

# 4 Paid parental leave in Hungary

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This chapter analyses paid parental leave policies in Hungary. It explains the main characteristics of the fully-sharable family-based parental leave system operated in Hungary and provides an overview of the duration of paid maternity leave, paid parental leave available to mothers, paid paternity leave and paid parental leave reserved for fathers from an international comparative perspective. It then presents a selection of international practice in paid leave to stimulate a more equal sharing of caring responsibilities, focusing on individual paid parental leave entitlements, bonus periods in parental leave, and targeted support. It concludes with a number of takeaways on policy approaches related to parental leave.

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Over the past few decades, paid maternity, paternity, and parental leaves have become major features of family support packages in most OECD countries. Beyond protecting the health of working mothers and their new-born children, paid leave can help keep mothers in paid work and provides parents with the opportunity to spend time at home with children when they are young (Adema, Clarke and Frey, 2015<sup>[1]</sup>; Rossin-Slater, 2017<sup>[2]</sup>). In more recent years, paid leaves have also increasingly been used as a tool to encourage the redistribution of unpaid work within the household. A growing number of OECD countries have introduced “fathers-only” leaves, such as paid paternity leave and lengthier fathers-only paid parental leaves, with the aim of encouraging men to spend more time at home caring for their children.

As a major development, the EU Work-Life Balance Directive requires all EU member states to introduce at least two months of non-transferable parental leave for each parent by August 2022 (see Box 4.1). Such directive aims to contribute to a more equal leave sharing between parents. European countries have started working towards its implementation and further developments are expected in 2022.

#### Box 4.1. The EU Work-Life Balance Directive

In June 2019, the European Council adopted the European Commission’s proposal for a new directive on work-life balance for parents and carers. Building on several existing EU directives in the areas of gender equality and working conditions, including the 2010 directive on parental leave (Directive 2010/18/EU), the new directive aims to increase the participation of women in the labour market and the take-up of family-related leave and flexible working arrangements. The end goal is to help parents and carers find a better balance between their work and family responsibilities.

The main elements of the new directive are:

- **Paternity leave:** Fathers (or second parents) will be able to take at least 10 working days of paternity leave at or around the time of birth, paid at least at the level of national sick leave benefits. The right to leave itself will not be conditional on a period of work or length of service qualification. However, the entitlement to income support during leave can be subject a six-month service requirement, at maximum.
- **Parental leave:** Each parent will have an individual right to four months paid parental leave, of which at least two months will be non-transferable between parents. The level of payment will be set by member states “*in such a way as to facilitate the take-up of parental leave by both parents*”. Member states are also free to set the child-age-limit on the leave, up to a maximum of age eight. The right to leave can be made conditional on a period of work or length of service qualification, up to a maximum of one year.
- **Carers’ leave:** All workers will have the right to at least five working days of carers’ leave per year, in order to provide personal care or support to a relative, or to a person who lives in the same household, and who is in need of significant care or support for a serious medical reason. Member states may use a different reference period, allocate leave on a case-by-case basis, and may introduce additional conditions for the exercise of this right.
- **Flexible working arrangements:** All parents with children under at least age eight, and all carers, will have the right to request flexible working arrangements for caring purposes. Flexible working arrangements here means the possibility to adjust working patterns, including through remote working arrangements, flexible working schedules, or reduced working hours. Member states are free to set a “*reasonable limitation*” of the maximum duration of these flexible working arrangements provided that the worker retains the right to return to their original working pattern. They are also free to make the right to request conditional on a period of work or length of service qualification, up to a maximum of six months. Employers are required to consider and response to all requests, and to provide reasons for any refusal of requests.

The directive entered into force in August 2019. From this date, all EU member states have three years to adopt the laws, regulations and administrative provisions necessary to comply with the directive.

Source: European Union (2019<sup>[3]</sup>), “Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU”, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019L1158>.

#### 4.1. Like many OECD countries, Hungary provides mothers and fathers with paid leave for use directly around childbirth

All OECD countries except the United States have national schemes that offer mothers a statutory right to paid maternity leave right around the birth (Figure 4.1, Panel A), usually for somewhere between 15 to 20 weeks and in most cases for at least the 14 weeks stipulated by the ILO Convention on Maternity Protection (ILO, 2000<sup>[4]</sup>). About two-thirds of OECD countries also offer fathers paternity leave to be used within the first few months of a baby’s arrival (*OECD Family database*). Paternity leaves are generally well paid but short (1-2 weeks), and in some OECD countries (e.g. Greece, Italy and the Netherlands) they last for no more than just a few days (Figure 4.1, Panel B). Importantly, fathers who take paternity leave are more likely to have an active childcare role also after returning to work (OECD, 2017<sup>[5]</sup>).

