Gender Equality at Work

Reducing the Gender Employment Gap in Hungary

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OECD

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OECD
BETTER POLICIES FOR BETTER LIVES

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Foreword

Gender gaps in employment are persistent in Hungary and the OECD: in 2020 women's employment rates were about 15 percentage points lower than men's employment rates in Hungary and across the OECD on average. In 2021, the recorded women's employment rate increased by 6 percentage points to 68% reducing the gender employment gap to just below 10%. In large part, this reduction was simply due to a definitional change in the European Labour Force Statistics applied from 1 January 2021 onwards – counting those who worked before the parental leave, receive job-related income and are guaranteed to return to their previous job as employed, in addition to active workers receiving childcare benefits.

This change gives an indication of the effects family-friendly policies and labour market policies may have on the opportunities for mothers and fathers with young children to reconcile their work and family commitments. Parenthood in Hungary has a big effect on the likelihood of women being in work, particularly when children are very young – up to three years of age.

Since the Babies and Bosses reviews of the early- to mid-2000s, the OECD has been looking at policies that help parents with the reconciliation of work and family life. Building on that work, this report focuses on policies that can support parents with very young children, in particular, parental leave supports, early childhood education and care (ECEC) services, and flexible working arrangements.

This report was prepared by Willem Adema, Jonas Fluchtmann and Valentina Patrini of the OECD Social Policy Division in the Directorate of Employment, Labour and Social Affairs (ELS). Monika Queisser (Senior Counsellor and Head of the Social Policy Division) supervised the preparations of the report under the leadership of Stefano Scarpetta (Director, ELS) and Mark Pearson (Deputy-Director, ELS). We are grateful for contributions by Ágota Scharle, Balázs Váradi, Eszter Szedlacsek and Judit Berei of the Budapest Institute for Policy Analysis, for contributions to the project by Chis Clarke (OECD Centre on Well-being, Inclusion, Sustainability and Equal Opportunity) and for comments on the section on entrepreneurship by David Halabisky (OECD Centre for Entrepreneurship, SMEs, Regions and Cities). Natalie Corry, Lucy Hulett, Jane Maddock and Eva Rauser provided logistical, publication and communications support during the project.

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The project benefitted from input to policy questionnaires, discussions, virtual meetings, technical workshops and a final conference with a wide range of stakeholders over the period August 2020 –

September 2022, including representatives of the Hungarian Ministry of Culture and Innovation, State Secretariat for Family Affairs, the Mária Kopp Institute for Demography and Family, the Ministry of Technology and Industry, the Ministry of Finance, the Budapest Institute for Policy Analysis (which operated the stakeholder interviews in Hungarian), non-governmental organisations and associations working with families, and national and international family policy experts.

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Executive summary

Employment growth in Hungary has been strong in recent years, but as men's employment rates increased faster than women's, the gender employment gap increased to almost 15% in 2020, wider than at any point since the mid-1990s. For 2021, the definitional change in the European Labour Force Statistics contributed to a marked increase of women's employment to 68% in Hungary, compared to 63.4% in the European Union on average, and helped reduce the gender employment gap to just below 10%. Nevertheless, women's employment patterns in Hungary remain different from men's in other aspects too: women in paid work often work shorter hours than men even though the gender gap in working hours is small in international comparison. Women also often work in different sectors and occupations than men, with fewer opportunities for career progression, and on average women earn less than employed men.

One major reason for the persistent gender employment gap is that in Hungary, similarly to several other countries in Central and Eastern Europe, mothers with very young children rarely engage in paid work. Almost all mothers in Hungary take an extended period out of paid work following childbirth, often until the child is two or three years of age. The employment rate of mothers with a youngest child aged 0-2 who are at work was 12.3% in 2020, compared to an OECD average of 37.9%.

Hungary has one of the longest periods of statutory paid parental leave in the OECD (note that this is not always technically paid leave, as parents can also combine social security parental benefits with paid work through *GYED Extra*). Taking the paid maternity and paid parental leave entitlements together, mothers in Hungary can take paid leave for a total of 160 weeks – almost three times longer than the OECD average (54 weeks). Maternity leave of 24 weeks is paid at 100% while the parental leave is paid at 70% of earnings for the first two years (for insured parents), while a low-paid flat-rate benefit is provided during the third year (or from birth until the child's third birthday for non-insured parents). Policy has moved to facilitate a return to work and since 2016 the GYED Extra programme allows parents who receive parental leave benefits to work unlimited hours once the child is six months old until its second birthday. Fathers working full-time can also receive the earnings-related benefit, if the parents so choose. Available data do not allow to analyse to what extent the reform has contributed to an increase in the number of mothers in paid work.

