



Peer Review on “The financial impact of maternity and paternity leave”

Host Country Discussion Paper - Czech Republic

The financial impact of maternity and paternity leave

Prague, Czech Republic, 8 - 9 October 2018

DG Employment, Social Affairs and Inclusion

Written by Mgr. Jitka Hošťálková, Ministry of Labour and Social Affairs.

October, 2018



EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion

Unit C1

Contact: Alberto Cortellese

E-mail: EMPL-C1-UNIT@ec.europa.eu

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European Commission

B-1049 Brussels

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Executive Summary

Childbirth brings about one of the greatest changes in the life of the parents. It has also a significant impact on the economic situation of a family and, for Czech women in particular, that can have lifelong consequences.

Social policy of the Czech Republic provides one of the longest maternity and parental leave in the European Union. The Czech family policy legislation recognizes two types of leaves. Maternity leave for women is provided before and after childbirth for 28 weeks in total, respectively 37 weeks in case of multiple birth. Paternity leave was introduced in February 2018. Parental leave which is for one of the parents¹ who cares for child, it is usually taken after termination of maternity leave, the chosen length is up to parents, but until the child reaches three years old at the latest. Long periods out of the labour market to care for children can lead to a decline in the standard of living for the women or the family as a whole and can make returning to work after a long period of maternity and parental leave more challenging. The latter is also a consequence of the dearth of available high quality childcare facilities for pre-school aged children in the Czech Republic. Therefore, the main objective of the existing Czech family policy is to give parents choice and ensure effective reconciliation of family and working life.

In terms of economic status, Czech women face gender inequality within the labour market: this can take the form of gender discrimination when applying for jobs, as well as a significant gender pay gap. The average wage of a woman is 22 % lower than that of a man in the Czech Republic (compared to an EU average of 16.2 %). Economically speaking, women are at greater risk of unemployment, which is often the result of maternity, specifically long maternity/parental leave. Women (mothers) often face a form of latent gender discrimination when applying for jobs, because employers perceive being a mother as an obstacle to consistent working performance, as especially small children need care of a parent. While it is in breach of labour law, it remains a practice. Moreover, due to the lack of childcare facilities, women ending the parental leave are at risk of unemployment when returning back to the labour market – the original job position of a woman has to be kept only for the first six months during the maternity leave and the employer must keep a job position within the company similar to the original one until the end of the parental leave if the mother opts to take parental leave following the maternity leave. A parent that is not able to place his/her child into a childcare facility after ending the parental leave, and for this reason has to stay at home with the child, becomes unemployed.

This issue is related to the persisting gender stereotypes in Czech society. Women are perceived as mothers and caregivers who should stay at home with children, while men are mostly supposed to be the breadwinners. As a result, women are more likely to be employed below their qualification level.

As the long periods of maternity and parental leave can impact women negatively, family policy in the Czech Republic includes several measures in order to improve the status of mothers with small children in society. More flexibility in accessing parental allowance should favour high income families and particularly men's involvement in childcare (see also chapter 2 below). The involvement of fathers in the early days of the child's life aims to secure a greater long-term involvement of men in childcare, which has traditionally been very low, especially because of economic disadvantage for men on parental leave. This is due to the fact that receiving child's allowance is financially more advantageous for a parent with lower income, which is usually the case of the women. Equally, gender stereotypes assign women to childcare, while men are perceived as breadwinners. New alternative forms of pre-school childcare services (children's groups and micro-nurseries)² aim to address the lack of available public childcare facilities.

¹ Parental leave is taken mainly by women in the Czech Republic.

² Children aged three years are mostly attending these facilities, however, micro-nurseries are providing care for children up to the age of four and children's groups are providing care for children up to the age of six.

Moreover, the guaranteed places for children over three years in the kindergarten ensure parents' return into the labour market after the three-year parental leave.

The purpose of this paper is to present the policy measures mentioned above and to discuss their potential to support the economic status of parents with small children. This paper presents good practices and also discusses the transferability to other contexts.

1 Situation in the host country

1.1 Demographic information

In terms of family policy, we can identify six significant demographic and socio-economic trends in the Czech Republic. These trends are used as starting-points for the design and implementation of family policy measures elaborated in chapter 2.

1.1.1 Birth rate decline

The first notable demographic trend is the decline in the birth rate. The period of 1994 - 2002 was characterized by a rapid decline in the birth rate. Between 1990 and 1999, the number of live births decreased from 131 000 in 1990 to less than 90 000 in 1999. Between 2002 - 2008 there has been an annual increase in live births, when 120 000 of children were born in 2008. Since then the number of live births has been continuously decreasing (ČSÚ³, 2016a). The Czech Republic was, with 1.5 children per woman, among the EU countries with the lowest fertility rates (such as Germany, Austria, and eastern and southern European states) until 2013. In 2016 the total fertility rate rose to 1.63 children per woman (Eurostat, 2018a).