The Hungarian system provides both paid maternity and paid paternity leave to working parents around childbirth. New mothers are entitled to 24 weeks paid maternity leave – lengthier than the OECD average (18 weeks) (Figure 4.1, Panel A) – with at least two weeks being obligatory. In 2021, the payment rate was set to increase from 70% to 100% of previous daily earnings with no ceiling, paid by the National Health Insurance Fund (NHIF) (see Box 4.2). Eligibility is restricted to employees and self-employed women with a record of at least 365 days employment in the two years prior to birth, including up to 180 days in education and any periods spent in receipt of parental leave benefits. Paid paternity leave is a more recent addition in Hungary, where it was first introduced in 2002. Currently, all employed men in Hungary are entitled to five days of paid paternity leave (Figure 4.1, Panel B), paid at 100% of earnings. The leave must be taken within two months of the birth.

##### Box 4.2. The infant care allowance (maternity benefit)

The infant care allowance (ICA) is a cash benefit linked to national insurance, paid primarily to the mother for the duration of maternity leave, which is 168 days (24 weeks). In exceptional cases, the father may also be entitled for the benefit.

From 1 July 2021, the ICA rate increased from 70% to 100% of eligible gross earnings, in order to provide families with children with the income they need to properly manage their new life situation.

Thanks to this measure, the income of insured mothers does not fall during the 24 weeks of maternity leave, and the benefits may even be higher than their previous net earnings. While wages are subject to a 15% personal income tax (PIT) advance and an 18.5% social security contribution, only a PIT advance (15%) is deducted from the ICA amount.

In 2022, an average of nearly 29,000 people per month received the 100% of the ICA (KSH, [https://www.ksh.hu/stadat\\_files/szo/hu/szo0050.html](https://www.ksh.hu/stadat_files/szo/hu/szo0050.html)).

## 4.2. Paid parental leave in Hungary is available until the child's third birthday

In addition to maternity and paternity leave, many OECD countries also provide parents with access to additional paid parental and/or home-care leaves. These are longer periods of employment-protected paid leave that focus more on allowing parents to provide care for young children over the medium term. In most countries, parents can access a total of between 6 and 18 months of paid parental and home-care leave (Figure 4.1). However, in some countries – like the Czech Republic, Estonia, Finland, Hungary, Norway, the Slovak Republic and, for families with two or more children, France – parents can take paid leave until their child's second or third birthday.

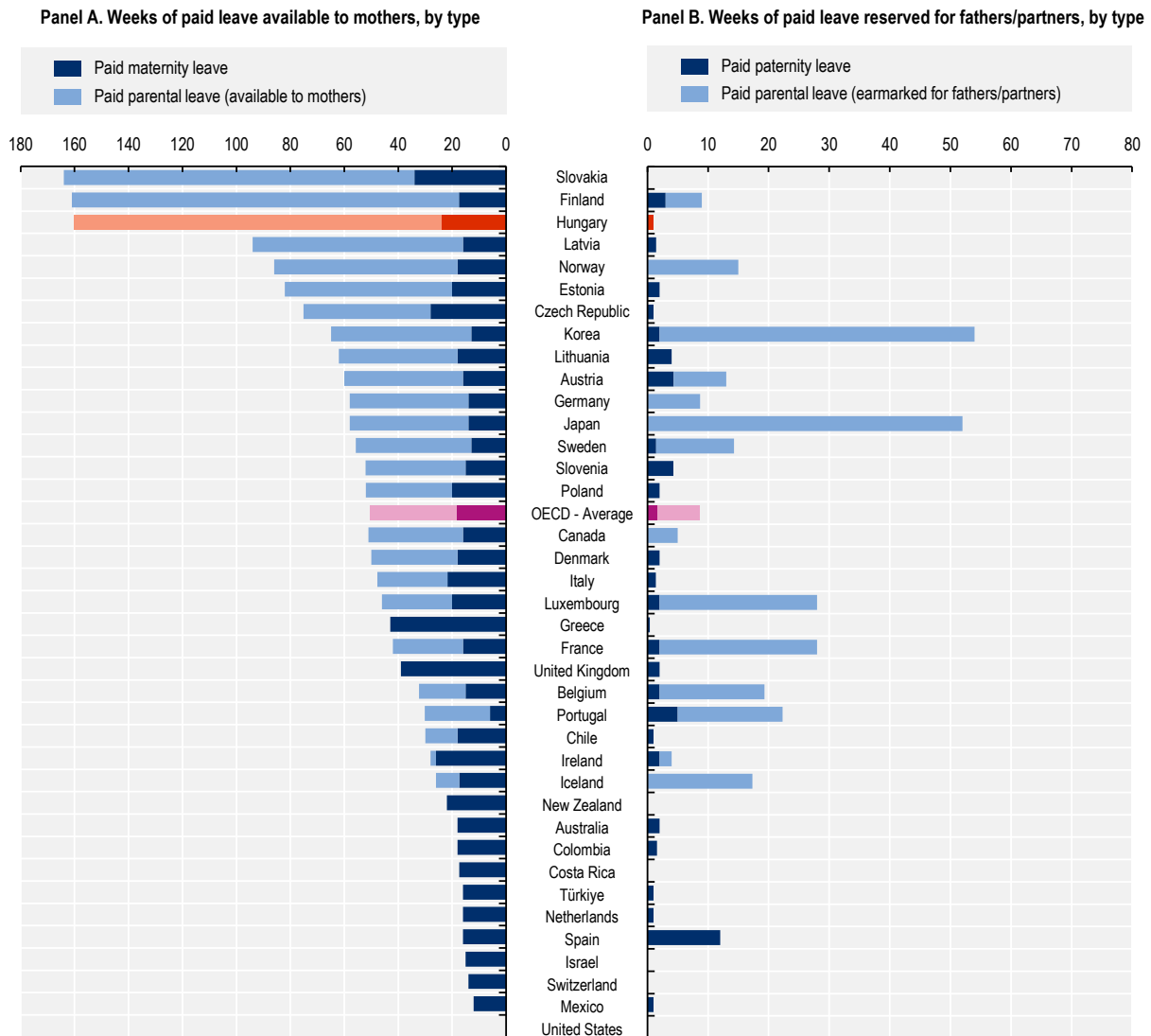
Entitlements to paid parental leave in OECD countries are often shareable, whereby each family has the right to a certain number of weeks of payments to divide as they see fit. While in theory this allows both parents to take paid parental leave, in reality, unless leave benefits (almost) fully replace previous earnings it makes economic sense for the mother to take the bulk of the leave because she often is the second earner (OECD, 2017<sup>[6]</sup>). Societal attitudes towards the roles of mothers and fathers in caring for young children and concerns around potential career implications also contribute to a general reluctance among many fathers towards taking long leave (Rudman and Mescher, 2013<sup>[7]</sup>; Duvander, 2014<sup>[8]</sup>). To help encourage take-up among men, several OECD countries now provide fathers (and mothers) with their own individual paid parental leave entitlements on a “use it or lose it” basis, or a system of “bonus months” if parents share leave for a given period of time (Figure 4.1, and also Section 4.2).