The practice of mothers taking an extended period out of work following childbirth is mirrored in Hungary's attitudes towards gender roles, which are among the more traditional in the OECD when it comes to families' and mothers' preferences to take care of very young children. At the same time, Hungarians prefer dual-earner households rather than male one-earner families, and stakeholders surveyed in this project found it important that fathers contribute to caregiving also by taking part of the parental leave entitlement. Indeed, as in other OECD countries, parental leave is overwhelmingly used by mothers. However, unlike many other countries, Hungary has not yet implemented policy measures that stimulate the use of leave by fathers to care for very young children. The EU Work-Life Balance Directive required each EU Member State to introduce at least two months of non-transferable parental leave for each parent by August 2022. The Hungarian authorities informed the OECD that the directive is currently being transposed, but no information is available on this process and its outcomes at the time of writing.

The Hungarian system of Early Childhood Education and Care (ECEC) services for children under age three mainly concerns public nurseries providing on-call care and day care centres that are often open for

10 hours per day. The system of nursery care is divided into institutional type (nursery, mini nursery) and service type (family nursery, workplace nursery) benefits. All these types can operate in state (municipal) or private maintenance. 90% of service-type care providers and 6% of institutional-type care providers are not state-run. Net childcare fees for parents are well below the OECD average, but enrolment rates of children 0-2 are around 20% – compared with an OECD average of 33%. To help parents in work, Hungarian policy has moved to increase the number of places in ECEC services. In recent years Hungary created 58 500 places with another 13 000 under construction (which in total would cover almost 26% of the 280 000 children aged 0-2 in the country). Hungary should continue to improve its “childcare offer”, which will require additional investment to provide stronger financial incentives for smaller municipalities to work together towards the provision of ECEC services, and further improve its quality and flexibility of services (e.g. through supports for staff qualification and professional development), stimulate employer-provided childcare and enhance flexibility in terms of participation on a part-time basis.

The use of flexible forms of work, including part-time arrangements, is limited in Hungary. The relatively low earnings make part-time work scarcely attractive from a household income perspective, although the reform of the GYED extra has made part-time work more attractive to parents with very young children. Teleworking is not an enforceable right in Hungary (as it is not in many other OECD countries) and it requires agreement between the parties, but teleworking regulations have been recently modified, also in light of its increased use in the context of the COVID-19 pandemic. Further progress could be made by considering introducing “right to request” policies – for example, the right to request flexible working arrangements to carers and working parents of children up to eight years as part of the transposition of the provisions of the EU Work-life balance directive. It is also important to establish requirements for teleworking arrangements and related employer-employee agreements, including around aspects such as working time (for instance, part-time teleworking arrangements) and the duration of the arrangement, issues around occupational health and safety of teleworkers and employer’s responsibilities for the provision and costing of teleworking equipment.

In all, with public spending on family benefits at about 3.5% of GDP, Hungary is on par with Denmark, France, Sweden and Norway as the five OECD countries spending most on family benefits. Hungary has developed a comprehensive set of policies that provide families with a continuum of supports from birth throughout childhood. However, compared with the other four “big spending” countries, Hungary has the greatest focus on cash and fiscal supports to families rather than supports for services (including ECEC). Recently, Hungary has moved to expand ECEC support for families with very young children, but there is room for further investment in the area. The leave system and prevailing attitudes foster an environment in which mothers provide care for very young children. Nevertheless, family policy stakeholders value the role of fathers in providing care for children and favour a more gender-balanced use of parental leave entitlements. New policy initiatives should move in that direction.

1 An overview of policy options to reduce the gender employment gap in Hungary

This chapter provides an overview of the key issues covered in the report. It illustrates the gender gaps in labour market statistics and considers issues related to gender roles in families with very young children in Hungary. It then presents an overview of key Hungarian policies related to leave around childbirth, early childhood education and care services and flexible working arrangements, and complements it with selected international policy examples. This is followed by a series of policy recommendations in these three areas that could support a reduction of the gender employment gap in Hungary, with a special focus on the labour market attachment and participation of mothers of young children. The last section presents the methodology and structure of the report.