Starting a family at a later age is another significant trend. In 1990, first time mothers were aged around 25 years compared to the year 2011 since when the age of first time mothers increased to between 30 and 34 years old. This trend is in line with broader European trends. However, contrary to western European states, Czech women are giving birth at a older age (30+ years) less frequently. According to a study by Šprocha (2014), potential parents are postponing the decision on having a second child. The older age of mother at the first birth may lead to more difficulties in having a second child. Women achieve higher education compared to men in general and are building their career. Because housing can be scarce and expensive, potential parents often decide to dedicate their earnings towards securing housing first, and, once housing secured, they decide on having a child. During the decision making about having a child, the options for work-life balance are also taken into account. A study by Doepke and Kindermann (2017) describes an additional significant factor: a disagreement between partners whether to have or not a child based on the worries that one parent would be burdened more with the care than the second one. Additionally, having a second child is more financially demanding. Therefore, parents opt for having only one child to be sure being able to provide the highest living standard possible.

There is an increase in the number of children born after an assisted reproductive process, one of the reasons for that is the postponing of parenthood into later age. In 2015, there were more than 38 000 of assisted reproductive cycles and approximately 2 % of children were born after IVF⁴ (Řežábek, Jánová, 2017).

1.1.2 Ageing

The second demographic trend that can be identified in the Czech Republic is ageing. Ageing is a characteristic phenomenon of the demographic evolution which can be found in most EU countries. In 2015, there were 1.9 million inhabitants aged 65, representing almost one fifth of the total population. According to projections, by 2050 one third of the population is expected to be 65 years old and above in the Czech Republic (ČSÚ, 2013).

³ Český statistický úřad (Czech Statistical Office).

⁴ In vitro fertilisation.

1.1.3 Change of a family structure

The third key societal trend is the change of a family structure. There is a rapid increase of children born outside marriage – 9 % in 1990 and 48 % in 2015 (ČSÚ, 2016c) – especially for first-born children. The Czech Republic is among the countries with above average figures on this trend (Eurostat, 2016). Low marriage and high divorce rates are another phenomenon in the Czech Republic. About 50 % of single men marry, while the rate is a bit higher among single women (Kuchařová, et al., 2017). Married couples are most likely to divorce after three to five years of marriage and approximately every second marriage ends in divorce (ČSÚ, 2016c). The overall family structure is changing. There is an increase in households of singles, childless and unmarried couples. Almost half of family households live with one child; more than 40 % live with two children and less than 10 % live with three and more children (ČSÚ, 2016d). There is also an increase in single-parent households, where 70 % of single-parent households consist of a parent and one child. Families with only one child are more common among the single-parent households, while two-parents families tend to have more than one child (ČSÚ, 2014). According to statistical data, 404 000 of children now grow up in single-parent households (ČSÚ, 2011).

1.1.4 Women achieving higher education

Women are also achieving higher qualifications compared to the situation in last decades. In 2001, women represented 51 % of all university graduates, whereas in 2014 it was 60 % (ČSÚ, 2015). However, the higher number of female university graduates does not correlate with wage levels achieved which continue to be significantly higher for men, including the youngest generation entering the labour market. The average wage of women is one fifth below that of men, which means the Czech Republic is among the European countries with the highest gender pay gap (World Economic Forum, 2015).

1.1.5 Employment inequality

Maternity has a significant impact on the employment of women. The employment rate of women with small children is one of the lowest in the EU. The difference between the employment rate of Czech women without and with children until the age of six is the third highest in Europe (European Commission, 2015). The unemployment rate of women with small children is more than double compared to childless women. Moreover, 60 % of unemployed women with a child until the age of six become unemployed immediately after the end of parental leave (Bičáková, Kalíšková, 2015). The insufficient offer of flexible working arrangements is one of the reasons for high unemployment of women with small children (MPSV, 2017). In 2015, there were 9.2 % of women in the Czech Republic with part-time jobs compared to the EU average which is 31.5 % (Eurostat, 2018b)⁵. The main reason for such a low employment rate of women (and also men) in part-time jobs is the fact, that part-time job positions are not advantageous for employers because of higher expenses on the social and health insurance that have to be paid for each employee. Additionally, part time jobs are not highly used by workers due to its low pay. This issue has to be dealt hand in hand with wage policy.

1.1.6 Poverty among families

Decision making about starting a family depends on the standard of living of families. According to the international data (ČSÚ, 2016b), the Czech Republic is among the

⁵ Flexible forms of work are not defined in the law in the Czech Republic; however, they are used and provided by the employers. According to the information received from the Czech Statistical Office, there are no data about specific flexible job arrangements collected. The only characteristic being observed is the part-time employment. TREXIMA (Czech company working with the income statistics) has released a study in 2016 tracking the employers' benefits provided (Available at: <https://www.cmkos.cz/obsah/754/vysledky-pruzkumu-benefity/17805>): 54 % of employers provide flexible working hours, 33 % provide home-working and 17 % provide so called "sick days". Unfortunately, there are no data on the use of these arrangements by the employees.

countries with the lowest risk of income poverty and also poverty among families with children. However, households with three and more children, single-parent households, households with low education rates and households with 6 – 17 years old children are at greatest risk of poverty (Štípková, 2016). The 34.4 % of single-parent families are at risk of poverty, compared to 6.2 % of families with two adults and one child and 9.1% of families with two children (ČSÚ, 2015). Many families with children also live in a situation when their earnings cannot cover their needs. This issue affects more women than men – 13 % of men and 24.5 % of women in the Czech Republic (Holý, 2013). Housing expenditures cover the major part of a family's budget. Families living in rented housing (17 %) are most likely to be at risk of poverty. Families spend 20 % of their expenditures on housing, similar amount on food, 10-12 % on goods, services, transport, culture and holidays (ČSÚ, 2016e). 1-2 % of resources are spent on education and health. Leisure activities are also less accessible for families with children (especially low income and single-parent families). Only half of Czech families have a financial reserve in case of sudden expenditures (Nadace Sirius, 2016).

