment gap, all the policy options are anticipated to accelerate the narrowing of the gender pay gap in the EU. These estimates are based on average earnings, rather than earnings of full-time workers. The largest effect on the gender pay gap is estimated to be in option 5. In 2050, the gender pay gap is estimated to smaller under option 5 than in the baseline scenario in 15 countries.

6.3.4.6 Impacts on Central Governments

The impact on Member State Central Governments and social security partners' payments for benefits for carers' leave is small under policy option 3, as there are only marginal additional carers' benefit payments (€857 million). This is due to the fact that many countries already meet the requirements of this option and only small increases in payment are required.

In options 1 and 2 there are increases in benefit payments of €2.2 billion in option 1 and €5.3 billion in option 2. In option 2, this is much larger due to the take-up and duration of leave being higher for paid leave options. The vast majority of additional payments for carers' leave are made by social security partners in all options except for option 3.

The introduction of paid carers' leave also creates additional administrative burden for Central Governments and social security partners. This is due to having to process payments and an increase in the take-up of carers' leave. The increase in administrative burden is highest in options 2 and 3(€404 million increase compared to the baseline scenario in option 2). The administrative burden mainly falls on central government.

There will also be benefits to Central Governments from the introduction of the carers' leave policy options. The introduction of the carers' leave policy options leads to an increase in employment in all options. This will have the effect of reducing the level of unemployment, and this will reduce the burden on Central Governments in paying for unemployment benefits. The largest decrease in unemployment benefits is estimated to be in policy option 2 (€2.4 billion). Around 86% of this benefit is concentrated in the cluster of 13 countries which are considered to fall somewhat below the requirements of this option.

The increase in employment and real wages will also see an increase in the amount of tax Central Governments receive. The impact on tax receipts is estimated to be

between €527 million and €27 billion, with the largest change in tax receipts being seen in policy option 2.

There is a reduction in the volume of social care demanded from the state in the policy options, as individuals taking carers leave substitute state social care with providing their own care. The reduction in social care demanded is highest in option 3.

The total impact on Central Governments and social security providers is estimated to be a benefit of €24 billion under option 2 (67% of this is accounted for in cluster 2 countries and 2% in cluster 4 countries), €21 billion in option 3 (similar impact of cluster 2 and 3 countries in this option), and a negative impact of - €991 million in option 1. This is driven by the changes in unemployment payments and tax receipts. The impact for Central Governments is on the revenue generated (taxation) and Central Government expenditure (benefit payments and healthcare) – however some of the changes in expenditure will be experienced by social security partners. The negative impact in option 1 is due to the fact that although the costs are limited, so are the benefits,

6.3.4.7 Impacts on businesses

The impacts of the carers' leave policy options on businesses are mixed. The introduction of the policy options will increase the costs to businesses in terms of administrative burden, benefit payments (only in option 2) lost production and recruiting additional temporary staff to replace those who take carers' leave. However, there will also be benefits to businesses through improved retention and absence from work. The increase in earnings and GDP, described above, would also lead to a likely increase in business turnover.

The change in take-up in all options leads to an increase in administrative burden in all policy options, which is highest in options 2 and 3 (€ 426 and € 288 million respectively higher than the baseline scenario). Around 5% of this cost arises in the three countries considered to fall significantly below the requirements of option 2 with the rest being borne by employers in countries falling somewhat below the requirements. Where businesses are responsible for paying for carers' leave, there is an increase in in the benefit payments businesses have to make in option 2 (€ 390 million).

A proportion of individuals taking carers' leave are replaced by employers while they are on carers' leave. This incurs a cost to employers in the time it takes to recruit new employees. This cost is highest under option 2 (€ 853). Around 5% of this cost arises to employers in the 3 countries most significantly affected by this option, with the remainder falling on employers in the 13 countries falling somewhat short of the requirements of the option.

The increase in the take-up of carers leave, coupled with an increase in the duration of leave in all policy options is estimated to lead to an increase in lost production experienced by employers. This has been calculated as a range between 50-100% of lost production. In the high assumption it is assumed that for the entire period an individual is taking carers leave the employer will lose 100% of their productive value if they are not replaced; in the medium assumption it is assumed that 20% of the lost production is absorbed by colleagues and in the low assumption it is assumed that 50% of the lost production is absorbed by colleagues. When lost production is assumed to be at 50% a perverse impact emerges with employers seemingly better off when workers are absent. In the medium and high level assumptions, the costs of lost production range between €22 million in option 3 (medium assumption) to €1.6bn in option 2 (high assumption).

However, there are benefits to employers as well. Individuals taking carers' leave are estimated to take fewer days absence from work, which benefits the employer. This reduction in absence from work is estimated to be largest in policy option 2 (€746 million). There are variations in the impact between different countries driven by the

strength of existing legislation, but also by the size of the workforce and the average labour cost.

Cluster 3 countries make up 14% of the benefit to employers in option 2 and 4% in option 3.

Additionally, individuals who take carers' leave are less likely to leave their job, which provides businesses with an increase in production as individuals who already work at a business are more productive than new recruits. The benefits to businesses from increased retention are estimated to be highest in policy option 2, with a saving of €2.8 billion.

The total impact on businesses of the introduction of changes to carers' leave legislation is heavily influenced by the assumption around loss of production and ranges from a benefit of €331 million if a 50% loss of production is assumed (without replacement) while workers are absent to an additional cost €304 million from the baseline scenario in option 1 if a full loss of production is assumed. In option 2, the low assumption on loss of production produces an overall benefit for employers of €2.5 billion reducing to €295 million at a 100% loss of production. The respective figures for option 3 are a benefit of €1.6 billion and €1.1 billion respectively. This means that the impact on employers can depend significantly on the position on the economic cycle or the sector of activity which can influence the extent to which productive capacity is fully utilised at any given point in time.

Some of the impacts for businesses (lost production, change in absence from work, retention savings and the cost of recruiting replacement staff) will be felt in terms of business turnover, as the impacts relate to changes in business capacity and staff time. A small number of the impacts on business (the benefit payments and reasonable adjustment costs) will not affect business turnover, but will change the level of business operating expenditure.

The provision of carers' leave is anticipated to improve the wellbeing of individuals who take leave. This is expected to benefit businesses as happier workers are more productive in the workplace. However, it has not been possible to quantify this impact for carers' leave due to a lack of evidence.

The average cost per business and per person taking carers' leave has been estimated (based on the high assumption regarding loss of production, these are therefore a high end estimate), and is presented in Annex 9. The cost per person taking leave shows the average impact to a business for each individual taking carers' leave. This is estimated to be highest for option 1 and in 2050 the cost per person taking leave is estimated to be €8,734. This is still a lower cost per person taking leave than in the baseline, as more people take leave in option 1. This is estimated to be below 5% of the average business turnover in all countries. More details are provided in Annex 9.

Table 42. Average cost per business of carers' leave options in selected years and average cost per individual taking leave (Euros)

	2021	2030	2050
Baseline:			
Average cost per business	170	223	350
Average cost per person taking carers' leave	4,300	5,597	9,458
Option 1:			

	2021	2030	2050
Average cost per business	170	223	352
Average cost per person taking carers' leave	4,222	5,412	8,734
Option 2:			
Average cost per business	169	222	351
Average cost per person taking carers' leave	4,053	5,044	7,381
Option 3:			
Average cost per business	169	221	345
Average cost per person taking carers' leave	4,125	5,198	7,824

6.3.4.8 Assessment of impact on SMEs

The cost per person taking carers' leave has been discussed above. All the costs and benefits are ongoing, there are no one off costs. The total cost per person taking leave is estimated to be a maximum of €9,458 (in the baseline – this reduces over time in the options as benefits increase).

The costs as a percentage of turnover for microbusinesses (with fewer than 10 employees) is presented in Annex 9. This shows that the costs of the policy options on microbusinesses are at a low level of the level of turnover for the majority of countries (below 5% of microbusiness turnover). However, the costs are above 5% of turnover in a number of countries in Option 1 and 2. Therefore, it does disproportionately affect SMEs. However, the existing policies in these countries (the baseline scenario) are similarly high, meaning that although the policy options have a disproportionate effect of SMEs, the existing policies also have a disproportionate effect on SMEs.

6.3.4.9 Impacts on individuals

The take-up of carers' leave by males leads to an increase in the amount of unpaid work males carry out each week, which in turn reduces the amount of time females spend on unpaid work. At an aggregate level, this change is very small due to the relatively small number of people in the population as a whole taking carers' leave.

Individuals taking carers' leave is estimated to have a positive impact on quality of life. This is through increasing the number of people who take carers' leave who remain in employment. Again, this is a relatively small impact at a population level, with quality of life improving most in option 2.

The increase in employment and real wages will also have an impact on individuals. These changes, discussed above, will increase average household income and potentially help to move households out of poverty.

6.3.5 Flexible work arrangements

The CBA considers the option of the introduction of a procedural right to request flexible working for parents and carers.

More flexible working arrangements are expected to lead to:

- An increase in labour market participation,
- An increase in the fertility rate,
- A reduction in working hours,
- An increase in productivity.

These direct impacts of more flexible working were used as inputs to E3ME to assess the wider macroeconomic effects.

The introduction of the policy measure is also expected to have socio-economic effects, which reflect the changes in labour market participation, employment, absence from work and changes in take-up of flexible working arrangements. These effects can be split between effects on the individual, effects on employers and effects on Member State Governments and Agencies.

The impact on Central Governments is expected to be driven by changes in employment and pay, which will alter benefit payments and taxes received. The changes to access to flexible working arrangements are expected to alter the take-up rate of flexible working arrangements. It is assumed that the take-up will increase in a linear trend between 2020 and 2040, where the new average take-up rate and duration of flexible working arrangements is reached. It is also expected that the level of health care provision will change under the policy option, as individuals who use flexible working arrangements are less likely to require the same volume of health care.

The impacts for employers from the policy option will be a potential loss of production for individuals who utilise reduced hours working and an administrative burden to process flexible working applications. There will also be benefits to the employer, as individuals using flexible working arrangements are expected to take fewer days off from work (sick leave), and are more likely to remain in the same job which reduces recruitment costs. As indicated above, potential disincentive effects to employer recruitment decisions linked to the greater accessibility of flexible working opportunities have been taken into account as a potential cost in our calculation. For instance, a disincentive effect to recruiting certain groups, which the policy is aimed to benefit (e.g. women of childbearing age) could be assumed if the right to flexible working was offered to young parents.

The benefit to individuals is estimated to be that the quality of life improve as a result of the policy measures. Additionally, when men use flexible working arrangements it is estimated to improve the sharing of unpaid work between men and women.

Overall, it is also crucial to note that the impacts of different flexible working arrangements (e.g. telework, flexible scheduling, reduced hours) vary significantly. This is elaborated in more detail in a separate section (section 6.3.5.10) below.

The results of the flexible working option in 2030 and 2050 and the NPV of monetary effects are shown in Tables 43-46.

These tables present the impacts of the flexible working arrangement with all the different types of flexible working arrangements combined. The tables presenting the impacts of the flexible working arrangements individually are presented in the Annex.

Table 43. Macroeconomic impact of flexible leave options, Net present value (NPV) across the whole modelling period 2015-2055, EU28

	Flexible Working 1 (Flexibility in working schedule/ place of work for parents of children up to age 12 and carers; reduced working hours for parents of children up to age 12; for carers; automatic right to return to the previous working hours; employer only has to consider a request and reply)	
	Value	**%**
GDP (2015 bn euro)	€653.1 bn	0.2%

Table 44. Macroeconomic impact of flexible leave scenarios in 2030, EU28

	Flexible Working 1	
	Value	**%**
GDP (2015 bn euro)	€ 4.1	0.02%
Real incomes (2015 bn euro)	€ 5.7	0.04%
Labour force	704,000	0.29%
- Female labour force	396,000	0.36%
- Male labour force	308,000	0.23%
Employment	1,000,000	0.42%
- Female employment	649,000	0.58%
- Male employment	351,000	0.28%
Unemployment	-255,000	
Balance of trade (net exports, 2015 bn euro)	€ 0.7	
Domestic prices	-0.01%	

Table 45. Macroeconomic impact of flexible leave scenarios in 2050, EU28

	Flexible Working 1	
	Value	**%**
GDP (2015 bn euro)	€ 140.17 bn	0.52%
Real incomes (2015 bn euro)	€ 102.03 bn	0.44%
Labour force	1,337,000	0.58%
- Female labour force	775,000	0.74%
- Male labour force	562,000	0.44%
Employment	1,392,000	0.62%
- Female employment	942,000	0.86%
- Male employment	450,000	0.39%
Unemployment	-32,000	
Balance of trade (net exports, 2015 bn euro)	€ 9.9	
Domestic prices	-0.63%	

Table 46. Socio-economic cost of flexible working options, NPV[381]

	Flexible Working 1	
	Value	**%**
Central Government / Social Security Partners		
Benefit		

[381] The socio-economic cost table presents the costs to Central Governments, Social Security partners and Employers of implementing the new measures proposed under each option. The table presents the additional costs compared to the baseline scenario. In the socio-economic cost table, a negative value indicates a benefit to the Central Government, Social Security partner or Employer. For example, a negative value in the costs due to changes in tax revenue row indicates that tax revenues for Central Governments are estimated to increase in the policy option.