Hungary operates a fully-sharable family-based parental leave system. First introduced in 1969, parental leave in Hungary was initially paid through a universal, flat-rate benefit [*gyermekgondozást segítő ellátás (GYES)*] for all families with a child under age three. Leave was job-protected (until the child's third birthday) for those in work, but all families were entitled to the same benefit regardless of previous employment status or earnings. The leave has been adjusted and modified in various ways in the years since. Key developments came in the mid-1980s, when Hungary introduced an alternative, earnings-related benefit [*gyermekgondozási díj (GYED)*] for insured parents, and in 1996, when Hungary briefly abolished GYED and placed an income test on eligibility for GYES payments. Importantly, both of the latter two reforms were reversed in 1999 following the election of the first Fidesz Government.

Today, employed parents in Hungary can access paid parental leave until the child's third birthday. However, in contrast to most other OECD countries, this is not always technically paid leave of absence, as parents can also combine social security parental benefits with paid work through GYED Extra (more on this below). The entire leave period is fully sharable and divisible as parents see fit (as long as both parents meet any relevant eligibility criteria). For insured parents, payment is made through a combination of GYED until the child's second birthday, and GYES until the child's third birthday. GYED is paid up to a limit of 70% of twice the minimum daily wage of HUF 200 000 in 2022 (EUR 500) per month, which amounts to a maximum benefit of HUF 280 000 (EUR 700) – equal to about 52% of 2020 average full-time earnings. For parents who are not insured, payment is made solely through GYES at a much lower flat rate of HUF 28 500 (EUR 72.6) in 2022, equal to about 6% of 2020 average full-time earnings. These are gross amounts: For GYED, 15% personal income tax and 10% pension contributions are deducted, but family tax credit can be applied. Funding is the same as for maternity leave. For GYES, a pension contribution of 10% is deducted (Gábos and Makay, 2021<sup>[9]</sup>). Similar to maternity leave, eligibility for GYED is restricted to employees and self-employed persons who have a record of at least 365 days in employment in the two years prior to birth.

## Figure 4.1. Hungary has one of the longest parental leaves in the OECD

Duration of paid maternity leave and paid parental leave available to mothers and duration of paid paternity leave and paid parental leave reserved for fathers/partners, 2020