1.2 Trends of the Czech family policy

The following chapter describes trends and issues that are currently in the scope of Czech family policy and result primarily from the six demographic trends discussed above. Support for childcare services, reduction of the pay gap and the involvement of men in care are the major goals of contemporary family policy in the Czech Republic and the policy measures described in chapter 2 aim to address these issues.

1.2.1 Support and development of childcare services

The most pressing problem in the Czech Republic in relation to childcare and pre-school education is an insufficient offer of high-quality, affordable and locally available services addressing the parents' needs. There are no data on the number of women/parents that do not return to work due to the lack of access to childcare facilities. Available data on the number of rejected applications for kindergartens show 33 237 rejected applications so far in 2018. However, this data is only partially indicative since it is possible to apply multiple times, it does not reflect the exact amount of missing childcare spaces.

The cost of one place in a kindergarten is approximately CZK1 500 (EUR 60) per month (Vyhláška⁶ č. 14/2005 Sb.). These costs are much higher in private facilities (5 000 to CZK15 000 per month/ 190 to EUR 600 per month). Considering the average income of a family with children (CZK 39 000 /EUR 1 500) (Höhne, et al., 2016), families spent 4 % of their income on a public kindergarten place for one child and 12-38 % of the income in case of a private kindergarten.

Because of the insufficient offer and fragmented legal framework of childcare services, parents tend to use babysitters and services on the grey market (Barvíková, Paloncyová, 2014a). This situation has numerous disadvantages: firstly, for parents and children because the use of such services does not enable the state to impose quality control measures, secondly, for babysitters themselves because of the unstable job conditions, and finally, for the state that loses the income from taxes and social insurance system (Barvíková, Paloncyová, 2014b).

The lack of childcare options prevents employees from planning their return to their workplace when the parental leave ends. This leads to economic insecurity for families with small children. The impact of the insufficient offer of childcare services in the Czech Republic can be identified in the low employment rate of parents (especially mothers), as well as in the birth-rate, as the amount of second and further children being born is decreasing.

The service of public kindergartens is provided traditionally, many of which were created during the 70s and 80s, nevertheless, many of them were abolished due to the low birth-rate in the 90s. Currently, it is possible to provide four types of childcare services

⁶ Ministerial decree no. 14/2005.

in the Czech Republic. However, these childcare facilities are under the competence of three Ministries and this fragmentation of services unfortunately leads to a lack of availability and a decline in the quality. Kindergartens are regulated by the Education Act, responsibility for which is located in the Ministry of Education, Youth and Sports. Private childcare facilities are regulated by the Trade Act, which is the responsibility of the Ministry of Industry and Trade. Recently, there were two alternative childcare facilities developed in the Czech Republic in order to supplement the insufficient offer of services – children's groups and micro-nurseries (for more information see chapter 2 below).

1.2.2 Support of flexible job arrangements

As it has already been said, there is a considerable gender inequality in the labour market. Among the key reasons for the lower employment rates of women are the take-up of relatively long periods of parental leave, the lack of accessible and affordable local childcare facilities and low availability of flexible working arrangements.

The risk of unemployment among women with children up to the age of 15 is more than double compared to men in the same situation (6.4 % for women and 2.8 % for men). Some of the reasons for such a difference is: firstly, the fact that women tend to start a family with a man with stable job without a risk of unemployment and, secondly, a child in the family stimulates men to higher productivity and also to avoiding unemployment (Bičáková, Kalíšková, 2016)⁷. The risk of unemployment increases among women with children aged between four and six years – right after the end of the parental leave period, mostly because of the lack of childcare which leads to mothers staying with their child at home longer than the leave and consequently lose the original job position. While the risk of unemployment among mothers of children up to the age of three is 3.3 %, the risk of unemployment among mothers with children aged four to six rises to almost 11 %. With the increasing age of children the risk of unemployment is decreasing; however there is still a significant difference between the unemployment rate of women with children and childless women (Bičáková, Kalíšková, 2016).

Flexible working arrangements are not used much in the Czech Republic compared to the EU. In 2016, 6.7 % of employees were employed part-time in the Czech Republic, while in the EU, the average was more than 20 %. Women tend to work part-time more often compared to men: in 2016 there were 4.9 % of women working part-time⁸ (ČSÚ, 2017).

The long-term issue in employment of women with small children is a lack of flexible working arrangements in the Czech Republic. The Active Policy of Employment currently supports employers in employing persons that due to their individual characteristics do not fit into the standard labour market/employment model. However, this policy does not consider the support of flexible working arrangements at all. The Ministry of Labour and Social Affairs has started a discussion on the need of flexible working arrangements and the legal framework is currently being prepared (see chapter 2 below).

1.2.3 Reduction of pay gap

More Czech women than men start university studies – 38 % of the female population (aged 25-34) obtains a university diploma, compared to only 24 % of men. However, these higher educational attainment levels fail to translate into reductions in the gender pay gap, even among younger cohorts in the labour market. The average salary of women is more than a fifth lower than men's, which means the Czech Republic has one of the highest gender pay gaps in the EU.