	Flexible Working 1	
	Value	**%**
Unemployment benefit costs	-€ 93	0.00%
Healthcare provision costs	-€ 215	-0.05%
Costs due to change in tax revenue	-€ 308,785	0.17%
Total benefit	**-€ 309,092**	**0.17%**
Costs		
Total cost	**0**	**0.00%**
Total impact Government/Social Security	**-€ 309,092**	**0.17%**
Employers		
Benefit		
Recruitment cost – employees remaining employed due to FWA	-€ 98,176	-
Costs due to absence from work	-€ 21,745	-
Total benefit	-€ **119,921**	**-**
Costs		
Adjustment cost – setting up home working	€ 3,039	73.50%
Administrative cost – processing FWA application	€ 107,453	25.75%
Cost of recruiting replacement	€ 6,010	10.63%
Costs due to lost production high	€ 129,830	10.05%
Cost lost production medium	€ 68,725	9.66%
Cost lost production low	-€ 22,933	14.40%

	Flexible Working 1	
	Value	**%**
Total cost (with high assumption on lost production	**€ 246,332**	**13.92%**
Total impact Employers	**€ 126,410**	**7.14%**
Total impact on employers (based on range of assumptions of lost production)	**€-26,352 - 126,410**	

6.3.5.1 GDP

The positive GDP effects in the flexible leave option in the long-term are larger in magnitude than many of the other leave options that were modelled. This is because the FWA apply to a larger number of individuals and take-up is higher than the other policy options that have been modelled. However, it is noted that the GDP impacts may overstate the true impact of this policy option, as we do not fully account for the costs and inconvenience to firms of workers requesting flexible working arrangements.

In the short term, there is a small positive impact on GDP. In 2030, EU GDP increases by € 4.1 billion. By 2050 GDP increases by €140.17 bn when compared to the baseline, due to an overall increase in the productive capacity of the economy. Over the whole period, the Net Present Value (NPV) of the change in GDP is estimated to be €653 billion higher in the policy option than in the baseline scenario. Cluster 3 countries make up 23% of the positive GDP impact.

There is also a boost to competitiveness, as increases in labour force participation puts downwards pressure on wages and prices, leading to an increase in net exports. Exports are further boosted by increases in the potential productive capacity of the economy.

The FWA which has the largest impact on the level of GDP is homeworking (see Annex 6. Homeworking has a slightly larger impact on GDP than flexible working hours. These are driven by the existing level of take-up of flexible working arrangements and the existing legislation for flexible working arrangements in each country.

6.3.5.2 Labour force

There is an increase in the labour force in the flexible working option. This reflects a direct increase, as labour market participation becomes more attractive due to more flexible working conditions. This is true despite potential disincentive effects on employers being taken into account in the assumptions underpinning the calculations. The labour force results are also partially driven by changes to real wage rates. The direct increase in the size of labour force eventually leads to a reduction in real wages which, in the long-term, slightly dampens the scale of the increase in the labour force. The increase in output and labour productivity counteract this effect, slightly reducing the scale of the reduction in real wages (and positively impacting on labour participation rates). By 2030, the labour force is 704,000 people larger than in the baseline and, by 2050, there is up to 1,3 million additional people participating.

Reduced working hours are expected to affect labour force participation by a small degree (0.1% increase in labour force in 2050 compared to a 0.2% increase in homeworking and a 0.2% increase in flexible hours). These are driven by the existing level of take-up of flexible working arrangements and the existing legislation for flexible working arrangements in each country, as well as the baseline level of labour market participation.

6.3.5.3 Employment and real incomes

Following an increase in output and GDP, a reduction in real wages and a reduction in working hours, there is a large increase in demand for labour. Employment increases by 1 million in 2030 and increases by up 1.4 million in 2050.

Flexible scheduling of working hours and reduced working hours are expected to have the largest impact on employment (0.1% and 0.4% respectively in 2050 in both arrangements). The flexible working arrangement which is expected to have the lowest impact on employment is homeworking (0.09% increase by 2050). These are driven by the existing level of take-up of flexible working arrangements and the existing legislation for flexible working arrangements in each country, as well as the baseline level of employment.

The increase in demand for employment is expected to increase real earnings, with an estimated increase in earnings of €102 billion by 2050.

6.3.5.4 Dependency ratio

This policy option is estimated to have an effect on the dependency ratio. Each policy option has an impact on both the rate of infant mortality and the fertility rate. In the short term, up to mid-2030s, these impacts will see the dependency ratio increase, as the number of individuals aged 0-15 increases. However, during the late 2030s and 2040 to 2055, these individuals will enter the 16-64 age range and the dependency ratio will start to fall and eventually stabilise, as the fertility rate will remain at the higher level. However, as the fertility rate is still expected to be higher than the baseline scenario, the dependency ratio will still be higher than in the baseline scenario.

6.3.5.5 Gender pay and employment gap

The introduction of flexible working arrangements will have an impact on gender pay gaps. The policies will not have any direct impact on employment, so will not directly affect gender employment gaps. If current patterns persist, the change in access to reduced working hours is more likely to affect women, which would reduce their earnings, and negatively affect gender pay gaps. However, the policy option is expected to have a positive impact on gender employment gaps, as more women fill new roles created by flexible working arrangements. The policy option will have a greater impact on employment gaps than on pay gaps.

6.3.5.6 Impacts on Central Governments

The number of impacts on Member State Central Governments and social security partners is smaller than for the other options analysed. This is because there are no benefit payments to be made for individuals taking flexible working options, and there are no administrative burden costs to the state. The only impacts to the state are through changes in the level of unemployment benefits which are made, the level of tax receipts collected and a change in health reducing healthcare utilisation.

The increase in the level of employment leads to a marginal decrease in unemployment benefit spending.

Homeworking is expected to have the largest impact on unemployment benefit payments. The flexible working arrangement which is expected to have the lowest impact on unemployment benefit payments is reduced working hours. This means that reduced working hours provides the most benefit to Central Governments, as the cost of unemployment benefits increases by the lowest amount.

The increase in population, employment and earnings is also expected to result in an increase in tax receipts collected by Central Governments. The total increase in tax receipts estimated to be €308 billion.

Flexible working hours is expected to have the largest impact on tax receipts, (an increase in tax receipts of €149 billion). The flexible working arrangement which is expected to have the lowest impact on tax receipts at reduced working hours (€80 billion), with homeworking providing an increase of €146 billion.

There is estimated to be a slight reduction in healthcare expenditure due to the introduction of the home working policy option, as reductions in stress influence hospital admissions. This is estimated to be (€215 million).

The total impact on Central Governments and social security providers is estimated to be a benefit in the policy option, which is largely driven by changes in tax receipts. The benefit is estimated to be €309 billion. The impact for Central Governments is on the revenue generated (taxation) and Central Government expenditure (benefit

payments and healthcare) – however some of the changes in expenditure will be experienced by social security partners. The share of cluster 3 countries in this benefit is 23%.

6.3.5.7 Impacts on businesses

The impacts of the flexible working arrangements policy option on businesses are mixed. There are increases in administrative burden due to increases in the number of people taking flexible working arrangements, and a loss of productivity from individuals who take reduced working hours. There is also potentially a reasonable adjustment cost for individuals who are allowed to work from home. However, the introduction of the policy option will lead to a reduction in absence from work and improved retention of workers.

The change in take-up in the option leads to an increase in administrative burden. Around €3 billion of this is linked to on off costs of setting up home working, while €107 billion are linked to addressing additional flexible working applications. Around 25% of this cost arises in the three countries which are considered to fall significantly short of the requirements of the option. The additional administrative burden is expected to be largest for flexible working arrangements, due to the change in take-up being greater than the other two flexible working arrangement options.

For individuals taking reduced working hours, there is a loss of production for employers. It is assumed that these workers are not replaced by temporary staff. Therefore, for each hour that is missed by a worker taking reduced hours (compared to the baseline) the employer has a lost production cost. This has been calculated as a range between 50-100% of lost production. In the high assumption it is assumed that for the entire period individual employees are reducing their working hours the employer will lose 100% of their productive value if they are not replaced; in the medium assumption it is assumed that 20% of the lost production is absorbed by colleagues and in the low assumption it is assumed that 50% of the lost production is absorbed by colleagues. When lost production is assumed to be at 50% a perverse impact emerges with employers seemingly better off when workers are absent. In the medium and high level assumptions, the costs of lost production range between €68 million (medium assumption) to €130 million (high assumption). In the mid-range assumption around 25% of this cost arises in the three countries considered to fall significantly below the requirements of this options in the legal gap analysis.

However, there are benefits to employers as well. Individuals using flexible working arrangements are estimated to take fewer days absence from work, which benefits the employer. The decrease in absence from work leading to a benefit of €22 billion. Again, around 25% of this benefit arises in the three countries most significantly affected by this option.

The change in absence from work is estimated to be largest for homeworking (€32 billion). This is because the change in the take-up of this type of flexible working arrangement is highest.

Additionally, individuals who use flexible working arrangements are less likely to leave their job, which provides a long term benefit to employers through increased retention. These benefits are again assumed to be €98 billion.

The change in retention is estimated to be largest for flexible working hours (€62 billion). This is because the change in the take-up of this type of flexible working arrangement is highest.

The provision of flexible working arrangements is expected to increase the wellbeing of workers. This is anticipated to lead to workers being more productive in their role. This could be due to being more satisfied in their role, or having the freedom to carry out other home life activities without worrying about work. It has not been possible to

estimate this impact quantitatively, but it should be noted that this increase in wellbeing will also benefit businesses.

The total impact on businesses of the introduction of changes to flexible working arrangements is heavily influenced by the assumption around loss of production and ranges from a benefit of €26.4 billion million if a 50% loss of production is assumed (without replacement) while workers are absent to an additional cost €126 million from the baseline scenario in option 1 if a full loss of production is assumed. Other the latter scenario, cluster 3 countries account for 25% of costs to business.

Some of the impacts for businesses (lost production, change in absence from work, retention savings and the cost of recruiting replacement staff) will be felt in terms of business turnover, as the impacts relate to changes in business capacity and staff time. A small number of the impacts on business (the benefit payments and reasonable adjustment costs) will not affect business turnover, but will change the level of business operating expenditure.

The average cost per business and per person using flexible working arrangements has been estimated (based on the high level estimate around loss of production and therefore likely to be a high end estimate), and is presented in annex 9. The cost per person using flexible working arrangements shows the average impact to a business for each person using these arrangements. In 2050, this is estimated to be €1,687. This is estimated to be below 5% of business turnover in all countries.

Table 47. Average cost per business of flexible working options and average cost per individual taking up such options (Euros)

	2021	2030	2050
Baseline:			
Average cost per business	3,173	3,399	5,317
Average cost per person taking flexible working arrangements	1,525	1,626	2,672
Option 1:			
Average cost per business	3,272	3,517	5,914
Average cost per person taking flexible working arrangements	1,337	1,273	1,687

6.3.5.8 Assessment of impact on SMEs

The impact on businesses is the same for SMEs as it is for large employers, as the costs and benefits relate to the number of individuals taking flexible working arrangements.

The costs as a percentage of turnover for microbusinesses (with fewer than 10 employees) is presented in Annex 9. This shows that the costs of the policy option on microbusinesses is a low level of the level of turnover, and therefore the policy option do not disproportionately affect the performance of SMEs.

6.3.5.9 Impacts on individuals

The take-up of flexible working arrangements by men leads to an increase in the amount of unpaid work men carry out each week, which in turn reduces the amount of time women spend on unpaid work. At an aggregate level, this change is relatively high, with the average amount of unpaid work per day among males increasing. The increase in male unpaid care is assumed to be mirrored by an equal decrease in the duration of unpaid care provided by females.

Using flexible working arrangements is estimated to have a positive impact on quality of life. This is due to the large numbers of people taking up at least one of the flexible working arrangements. Each additional individual taking up flexible working arrangements are assumed to increase their quality of life by 10%.

Individuals will also benefit from the increase in employment and earnings under this policy option. This will lead to increases in household income and reduce the number of households in poverty.

6.3.5.10 Impact of different flexible working arrangements

The global presentation of the impact of the flexible work option does not take account of the significant differences in the impact resulting from homeworking provisions compared to reduced hours or flexible scheduling arrangements. The tables below summarise the result of the macro-economic analysis and CBA in relation to the impacts of these specific forms of flexible working – in each case with regard to the macro-economic impact in 2050 and the socio-economic impact over the study period presented (NPV).

These tables demonstrate that:

- While home working and flexible working show overall benefits for employers linked to reduced absences from work and increased retention of staff, reduced hours arrangements are more likely to lead to an overall cost for employers (mainly linked to production);
- Adjustment costs for employers only arise in relation to home working options;
- In terms of costs to the state/society, differences between the various forms of flexible working are less significant overall;
- Employment and labour force impacts of the various forms of flexible working vary, with the greatest positive employment impacts being projected in relation to reduce hours option by 2050;
- GDP impacts are greatest (positive) in relation to homeworking, followed by the impact of flexible hours and reduced hours by 2050.

The conflicting impacts on employers in relation to homeworking/flexible working compared with reduced hours mean that on the global analysis (presented above) some effects cancel each other out, which would be important to assess in relation to different forms of flexible working.