Notes: The figure refers to paid leave entitlements in place as of April 2020. Data reflect entitlements at the national or federal level only, and do not reflect regional variations or additional/alternative entitlements provided by states/provinces or local governments in some countries (e.g. Québec in Canada, or California in the United States). *For mothers:* Information refers to paid maternity leave, paid parental leave and subsequent periods of paid home care leave to care for young children. This includes periods of shareable parental and/or home care leave, which are assumed to be taken by mothers (see more on assumptions below). *For fathers/partners:* Information refers to entitlements to paternity leave or birth leave, 'quotas' or periods of parental leave that can be used only by the father/partner and cannot be transferred to the mother, and any weeks of sharable leave that must be taken by the father/partner in order for the family to qualify for "bonus" weeks of parental leave. To make a consistent comparison over time of different maternity-, parental-, and paternity leave systems across countries various assumptions need to be made. These include: (i) The relevant birth is of a single child and is of the first child in the household. (ii) Prior to birth, both parents are employed in the private sector at 100% of average gross earnings. (iii) Both parents meet the eligibility criteria for leave entitlements and payments. (iv) Mother and child are healthy with no birth-related complications. (v) Where there is a choice, parents use paid leave first before taking any unpaid leave. (vi) Where there is more than one option regarding length and payment rate (as in Austria, Canada, the Czech Republic, Lithuania and Norway), parents take the option with the highest available weekly payment rate for an average earner. (vii) Following that, parents attempt to maximise the length of paid leave available: first, they maximise combined paid leave; second, mothers maximise their use of paid leave over fathers, in other words, it is assumed that mothers use the available shareable part of parental leave. (viii) Parents use their entitlements in one continuous block, both individually and in combination, with the mother using their entitlement first and the father second. (ix) Where participation of the father/partner is rewarded with an extension or bonus weeks of leave, the number of weeks for which the father/partner needs to take leave in order to qualify for the bonus are considered as "earmarked" for the father/partner. (x) Options that require the permission of the employer are not included. (xi) Leave durations are expressed in weeks (conversion rules are available in [PF2.5](#)). (xii) Mothers maximise their pre-birth maternity leave.

Source: OECD Secretariat calculations based on OECD Family Database, Indicator PF2.1: [www.oecd.org/social/family/database.htm](http://www.oecd.org/social/family/database.htm).

Unlike many other OECD countries, Hungary does not yet reserve any weeks of parental leave for the father. The absence of a father-specific period, coupled with the relatively moderate payment rate during parental leave, means that there are currently few explicit incentives for fathers (usually the main earner) to share in leave taking (Hašková and Saxonberg, 2016<sub>[10]</sub>). Thus, it is likely that one parent, typically the mother, takes the total leave. Taking both the paid maternity and paid parental leave entitlements together, mothers in Hungary can be on paid leave for up to 160 weeks – much longer than the OECD average (54 weeks), and longer than in all but two other OECD countries (Finland and the Slovak Republic) (Figure 4.1, Panel A). The stakeholders’ consultation conducted as part of this project involved questions on their views on parental leave, namely in relation to exclusive or shared leave taking, the duration of paid leave and options related to fathers-only leave (Box 4.3).

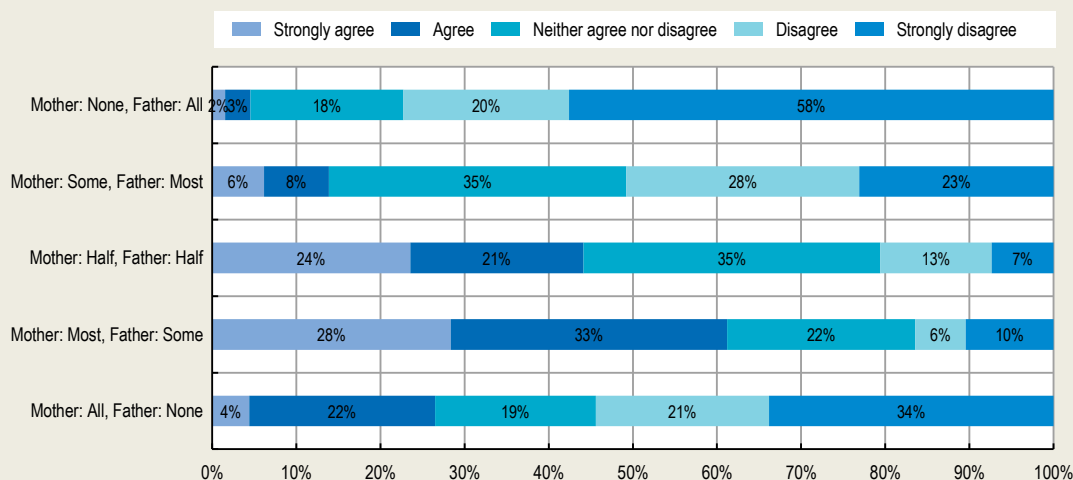
### Box 4.3. Stakeholders’ consultation on leave around childbirth

#### Exclusive or shared leave taking

While survey respondents are generally opposed to *exclusive leave taking* by one partner, about a quarter of respondents favour exclusive leave taking by the mother. This exemplifies the importance attributed to mothers’ involvement in a child’s early years. However, with regard to *shared leave*, survey respondents generally support either equally shared leave or predominant (not exclusive) leave-taking by the mother. Only 20% of respondents are against equal sharing of parental leave between parents.