Czech women's employment biographies and experiences show a significant parenthood penalty. Czech women (especially those with children) face a higher risk of unemployment, have difficulties reconciling work and care, deal with longer career

⁷ However higher risk of women's unemployment is also related to gender discrimination within the labour market, due to their maternity and general gender stereotypes within the society.

breaks due to parental leave etc. Despite this, the gender pension gap in the Czech Republic is far below the EU average. While pensions among European men are, on average, 39 % higher than women's, Czech men's pensions are only 13% above those of women. It is mainly caused by men's and women's employment and lifetime earnings before 1989. Women had shorter career breaks due to care for children (because the regime's goal of full employment and well-developed network of nurseries and kindergartens) in comparison to women from other (non-communist) countries. Another important fact is that part-time jobs were not easily available at that time in the Czech Republic. Most women and men had full-time jobs so the difference in their wages was not so significant as in other European countries where part-time jobs were common and very often used by women (Volejníčková, 2015).

1.2.4 Involvement of men in the care

The involvement of both parents in childcare has a significant impact on healthy relationships within the family on one hand; and it influences the child's development as well as the life quality of the whole family on the other hand. Gradual changes in this regard could impact the change of social stereotypes that are often applied within the labour market, when a woman is perceived as the major caregiver, while a man as the family breadwinner. They have to deal with pressure on work performance and the real desires and aspirations are not taken into account. The higher involvement of men in childcare should positively affect the birth-rate, because considering a more equitable distribution of care, women may be more inclined to start a family or have more children (MPSV, 2017).

According to recent data, the interest in greater involvement in childcare among men is increasing: 40 % of men would definitely take up a paternity leave and 41 % of men would take up paternity leave with certain conditions (Höhne, et al., 2016). The main reason for men not taking up the parental leave (it is now possible for men to alternate with a woman in receiving the parental social benefit) is the economic disadvantage associated with it, because parental social benefit received by a man with higher wage would reduce the overall family income.

2 Policy measures

Implemented measures as well as those planned are presented in this chapter.

2.1 Childcare services

2.1.1 Children's groups

Children's groups are framed by the Children's Groups Act which is the responsibility of the Ministry of Labour and Social Affairs. The Children's Groups Act was approved in 2014. Childcare service in a children's group is provided to children from the age of one until the start of compulsory school attendance at the age of six as a supplementary service to kindergartens. Providers can be an individual or any kind of legal entity (NGO, municipality, association or foundation). Childcare service in children's group can be also provided by a university, institute, church or it can be provided by employers for the children of their employees. Any provider that intends to start up this service has to send an application form to the Ministry of Labour and Social Affairs. The Ministry evaluates the application in order to make the decision about starting the service provision. These facilities can charge fees⁹ but only to cover their basic operating costs (and not to make a profit). Childcare service has to be provided at least six hours per day. The capacity of a children's group is limited up to 24 children, while the provider is obliged to ensure a caregiver (one caregiver for a group of six children, two caregivers for a group of 7-12 children and three caregivers for a group of 13-24 children in case there is at least one child younger than two years). The provider of childcare in children's group must also be registered in a registry of children's groups in order to

⁹ About 90 % of children's groups request fees from the parents. Some of the fees are set only for the food provision, some of them also for the service.

ensure the quality of services. Currently this service is provided in more than 780 facilities that can care for over 11 000 children, which is far from satisfying the demand (Zákon č. 247/2014 Sb.¹⁰).¹¹

Children's groups supplement the lack of places within the childcare system. Children's groups focus on individual care (more caregivers for fewer children) and also offer the possibility to place siblings in different age groups in one group. The undeniable advantage of children's groups is the year-round or weekend opening hours, while kindergartens are usually closed during summer holidays as well as weekends. Children's groups are a public facility and are mostly funded by the European Social Fund (ESF), while approximately 10-15 % is funded by the state budget depending on the type of provider.

2.1.2 Micro-nurseries

Micro-nurseries are a specific project realized by the Ministry of Labour and Social Affairs to address the lack of childcare services, especially for children under the age of three. This project is being piloted and its legal framework is being prepared. Micro-nurseries were inspired by the institution of the 'Tagesmutter' that operates in Germany and Austria. Tagesmutter is a concept more akin to a large family than a childcare facility, focusing also on individualised childcare.

Micro-nurseries are specific public facilities providing care for children from the age of six months up to the age of four years in small groups (maximum four children). They should be open five days a week and at least eight hours a day. This service can also be provided in the household of a provider. The duration of the child's stay depends on a contract between the provider and a client¹². There should be at least one caregiver in the group of four children. Currently there are 72 facilities all over the Czech Republic.

Micro-nurseries are mostly funded by the ESF within the Operational Programme Employment (co-financed by the state budget same as in case of children's groups). One of the conditions for micro-nurseries is their cooperation with a municipality in order to ensure that municipalities will also work on the development of a family policy. Apart from NGOs or other associations, a municipality can also apply for the resources to set up this childcare facility.

Currently the amendment of the Children's Groups Act is being prepared. The main aim of this legislative adjustment is to frame the conditions for national funding of children's groups and micro-nurseries as well as to regulate micro-nurseries. This amendment is still being prepared and Ministry of Labour and Social Affairs considers including also another condition for these facilities, such as quality controls.

2.1.3 Kindergartens

Kindergartens are regulated by the Education Act in which is the responsibility of the Ministry of Education, Youth and Sports. Preschool education in kindergartens is provided for children aged three to six, it is also possible to accept a two years old child depending on the capacity of the facility. The decision whether to accept the child fall on the kindergarten director, children aged four are accepted as a priority.