Table 48. Macroeconomic impact of flexible leave options in 2030, EU28

	Flexible Working 1 Homeworking		Flexible Working 1 Reduced hours		Flexible Working 1 Flexible hours	
	Value	**%**	**Value**	**%**	**Value**	**%**
GDP (2015 bn euro)	-€ 4.9 bn	-0.03%	€ 14.7 bn	0.08%	-€ 5.4 bn	-0.03%
Real incomes (2015 bn euro)	-€ 3.1 bn	-0.02%	€ 12.4 bn	0.10%	-€ 3.4 bn	-0.03%
Labour force	232,000	0.10%	205,000	0.09%	272,000	0.11%
- Female labour force	129,000	0.12%	119,000	0.11%	152,000	0.14%
- Male labour force	103,000	0.08%	86,000	0.07%	120,000	0.09%
Employment	15,000	0.01%	972,000	0.41%	14,000	0.01%
- Female employment	28,000	0.02%	590,000	0.52%	33,000	0.03%
- Male employment	-13,000	-0.01%	382,000	0.31%	-19,000	-0.02%

Table 49. Macroeconomic impact of flexible leave options in 2050, EU28

	Flexible Working 1 Homeworking		Flexible Working 1 Reduced hours		Flexible Working 1 Flexible hours	
	Value	**%**	**Value**	**%**	**Value**	**%**
GDP (2015 bn euro)	€ 68.4 bn	0.25%	€ 7.7 bn	0.03%	€ 67.5 bn	0.25%
Real incomes (2015 bn euro)	€ 48.0 bn	0.21%	€ 7.9 bn	0.03%	€ 48.2 bn	0.21%
Labour force	481,000	0.21%	321,000	0.14%	558,000	0.24%
- Female labour force	277,000	0.26%	188,000	0.18%	319,000	0.30%
- Male labour force	204,000	0.16%	133,000	0.11%	239,000	0.19%

Employment	208,000	0.09%	960,000	0.43%	232,000	0.10%
- Female employment	159,000	0.15%	606,000	0.55%	180,000	0.16%
- Male employment	49,000	0.04%	354,000	0.31%	52,000	0.05%

Table 50. Socio-economic impact of flexible working options, NPV

	Homeworking	Reduced working hours	Flexible working hours
	Value	Value	Value
Central Government / Social Security Partners			
Benefit			
Unemployment benefit costs	-59,717	-7,993	-51,547
Healthcare provision costs	-296	0	0
Costs due to change in tax revenue	-145,935	-79,946	-148,600
Total benefit	-205,948	-87,939	-200,147
Costs			
Total cost	-205,948	-87,939	-200,147
Total impact Government/Social Security			
Employers			
Benefit			

Recruitment cost – employees remaining employed due to FWA	-34,814	-5,886	-62,354
Costs due to absence from work	-32,435	-3,103	-30,424
Total benefit	-67,249	-8,990	-92,778
Costs			
Adjustment cost – setting up home working	4,337	0	0
Administrative cost – processing FWA application	34,723	12,413	66,838
Costs due to lost production (high)	0	118,263	0
Total cost	39,060	130,676	66,838
Total impact Employers	-28,189	121,686	-25,940

6.4 Combined scenarios

The combined options (combos) reflect the implementation of several work-life balance measures simultaneously, as outlined in the table below. Combination 2 contains a number of non-legislative options in relation to maternity, paternity and carers' leave which have not been assessed quantitatively. The impact of guidance and awareness raising strongly depends on the level and quality of dissemination, as well as the stakeholders involve. It also depends on the level of compliance which can be expected in relation to soft law instruments (such as guidance) and the level participation in good practice and peer exchange. This differs from country to country and will also depend on the measure being addressed (and the level of provision already in place in the Member State and extent of perceived problem linked to the current status quo).

Combination 1 was also calculated with an alternative paternity leave option of 2 weeks of leave at sick pay level (Option 3 paternity leave). The results for this alternative combination are presented in brackets in table 55 below. The macro-economic impact of this change in the combined option is negligible and is therefore not presented separately.

The experience of the European semester and peer to peer learning which has been instituted to support it (e.g. the Mutual Learning Programme on Employment Policies or the Mutual Learning and benchmarking activities for PES and indeed on the issue of social inclusion) has shown that 'progress via peer pressure' and learning from successful practices can have an important impact in influencing Member State policy initiatives. This particularly tends to be the case in areas where a country was already planning to initiate policy changes based on an understanding of policy issues arising from the status quo. However, it has also been shown that peer learning can lead countries which are currently relatively satisfied with the status quo in a policy field to re-consider their approach, based on the experience of countries (usually countries which share a similar level of economic and labour market development).

However, the macro-economic impact of non-legislative measures is likely to be limited (given that even the impact of legislative changes is relatively low). The socio-economic impact is going to depend on the factors outlined above and is not discussed in detail in the analysis below.

Table 51. Overview of combined options

	Combination 1	Combination 2
Maternity leave assumption	Baseline	Non-legislative: policy guidance for litigation, awareness raising, sharing best practices
Paternity leave assumption	1 wk of leave at level of sick pay (Option 2) (alternative calculation for 2 weeks of leave at sick pay (Option 3)	Non-legislative: Assessment of situation in MSs in the framework of the European Semester; awareness raising, sharing best practices
Parental leave assumption	Flexible uptake, 12 yrs max age, 100% non-transferable, paid at level of sick pay for entire period (Option 3)	Entitlement to flexible uptake; 12 years as maximum age of the child; 1 month non-transferable and paid at least at sick pay level (Option 2)
Carers' leave assumption	5 days per dependent per year paid at least at level of sick pay, flexible uptake (Option 3)	Carer's leave: non-legislative: assessment of situation in MSs in the framework of the European Semester; exchange of good practice in MSs
Flexible working assumption	Flexibility in working schedule and in place of work for parents of children up to age 12 and carers. Reduced working hours for parents of children up to age 12; for carers' in the situations that also give rise to carers' leave; automatic right to return to the previous working hours Employer only has to consider a request and reply (Option 1)	Flexibility in working schedule and in place of work for parents of children up to age 12 and carers. Reduced working hours for parents of children up to age 12; for carers' in the situations that also give rise to carers' leave; automatic right to return to the previous working hours Employer only has to consider a request and reply (Option 1)

The macroeconomic results of the combined options in 2030 and 2050 and the socio-economic impact in NPV are shown in Tables 52- 55.

Table 52. Macroeconomic impact of the combined options, Net present value (NPV) across the whole modelling period 2015-2055, EU28[382]

	Combination 1		Combination 2	
	Value	%	Value	%
GDP (2015 bn euro)	€ 839.7 bn	0.21%	€ 693.0 bn	0.17%

Table 53. Macroeconomic impact of the combined options in 2030, EU28

	Combination 1		Combination 2	
	Value	%	Value	%
GDP (2015 bn euro)	€ 9.2	0.05%	€ 3.2	0.02%
Real incomes (2015 bn euro)	€ 11.6	0.09%	€ 6.0	0.05%
Labour force	768,000	0.32%	717,000	0.30%
- Female labour force	459,000	0.42%	419,000	0.38%
- Male labour force	309,000	0.24%	298,000	0.23%
Employment	1,094,000	0.46%	1,049,000	0.44%
- Female employment	727,000	0.65%	689,000	0.61%

[382] The alternative Combination 1 with 2 weeks of paternity leave at the level of sick pay does not impact on macro-economic results – the figures are the same for this version of the combination.

- Male employment	367,000	0.30%	360,000	0.29%
Unemployment	-326,000		-332,000	
Balance of trade (net exports, 2015 bn euro)	€ 0.2 bn		€ 0.6 bn	
Domestic prices	-0.01%		0.00%	

Table 54. Macroeconomic impact of the combined options in 2050, EU28[383]

	Combination 1		Combination 2	
	Value	%	Value	%
GDP (2015 bn euro)	€ 164.7	0.61%	€ 144.1	0.53%
Real incomes (2015 bn euro)	€ 120.0	0.52%	€ 105.5	0.45%
Labour force	1,441,000	0.62%	1,370,000	0.59%
- Female labour force	853,000	0.81%	804,000	0.76%
- Male labour force	588,000	0.46%	566,000	0.45%
Employment	1,597,000	0.71%	1,474,000	0.66%

[383] The alternative Combination 1 with 2 weeks of paternity leave at the level of sick pay does not impact on macro-economic results – the figures are the same for this version of the combination.

- Female employment	1,075,000	0.98%	997,000	0.91%
- Male employment	522,000	0.45%	477,000	0.41%
Unemployment	-156,000		-104,000	
Balance of trade (net exports, 2015 bn euro)	€ 9.1 bn		€ 9.8 bn	
Domestic prices	-0.67%		-0.64%	

Table 55. Socio-economic cost of the combined options, NPV[384]

	Combination 1[385]		Combination 2	
	Value	**%**	**Value**	**%**
Central Government / social security partners				
Benefit				
Payment of unemployment benefits	-€ 18,482 (€18,482)	-0.30% (-0.30%)	-€ 18,155	-0.29%
Cost due to change in tax revenues	-€ 381,372 (€ 381,372)	0.20% (0.20%)	-€ 325,228	0.17%
Cost of healthcare provision	-€ 2,514 (€ 2,517)	-0.01% (-0.01%)	-€ 754	0.01%
Total benefit	**-€ 402,368 (€ 402,371)**	**0.27% (0.27%)**	**-€ 344,136**	**0.23%**

[384] The socio-economic cost table presents the costs to Central Governments, Social Security partners and Employers of implementing the new measures proposed under each option. The table presents the additional costs compared to the baseline scenario. In the socio-economic cost table, a negative value indicates a benefit to the Central Government, Social Security partner or Employer. For example, a negative value in the costs due to changes in tax revenue row indicates that tax revenues for Central Governments are estimated to increase in the policy option.

[385] The costs and benefits of an alternative combination with 2 weeks of paternity leave paid at sick pay level is presented in brackets.

Cost				
Payments of benefits – central Government	€ 13,783 (€ 13,845)	26.22% (26.34%)	€ 1,660	3.16%
Payment of benefits – Social Security partner	€ 42,168 (€ 43,631)	8.71% (9.01%)	€ 16,075	3.32%
Administrative cost to central government	€ 1,021 (€ 1,021)	17.52% (17.52%)	€ 115	1.97%
Administrative cost to social security partners	€ 274 (€ 280)	5.29% (5.40%)	€ 201	3.88%
Total cost	**€ 57,247 (€ 58,777)**	**10.45% (10.73%)**	**€ 18,051**	**3.29%**
Total impact Government/Social Security	**-€ 345,121 (- € 343,594)**	**0.23% (0.23%)**	**-€ 326,086**	**0.22%**
Employers				
Benefit				
Retention cost	-€ 99,931 (-€ 99,931)	-	-€ 98,344	-
Cost due to absence from work	-€ 22,536 (-€ 22,536)	-	-€ 21,898	-
Total benefit	**-€ 122,494 (-€ 122,494)**	**-**	**-€ 120,242**	**-**
Cost				
Adjustment cost	€ 3,039 (€ 3,039)	73.50% (73.50%)	€ 3,039	73.50%
Administrative cost	€ 108,627 (€ 108,639)	25.03% (25.03%)	€ 107,855	24.85%
Benefit payment	€ 26,489 (€ 27,632)	99.57% (103.87%)	€ 6,284	23.62%
Recruitment cost	€ 6,843 (€ 6,843)	8.73% (8.73%)	€ 6,489	8.28%
Cost due to lost production – high	€ 145,012 (€ 149,061)	6.40% (6.58%)	€ 133,366	5.88%
Cost due to lost production – medium	€ 72,595 (€ 74,461)	5.54% (5.68%)	€ 70,093	5.35%
Cost due to lost production – low	-€ 36,030 (- € 37,597)	30.45% (31.77%)	-€ 24,816	20.97%

Total cost	**€ 290,009 (€ 295,213)**	**10.32% (10.51%)**	**€ 257,031**	**9.15%**
Total employer impact (with high assumption on lost production)	**€ 167,515 (€ 172,720)**	**5.96% (6.15%)**	**€136,789**	**4.87%**
Total employer impact (based on range of assumptions of lost production)	**€ -13,527 - 167,515 (-13,938 – 172,720)**		**€ -21,392 - 136,789**	

6.4.1.1 GDP

For the combined options, there are some variations in the macroeconomic results, depending on the combination of leave options that are included. Combination 1 includes the most ambitious legislative leave options and it is in this option where GDP impacts are greatest whereas Combination 2 includes non-legislative options in relation to maternity, paternity and carers leave and the GDP impacts are somewhat more limited as the level of compliance would vary across Member States. Nonetheless the differences in the quantified impacts of these respective options are relatively small, mainly due to the fact that the flexible working option being assessed is the same and the macro-economic impact of paternity leave is rather small overall.

In the long run, the increase in participation in the labour force in the combination scenarios leads to a reduction in real wages, a reduction in prices and a boost to competitiveness and net exports. There is a further boost to competitiveness and net exports due to increases in productivity in all of the combinations considered.

The GDP results are not always equivalent to simply summing the impacts of the individual options mainly because there are some overlaps in the groups of people that are affected by the leave options and careful analysis has been undertaken to avoid double counting (for example, to take account of the fact that it is impossible to simultaneously be on maternity leave and on parental leave). This means that rates of uptake are slightly lower than in the cases where the leave options are modelled individually and it has the effect of slightly reducing the net economic impacts compared to summing up the individual options.

6.4.1.2 Labour force

The size of the labour force increases due to an increase in the size of the working age population (by 2050) and an increase in GDP. The increase in GDP leads to an increase in demand for labour and an increase in real wages. The higher wage rates draw more people into the labour market. By 2050, the labour force increases by 1.4 million in combined option 1 and 2.

6.4.1.3 Employment and real incomes

In both combinations employment increases. By 2050, employment increases by almost 1.6 million people in Combination 1 and 1.5 million in Combination 2.

6.4.1.4 Dependency ratio

These policy options are estimated to have an effect on the dependency ratio. Both of the policy options have an impact on both the rate of infant mortality and the fertility rate. In the short term, up to mid-2030s, these impacts will see the dependency ratio increase, as the number of individuals aged 0-15 increases. However, during the late 2030s and 2040 to 2055, these individuals will enter the 16-64 age range and the dependency ratio will begin to fall. However, as the fertility rate is still expected to be higher than the baseline scenario, the dependency ratio will still be higher than in the baseline scenario. The largest change to the dependency ratio is seen in combination 1.