Figure 4.2. Respondents favour parental leave sharing, but prefer mothers to take most of it

Distribution of survey responses regarding attitudes towards parental leave sharing between mothers and fathers



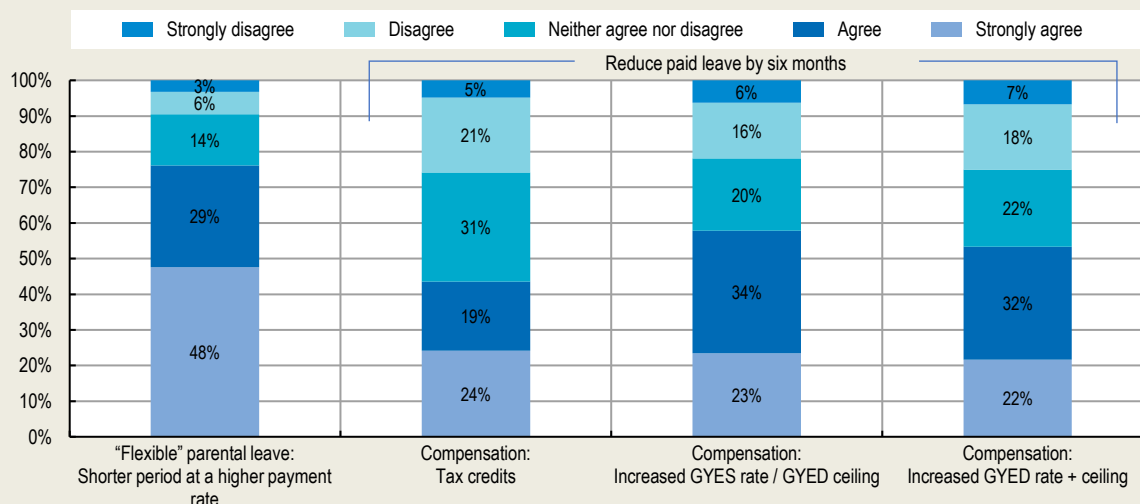
Source: OECD (2021<sub>[11]</sub>), “Technical Support to Reduce the Gender Employment Gap in the Hungarian Labour Market – Summary report on stakeholders’ views and beliefs”.

#### Duration of paid leave

Most stakeholders see a link between the *duration of paid leave* entitlements and mothers’ decisions to engage in paid work. Some highlight lengthy parental leave as detrimental to working class and, especially, white-collar women, given the labour market changes occurring over three years Figure 4.3. Over half would support a *reduction of paid parental leave* if this comes with compensation (increasing GYES payments for the uninsured and the ceiling on GYED payments for the insured, raising the payment rate and ceiling on GYED, or an equivalent tax credit increase for parents once back to work).

**Figure 4.3. Limited opposition to reduction in leave periods, although flexibility is preferred**

Distribution of survey responses regarding the statement: “To what extent would you support or oppose the following possible options for reform to paid parental leave?”



Source: OECD (2021<sup>[111]</sup>), “Technical Support to Reduce the Gender Employment Gap in the Hungarian Labour Market – Summary report on stakeholders’ views and beliefs”.

### Fathers-only leave

Stakeholders support *fathers-only leave* for a two-month duration, even if this is deducted from mothers’ total leave entitlement. Support is greater if a deduction does not occur, granting two extra months overall.

Insights from interviews and focus groups shows support for fathers’ leave (especially if under two months) by more progressive stakeholders, while most stakeholders agree on fathers’ essential role in care responsibilities. According to some stakeholders, fathers in younger generations are increasingly ready to play their part in care responsibilities. Stakeholders referred to some employers’ practices that grant fathers extra leave following childbirth as a means to reduce workplace discrimination. Some stressed that a positive policy development would be to follow international good practices that have been effective in increasing fathers’ involvement in leave and childcare.

Some stakeholders called for a governmental communication strategy alongside fathers’ paid parental leave. However, many stakeholders do not expect the government to introduce such a policy, even when it promotes choice as long as it does not reduce mother’s entitlement to paid leave.

Source: OECD (2021<sup>[111]</sup>), “Technical Support to Reduce the Gender Employment Gap in the Hungarian Labour Market – Summary report on stakeholders’ views and beliefs”.

Mindful of the incentives created for mothers to stay at home, Hungary has recently introduced measures aimed at making it easier for mothers on leave to return to paid work. In 2014, Hungary introduced new rules (*GYED Extra*) allowing parents in receipt of parental leave benefits to work unlimited hours once the child turns 12 months old with no loss of benefit; in 2016, the age limit was lowered to six months old. Parents working while on parental leave also retain access to public childcare services. Theoretically, the introduction of *GYED Extra* should strengthen work incentives (or weaken *disincentives* to work) for

parents with children under age two. The possibility to keep parental leave benefits while working may also help overcome the problem that part-time earnings are often too small to make part-time work viable. However, the impact of these measures on the share of mothers with very young children in paid work is unclear. A factor to take into account is that the father (with a higher paying job than the mother) can claim GYED Extra to maximise benefits and carries on working, while it is the mother who stays at home to take care of the child (OECD, 2021<sup>[11]</sup>). However, since its introduction, the number of parents working alongside GYED or GYES has increased every year. In 2021, 36 641 parents worked while receiving GYED and 24 743 parents while receiving GYES. Compared to 2020, this marks an overall 3% increase in work while receiving GYED or GYES benefits at the same time.

During the pandemic, measures taken in Hungary did not specifically target labour supply of mothers, or compensate for their increased duties in childcare. Yet, there were minor adjustments to parental leave and sickness leave rules. Parental leave benefits were extended for all recipients in case they ended during the state of emergency introduced by the government between 11 March 2020 and 18 June 2020. A similar extension was introduced in March 2021, applicable until 19 April 2021. Otherwise, government actions tended to focus on the demand side, and especially on preventing job destruction.