However, as indicated above, Czech parents have to deal with a lack of pre-school childcare services. In reaction to this, a new measure has been adopted and included into the Education Act through which a child should be guaranteed a place in pre-school childcare services. Guaranteed places for four year old children have been in place since

¹⁰ Law no. 247/2014.

¹¹ In 2017 there were approximately 300 000 children aged one to three in the Czech Republic (ČSÚ, 2018). The guarantee of a place for a child aged three and older comes in force in September 2018.

¹² Micro-nurseries service is provided for free. Contract between the provider and a client sets the conditions of the service provision, e.g. attendance period, food coverage or the conditions of picking up the child.

2017, while the guaranteed places for three year old children will come into force from September 2018.

This measure enables parents to better plan their return to the labour market as well as to return earlier. In doing so, it helps to preserve human capital and has been shown to improve the quality of family time with a child (MPSV, 2017). Considering the fact that poverty is 'inheritable' across the generations (Sirovátka, et al., 2015) in the absence of social mobility, the opportunity to place a child into the group of children in a high-quality childcare facility can prevent future social exclusion and poverty. It provides access to early childhood education and chances for a better life (MPSV, 2016). Finally, this measure leads to greater state savings due to the increase in the employment rate of mothers with small children: the health and social insurance expenses are no longer the responsibility of a state, but it is the duty of an employer that concurrently increases the state's budget.

2.2 More flexibility in the parental allowance

Since 2012, the parent who takes care of youngest child in the family is entitled to receive parental allowance amounting to CZK 220 000 (EUR 8 500) in total. Until 2018, the maximum monthly benefit was CZK 11 500 (EUR 450) and the shortest period for receiving the benefit was two years. From January 2018, this limitation has been removed and the monthly amount of the parental allowance may reach up to the 70 % of previous monthly income. Parents with higher incomes can therefore use up the total amount sum faster than before. Now, the shortest period for receiving the parental allowance is six months and the maximum monthly benefit is CZK 32 640 (EUR 1 270). Faster payment of the allowance is still linked to previous level of parent's income.

Because of the removal of the limit, the parental allowance is now more attractive for higher-income parents but also for fathers. In the Czech Republic, men have higher wages than women and the decision to be on the parental leave and to receive parental allowance was economically disadvantageous for majority of men until 2018. Now, parental allowance is more flexible and it helps to better balance gender inequalities in families.

2.3 Fathers' involvement

Paternity leave was introduced in February 2018,¹³ in order to engage men into the childcare, regarding the fact that most women are taking up maternity and parental leave and receiving related benefits as well as they are leaving the labour market for several years. Involvement of fathers in care should also ensure greater women's access to the labour market, which is often affected by the barrier of taking care of children for a long period of time.

Since it is a social benefit coming from the participation in a sickness insurance, there is the condition of participation in sickness insurance (insured job) at the time of applying for this parental care. Self-employed men should have been participating in the sickness insurance system at least for three months immediately before applying for this paternity leave. The replacement rate covered is 70% of previous salary. The paternity leave benefit is provided only in case the father applied for this paternity leave during six weeks after the childbirth. In case the father takes care of more children, this paternity leave benefit is provided only once. The benefit can be received for seven days. It is not possible to draw this benefit intermittently.

¹³ Paternity leave does not exist in connection with labour law in the Czech Republic, however, we use this term only in order to speak within the European standard terminology. The term "paternity leave" is considered as "post-child-bearing parental care" in this paper. "Post-child-bearing parental care" is the proper term used by the Ministry of Labour and Social Affairs.

2.4 Intended future adaptations

2.4.1 Children's groups and micro-nurseries' funding

Since 2016 Children's groups and micro-nurseries have been funded from ESF resources (with relevant national match funding). However, these projects terminate at the end of 2020. As these projects run successfully – these facilities are providing high quality care for more than 10 000 children – it is necessary to ensure their sustainability and for this reason to settle the permanent national funding system.

The permanent national funding of children's groups and micro-nurseries should ensure the operation of existing children's groups and micro-nurseries and it should also support the establishment of new facilities. The aim of permanent national funding is to develop the children's groups and micro-nurseries network and satisfy the demand for childcare facilities in the Czech Republic.

While children's groups are regulated in the Children's Groups Act since 2014¹⁴, the legal framework of micro-nurseries has not been adopted yet. For this reason, Ministry of Labour and Social Affairs is also preparing the inclusion of the concept of micro-nurseries into the Children's Groups Act.

2.4.2 Flexible working arrangements

In the Czech Republic, there is a great deficiency in the offer of flexible working arrangements: part-time jobs, flexible working hours, home working, shortened work-week or job-sharing. Compared to other EU countries, Czech Republic is below the average in using flexible working arrangements. On the other hand, 90 % of Czechs would prefer flexible working arrangement for parents with children offered by the employer (CVVM, 2016).

The main issue while implementing flexible working arrangements is the legal framework governing them, which should be created in cooperation with social partners to ensure the legal and employment security of such working arrangements which can be beneficial both for employers and employees.

The Ministry of Labour and Social Affairs intends to prepare a legal framework for job-sharing. Job-sharing is a full-time job divided and shared between two workers on part-time jobs. A Legal framework for job-sharing should clarify the obligation to substitute each other, the responsibility for working-time schedule or the completion of the tasks.