In Hungary, as in many other OECD countries, women's patterns of paid work continue to look very different to men's. While employment of both men and women increased since the global financial crisis, women in Hungary are still much less likely than men to be in paid work. In 2020, about 62% of working-age (15- to 64-year-old) women were in employment, compared to 77% of working-age men. Once in work, employed women in Hungary still often work shorter hours than men even though the gender working hours gap is only small. They also often find themselves working in different sectors and occupations, with fewer opportunities for career progression, and earning less than employed men.

In contrast to many other OECD countries and despite a series of recent policy reforms, in Hungary the gender employment gap – the gap between the employment rates for men and women – has widened slightly over the past 15 years. At 14.7 percentage points in 2020, the gap in Hungary is wider now than at any point since the mid-1990s, and it widens more sharply around the childbearing years than in most other OECD countries. However, in 2021, the recorded women's employment rate increased by 6 percentage points to 68% reducing the gender employment gap to just below 10%. In large part, this reduction was simply due to a definitional change in the European Labour Force Statistics applied from 1 January 2021 onwards – counting those who worked before the parental leave, receive job-related income and are guaranteed to return to their previous job as employed, in addition to active workers receiving childcare benefits.

One major reason for Hungary's persistent gender employment gap is that, similarly to several other countries in Central and Eastern Europe, mothers with very young children rarely engage in paid work. Almost all mothers in Hungary take an extended period out of paid work following childbirth, often until the child is two or three years of age. According to the updated statistical definition of employment, which includes also some parents on leave as employed (see Box 2.1), the employment rate of mothers with a youngest child aged 0-2 was 73.6% in 2020. Yet, when considering only those mothers who were employed and at work, this percentage was just 12% in 2020. These percentages increased to 75% and 18.9% in 2021, and to 78.7% and 23.2% in the first quarter of 2022, respectively.

The practice of taking an extended period out of work following childbirth is mirrored in Hungary's attitudes towards gender roles, which are among the more traditional in the OECD when it comes to family attitudes when children are very young. Eurobarometer data from 2017 show that, on average across European Union (EU) member states, 43% of men and 44% of women believe that "*the most important role of a woman is to take care of her home and family*" (European Commission, 2017[1]). In Hungary, 78% of people agreed with this statement – the second highest rate in the EU, after Bulgaria. This reflects many Hungarian families', and mothers', preferences to take care of children when they are very young. A non-representative national survey reveals, however, that Hungarians prefer a two-income household (85%) and value childrearing equal to paid work (80%). Only 40% agree to the statement *"men should be the breadwinner and women should take care of the children"* (KINCS, 2019[2]).

Hungary has one of the longest periods of statutory paid parental leave in the OECD (note that this is not always technically paid leave, as parents can also combine social security parental benefits with paid work through *GYED Extra*). Taking both the paid maternity and paid parental leave entitlements together, mothers in Hungary can take paid leave for a total of 160 weeks – almost three times longer than the OECD average (54 weeks). The first two years are well-paid with earnings-related benefits (for insured parents), while a low-paid flat-rate benefit is provided during the third year (or from birth until the child's third birthday for non-insured parents).

Childcare for children under age three is in principle affordable. Legislation entitles children to a place in nursery care when they turn five months old. Nursery care is mainly intended for the day care of children under three years of age of working parents and is subject to a fee, depending on the family's income and social situation (there is also a legal possibility for free care on the basis of means-tested eligibility). Yet, in certain areas – especially rural areas and in smaller municipalities – a gap exists in practice, as supply shortages mean access is often difficult (Gábos and Makay, 2021[3]). The government has introduced several measures and allocated considerable resources for closing the gap, which allowed to increase the number of places and also the number of municipalities covered by the nursery scheme. Parents are also eligible for a contribution towards the fee of a private day care facility, when they do not receive a place in a public nursery. Moreover, the programme for nursery care development has increased the state funding/subsidy in support of the quality of childcare and ensured a better financial appreciation of the professionals working in the sector.

In addition, part-time opportunities and other flexible work arrangements, which are often used by parents in other countries to balance work and family care, are still limited in Hungary. The COVID-19 pandemic has provided lessons on practices related to work-life balance and it showed that, during school closures, the extra burden of care work was put on mothers' shoulders. It also triggered the use of flexible forms of work, especially teleworking, which may well generate change in future work habits.