The increase in the fertility rate will have an effect on the proportion of the population who are aged over 65. This is expected to decrease most in policy option 1, where nine countries experience a small decrease in the proportion of the population who are aged over 65.

6.4.1.5 Gender pay and employment gap

The introduction of the parental leave options will have an impact on gender pay gaps. The paternity, parental and maternity options all contribute to a narrowing of the gender pay gap in multiple countries. The largest impact is expected in Combination 1 where there is a legislative requirement whereas in Combination 2 the impact would be somewhat more limited and vary between Member States depending on the level of compliance with the non-legislative options.

6.4.1.6 Impacts on Central Governments

The impact on Member State Central Governments is relatively large in the combined scenarios. There are increases in benefit payments, changes in taxation and unemployment payments, changes in healthcare provision and changes in administrative costs, all of which are larger than the individual measures analysed above.

The benefit payments for leave options is expected to rise in Combination 1 significantly more than in Combination 2, with social security partners having a higher share of the payments than central governments in both options.

There is estimated to be a reduction in healthcare expenditure due to the introduction of the combinations of policy options. However, compared to the size of the other impacts, this is a relatively small total in both combined options.

The level of revenue from taxation is estimated to increase in both of the combined options, which is driven by the increase in employment and population. Similarly, there are also positive impacts on healthcare costs and unemployment benefit payments.

The total impact on Central Governments and social security providers is estimated to range from -€345 billion under combination 1 to -€326 billion in Combination 2. This means that there is a benefit to Central Governments under both combined policy options (except the baseline). The impact for Central Governments is on the revenue generated (taxation) and Central Government expenditure (benefit payments and healthcare) – however some of the changes in expenditure will be experienced by social security partners.

6.4.1.7 Impacts on businesses

The impacts of the combined policy options on businesses are mixed. In both options there is an increase in the benefit payments for employers, which is higher in Combination 1 than 2. The administration cost is also higher in both options than in the baseline, and marginally higher in Combination 1 than 2.

There are administrative costs to employers under both options, due to arrangements for home working. These costs are marginally higher in Combination 1.

The largest cost to businesses is through lost production. This is consistent across both combinations, with Combination 1 again having the highest cost. Lost production has been calculated as a range between 50-100%. In the high assumption it is assumed that for the entire period an individual is exercising his right to one of the leave measures, the employer will lose 100% of their productive value if they are not replaced; in the medium assumption it is assumed that 20% of the lost production is absorbed by colleagues and in the low assumption it is assumed that 50% of the lost production is absorbed by colleagues. When lost production is assumed to be at 50% a perverse impact emerges with employers seemingly better off when workers are absent. In the medium and high level assumptions, the costs of lost production range between €70 billion in option 2 (medium assumption) to €145 billion in option 1 (high assumption).

However, there are benefits to employers as well. Individuals take less absence from work and are more likely to remain in the same job, reducing administration costs. These benefits are also at their highest in Combination 1.

The total impact on businesses ranges from €166 billion (combination 1) to €137 billion (Combination 2). In both cases, the effect on businesses is an increase in cost compared to the baseline when a high level of lost production is assumed. On the other hand, when a low level of loss of production is assumed, businesses benefit from these combination of options to the tune of €14 billion for Combination 1 and €21 billion for Combination 2. Some of the impacts for businesses (lost production, change in absence from work, retention savings and the cost of recruiting replacement staff) will be felt in terms of business turnover, as the impacts relate to changes in business capacity and staff time. A small number of the impacts on business (the benefit payments and reasonable

adjustment costs) will not affect business turnover, but will change the level of business operating expenditure. The table below shows the average cost per business and individual using the options in the two combinations. This is based on high end assumptions regarding loss of productivity and the action cost could therefore be lower.

Table 56. Average cost per business of combined options and average cost per individual using the options in selected years (Euros)

	2021	2030	2050
Combination (Baseline):			
Average cost per business	5,684	6,747	11,517
Average cost per person	2,311	2,726	4,829
Combination 1:			
Average cost per business	5,850	6,978	12,271
Average cost per person	2,065	2,204	3,125
Combination 2:			
Average cost per business	5,798	6,894	12,152
Average cost per person	2,050	2,186	3,110

6.4.1.8 Impacts on individuals

The combination of options has a positive effect on individuals. Even when combining the different policy options, the effect on quality of life and the sharing of unpaid work is modest. These impacts are both highest in Combination 1.

6.5 Childcare

The likely need for additional childcare places in each Member State was estimated based on the number of children in age cohorts between 6, 12 or 18 months and the current legal entitlement of childcare in Member States[386]. The calculations assumed different time lag for ensuring the place (e.g. 1, 2 or 3 months) and covered the years between 2018 and 2055.

It was assumed that additional childcare places will be taken up by children who are currently cared only by their parents[387]. An average from available data for 2013 and 2014 was taken as a basis of projected share of parents who will take care of their

[386] The projected population of children for the years 2018-2055 was based on Eurostat's main scenario projections [proj_13npms]. Current legal entitlement of childcare was taken from European Commission/EACEA/Eurydice/Eurostat, 2014. Key Data on Early Childhood Education and Care in Europe (2014 Edition). For IT, LT, SK, IS it was assumed that the childcare guarantee will be provided until school age.

[387] Information on the share of children less than 3 years old cared for only by their parents was based on the EU-SILC survey data [ilc_caparents].

children in the years 2018-2055. The 2010 EU-LFS data from ad hoc module 'Reconciliation between work and family life' (variable: Women's (aged 15–64 and with children up to mandatory school age) main reason for not working or working part-time by perceived shortcomings of childcare[388]) was used to estimate the share of parents who currently care for their children on their own and will be likely to make use of childcare places under the childcare guarantee[389].

A similar calculation was also performed for all children 'not in formal care', which could also include children being looked after by grandparents, other household members, relatives or friends. In the analysis it was assumed that these children were cared for by grandparents, not other family members or relatives. In 2014, less than three in four under-three year old (72%) was not in formal care. Half (50%) of them were cared by parents only and over one in five (22%) under-three was cared by others[390].

The number of children in the EU28 covered by additional places under childcare guarantee will vary depending on the age of children that will be eligible for childcare (i.e. 6, 12 or 18 months). If a childcare guarantee was provided to children, cared by parents, between 18 month and current eligible age of childcare or school age[391] over 4 million additional places would be required. If childcare guarantee was provided to children between 6 months and current eligible age of childcare or school age over 6 million additional places would be required. Lastly, if the childcare guarantee was provided to all one year old children currently not in formal care (in contrast to the examples above that apply to children cared only by parents), additional places would have to be made for over 12 million children. This means that the number of currently provided places would have to be at least doubled under different options of childcare guarantee.

The likely cost associated with funding additional childcare places was estimated using 2013 data on monthly public expenditure per child[392] multiplied by an average number of months for which the childcare will have to be provided between 6, 12 or 18 months and current legal entitlement of childcare in Member States. The number of months varied depending on the time lag for ensuring the place the authorities (0, 1, 2 or 3 months).

It was assumed that the implementation of the non-legislative measure would be supported under European Social Fund. The likely need for EU co-financing of the childcare guarantee was estimated based on the average co-financing rate of the thematic objective 10 'Investing in education, training and vocational training for skills and lifelong learning' in the 2014-2020 programming period. Under this thematic objectives some Member States already support expansion of provision of childcare. In 2014-2020 programming period the average ESF co-financing rate of thematic objective 10 is 68%[393]. The country average depends on the categories of regions in it and varies from 48% in BE and NL to 88% in BG.

Similarly to current provisions in Member States, the additional childcare places would require parents' contribution. The 2012 OECD data on the gross childcare fees for two children (aged 2 and 3) attending typical accredited early-years care and education

[388] After: Mills, M,, P, Präg, F, Tsang, K, Begall, J, Derbyshire, L, Kohle, C, Miani and S, Hoorens (2014), 'Use of Childcare in the EU Member States and Progress towards the Barcelona Targets', Short Statistical Report No 1.

[389] Higher perceived shortcoming of childcare – 'No childcare services available' or 'Too expensive' – was used in projections.

[390] Eurostat press release (2016), Half of under-threes cared for by their parents only in the EU in 2014, available at: http://ec.europa.eu/eurostat/documents/1012329/7302272/International+Day+of+Families_EN.pdf/57c9cbcd-20e1-4840-856a-2ec14e9548a2

[391] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[392] Based on Eurostat [educ_uoe_fine09].

[393] Average of ESF co-financing of Thematic Objective 10 in 2014-2020 based on data available at: https://cohesiondata.ec.europa.eu

services[394] and E3ME model projections of wages were used to calculate the monthly cost for parents using the guarantee for their child.

Additional childcare places will generate new jobs for personnel in childcare facilities. It was assumed that the current ratio of carers to children will be maintained by Member States. The number of childcare staff that will have to be employed to care for children was calculated based on the currently allowed maximum number of children per staff member[395]. Higher staff to child ratios among children below 3 years of age are behind the higher number of employed staff in case of younger children. Depending on the childcare guarantee option, from half to over one million carers would have to be employed to ensure its implementation (see Table 57).

Provision of childcare places would also have significant employment benefits for parents – bringing them back to work from maternity or parental leave earlier, allowing them to work more hours or allowing them to look and find employment. It was assumed that employment trends among parents making use of additional childcare places would be similar to current employment trends of women with children aged 0-2 which is similar age group to childcare guarantee coverage[396]. In 2014 on average 56% in EU 28 of women with at least one child aged 0-2 was employed, 43% of them were not absent on leave, 8% was employed but absent on maternity leave and 5% was absent on parental leave[397]. Three assumptions have been made over potential employment benefits for parents:

- Pessimistic: The value for each country was assumed to be half of employed mothers with young children according to LSF data. New childcare places will lead to employment of on average of 28% of parents in EU28.
- Neutral: The value for each country was assumed to be the same as the number of employed (not absent on leave) mothers according to LSF data. New childcare places will lead to employment of on average of 43% of parents in EU28.
- Optimistic: The value for each country was assumed to be the same as the number of employed mothers (including absent on maternity and parental leave) according to LSF data. New childcare places will lead to employment of on average 56% of parents in EU 28.

Even the pessimistic scenario foresees significant employment benefits of provision of childcare guarantee (from €1.2 to €2.2 million) for parents who would find employment or came back to work from leave earlier.

Additional employment effects could be generated for grandparents (€1.5 million in moderate[398] assumption on the employment trends among 60 to 64 year olds) if the childcare guarantee would cover also children currently cared by them. The tables below

[394] OECD Tax-Benefit model 2014.

[395] Current limits were taken from European Commission/EACEA/Eurydice/Eurostat, 2014. Key Data on Early Childhood Education and Care in Europe (2014 Edition).

[396] Labour Force Survey data available in OECD Family database, available at: http://www.oecd.org/els/family/database.htm. Indicator on employment rates for women age 15 to 64 with children aged 0-2 was chosen because the childcare guarantee is targeted to parents of young children (6, 12 and 18 months old).

[397] LSF, Employment rates (%) for women (15-64 year olds) with at least one child aged 0-2b, by maternity/parental leave available at: http://www.oecd.org/els/family/database.htm.

[398] Three assumptions have been made over potential employment benefits for grandparents. Pessimistic, assuming that the employment trends of grandparents whose grandchildren will use childcare guarantee will be similar to people aged from 65 to 74 years. Neutral, assuming that the employment trends of grandparents whose grandchildren will use childcare guarantee will be similar to people aged from 60 to 64 years. Optimistic, assuming that the employment trends of grandparents whose grandchildren will use childcare guarantee will be similar to people aged from 55 to 64 years.

summarise the results of our calculations for the years 2020, 2030 and 2050. The result show that in the neutral scenario where the target group is that of 1 year old children not in formal care, the potential employment impact on parents, grandparents and staff in care facilities is in the region of €6.3 million in 2050 (annual figures). In the scenario where the childcare guarantee is provided to children over the age of 6 months, the potential for employment creation among parents and crèche staff is in the region of €3.6 million in 2050.

When looking at annual figures, the overall budgetary impact shows that the benefits accrued from increased tax revenues, potential savings on unemployment benefits and leave payments outweighs the national cost of creating these childcare places. However to achieve these positive budgetary effects significant EU contribution would be required. By providing childcare guarantee in 2030, the EU GDP would increase by €67 billion and €53.8 billion in 2050 that is 0.35% and 0.20% when compared to the baseline.

The calculations presented in the following figures do not include all costs and benefits of creating additional childcare places. Provision of additional places might require investment in infrastructure, creating additional jobs in construction sector. Also the need to employ additional staff to provide childcare guarantee might require additional public investment in training but also generate additional jobs in education and training sector.

A 2013 Austrian study[399], which foresaw gradual and significantly smaller increase of additional childcare places[400] (35,000 compared to 155,000-350,000 in our estimations of needs), estimated that from 37% to 55% of employment effects of expansion of childcare services will be in childcare, construction and training sector. The study, which foresaw also improvement in the quality of early education (staff to child ratio) and had different assumptions on costs,[401] showed that investment in additional childcare places would pay-off after four years. Given the different scale of coverage provided between the two studies the return on investment results also significantly vary.

[399] AK Europa (2013), Economic and fiscal effects of improving childcare in Austria, available at: http://www.akeuropa.eu/_includes/mods/akeu/docs/main_report_en_304.pdf.