### 4.3. International practice in paid leaves to stimulate a more equal sharing of caring responsibilities

OECD countries have adopted different practices in paid leave to encourage take-up among men and to stimulate a more equal sharing of caring responsibilities between parents with an aim of supporting mothers' labour market participation. Such practices follow different approaches, such as individual paid parental leave entitlements, bonus periods in parental leave, as well as targeted support.

#### 4.3.1. Individual paid parental leave entitlements

Parent-specific entitlements can follow different models. The most common are “mummy and daddy quotas”, whereby specific parts of an overall parental leave period are reserved exclusively for each parent. This model is common in the Nordic countries. In 1993, Norway was the first OECD country to implement fathers-only paid parental leave, with a four-week father quota, followed by Sweden two years after. Since 2000, many OECD countries have moved to provide fathers with strong financial incentives to take parental leave for at least two months. Fathers' leaves and non-shareable entitlements bring positive effects, e.g. in terms of leave take-up by men and fathers' engagement in unpaid work and childcare (see Box 4.4).

#### Box 4.4. Fathers-only leave and the division of unpaid work

The effect of the paternity leaves and reserved-for-fathers parental leave programmes on the division of childcare and chores is somewhat difficult to estimate due to low take-up (relative to maternity leave). According to descriptive research, fathers who take leave spend more time caring for their children, and nations with more generous leave policies have more men taking leave. However, it may be that rather than policies driving norms around childcare, it is pre-existing gender equality norms that encourage generous paternity leave laws.

By taking advantage of differences in fathers' “exposure” to access paternity or parental leaves, most quasi-experimental studies find that introducing a leave programme reserved for father's increases father leave take-up. Evidence from Norway suggests that taking leave has a positive ripple impact over



time, since taking leave by fathers has strong peer effects on other men, particularly siblings and co-workers (Dahl, Løken and Mogstad, 2014<sup>[12]</sup>).

Furthermore, the majority of quasi-experimental studies based on time use data suggests that father-only parental leave has a favourable impact on fathers' unpaid work participation. Tamm (2021<sup>[13]</sup>) finds that fathers who were exposed to the two additional "daddy months" in Germany in 2007 spent more time on childcare than those who were not, and were more involved in cleaning and errands. According to Kotsadam and Finseraas (2011<sup>[14]</sup>), when designated leave for fathers was introduced in Norway, spouses were 50% more inclined to divide some chores, and instances of marital conflict over family labour division declined. In a study conducted in Spain, Farré and González (2019<sup>[15]</sup>) discovered that fathers eligible for paternity leave spent about an hour more each day on childcare than non-eligible fathers. In the three years following the establishment of the "daddy quota" in the Province of Québec (Canada), fathers who were eligible spent more time on housekeeping than fathers who were not (Patnaik, 2019<sup>[16]</sup>).

Source: OECD (2019<sup>[17]</sup>), *Part-time and Partly Equal: Gender and Work in the Netherlands*, <https://doi.org/10.1787/204235cf-en>.

### *Non-transferable and paid parental leave – Iceland*

Iceland's leave policy follows principles of non-transferability, flexibility in use and generosity in compensation, and it is one of the OECD countries with the most gender-egalitarian leave policies around childbirth (Eydal and Gíslason, 2021<sup>[18]</sup>).

The total length of leave is 12 months, including maternity, paternity and joint rights. Each parent has the right to six months of leave, of which six weeks can be transferred to the other parent. The flexibility in the use of the leave allows parents to take leave over a period of two years after childbirth, on a full- or part-time basis. Parents can choose to take (part) of the leave at the same time, or to alternate times at work and on leave. Such arrangements need to be agreed with the employer, but the employee has in any case the right to take leave in one uninterrupted period. Leave is generously compensated, at 80% of the individual's average total earnings for a 12-month period ending six months before birth, up to ISK 600 000 (EUR 4 080). Minimum payments are set for parents working part-time and support is also provided to those working 25% of full-time hours or less, and those outside the labour market (Eydal and Gíslason, 2021<sup>[18]</sup>). In addition, each parent may take four months of non-transferable unpaid leave until the child turns eight (OECD, 2020<sup>[19]</sup>), during which parents retain their right to their jobs and continue to accumulate social rights. Heterosexual and same-sex couples have the same rights.

These policies are seen to contribute to influence the role of fathers in the household and in care work, and to change societal attitudes around gender roles. Research results (European Commission, 2019<sup>[20]</sup>; Eydal and Gíslason, 2021<sup>[18]</sup>; Gíslason, 2018<sup>[21]</sup>) show an important increase in equal sharing of childcare since the introduction of these policies is observed up to the time the child turns three, and more so in those families where the father takes longer leave. Despite some variations over the years, overall fathers' uptake stays high at around 80%, with higher uptake associated with increases in economic compensation. In addition, mothers return to work earlier now (and up to similar levels of working hours as before giving birth) than before the introduction of the current leave system.