2.4.3 Motivational alternating bonus

Motivational alternating bonus is a measure planned to engage men in childcare. However, this measure has not been implemented yet. The law currently enables parents to alternate in receiving the parental allowance; however, it is often disadvantageous for a family where the father has a higher wage. This measure aims at introducing three-month bonus, which can be taken until the child reaches three years of age. The aim of this benefit is to secure the adequate income for a parent that will alternate with the second parent.

3 Results

This chapter gives an overview of the impact and results of policy measures mentioned in the previous chapter: more flexibility in the parental allowance, fathers' involvement¹⁵ and childcare services. Two of the above-mentioned measures were implemented very recently (January and February 2018) and, for this reason, there are no data available

¹⁴ Until 2016 children's groups were providing the childcare without any methodological support.

¹⁵ Within the father's involvement measures, only paternity leave is discussed in this chapter, because it is the only measure implemented already compared to the motivational alternating bonus which is currently being prepared.

showing results and outcomes yet. Therefore, this chapter focuses primarily on the results of childcare services measures.

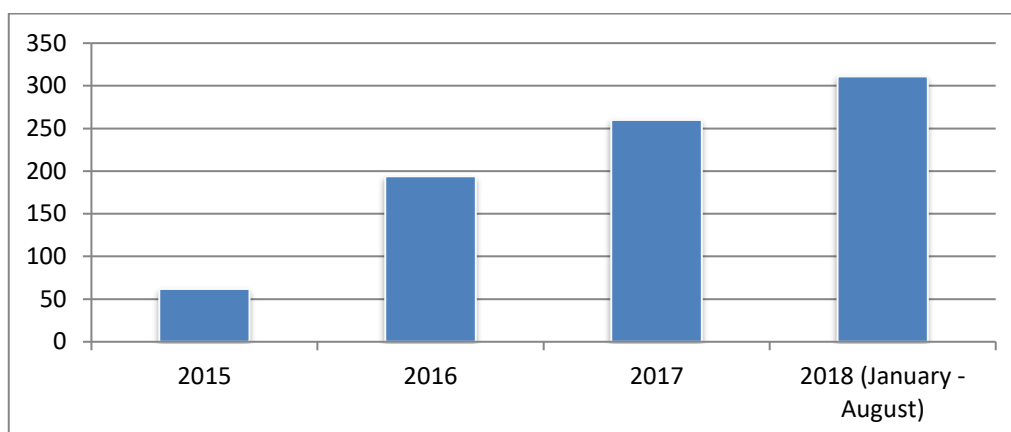
3.1 Childcare services

Regarding the measures in the childcare services, the **capacity guarantee** for three years old and above children in kindergartens is planned to be implemented in September 2018. Children's groups and micro-nurseries have been implemented for a longer time and thus we can already identify the outcomes.

3.1.1 Children's groups

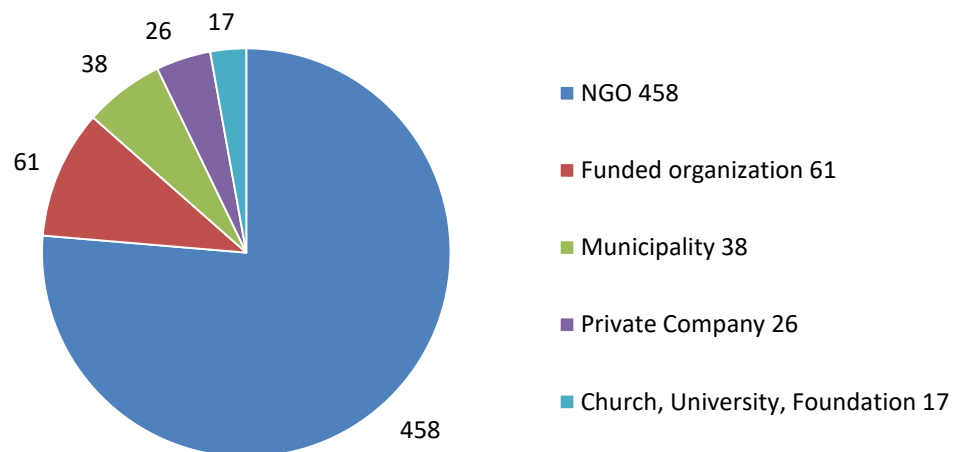
Currently there are over 780 children's groups across the Czech Republic. These children's groups offer places for more than 11 000 children. According to the data from providers and rapid increase in the amount of potential providers' applications, the demand for services is not satisfied. Children attending the children's group are mostly younger than three years (16 % of children up to the age of two, 48 % of children up to the age of 3, 31 % of children up to the age of five and 5 % of pre-school children). Ministry of Labour and Social Affairs estimates that children's groups have been taken up by approximately eight thousand families so far.

Graph 1: The number of newly established children's groups



The majority of the service providers of children's group are NGOs (75 %). Municipalities and funder organizations or foundations are providing the care in 12 % of children's groups. The rest are children's groups operated by private companies, universities or church (see the graph 2).

Graph 2: The number of children's groups according to the type of provider



The average costs paid by parents for placing their child into a children's group are approximately CZK 2 500 (EUR 100) except food. The level of costs depends also on the fact, whether the particular children's group draws on the resources from the ESF (80 – 90 % children's groups are funded by the ESF).