[400] In the AK Europa study the number of additional childcare places was calculated based on assumption on additional funding made available by the Federal Government. Meanwhile our calculations are based on estimation of need places.

[401] E.g. the study took different assumptions of costs per child of providing the childcare place than available for EU Member States data in Eurostat.

Table 57. Impact of childcare in 2020, 2030, 2050 (EU28)

		Childcare guarantee from 6 months to mandatory childcare or school age[402] for children currently cared only by their parents	Childcare guarantee from 12 months to mandatory childcare or school age[403] for children currently cared only by their parents	Childcare guarantee from 18 months to mandatory childcare or school age[404] for children currently cared only by their parents	Childcare guarantee from 1 year old to mandatory childcare or school age[405] for children currently not in formal care
	Year	**Value**	**Value**	**Value**	**Value**
Number of children covered	**2020**	6,493,770	4,987,305	4,375,942	12,874,416
	2030	6,088,043	4,656,645	4,079,953	12,032,586
	2050	6,417,013	4,915,831	4,299,963	12,593,629
Employment – staff	**2020**	801,178	552,916	457,127	1,367,174
	2030	757,860	521,443	430,618	1,289,375
	2050	802,253	554,374	457,088	1,357,140
Employment – parents (pessimistic)	**2020**	1,816,674	1,392,262	1,218,414	2,277,927
	2030	1,705,640	1,301,614	1,137,334	2,129,466
	2050	1,799,615	1,374,774	1,199,259	2,242,997
Employment – parents (neutral)	**2020**	2,791,798	2,139,239	1,866,682	3,487,094
	2030	2,635,208	2,010,828	1,751,981	3,280,135
	2050	2,790,555	2,131,543	1,854,440	3,467,695

[402] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[403] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[404] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[405] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

Employment – parents (optimistic)	**2020**	3,633,348	2,784,524	2,436,829	4,555,855
	2030	3,411,281	2,603,229	2,274,669	4,258,933
	2050	3,599,229	2,749,547	2,398,519	4,485,993
Employment – others (grandparents) (neutral)	**2020**	-	-	-	1,511,442
	2030	-	-	-	1,423,586
	2050	-	-	-	1,489,543

Table 58. Socio-economic impact of childcare guarantee options, NPV (2030)

	Childcare guarantee from 6 months to mandatory childcare or school age[406] for children currently cared only by their parents	**Childcare guarantee from 12 months to mandatory childcare or school age[407] for children currently cared only by their parents**	**Childcare guarantee from 18 months to mandatory childcare or school age[408] for children currently cared only by their parents**	**Childcare guarantee from 1 year old to mandatory childcare or school age[409] for children currently not in formal care**
	Value	**Value**	**Value**	**Value**
National Government / Social Security Partners				
Additional childcare places costs	-€9,080,148,851	-€6,258,499,689	-€4,666,518,431	-€16,496,891,734

[406] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[407] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[408] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[409] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

	Childcare guarantee from 6 months to mandatory childcare or school age[406] for children currently cared only by their parents	Childcare guarantee from 12 months to mandatory childcare or school age[407] for children currently cared only by their parents	Childcare guarantee from 18 months to mandatory childcare or school age[408] for children currently cared only by their parents	Childcare guarantee from 1 year old to mandatory childcare or school age[409] for children currently not in formal care
	Value	**Value**	**Value**	**Value**
Savings on payment of leaves	€1,250,181,813	€922,410,206	€804,961,714	€1,503,002,087
Savings on payment of benefits	€14,192,096	€14,192,096	€14,192,096	€14,192,096
Costs due to change in tax revenue (neutral)	€17,707,771,942	€12,791,493,022	€10,943,459,001	€29,577,394,210
Total government/social security cost	€9,891,997,001	€7,441,211,443	€7,067,710,187	€14,569,312,467
EU co-financing				
European Social Fund	-€14,159,656,750	-€9,821,917,274	-€7,354,473,952	-€25,982,116,316
Parents				
Net income	€42,292,268,238	€31,580,528,665	€27,212,328,255	€116,973,170,136
Childcare costs	-€27,713,974,146	-€18,243,065,447	-€12,853,943,098	-€44,458,122,191
Costs due to change in leave	-€1,250,181,813	-€922,410,206	-€804,961,714	-€1,503,002,087
Total parents cost	€13,328,112,279	€12,415,053,012	€14,358,385,157	€71,012,045,859

Table 59. Socio-economic impact of childcare guarantee options, NPV (2050)

	Childcare guarantee from 6 months to mandatory childcare or school age[410] for children currently cared only by their parents	Childcare guarantee from 12 months to mandatory childcare or school age[411] for children currently cared only by their parents	Childcare guarantee from 18 months to mandatory childcare or school age[412] for children currently cared only by their parents	Childcare guarantee from 1 year old to mandatory childcare or school age[413] for children currently not in formal care
	Value	**Value**	**Value**	**Value**
National Government / Social Security Partners				
Additional childcare places costs	-€4,422,937,368	-€3,047,170,961	-€2,268,381,448	-€7,985,640,345
Savings on payment of leaves	€686,980,610	€511,777,987	€445,274,573	€826,052,239
Savings on payment of benefits	€8,045,310	€8,045,310	€8,045,310	€8,045,310
Costs due to change in tax revenue (neutral)	€14,338,484,156	€10,415,923,136	€8,878,588,338	€23,847,733,179
Total government/social security cost	**€10,610,572,708**	**€7,872,484,853**	**€7,047,436,153**	**€16,680,099,763**
EU co-financing				
European Social Fund	-**€6,796,341,269**	**-€4,705,815,538**	**-€3,514,109,828**	**-€12,378,503,442**
Parents				
Net income	€34,649,525,027	€25,892,107,302	€22,247,397,669	€76,087,246,523

[410] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[411] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[412] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

[413] The latter applies to the cases of IT, LT and SK where there is no mandatory childcare age.

	Childcare guarantee from 6 months to mandatory childcare or school age[410] for children currently cared only by their parents	**Childcare guarantee from 12 months to mandatory childcare or school age[411] for children currently cared only by their parents**	**Childcare guarantee from 18 months to mandatory childcare or school age[412] for children currently cared only by their parents**	**Childcare guarantee from 1 year old to mandatory childcare or school age[413] for children currently not in formal care**
	Value	**Value**	**Value**	**Value**
Childcare costs	-€23,164,952,989	-€15,128,709,405	-€10,548,361,717	-€36,145,033,221
Costs due to change in leave	-€686,980,610	-€511,777,987	-€445,274,573	-€826,052,239
Total parents cost	**€10,797,591,428**	**€10,251,619,910**	**€11,699,035,952**	**€39,116,161,064**

The provision of a childcare guarantee would allow almost all countries to reach the Barcelona target of 33% of under-threes in formal childcare. However, as it would be a non-binding non-legislative option one might expect that not all countries will comply with this measure. Following the current trends in reaching the Barcelona targets, one might expect that countries which have already reached the target will be less likely to implement the measure (BE, DK, ES, NL, SE, FR, LU, SI, FI and PT) as they already comply with it. The highest interest would be among countries which are currently around 10 percentage points below the target and have made significant progress in reaching the Barcelona target in recent years (DE, IE, CY and LT). Also other countries which in recent years made significant progress in reaching Barcelona targets but are still more than 10 percentage points below would potentially comply with the non-legislative measure (BG, EE, HR, HU, MT and AT). Lower interest might be expected in countries where the situation remained unchanged or deteriorated in past years (UK, IT and RO).

Depending on the level of compliance, one might anticipate other positive impacts from this non-legislative measure that are discussed in the literature. These could include increase fertility rates by facilitating the upbringing of a child for working women, protection from poverty and social exclusion and positive direct and indirect impact on the development of the child.

Kotowska et al. argue that there are three main factors that affect the decision of parents to have another child: the ability to access employment, the affordability of childcare and the ability to adjust working hours to childcare[414]. Taking this into account, the availability of childcare services can encourage individuals to start a family or have more than one child.

Additionally, as discussed above, childcare guarantee has a significant positive impact on the employment rate of parents (especially mothers who act as primary caregivers) and is therefore likely to reduce rates of child poverty. Lawton and Thompson argue that the risk of child poverty is four times higher in families where only one parent works than in two-parent families with children where both parents work[415].

Childcare also has a positive direct and indirect impact on the development of the child. The main direct impacts include improved educational, social and behavioural outcomes, especially for children from disadvantaged groups. Research has shown that childcare attendance had medium and long-term positive effects on children's cognitive development and academic achievement. Results of the OECD's Programme for International Student Assessment (PISA) suggests that 15 year-old students who attended Early Childhood Education and Care (ECEC) for more than one year outperformed the ones who did not (or did for less than one year) by 35%[416]. Childcare provision also has a number of indirect impacts on the development of the child.

As discussed above, there is a positive relationship between childcare availability and employment rates. Employment rates have a positive impact on maternal well-being as mothers in employment have better mental health and lower levels of depression. Improved mental health of mothers in turn helps the development of the child[417].

[414] Kotowska, I., E. Słotwińska-Rosłanowska, M. Styrc, and A. Zadrożna (2007). Sytuacja kobiet powracajacych na rynek pracy po przerwie spowodowanej macierzynstwem i opieka nad dzieckiem. Raport z badan w ramach 'Wieloaspektowa diagnoza sytuacji kobiet na rynku pracy, SPO RZL 1.6b. Warsaw, cited in European Commission (2009).

[415] Lawton K and Thompson S (2013) *Tackling in-work poverty by supporting dual-earning families,* York: Joseph Rowntree Foundation.

[416] However, ECEC attendance is not the only or even main factor, other factors also contribute to this result, such as students' socioeconomic background, gender and individual motivation. For more information see: European Commission/EACEA/Eurydice/Eurostat (2014), p. 71.

[417] Harkness S. and Skipp A. (2013), *Lone mothers, work and depression*, Nuffield Foundation.

Table 60. Under-threes in formal childcare

	Participation in formal childcare		Projected participation in formal childcare with childcare guarantee				Assessment of potential compliance with non-legislative option
			6 months	12 months	18 months	1yo not in formal care	
	2005	2014	2020	2020	2020	2020	
BE	**42%**	**49%**	73%	65%	61%	83%	Met the target already in 2014. Unlikely will comply
DK	**73%**	**70%**	70%	70%	70%	70%	
ES	**37%**	**37%**	68%	58%	53%	79%	
NL	**40%**	**45%**	63%	57%	54%	81%	
SE	**53%**	**56%**	63%	56%	56%	56%	
FR	**32%**	**40%**	63%	55%	51%	80%	
LU	**22%**	**49%**	61%	57%	55%	83%	
SI	**24%**	**37%**	42%	37%	37%	37%	
FI	**27%**	**34%**	37%	34%	34%	34%	
PT	**30%**	**45%**	62%	56%	53%	81%	
DE	**16%**	**27%**	39%	27%	27%	27%	Less than 10 pp. to achieve the target. Very likely that will comply
IE	**20%**	**28%**	72%	57%	50%	76%	
CY	**19%**	**26%**	43%	38%	35%	75%	
LT	**11%**	**23%**	58%	46%	40%	74%	
EE	**12%**	**20%**	38%	26%	20%	33%	Made significant progress in recent years. Likely will comply
BG	**2%**	**11%**	37%	29%	24%	70%	
HR	**10%**	**18%**	49%	38%	33%	72%	
HU	**7%**	**15%**	36%	29%	25%	71%	

	Participation in formal childcare		Projected participation in formal childcare with childcare guarantee				Assessment of potential compliance with non-legislative option
			6 months	12 months	18 months	1yo not in formal care	
	2005	2014	2020	2020	2020	2020	
MT	**5%**	**18%**	64%	48%	40%	72%	
AT	**4%**	**16%**	47%	36%	31%	72%	
CZ	**2%**	**5%**	33%	23%	19%	68%	Made some progress in recent years. Somewhat will comply
EL	**7%**	**13%**	38%	29%	25%	71%	
LV	**17%**	**22%**	46%	38%	34%	74%	
PL	**2%**	**5%**	39%	28%	22%	68%	
SK	**3%**	**7%**	32%	23%	19%	69%	
UK	**29%**	**29%**	63%	51%	46%	76%	Made no progress or deteriorated in recent years. Unlikely will comply
IT	**25%**	**23%**	50%	41%	36%	74%	
RO	**6%**	**3%**	43%	30%	23%	67%	

Countries which reached Barcelona target of 33% of under threes in formal childcare

6.6 Long-term care

In order to estimate the impact of a possible benchmark or target on the provision of formal elderly care, the study sought to provide an initial assessment of the current need for form elderly care services (either in the home or in institutions).

According to the Active ageing Eurobarometer survey, 15% of Europeans personally take care of an older family member – 3% does this full time and additional 12% part time. The share of carers increases with age as demonstrated in data from a Eurobarometer survey.