In recent years, Hungary introduced a series of policy reforms aimed at making it easier for mothers with very young children to move into paid work. Since 2013, Hungary has provided employers with tax breaks for workers returning from paid leave. In 2014, it introduced "GYED Extra", allowing parents in receipt of parental leave benefits to work unlimited hours once the child turns 12 months old, until the child's second birthday, with no loss of benefit; in 2016, the age limit was lowered to six months. Since 2015, the government has released substantial national and EU funds to local authorities for the creation of new day care places. In 2017, it introduced new requirements obliging local authorities with a population of less than 10 000 to provide public childcare services for children under age three in case of existing demand. Since 2020, employers have been obliged to offer parents of children under four years of age part-time hours (equivalent to half of the standard full-time working day) if requested, with no option of refusal; for parents with three or more children, the possibility is available until the youngest child turns six years old. Nursery care is generally provided for the children of working parents (proof of employment is required).

For Hungary, closing the gender employment gap and providing women and mothers with equal access to paid work responds to both gender equality and labour market concerns. Hungary's working-age population has been shrinking in recent years and the labour market was tightening before the onset of the COVID-19 crisis, as suggested by several labour market indicators, including consistent wage increases. Helping mothers return to work sooner following childbirth can contribute to ease these labour supply issues.

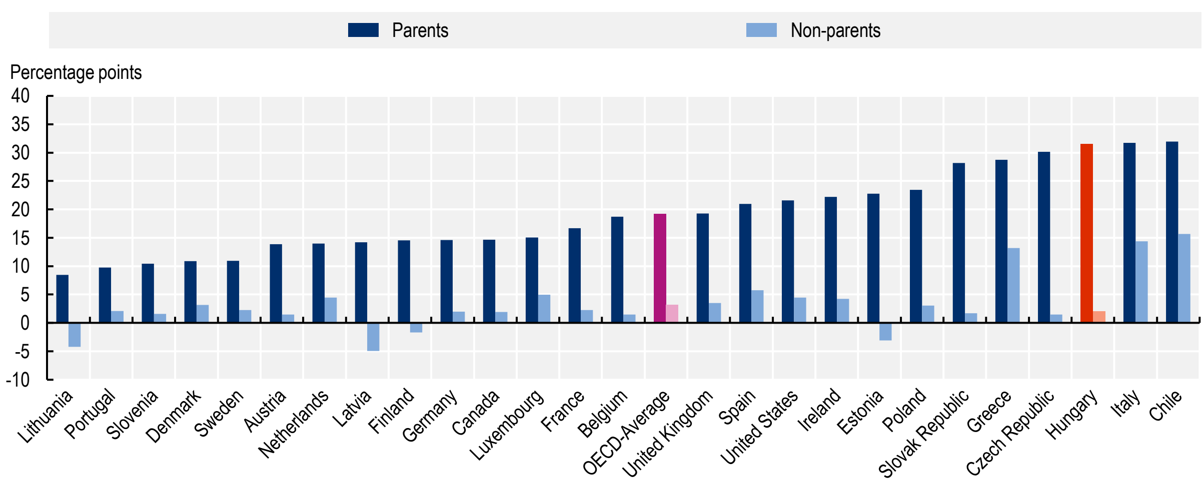
1.1. Employment growth has not been accompanied by a reduction of the gender employment gap in Hungary

According to the most recent official statistics, the employment rate has been growing strongly In Hungary, both for men and for women. Through the 1990s and 2000s gains were limited, and the global financial crisis hit men's employment particularly. However, robust output growth along with public works and an increase in the number of people living in Hungary but working abroad/ cross-border through the 2010s has helped drive strong employment growth over the past decade. Supply side factors also played a role, including improvements in the educational composition of the workforce and pension reform. The rise in the statutory retirement age, cancellation of early retirement options, and the tightening of the conditions of disability retirement increased the effective retirement age and prolonged the number of years at work (Hungarian State Treasury - Ministry of Finance, 2020[4]). Female employment grew steadily between 2012 and 2018, stagnated during 2019-20 and picked up again later and a similar trend can be observed for men. In 2020, at 62.3%, the employment rate for women aged 15-64 was 12.7 percentage points higher than in 2009 (49.6%).