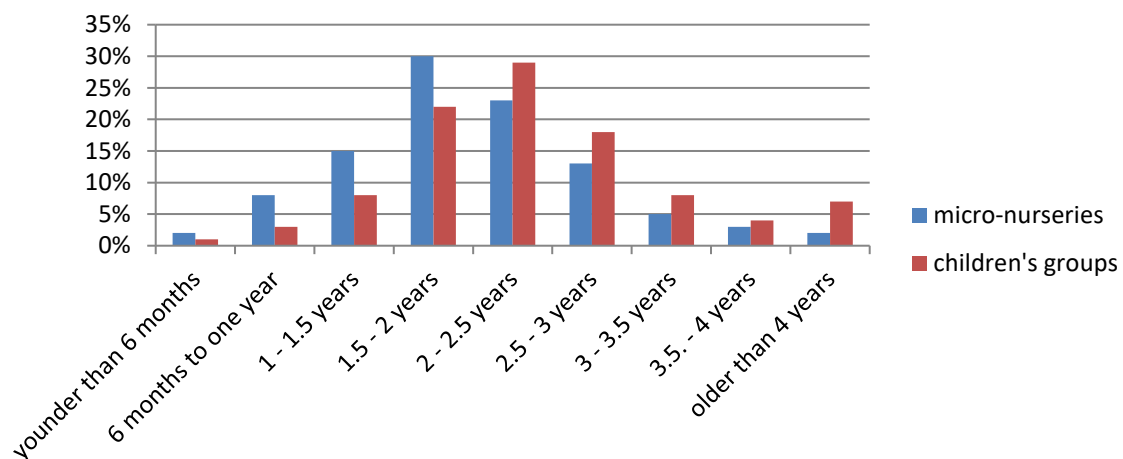
3.1.2 Micro-nurseries

In accordance with the project concept, there have been 72 micro-nurseries established in the Czech Republic, funded by CZK 131 million (EUR 5 million) from ESF. Currently, the functioning of these facilities is being reviewed. The Ministry of Labour and Social Affairs is going to apply for another European Social funding of CZK 224 million (EUR 9 million) in November 2018 to support further development of these facilities.

Micro-nurseries are used by around 500 families. The overall capacity of micro-nurseries is 308 places, whereas more children can alternate on one place. The total number of children receiving this service is then higher.

Graph 3 compares the age of children firstly entering micro-nurseries and children's groups. While children's groups are mostly used by children aged 2 – 2.5 years, micro-nurseries are mostly attended by younger children (1.5 – 2 years). This is related to the fact that micro-nurseries are providing individual childcare for small children that is similar to home care.

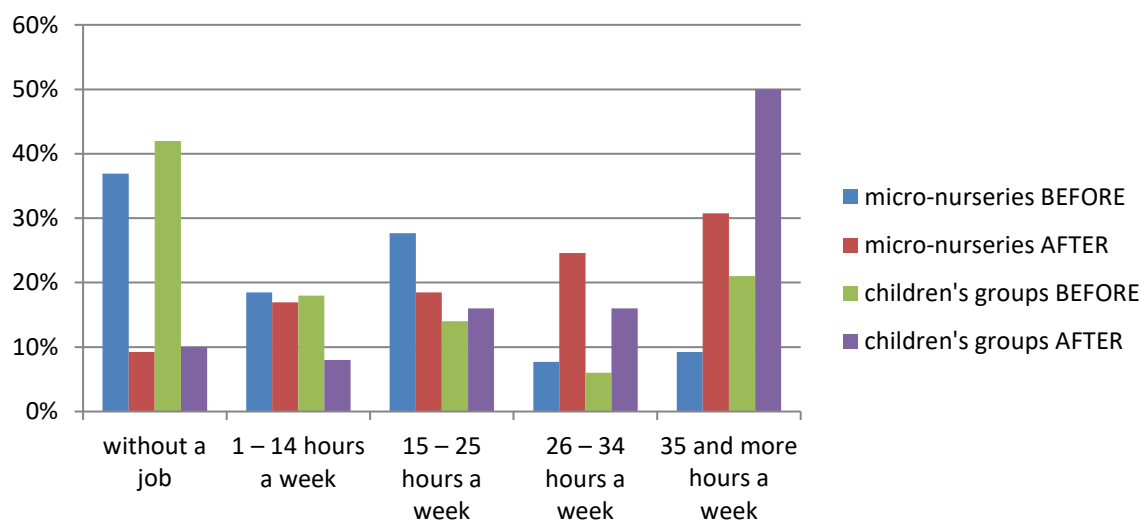
Graph 3: Age comparison of children when joining micro-nurseries and children's groups



According to the evaluation survey questionnaire, parents perceive micro-nurseries as a service providing very high quality care. There is an individual approach in the childcare and a family atmosphere (43 % of parents). The main reason for placing their child into micro-nursery was especially better childcare compared to other facilities (30 % of parents) and local accessibility (28 % of parents). Parents of small children and persons older than 50 years are mostly among the employees of micro-nurseries. In more than one third of the facilities, the caregiver employed in micro-nursery has his or her own child in the facility as well.

Graph 4 shows the involvement of parents using childcare services in micro-nurseries and children's groups in the labour market. The employment is compared before and after receiving this service. The employment rate of mothers using these childcare facilities is higher compared to the situation before placing a child into a micro-nursery or children's group.