Figure 46. Current share of carers according Eurobarometer survey

	Yes, full time carer					Yes, part time carer					
	All ages	15-24	25-39	40-54	55 +	All ages	15-24	25-39	40-54	55 +	Total 'Yes'
AT	1%	2%	1%	2%	1%	4%	3%	2%	5%	5%	5%
BE	3%	2%	5%	2%	3%	15%	10%	14%	19%	15%	18%
BG	4%	-	3%	4%	5%	14%	11%	17%	23%	9%	18%
CY	3%	1%	3%	7%	1%	12%	10%	8%	18%	13%	15%
CZ	2%	-	1%	2%	4%	18%	12%	16%	29%	14%	20%
DE	1%	-	-	1%	2%	5%	1%	3%	5%	6%	6%
DK	1%	2%	-	2%	1%	15%	15%	8%	18%	17%	16%
EE	4%	2%	2%	6%	6%	13%	9%	14%	17%	12%	17%
EL	5%	-	2%	7%	8%	8%	3%	8%	13%	7%	13%
ES	5%	1%	2%	4%	8%	8%	6%	8%	14%	5%	13%
FI	1%	-	-	-	3%	10%	5%	5%	14%	13%	11%
FR	3%	3%	2%	2%	4%	23%	19%	19%	32%	21%	26%
HR	5%	1%	4%	6%	5%	14%	10%	16%	20%	9%	19%
HU	3%	-	2%	4%	4%	6%	4%	7%	5%	6%	9%
IE	2%	-	2%	2%	2%	7%	4%	7%	9%	5%	9%
IT	3%	4%	4%	5%	2%	17%	13%	16%	24%	14%	20%
LI	1%					15%					16%
LT	6%	3%	5%	8%	6%	9%	11%	5%	15%	5%	15%
LU	1%	-	-	2%	3%	17%	16%	12%	24%	16%	18%
LV	5%	3%	4%	7%	8%	12%	11%	10%	18%	8%	17%
MT	5%	-	3%	9%	6%	10%	12%	5%	16%	7%	15%
NL	1%	-	1%	1%	1%	9%	4%	5%	12%	13%	10%
PL	4%	1%	5%	4%	5%	13%	15%	14%	15%	11%	17%
PT	5%	4%	4%	6%	7%	8%	5%	9%	11%	6%	13%
RO	6%	4%	4%	13%	6%	12%	7%	15%	19%	6%	18%
SE	-	-	-	1%	1%	16%	9%	10%	20%	20%	16%
SI	6%	1%	3%	8%	9%	8%	15%	18%	27%	40%	14%

	Yes, full time carer					Yes, part time carer					
SK	2%	-	1%	3%	2%	4%	1%	5%	7%	2%	6%
UK	3%	1%	-	3%	6%	12%	10%	13%	15%	11%	15%
EU27	3%	1%	2%	3%	4%	12%	9%	11%	16%	11%	15%
CH	1%					15%					16%
IS	1%	2%	-	1%	1%	15%	16%	15%	19%	11%	16%
NO	1%	-	-	-	3%	13%	8%	10%	25%	10%	14%

Source: EUROBAROMETER 76.2

The need for home or institutional care was estimated based on information about the share of care providers in the 2011 Eurobarometer survey. It was assumed that one person takes care of one person 65 years old and more. The number of additional long-term care home or institutional places varies depending whose time should be freed by provision of long term care. In EU 28 this number is in the rage from 5.9 million places if the long-term care facilities should free time of current full-time carers aged 15-54, to 65.5 million if current full and part-time providers should be replaced by institutional or home care.

Figure 47. Estimated number of places needed in institutional care

	All ages			Full time	Full and part time
	Yes, full time carer	Yes, part time carer	Total 'Yes'	15-54	15-54
AT	73,585	294,340	367,925	77,140	241,297
BE	283,144	1,415,719	1,698,863	182,874	1,075,083
BG	263,422	921,979	1,185,401	108,220	726,559
CY	21,364	85,458	106,822	19,026	78,465
CZ	183,931	1,655,381	1,839,312	66,404	1,066,722
DE	716,599	3,582,997	4,299,597	195,310	1,171,859
DK	46,827	702,410	749,237	37,487	354,054
EE	46,445	150,946	197,390	25,419	126,565
EL	492,105	787,368	1,279,473	215,016	719,493
ES	2,047,235	3,275,576	5,322,810	693,818	3,354,931
FI	46,294	462,935	509,229	-	-
FR	1,641,611	12,585,685	14,227,296	755,010	8,904,367
HR	187,095	523,865	710,960	95,026	468,747
HU	262,934	525,867	788,801	124,392	383,200
IE	73,355	256,741	330,095	40,507	200,319
IT	1,587,957	8,998,423	10,586,380	1,390,531	7,318,481
LT	160,851	241,276	402,127	97,080	276,750
LU	4,333	73,658	77,990	2,403	31,240

	All ages			Full time	Full and part time
	Yes, full time carer	Yes, part time carer	Total 'Yes'	15-54	15-54
LV	91,794	220,305	312,098	56,390	209,314
MT	18,048	36,095	54,143	10,158	27,923
NL	141,096	1,269,860	1,410,955	69,184	680,442
PL	1,322,575	4,298,369	5,620,944	807,049	3,996,009
PT	463,531	741,650	1,205,181	273,872	786,978
RO	1,047,884	2,095,769	3,143,653	818,562	2,444,251
SE		1,295,408	1,295,408	18,795	394,692
SI	108,618	144,824	253,441	52,839	293,685
SK	93,075	186,149	279,224	46,820	191,333
UK	1,602,961	6,411,842	8,014,803	482,056	3,304,258
EU28	13,117,493	52,469,972	65,587,465	5,956,391	40,249,771

Source: ICF estimates based on EUROBAROMETER 76.2 and Population on 1 January by five years age group and sex [demo_pjangroup]

Just in order replace full-time carers between 15 to 54 year old, nine Member States will have to significantly increase the current coverage of home and institutional care (BE, DK, EE, ES, IE, IT, PL, PT, SK). The biggest investments will have to be made in Poland. Small investments will have to be made in countries which already cover by long-term care high share of 65 year olds (DE, SE, NL). In 16 countries for which data are available on average 4% of aged 65 years old and over are recipients of institutional LTC. Target of 10% coverage would require investments in all of these countries. Taking an example of level of compliance with Barcelona targets (see Section 6.5), one would expect stronger efforts to meet potential target of LTC coverage in countries that are not that far from achieving it (BE, NL, FI, SE, FR, DE, DK, IE).

Table 61. Current coverage of institutional and home care and projected need for additional places

	Full and part time carers 15-54 as a share of 65 year old and more	Full time carers 15-54 as a share of 65 year old and more	Current LTC recipients in institutions (other than hospitals) % of total, aged 65 years old and over	Current LTC recipients at home % of total, aged 65 years old and over
AT	16%	5%		
BE	57%	10%	9%	
BG	53%	8%		
CY	74%	18%		
CZ	65%	4%		
DE	7%	1%	4%	9%
DK	38%	4%	4%	
EE	55%	11%	2%	4%
EL	34%	10%		
ES	42%	9%	2%	6%
FI	0%	0%	5%	7%
FR	82%	7%	4%	6%
HR	62%	12%		
HU	23%	7%	3%	11%
IE	38%	8%	4%	
IT	60%	11%		5.30%
LI	0%	0%		
LT	51%	18%		
LU	44%	3%		
LV	55%	15%		
MT	43%	16%		
NL	26%	3%	5%	13%
PL	77%	16%	1%	
PT	40%	14%	1%	1%
RO	75%	25%		
SE	23%	1%	5%	12%
SI	87%	16%		
SK	28%	7%	4%	

	Full and part time carers 15-54 as a share of 65 year old and more	Full time carers 15-54 as a share of 65 year old and more	Current LTC recipients in institutions (other than hospitals) % of total, aged 65 years old and over	Current LTC recipients at home % of total, aged 65 years old and over
UK	32%	5%		
EU28	45%	7%		

Source: ICF estimations based on based on EUROBAROMETER 76.2 and Population on 1 January by five years age group and sex [demo_pjangroup] and OECD Long-Term Care Resources and Utilisation available at: http://stats.oecd.org//Index.aspx?QueryId=30140

7 Conclusion

This study seeks to **inform the Commission's Impact Assessment** of a potential range of measures to be introduced to enhance work-life balance for parents and care givers.

The **potential legislative and non-legislative policy measures** assessed by this study reflect the comprehensive approach to work-life balance measures adopted in the 2015 Roadmap. With regard to **maternity leave**, it includes legislative options to enhance the existing legal acquis by variously:

- Providing entitlements to breastfeeding breaks and facilities;
- Increasing the level of pay during leave;
- Increasing the length of leave.

It also includes legislative options to build on the rights enshrined in the **Parental Leave Directive** by providing:

- The right to flexible take-up;
- Increasing the age of the child in relation to which leave can be taken;
- Increasing the length of the non-transferable part of leave;
- Providing for payment of the leave (during the non-transferable part or the entire leave).

Other options foresee the introduction, at EU level of entitlements to **paternity** and **carers' leave** with sub-options focussing on varying lengths and levels of payment, as well as flexibility of take-up (in relation to carers' leave) and protection from dismissal (in relation to paternity leave).

Different approaches and entitlements to **flexible working** (flexible working schedule, geographical flexibility and entitlement to reduce working hours) are also explored, providing either for absolute, conditional or procedural rights to such flexible arrangements in relation to different caring responsibilities.

The assessed non-legislative options focus on the possibility of introducing a **childcare guarantee** for parents of young children (either 6, 12 or 18 months) to be granted within a specific period following a request being made. Finally, current requirements for long-term care either at home or in an institutional settings are explored in the context of a possible introduction of a benchmark for the provision of formal elderly care.

The key issue that this initiative aims to address is the **low participation of women in the labour market which is linked to the unequal distribution of caring responsibilities between men and women and the lack of effective possibilities for men and women to balance those responsibilities with the demands of their working lives**[418].

Even though **women** are equally qualified and increasingly tend to be better educated than men, they **remain underrepresented in the labour market** leaving a large part of talent under-utilised due to a number of factors. In 2015, the **employment rate of women** (age 20-64) in the EU28 **was 64.3**%, compared to 75.9% of men in the same age group constituting an **11.6% gender employment gap**, which has **not significantly decreased in the last decade** – a decline by 4.1 percentage

[418] European Commission SWD (SWD(2016) 145 final) accompanying the Consultation Document 'Second-stage consultation of the social partners at European level under Article 154 TFEU on possible action addressing the challenges of work-life balance faced by working parents and caregivers

points[419]**.** When measured in full-time equivalents, the employment rate of women (aged 20-64) in the EU stood at 54.6% compared to 72.7% of men in the same age group.

The **impact of parenthood on employment remains significant**. While fathers have longer working hours than other men, the gender employment gap increases with the number of children in the household, especially for women with children less than 6 years old.

According to the 2012 European Quality of Life Survey data from Eurofound, on average 5.7% of surveyed Europeans cared for elderly or disabled relatives every day and 3.5% did this several days a week, which indicates that almost one in ten European has intensive caring responsibilities. The survey shows that **informal elder care is more likely to be provided by female rather than male relatives** – **11.3% and 7.5% respectively** – with the vast majority of intensive caring tasks being performed by women. According a study on informal carers, **between 7% and 21% of individuals with longer term caring responsibilities reduce their working hours and between 3% and 18% withdraw from the labour market**[420].

The unequal distribution of caring (and other household) responsibilities between men and women is reflected the fact that **women perform three times more unpaid work than men**[421].

The key drivers of the persistence of the unequal sharing of paid and unpaid work are as follows:

The existing legal and institutional leave framework does not sufficiently support the equal division of caring responsibilities

Maternity leave provisions are not matched by paternity leave measures. Not all Member States offer paternity leave and duration is short (10 days on average).

Short leaves around the birth of the child do not have same leverage effects on future take-up of leave than longer leaves. Parental leave continues to be primarily taken up by women (and for longer periods) due to persistent stereotypes of caring responsibilities and the fact that existing parental leave measures remain poorly compensated which – due to financial considerations – means it is mainly taken up by women, further encouraging long absences or even full labour market exit by women. Transferability of (part of) the leave also remains possible in many countries, usually encouraging the transfer of leave to the mother. Carers' leave to look after sick or disabled adult relatives is not offered in all Member States; leave beyond 5-10 days is often unpaid or low paid and is mainly taken up by women. An early return to work is also hampered by the absence of effective provisions for breastfeeding mothers in a number of countries.

Discrimination against women (on grounds of pregnancy/motherhood) persists despite existing legal protections

Existing evidence suggests that between 45-77% of women experience discrimination in the workplace linked to pregnancy/motherhood. In one survey 11% of women felt they had to leave their work as a result of such discrimination. Although such discrimination tends to start with the announcement of the pregnancy, questions

[419] In 2006, the employment rate of women stood at 61.1 while that of men stood at 76.8%%.

[420] Bettio, F. Verashchagina, A. (2010), Long-term care for the elderly, provision and providers of 33 European countries, for the European Commission

[421] United Nations (2015); Human Development Report 2015

asked at interview stage regarding family status indicate that employer perceptions about the likelihood of women being absent from work persist and thus discrimination can also impact the recruitment stage. Compliance and enforcement remain an issue in relation to existing provisions, but the underlying issues which contribute to discrimination can only be addressed with a more holistic package of work-life balance measures which encourages the more equal sharing for caring responsibilities. Furthermore, protections against preparatory measures for dismissal during pregnancy/leave remain insufficient (18 countries studied do not have such provisions) and 14 countries do not have any or only a low level of protection from dismissal 6 months following leave.

Current flexible working arrangements tend to further enhance negative impacts on women's careers

Existing flexible working arrangements tend to focus on reduced hours patterns (rather than scheduling or geographical flexibility). They remain largely restricted to parents returning from parental leave – and are thus mainly used by women under current patterns of leave taking. Access to flexible working arrangements overwhelmingly remains a procedural right, with employers not having to provide significant business reasons for rejecting such requests.

Access to high quality, affordable child care and long-term care facilities remains insufficient

Currently, only 26.7% children aged under two in the EU27 were in any formal care arrangements. Availability of childcare was reported as being either very difficult or a little difficult by 58% of respondents to a survey; 41% indicated problems of access due to distance or opening hours. 53% of women to the European Quality of Life Survey reported that they do not work or work part-time because of childcare costs.