Employment growth has not been accompanied by a reduction of the gender employment gap for working-age men and women, which has remained around 10-15 percentage points since the introduction of comparable labour market statistics in 1992. Unlike many other OECD countries, the gender employment gap in Hungary does not vary much with education when children are below age two, mirroring the Hungarian population's cultural attitude towards childrearing. However, it does fluctuate more strongly with age than in almost any other OECD country. As elsewhere, the gender employment gap starts small but widens when young children appear in households. Parenthood has a particularly sharp impact on women's employment in Hungary (Figure 1.1) while fathers' employment patterns tend to be much more stable following childbirth. In particular, when children are under age three, Hungary has the third lowest share of mothers who are employed and at work in the OECD (see Section 2.2.1). According to the new definition of employment, in 2020, the employment rate of women aged 25-49 not raising a child was 85.9%, 12.3 percentage points higher than that of those raising children under three (73.6%). Importantly, Hungary's gender employment gap narrows considerably as men and women move into their 40s and early 50s and, similarly to many other OECD countries, it widens again as men and women approach retirement (Figure 1.1).

Figure 1.1. Gender employment gaps are far wider among parents than among adults without children

Gender employment rate gap (percentage points) by parent status, 25- to 54-year-olds, 2020



Notes: Data for Chile refer to 2017 and to 2019 for the United Kingdom. Parents are defined as those that live in the same household as a child (age 0-14) for who they are reported as either the mother or the father. Non-parents are defined as those who live in a household without any children (age 0-14) for who they are reported as the either the mother or the father. For Canada and the United States, children aged 0-17.
Source: OECD estimates based on the EU Labour Force Survey, https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey, the Canadian Labour Force Survey, https://www.statcan.gc.ca/eng/survey/household/3701, the Chilean Encuesta de Caracterización Socioeconómica Nacional (CASEN), http://observatorio.ministeriodesarrollosocial.gob.cl/index.php, and the U.S. Current Population Survey, https://www.census.gov/programs-surveys/cps.html.

Once in paid work, women work almost as many hours as men. This relates to the very low use of part-time work in Hungary, by both women and men, differently from many other OECD countries. The relatively low earnings make part-time work scarcely attractive from a household income perspective. To counteract this, the GYED Extra programme contributes to make part-time employment more viable from a household income perspective.

Women often work in different industries to men and they are heavily over-represented in the service sector. Women also tend to do different types of jobs than men: Hungary has some of the highest levels of gender occupational segregation in Europe. Similarly to other OECD countries, women tend to be over-represented in low- and medium-skill occupations (cleaners, sales workers and clerical workers) while they are under-represented in science, engineering and information and communication technologies (ICT) roles. Women are also under-represented among tertiary graduates in subjects linked to these careers.

Despite high levels of occupational segregation, women in Hungary tend to fare better than their peers in many other OECD countries at attaining management positions. However, they often face greater difficulties in reaching top leadership positions. Moreover, Hungary's gender earnings gap is relatively narrow at the median, but widens higher up the pay scale. In addition, in Hungary, entrepreneurship remains less common among women than among men.

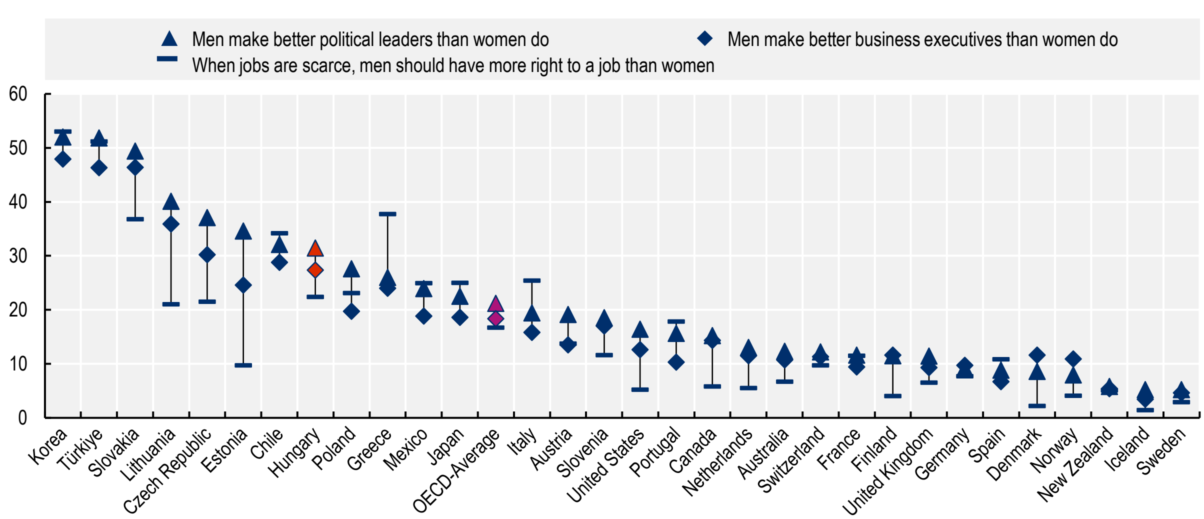
The COVID-19 pandemic has exacerbated some of the longstanding issues related to gender equality in the labour market and beyond (OECD, 2022[5]). Like elsewhere in the OECD, also in Hungary women are overrepresented in many of the industries that have been most affected by the crisis, such as food and beverage services, accommodation services and the retail sector. They have also suffered an important increase in the burden of unpaid work due to the closure of formal care services. Yet, overcoming the negative employment effects of the pandemic happened faster in Hungary than in most OECD countries.