### **4.3.2. Bonus periods in parental leave**

Another policy design used to incentivise fathers' uptake of child-related leave entitlements comes in the form of "bonus periods". Their key principle is that a couple may qualify for additional days of paid leave if the father/both parents use a certain amount of shareable leave. International examples include the "Partner months" in Germany, whereby the 12-month benefit provided after the birth of the child is extended

by two months if both parents take at least two months of leave (Reinschmidt, 2018<sup>[22]</sup>; Reimer et al., 2021<sup>[23]</sup>; OECD, 2017<sup>[6]</sup>), and the “Sharing bonus” in Portugal, whereby 30 additional days are available if parents share their leave (Correia, Wall and Leitão, 2021<sup>[24]</sup>). In Canada, the Employment Insurance Parental Sharing Benefit promotes greater gender equality by adding up to five weeks of benefits when parents share parental benefits, but no parent is required to claim a minimum number of weeks of benefits to get access to the additional weeks (OECD, 2020<sup>[25]</sup>; Doucet et al., 2021<sup>[26]</sup>).

### *Partner months – Germany*

In Germany, maternity leave amounts to 14 weeks, of which at least eight must be taken after birth; the payment rate is 100% of earnings without cap. When it comes to parental leave, Germany offers an employment-protected leave period of up to three years after childbirth for each parent, of which 24 months can be taken up to the child’s eighth birthday. Parents taking full-time or part-time leave are entitled to income-related benefits. They can choose between, or combine, the basic Parental Allowance (*Basiselterngeld*) and the Parental Allowance Plus (*ElterngeldPlus*).

The basic Parental Allowance was introduced in 2007 as an individual entitlement to each parent; parents can receive benefits at the same time. The benefit is provided for 12 months after the birth of the child and can be extended by two months if both parents take at least two months of leave, effectively establishing non-transferable entitlements for two months. If that happens, parents can decide how to distribute the remaining 10 months of leave between themselves. The compensation covers 65% of previous year’s net earnings, with a minimum of EUR 300 and a maximum of EUR 1 800 per month. The reform increased fathers’ involvement in parenting according to most studies. The rate of fathers on Parental Allowance increased from 3.5% in 2006 to 36% in 2015 and the employment rate of mothers with children aged two to three years raised from 42% to 58% (Reinschmidt, 2018<sup>[22]</sup>; Reimer et al., 2021<sup>[23]</sup>; OECD, 2017<sup>[6]</sup>).

More recent policy developments to further support parents’ labour market attachment and the equal sharing of family responsibilities between parents include the following:

- The Parental Allowance Plus was introduced in 2015 to support parents who plan to return to work earlier and reduce time spent out of the labour market. The allowance replaces a proportion of the loss in income if parents decrease their working hours for childcare reasons.
- Moreover, through the Partnership Bonus, four additional months are paid if both parents work part-time between 24 and 32 hours a week for two to four months. Employers are obliged to allow part-time work for those taking up the allowance and to offer them the possibility of full-time regime at their return. Recent reforms show an attempt to support take-up by providing higher flexibility in use.

Evidence shows positive impacts of the above measures – i.e. fathers spending more time with their children and sharing family work more equally with their partners. The introduction of parental allowance succeeded in raising fathers’ uptake of leave: the proportion of fathers taking parental benefit has increased significantly and steadily (Reinschmidt, 2018<sup>[22]</sup>; Reimer et al., 2021<sup>[23]</sup>). The proportion of fathers whose youngest child is not yet six years of age and who are on parental leave rose by almost half to 1.6% (12.6% for mothers) over the 2009-19 period (Destatis - Statistisches Bundesamt, 2021<sup>[27]</sup>).

### *Sharing bonus – Portugal*

In Portugal, the mother must take 42 calendar days after birth (Mothers-only Initial Parental leave). After this, parents may divide the “Initial Parental leave” period by mutual agreement. This amounts to 120 calendar days at 100% of earnings or 150 at 80% of earnings, with no upper limit on payments. If parents share their leave, an additional 30 days (“sharing bonus”) is available. The leave is then extended to 150 days, paid at 100% of earnings, or 180 days paid at 83% of earnings, with no upper limit on

payments. This intends to encourage fathers to take care of the child alone and to assist mothers to return to the labour market.

The use of the initial parental leave can follow different options:

- No leave sharing: one of the parents (after the mother's mandatory period) may take all 120 days at 100% of earnings or all 150 days at 80% of earnings.
- Sharing 150 days (180 days) at 100 (83)% of earnings between parents: this can happen if the father takes at least 30 consecutive days or two periods of 15 consecutive days of leave alone, without the mother, or vice versa.
- Initial Parental leave of 120 or 150 days can be divided between parents but cannot be taken at the same time. The only exception is a maximum of 30 days during the fifth month, which can be split as 15-days per parent and used at the same time (Correia, Wall and Leitão, 2021<sup>[24]</sup>).