Just under 65% of European consider that there is limited access to LTC facilities and over 60% consider costs to be prohibitive. As a result between 7% and 21% of individuals with longer term caring responsibilities reduce their working hours and between 3% and 18% withdraw from the labour market.

Current leave, flexible working and child and eldercare provisions are currently insufficient to address the gap in paid and unpaid work between men and women and the under-representation of women in the labour market.

At present, **EU legislation is only in place to govern maternity and parental leave** (as well as protection from discrimination for those on or returning from family leaves). As a result, a disparate set of measures has emerged to support work-life balance in the EU Member States and EFTA countries. As indicated in the boxes above, existing EU level provisions on maternity and parental leave are insufficient to address the underlying drivers leading to the perpetuation of gender gaps in paid and unpaid work.

All Member States comply with Directive 92/85/EEC in offering 14 weeks of maternity leave, with a duration ranging between 14 and 58.6 weeks. **Half of Member States currently provide maternity leave at or over 18 weeks in length** with the other half offering leave between 14 and 18 weeks). The length and structure of mandatory leave periods also differs between countries, with most Member States going beyond the 2-week period required by the Directive[422]. **Compensation levels** during

[422] Two countries (EE, LT) having no compulsory leave periods, although in Estonia, maternity benefit payable decreases if leave begins less than 30 days prior to the birth.

maternity leave are relatively high (compared to paternity and parental leave) **ranging from around 65% to 100% of pay – at least for part of the leave** and in some cases for the whole leave period for women who meet the relevant eligibility criteria. In most Member States, the same allowance is paid for the entirety of the leave period, reaching 100% or a high share of previous earnings.

A number of countries have sought to increase the flexibility of the take-up of leave and to encourage greater involvement by the father in the early phases of a child's life by **allowing elements of maternity leave to be shared with the father**. However, such possibilities are currently **relatively limited with 21 countries out of the 32 studied offering no option of passing on parts of maternity leave**. Additional flexibility allowing maternity leave to be taken part-time or in a piecemeal fashion is only available in a limited number of countries and is largely in the form of part time take-up.

Four countries (DK, FI, MT, UK) currently **do not have any statutory provision for breastfeeding breaks** – provision in this area is mainly the result of pre-existing ILO conventions guaranteeing access to at least a 60-minute break during the working day, which most Member States are signatory to. However, **19 of the countries studied, do not provide guaranteed access to breastfeeding facilities**, which may limit the extent to which this right can be exercised (CY, CZ, DE, DK, EE, ES, FI, HR, HU, IS, IT, LI, LU, LT, MT, PL, PT, SE, NO).

A **requirement for substantiation of grounds for dismissal during maternity leave** explicitly exists in all but four countries (AT, CY, EL, IE. In Ireland this has be provided at the request of the women). **Protection from preparatory measures for dismissal whilst on maternity leave** is offered in 13 countries (BE, CY, CZ, DE, DK, EE, ES, FR, IE, LT, LV, PT, SI), with the remaining countries not making mention of such specific protection in their legislation. With regard to the **absolute prohibition of dismissal for a period after return from maternity leave**, available literature shows that 23 countries have such a protection enshrined in their legal framework[423]. In ten countries this is at or exceeds 6 months (with two further countries mentioning no time limit)[424].

Although there is currently **no EU Directive on paternity leave EU level**[425], **23 out of 28 Member States have introduced or developed relevant legislation** whereby fathers are entitled to a period of leave after the birth of a child and/or during the first few months of a child's life. Compared to maternity leave, **such leave is generally very short with an average length of 10 days**[426]. Paternity leave is **compulsory in 4 EU Member States**, i.e. Belgium (3 days), Italy (1 day), Portugal (10 days), Spain (two days). In the remaining 18 EU Member States, paternity leave is taken on a voluntary basis[427]. **The countries which do not offer a statutory paternity leave provision are Austria, Croatia, Cyprus, the Czech Republic, Liechtenstein, Slovakia and Switzerland**. Whilst Germany does not provide for a leave officially termed 'paternity leave', the country has rather generous provisions for

[423] The countries without such explicit provisions are FI, IE, HU, PL, PT, SE, IS, LI.

[424] AT, DE, FR (all 4 month), RO (6), ES, SK (both 9 months), IT, LV, PL (all 12 months), EL (18) BG, CZ, EE (for mothers with children up to 3 years old; DK, NO (no time limit specified).

[425] Indirect provisions exist to protect workers returning from paternity leave from discrimination in Directive 2006/54/EC.

[426] Leave entitlements in the EU range from 1 day in Italy and Malta to 64 days in Slovenia (and 3 months in Iceland).

[427] Study on the costs and benefits of possible EU measures on paternity leave carried out by ICF (at the time GHK) and updated in January 2016 (unpublished).

paid parental leave which can be taken close to the birth of the child, also including measures supporting its take-up by fathers. Similarly, in Austria paternity leave is not legally provided, but is widely offered in universally applicable collective agreements (2 days paid at 100%). In countries offering paternity leave, this is always paid, with **levels of pay ranging from 70% to 100% of previous salary**.

Despite such relatively generous compensation levels, **take-up of leave is below 70% in 10 Member States**, potentially reflecting persistent stereotypes around the role of men and women in childcare. Thirteen Member States have take-up rates above 70%, with among the highest rates achieved in countries with very short, fully paid leaves (e.g. EL, IT, LU, MT). However, in four countries (HU, PL, EE, LV) less than half of all fathers take paternity leave, despite the fact that a vast majority of fathers are entitled to such a leave (based on existing eligibility criteria) and leave is fully paid in all of these countries[428].

The importance of longer and well compensated paternity leave is demonstrated in countries with relative long paternity leave (Finland, Portugal and Slovenia) which show that there are **leverage effects between the take-up of such paternity leave** and the use by fathers of parental leave[429]. Evidence from Iceland also suggests longer term effects on the take-up by fathers of flexible working arrangements[430].

All EU Member States offer statutory parental leave as required by Directive 2010/18/EU. However, significant variations exist regarding the maximum duration of parental leave, the age of the child for which leave can be taken, payment during leave, flexibility in relation to how leave can be taken and other associated rights and protections. **Duration ranges from 4 – 36 months**[431] with **compensation ranging from 100% of previous salary** (for part or the whole leave period) **to no payment at all**. Member States and EFTA countries provide parental leave either as:

- A **non-transferable individual right** (BE, DE, EL, ES, FR, HU, IE[432], IS, LI, LU, LV, MT, NL, PT[433], SK, UK);
- An **individual right which can – in total or in part – be transferred** to the other parent (AT, BG, CY, HR, IT, NO, PL, RO, SI, SE); or
- A '**family right'** that parents can divide between them as they choose (CZ, DK, EE, FI, LT).

In most Member States[434] and EFTA countries except Norway parents are entitled to flexible parental leave which can be taken either full-time, part-

[428] Information on take-up rates is based on reported data and estimations by relevant stakeholders.

[429] Taskula, S, (2007). Parental leave for fathers? Research Report no 166. Finland. National Research and Development Centre for Welfare and Health

[430] Eydal, G.B. (2008). Policies promoting care form both parents- the case of Iceland. In Eydal G.B., Gíslason, I.V. (Eds.) Equal rights to earn and care, pp. 111-148. Reykjavík: Félagsvísindastofnun.

[431] 15 countries offer between 4 to 12 months per parent. These include Belgium, Bulgaria, Croatia, Cyprus, Denmark, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, the Netherlands and Portugal; Bulgaria, Italy, Luxembourg, the Netherlands; 6 countries (AT, NO, RO, SE, SI and UK) offer between 12 to 24 months per parent; 10 countries currently provide for parental leave of more than 24 months per parent. These countries are the Czech Republic, Estonia, France, Germany, Hungary, Latvia, Lithuania, Poland, Slovakia and Spain.

[432] In Ireland, up to 14 weeks leave is transferable provided both parents work for the same employer and the employer so consents.

[433] This applies to additional parental leave.

[434] No information was available on Romania.

time, or in blocks[435]. Only in the Czech Republic, Estonia, Latvia, Lithuania, Slovakia and Romania parental leave can only be taken full-time. In Estonia and Latvia, the leave can be taken in blocks.

The current take-up levels of parental leave are **significantly higher for women than for men**[436]. More specifically:

- In 18 out of 30 countries covered by this study, less than 10% of employed fathers are estimated to take-up parental leave. Only in seven countries more than a quarter of men take parental leave, with Sweden reaching the highest proportion at 44%.
- **The lowest take-up rates among men can be found in Cyprus, Greece and Malta where this leave is unpaid.**
- In 18 out of 30 countries, more than three quarters of employed mothers take parental leave.

Women also take parental for much longer periods than men, further contributing to long absences (and potential exit) from the labour market.

There is currently **no provision for carers' leave in EU regulation**. However, **26 out of 28 Member States provide a form of statutory carers' leave**. The countries which do not have a *statutory* provision for carers' leave (beyond force majeure leave as required by the Parental Leave Directive, consideration of which was specifically excluded from this study for the purposes of assessing the availability of carers' leave) are Cyprus and Malta. Length of leave varies widely between Member States, with countries relatively evenly split between those offering (at least one) leave option of medium to long or short duration. A number of countries have different forms of leave (for different purposes; e.g. leave for short-term requirements to arrange for care; palliative care leave etc.)[437]. The Czech Republic[438], Greece[439], Luxembourg, Slovenia and Slovakia only offer short forms of **carers' leave of between 1-10 working days**. Croatia, Latvia and Lithuania provide for somewhat longer leaves between **2 weeks and 3 months**, whereas the remaining countries have at least one form of carers' leave offering **between 3 months and two years of leave**[440]. Longer leaves are usually offered to care for children or disabled relatives rather than for elderly relatives.

In the vast majority of EU countries, leave (particularly to take care of elderly relatives) is taken **once per year or once per person to be cared** for. Leaves to look after sick or disabled children are usually provided once a year or once per case of illness. Carers' leave options that can be used only once during an individual's working lifetime are provided only in Italy. Palliative care leave is (by its very nature) offered once per person (usually in the relative's final stages of life).

The **compensation rates** for carers' leave differ significantly between countries, but are **generally lower than other family leave measures such as paternity or maternity leave**. Half of countries have at least one form of leave (usually longer leaves) for which no compensation is provided[441]. Eight countries provide for leaves

[435] Daily, hourly, weekly, or monthly blocks.

[436] Information on take-up rates is based on reported data and estimations by relevant stakeholders.

[437] Countries with different forms of carers' leave include AT, BE, BG, DE, DK, ES, Fi, FR, IE and IT.

[438] Length of leave is unlimited, but payment is only for 9 days.

[439] Can go up to 12 days depending on the number of dependent persons.

[440] Time unlimited leaves also exist, but are always unpaid.

[441] BE, CY, DE, EL, ES, FI, FR, HU, IE, IT, LT, NL, PT, UK

offering modest compensation up to 60% of average earnings[442]. Nine countries provide full compensation of (at least one of the forms of) carers' leave (AT, DK, ES, IT, LI, LU, NL, NO and SE).

The overall take-up level of carers' leave (particularly longer forms of leave) is relatively low compared to other types of leave covered in this study, which reflects the often very specific circumstances under which carers' leave can be taken, the short duration of many leaves and the low level of compensation for leaves of longer duration. **In all countries except Portugal, less than 2% of people in employment take carers' leave**. It should be noted that information on take-up of carers leave is currently sparse.

Access to flexible working opportunities can play an important role in supporting the ongoing participation of individuals with caring responsibilities in the labour market. The impact of flexible working arrangements on pay and career progression depends on the particular form of flexible working selected (temporal – through the reduction in working hours, geographical, e.g. in the form of home working; or in terms of the organisation of unchanged hours over the working week/month). The Parental Leave Directive provides the right for parents returning from parental leave to request flexible working, either in the form of altered working schedules/patterns or reduced hours. However, the Directive also provides the employer with the right to refuse such requests. **No similar right to flexible working exists at European level for carers of adult relatives or indeed for individuals not linked to return from parental leave** (including parents who have taken leave but would like to take-up their right to flexible working later).

Overall, **with the exception of the Netherlands (conditional right) and the UK (procedural right), statutory entitlements to flexible working options remain very much linked to return from parental leave in the EU**[443]**,** meaning that they are not available to carers or parents when not linked to return from parental leave. **Absolute rights in this area are rare** (AT offers an absolute right to flexible schedules and working hours to parents returning from leave; Sweden offers a similar right to returning parents to request reduced hours[444]). **The same is true for rights to request geographical flexibility**[445]. In addition to the countries mentioned above, most Member States (with the exception of IT, MT and RO) offer procedural or conditional rights to request working hours' flexibility linked to parenthood.

This means that current statutory provision on flexible working (as well as take-up) remains very much focussed on flexibility linked to reduced working hours, used by women returning from parental leave, with potentially negative impacts on career opportunities and earnings potential.

As well as leave provisions, the **availability, accessibility and affordability of child and long-term care services are important in supporting work-life balance for parents and carers**. Regarding the availability of childcare, although most Member States have committed themselves improving early childhood education and care (ECEC), **very few offer a guarantee of such services for very young children** (under 18 months). A legal entitlement to ECEC for children under the age of 18 months only exists in Germany, Denmark, Estonia, Finland, Malta, Norway, Sweden

[442] AT, BE, BG, CZ, DK, FR, IE, SK

[443] In Germany and Bulgaria a conditional right to request reduced hours is also available to all workers.

[444] In Croatia such a right is limited to parents of children with special needs.