Graph 4: Micro-nurseries' and children's groups' comparison – weekly working hours of mothers before and after using micro-nurseries and children's groups



Children's groups and micro-nurseries are temporary projects funded by the ESF. The Ministry of Labour and Social Affairs is proposing an amendment to the Children's Groups Act that would ensure the continuity of these services as well as their national funding system.

4 Difficulties and constraints

This chapter focuses primarily on the difficulties and constraints identified during the process of design and implementation of **childcare measures**. More flexibility in the parental allowance and the paternity leave have been implemented too recently to have enough data to reach any conclusion.

4.1 Childcare services

Generally, the traditional division of social roles is persisting in the Czech society. Based on existing public opinion polls the most common view on childcare is that the major caregiver for children until the age of three should be a parent, and more specifically the mother of the child. *A magical limit of three years* is a phrase adopted within the society, which declares that the first three years of a child's life are crucial for its development and the child should spend these years with a parent, not in a childcare facility. According to this approach, childcare facilities cannot provide such a quality childcare that can be given from mother.

There are several myths about the preschool childcare:

- The proper family model is a mother staying at home with a child at least for three years.
- Long-term parental leave positively influences the birth rate.
- Preschool childcare facilities are harmful for children.
- The investment into childcare facilities will not pay off to the state.
- There is a low demand for childcare facilities from parents with children younger than three years.
- The postponing of parents' return into the labour market after finishing parental leave does not influence the financial status of the family.
- Childcare is determined by a mother.

This approach was identified as a main barrier during designing and implementing the children's groups and micro-nurseries that are providing care also for children younger than three years. It has resulted into the focus primarily on the quality of these facilities that is currently being successfully assured. Children's groups and micro-nurseries are providing individual care and these services can flexible react on demands of parents and their children.

Another barrier for development of childcare services are the hygienic and construction engineering standards. For that reason, there have been specific standards implemented for children's groups and micro-nurseries that are more easily to fulfil by providers.

Another concrete obstacle identified by providers is still a lack of qualified caregivers, even though the qualification requirements are relatively wide (it is possible to apply with medical, pedagogical or social education). Important role is played by the low salary rating of caregivers.

Finally, the funding system creates one of the main obstacles when designing and implementing this measure. Childcare services are relatively expensive in general (more in chapter 1.2.1), however it is necessary to fund them to support the work-life balance. Children's groups and micro-nurseries are funded mostly from ESF. For that reason, the permanent national funding must be ensured. However, permanent funding of childcare services has high demands on the state budget.

5 Success factors and transferability

5.1 Childcare services

Children's groups are a measure addressing the insufficient offer of childcare facilities especially for children until the age of three. Children's groups are in general preferred by the parents because of their concept of flexibility and individual approach (flexible opening hours, focusing on the specific needs of particular children). Providers appreciate the simplicity of requirements for the registration. The Ministry of Labour and Social Affairs operates an electronic registration system for the providers. This system simplifies especially the registration process for providers that can be done electronically. This measure is transferable to other countries with the lack of childcare services for small children and parents with specific needs in the childcare. The implementation of children's groups can also support the increase in the employment rate among women employed in children's groups.

The success factor of micro-nurseries is primarily in that the service has not been available in the Czech Republic for a long time (public nurseries for children until the age of three were cancelled in 2013). Micro-nurseries address the need of particular parents that have decided not to leave the labour market despite having a family. Similarly, to children's groups, micro-nurseries are providing individual care for children and reacting to their specific needs. The possibility to set up a micro-nursery in the household also enables mothers of small children to be employed and take care of their child all at once.

Micro-nurseries are transferable to other countries where the need of childcare facilities is for children especially until the age of three.

Guaranteed places in kindergartens for children older than three years are a tool to prevent the unemployment of women finishing parental leave. The unavailability of childcare facilities puts obstacles for women returning into the labour market after three years on parental leave. Guaranteed places conversely ensure women better life stability through returning into the previous job position. This approach is transferable to all countries where is a risk of unemployment of women returning into job after parental leave.

5.2 More flexibility in the parental allowance

This policy measure aiming to make the drawing of parental allowance more flexible favours especially high-income families and supports father's involvement in the care. Families with high-income can use the whole allowance faster, which leads to the fact, that parental allowance is now more attractive to high-income families. Congruently, as the parental allowance can be draw faster in higher monthly amount, it is also more attractive to fathers that are considering taking up parental leave. Before this new measure was implemented, it was not advantageous for men to receive the parental allowance, because it would lower the family income in total. Finally, the effects of this measure lead to balanced gender inequalities in families. This measure is transferable to other countries with low involvement of men in the parental care and similar system of parental leave.

5.3 Fathers' involvement

Fathers' paternity leave benefit and motivational alternating bonus are two policy measures designed in order primarily to involve men in childcare, as the stereotyped division of gender roles is being present. The involvement of men in childcare has a significant impact on the child's development and quality life in the family. On the other hand, it will support the employment of women that would have to stay on parental leave. Czech fathers usually desire to be involved in the care; however, there have been barriers, especially financial, for them to take up parental leave. Paternity leave benefit and motivational alternating bonus is a measure that enables men to be part of the childcare process without risking the decline in the family income. This approach can be transferred to all countries where the social stereotypes about the gender division of family roles is being present and women with small children suffer from high unemployment rate.

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