In their review of leave policies in Portugal, Correia, Wall and Leitão (2021<sup>[24]</sup>) explain that after an important increase in uptake of the sharing bonus until 2010, a slow but steady increase was observed until 2019. A decrease happened for the first time in 2020. The authors explain that most sharing couples choose the longer leave period (six months paid at 83% of earnings), while initial parental leave without the sharing bonus is mostly taken up by mothers.

#### *Flexible leave options and bonus weeks for parents sharing parental benefits – Canada*

Canada supports a more equal share of caring responsibilities through flexible options for leave as well as bonus weeks for parents sharing parental benefits.

Employment Insurance (EI) maternity and parental benefits provide temporary income to people who are away from work because they are pregnant, have recently given birth or have childcare responsibilities for their newborn or newly adopted child. Parents who receive EI parental benefits can choose between two duration options: standard parental benefits paid at 55% of average weekly earnings over 12 months, or extended parental benefits paid at 33% of average weekly earnings over a period of 18 months. Parents must choose the same option.

The Employment Insurance Parental Sharing Benefit incentivises parents to share caregiving responsibilities by adding weeks of benefits when parents share parental benefits. Parents selecting the standard option could receive up to 40 weeks of parental benefits to share, but one parent cannot receive more than 35 weeks. Parents selecting the extended duration could receive up to 69 weeks to share, but one parent cannot receive more than 61 weeks of benefits (Doucet et al., 2021<sup>[26]</sup>; OECD, 2020<sup>[25]</sup>).

#### **4.3.3. Targeted support**

The provision of targeted support has shown positive effects in terms of both parents' involvement in childcare and the labour market. For instance, measures have been launched to face constraints related to the eligibility criteria for leave around childbirth and its remuneration. According to EIGE (2020<sup>[28]</sup>), one in five people in the EU is not eligible for parental leave. Eligibility may depend on criteria related to the labour or migrant status, the sector or tenure, the type of work (self-employed or employee) or couple's characteristics (for a comparative overview of eligibility in EU countries, see EIGE (2021<sup>[29]</sup>)). When parents have no alternatives to parental leave, ineligibility can inhibit having children and/or employment.

#### *Self-employed reimbursement fund – Denmark*

In Denmark, a specific reimbursement fund was set up in 2006 to cover self-employed people who were reimbursed for the equivalent 31 weeks for women and 23 weeks for men around childbirth. The fund was suspended ten years later, based on the consideration that the self-employed population is very small in

the country. In 2020, it was agreed to re-launch the fund, which was introduced into legislation in January 2021. Only self-employees working full-time are covered (Rostgaard and Ejrnæs, 2021<sup>[30]</sup>).

*The care allowance: leave for family care reasons – Poland*

Poland's care allowance (*zasilek opiekuńczy*) is one of few examples of a relatively comprehensive right to leave for family care reasons that existed before COVID-19. An employee can take leave of up to 14 days per year to provide personal care for a family member. Moreover, employees with children under age eight are entitled to up to 60 days of paid leave per year in cases of child illness, unforeseen childcare or school closure, or the child's usual caregiver becoming ill. Employees with children under age 14 are also entitled to up to 60 days paid leave per year in case of child illness. These leaves are paid at 80% of earnings (Social Security Department of Poland, 2015<sup>[31]</sup>; OECD, 2020<sup>[19]</sup>).

#### 4.4. Key takeaways on policy approaches

The period around childbirth is an important time in terms of establishing men's and women's longer-term caregiving behaviours in a household. Public leave policies can contribute towards ensuring that both parents have an equal stake in caring for children and, therefore, support mothers' labour market attachment and participation.

Leave uptake and duration depend on various characteristics of the leave system, such as the financial compensation, the eligibility criteria and the flexibility of the solutions provided for its use. The examples above highlight various dimensions of relevance for leave policies:

- Individual rights, bonuses and targeted actions contribute to a more equal sharing of caring responsibilities, supporting mothers' employment:
  - Individual, non-transferable rights are a key approach in ensuring an increasing involvement of fathers in childcare.
  - Similarly, incentives to shared leave through bonus periods have proved successful in supporting fathers' involvement in childcare and their leave uptake.
  - More sharing of paid parental leave entitlements among fathers and mothers would enhance gender equality and be in line with the EU Work-life Balance Directive.
- Length, generosity and eligibility of leave entitlements and benefits play a key role in leave access and use:
  - There is no agreement on the optimal duration of parental leave.
  - Leave uptake depends on parents' characteristics, including income levels and employment status. For example, the self-employed often cannot access the same leave benefits available to regular employees and go back to work sooner.
  - Parents' leave uptake can also depend on the length of paid leave and the generosity of its financial compensation. Overall, parents tend to return to work sooner in countries where the duration of paid leave is shorter.
- Contextual factors, social and cultural norms and the whole policy setting influence the effectiveness of leave systems:
  - Social and cultural norms, individual preferences, as well as the availability of complementary support policies affect the use of leave policies.
  - In particular, it is important to consider the relationship between leave policy and ECEC policy. The availability, accessibility and affordability of care services at the end of parental leave is key to the overall effectiveness of the system of family supports.

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