[445] Conditional rights are in place in BG, the NL and PT; with procedural rights offered in HU, IT, PL, SI and the UK

and Slovenia. Similar entitlements for children aged between 18 months and 3 years are available in a further 11 countries[446]. The weekly hours of entitlement for such care also vary significantly from 15 hours in Ireland to 40 hours in countries such as the Czech Republic, Denmark, Estonia and Finland. In 2014, only 10 countries (BE, DK, ES, FR, LU, NL, PT, SI, FI and SE) exceeded the Barcelona target of 33% of children under the age of 3 being cared for in formal structures, which clearly has an impact on female labour force participation (and number of hours worked).

As the population of the EU ages, the provision of long-term care (either at home or in institutional settings) is likely to have an increasing impact on the labour force participation of carers (as indicated above, the majority of such carers are currently women). When asked about factors which make it difficult for them to use LTC facilities, the reason most frequently mentioned in the European Quality of Life Survey (2012) was the availability and cost of such services (63.4% and 61.2%) respectively.

Forthcoming provisions in the baseline are unlikely to significantly impact the quality of work-life balance measures available at Member State level. Given existing trends, this means that existing gaps in paid and unpaid time are also unlikely to change significantly. Despite the likely continuation of some trends which has in the past led to a narrowing of gender gaps in employment and labour force participation, this is unlikely to be sufficient address concerns about the under-representation of women in the labour market and associated gender gaps in income and poverty levels.

This study assessed nearly 30 policy options linked to changes to maternity and parental leave legislation and the introduction at EU level of paternity and carers' leave provisions, as well as flexible working regulations beyond what is required for parents returning from leave by Directive 2010/18/EU. Eight options offering combinations of the above where also specifically assessed. Furthermore non-legislative options linked to childcare and LTC provisions were studied. The following table provides an overview of the options assessed and the number of Member States that would be required to make changes to their existing provisions should these options be implemented[447]. It shows that for most legislation options more than half, and in many cases all (or nearly all) **Member States will be affected by the proposed policy options** (and combination of options) **related to maternity leave, parental leave and flexible working arrangements**, whereas **less than half of Members States are affected by paternity leave options 1, 2, and 3 and carers' leave options** 1, 2, 3 and 6. A number of the combined options also include non-legislative policies linked to the offer of a childcare guarantee. The extent to which they are affected is measured by the legal gap analysis prepared for this study, which fed into the assumptions regarding the costs and benefits of the measure for different stakeholders and their broader socio-economic impact.

[446] BE, CZ, ES, FR, IE, LI, LU, HU, PT, RO, UK.

[447] This presentation does not provide an assessment of scale or of the elements where different Member States would be required to make changes. A detailed assessment of this is provided in the Annexes to this study.

Table 62. Options assessed by this study

	Maternity leave	Countries which would be required to make changes to existing legislation
Option 1	No change in length The first 2 weeks (compulsory period) fully paid and any subsequent weeks as currently (at least at the rate of sick pay) An entitlement for breastfeeding mothers to breaks of at least 1 hour per full working day An obligation for employers to provide appropriate facilities for breastfeeding	24 Member States: BE BG CY CZ DE DK EE EL ES FI HR HU IE IT LT LU LV MT PL PT RO SE SK UK
Option 2	No change in length or pay An entitlement for breastfeeding mothers to breaks of at least 1 hour per full working day An obligation for employers to provide appropriate facilities for breastfeeding	18 Member States: CY CZ DE DK EE EL ES FI HR HU IT LT LU MT PL PT SE UK
	Paternity leave	
Option 1	One week of paternity leave, unpaid	9 Member States: AT, CY, CZ, EL, HR, IT, LU, MT, SK
Option 2	One week of paternity leave, compensated at least at the level of sick pay	10 Member States: AT, CY, CZ, EL, HR, IT, LU, MT, NL, SK
Option 3	Two weeks of paternity leave, compensated at least at the level of sick pay	12 Member States: AT, CY, CZ, EL, HR, HU, IT, LU, MT, NL, RO, SK
	Parental leave	
Option 1	Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks) 8 years as the maximum age of the child up to which parents can take parental leave No change to the length of parental leave, nor the non-transferable period between parent; unpaid	16 Member States: AT, CZ, DE, EE, EL, ES, FI, FR, HU, LT, LU, PL, PT, RO, SI, SK

Option 2	Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks) 12 years as the maximum age of the child up to which parents can take parental leave No change to the length of parental leave (4 months per parent), nor the non-transferable period between parents (1 month per parent) Non-transferable month between parents paid at least at sick pay level or unemployment benefit level	25 Member States: AT BG CY CZ DE EE EL ES FI FR HR HU IE LT LU LV MT NL PL PT RO SE SI SK UK
Option 3	Length remains 4 months per parent per child up to the age of 12 Paid at least at sick pay level for the full four-month period 100% non-transferable Right to request flexible use of parental leave in agreement with employer	26 Member States: AT BG CY CZ DE DK EE EL ES FI FR HR HU IE LT LU LV MT NL PL PT RO SE SI SK UK
	Carers' leave	
Option 1	Entitlement to 12 weeks' leave per worker throughout their career, unpaid Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks)	12 Member States: CY CZ EE EL ES HR IE LU LV MT SI SK
Option 2	Entitlement to 4 weeks' leave per worker throughout their career Paid at least at the level of sick pay Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks)	16 Member States: CY, CZ, EE, EL, ES, FR, HR, HU, IE, LT, LU, LV, MT, SI, SK, UK
Option 3	Right to a short-term leave of 5 days per year, per child or dependent relative paid at sick pay level	6 Member States: CY EL LT LU MT UK
	Flexible working	

Option 1	Right to request flexibility in working schedule and in place of work for a set period of time For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave Right to request reduced working hours For parents of children up to age 12 For carers' in the situations that also give rise to carers' leave With an automatic right to return to the previous working hours at the end of the period of reduced working hours Employer only has to consider a request and reply without obligation to grant the requested change	All Member States with the exception of NL and UK
	Non-legislative	
	Childcare	
Option 1	Childcare guarantee for parents of 6 month, 1 year, 18 months old children Ensured place within 1, 2, 3 months after parents request Childcare guarantee financed by EU funding	20 Member States (depending on the age of the child) A legal entitlement to ECEC for children under the age of 18 months only exists DE, DK, EE, FI, MT, NO, SE and SI
Option 2	Non-binding recommendations to Member States to provide childcare services or on reduce fiscal disincentives to work for second earners which arise from tax and benefit systems and childcare-related costs	All Member States depending on precise nature of recommendation
	Long-term care	
Option 1	Non-binding recommendations to Member States to provide elderly care services	All Member States depending on precise nature of recommendation
Option 2	Setting benchmark or target on the provision of formal elderly care	All Member States depending on precise nature of target (unspecified for this study)

A number of combined options made up of elements of the above were also assessed.

The cost (including administrative burden) and benefits and socio-economic impacts of the different legislative and non-legislative options were calculated using a **Cost**

Benefit Analysis (CBA) and econometric modelling approaches (use the E3ME[448]) model. These calculations relied on a detailed review of the literature on impacts of similar measures, as well as a legal gap analysis.

All policy options being assessed have **positive wider macro-economic impacts, in the medium (2030) to longer-term (2050)**. However, the scale of these impacts differs significantly between policy options. Here, the options with the most significant macro-economic impacts in terms of GDP, labour force participation and employment are summarised. In all cases, **the 'maximum' policy scenarios** (featuring the most extensive enhancements in provisions compared to the baseline, e.g. in terms of length and payment of leaves and strength of rights), **have the most significant positive macro-economic impacts compared to the baseline**. Of this, **the largest impact in GDP and employment gains is achieved by Combined Option 1[449].** By type of intervention, the **flexible working options have the greatest impact**, followed by options linked to improved parental leave and carers' leave. The impact of the introduction of paternity leave (on its own) has the least significant macro-economic impact. This is partly due to the fact that these options affect the greatest number of individuals (parental and adult carers in relation to flexible working options and both parents for parental leave options), but also due to wider potential gender equality impact of these options with regard to the distribution of paid and unpaid work. In the combined option, the inclusion of the right to request flexible work arrangements has the most significant macroeconomic impact and its interaction with the other legislative measures, as their combination enables an earlier return of women to the labour market and a more equal sharing of unpaid responsibilities within the household[450].

[448] E3ME is an econometric model of the global economy that covers each Member State. The model includes a detailed representation of the European and global labour market, including econometrically estimated equations for labour market participation, employment and wage rates at a sectoral and regional level. The structure of E3ME is based on the system of national accounts and the model uses an input-output framework to deduce industry interdependencies.

[449] Option 2: Paternity leave: 1 week, paid at least at sick pay level; Option 4: Parental leave: flexible uptake, until child is 12, 4 months paid at least at sick pay level, entirely non-transferable; Option 6: Carer's leave: 5 days/relative/year paid at least at sick pay level; Option 1: FWA: right to request for parents and carers.

[450] In all options, the labour force/employment impact is primarily on women.

Table 63. Options with most significant positive socio-economic impacts, 2050

	Maternity option 1[451]	Paternity option 3[452]	Parental option 3[453]	Carers option 3[454]	Flexible working option 1[455]	Combined option 1
GDP total (and %)	€ 2.2 bn (0.01%)	€0.0 bn (0.00%)	€ 12.8 bn (0.05%)	€ 8.3 bn (0.03%)	€ 140.17 bn (0.52%)	€ 164.7 bn (0.61%)
Labour force total (and %)	13,000 (0.01%)	0 to-1,000 (0.00%)	106,000 (0.05%)	30,000 (0.01%)	1,337,000 (0.58%)	1,441,000 (0.62%)
Employment total (and %)	9,000 (0.00%)	1,000 (0.00%)	134,000 (0.06%)	52,000 (0.02%)	1,392,000 (0.62%)	1,597,000 (0.71%)

Calculations by Cambridge Econometrics and ICF

Central government and employers are also set to benefit overall from changes in maternity leave provisions in options 1 and 2, primarily through increased tax receipts from additional female labour market participation for central governments. There is also a decrease in spending on health provision, which is the same under both options 1 and 2 which include breastfeeding provisions. However, the increase in labour market participation due to the provision of maternity leave will lead to a slight increase in unemployment benefit payments in both option 1 and option 2. The total impact on Central Government and social security providers is an increased cost of €2.4 billion in option 1 (mainly arising from additional benefit payments) and a net benefit of €5.8 billion in option 2 as positive impacts on health care systems and improved tax revenues exceed any costs arising from increased unemployment benefit payments.

Employers will benefit more from reduced recruitment costs than they will pay to make adjustments for breastfeeding breaks and in maternity benefit payments. The provision of maternity leave is anticipated to have a positive effect on individual workers. This positive effect can come through employees feeling happier and more productive, in addition to choosing to stay in their existing place of work. This increase in wellbeing and productivity will have a positive impact on businesses. However, it

[451] No change in length; the first 2 weeks (compulsory period) fully paid and any subsequent weeks as currently (at least at the rate of sick pay); an entitlement for breastfeeding mothers to breaks of at least 1 hour per full working day; an obligation for employers to provide appropriate facilities for breastfeeding.
[452] Two weeks of paternity leave, compensated at least at the level of sick pay.

[453]Entitlement to flexible uptake (part-time, full-time, time-credit, one or more blocks); 12 years as the maximum age of the child up to which parents can take parental leave; Length remains 4 months per parent per child up to the age of 12; Non-transferable 4 months between parents paid at least at sick pay level or unemployment benefit level.
[454] Right to a short-term leave of 5 days per year, per child or dependent relative paid at sick pay level.

[455] Right to request flexibility in working schedule and in place of work for a set period of time; For parents of children up to age 12; For carers' in the situations that also give rise to carers' leave; Right to request reduced working hours; For parents of children up to age 12; For carers' in the situations that also give rise to carers' leave; With an automatic right to return to the previous working hours at the end of the period of reduced working hours; Employer only has to consider a request and reply without obligation to grant the requested change.

has not been possible to assess this quantitatively. The total positive impact on businesses of the introduction of legislation is €1 billion change from the baseline scenario in option 1 and 2 (as costs outweigh the benefits).

The **carers' leave options 2 and 3 are also beneficial for governments/social security partners** due to increases in tax revenue, reductions in unemployment benefit and health care spending, but incur costs for employers. However, under no option are the costs per business higher than €352 in a given year. The **same is also true for flexible working arrangements, which have positive impacts for government** due to increases in tax revenue and reduced health care costs. However, costs per individual taking leave are highest for the flexible working options (maximum of around €5,914 per year per business by 2050).

The **paternity and parental leave options show costs for both central governments/social security partners and employers over the whole measured period, despite the overall positive macro-economic impact of parental leave options 2 and 3 in particular**. This is due to the increase in benefit payments for individuals on parental leave, which is not outweighed by reductions in unemployment benefit payments or increases in tax receipts. The costs for the paternity leave options are significantly smaller than for the parental leave options, but in both cases remain limited as a cost per business.

Overall, the **options proposed will increase employment rates of women above the rate predicted in the baseline, as a result of improved opportunities to reconcile work and family life**. These impacts are most significant in the options having the greatest impact on pay during leave (and non-transferability). **As a result, employment and gender pay gaps are reduced. Dependency ratios are also reduced due to increases in fertility rates**, particularly in the parental leave options emphasising higher pay during leave and reduced transferability.

SMEs are not disproportionately impacted by the policy options proposed. Although impacts on individuals are difficult to measure quantitatively, benefits include increased household incomes, reduced poverty rates (particularly for women, including in old age), improved sharing of caring responsibilities and health benefits women and children, but also for fathers, who are able to be more involved in raising their children.

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