1.2. Attitudes towards gender roles in families with very young children appear to be traditional

Hungarians' attitudes towards gender roles are among the more traditional in the OECD. More than 30% of respondents to the European Values Study think that men make better political leaders than women do, almost 30% think that men make better business executives than women do, and more than 20% believe that men should have more right to a job than women when jobs are scarce (Figure 1.2). All these values are above the OECD averages of 21%, 18%, and 17%, respectively. However, Chile, the Czech Republic, Estonia, Korea, Lithuania, the Slovak Republic and the Republic of Türkiye have a larger share of respondents with traditional attitudes than Hungary.

Figure 1.2. More than 20% of Hungarians think that when jobs are scarce, men should have more right to a job than women

Percentage of respondents who agree with the following statements, reference year 2018 if not otherwise stated



Note: Data for the Czech Republic, Greece, the Slovak Republic, Slovenia, and the United States refer to 2017, data for Japan and New Zealand refer to 2019, and data for Portugal and Canada refer to 2020.
Source: World Values Survey and European Values Study, https://www.worldvaluessurvey.org/WVSEVSjoint2017.jsp.

Yet, many stakeholders consulted in this study indicate a clear preference in the society for joint contributions to household income by both partners as opposed to a one-earner family model (OECD, 2021[6]). Similarly, most stakeholders suggested that men have an important role to play in looking after children. Different reasons may explain why this result differs from the ones shown above: it does not consider the hypothesis of scarcity of jobs, and it is asked to a non-representative sample of stakeholders.

1.3. In Hungary, paid leave is available until the child's third year of age

Entitlements to paid parental leave in OECD countries are often shareable, with each family having the right to a certain number of weeks of parental leave payments to divide as they see fit. While this allows both parents to take paid parental leave, it usually makes economic sense for the mother to take most of it, because she often is the second earner (OECD, 2017[7]). Moreover, societal attitudes around caring for children and potential career implications contribute to a general reluctance among many fathers towards taking long leave.

Individual paid parental leave entitlements are used to encourage leave take-up among men. Some OECD countries offer paid parental leave as an individual, non-transferable entitlement for each parent, on a "use it or lose it" basis. 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 (OECD, 2016[8]; Adema, Clarke and Thévenon, 2020[9]). The EU Work-life Balance Directive aims to contribute to a more equal leave sharing between parents (European Union, 2019[10]).

1.3.1. The Hungarian system of leave around childbirth

Employed mothers in Hungary are entitled to 24 weeks paid maternity leave, set at 100% of daily average gross earnings of the previous year (raised from 70% in 2021), with no ceiling, paid by the Hungarian State Treasury. Eligibility is restricted Women in employment or self-employment who have had proof of having an employment relationship (insurance relationship) with at least 365 days of 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. Employed men are entitled to five days of paid paternity leave, to be taken within two months of the birth, and paid at 100% of earnings through a benefit from the Hungarian State Treasury (OECD, 2020[11]).

Employed parents in Hungary can access paid parental leave until the child's third birthday. The entire leave period is fully shareable. This system allows mothers and fathers – *de facto*, mothers – to take paid leave until the child's third birthday. For insured parents, payment is made through a combination of an earnings-related parental-leave benefit (*Gyermekgondozási díj*, or GYED) until the child's second birthday, and a flat-rate benefit (G*yermekgondozást segítő ellátás*, or GYES) until the child's third birthday. GYED is paid at 70% of previous gross earnings up to a limit of 70% of twice the minimum daily wage – a maximum benefit of HUF 234 360 (EUR 663), about 52% of average full-time earnings. For parents who are not insured – and for insured parents from the end of GYED until the child's third birthday – payment is made though GYES at a flat-rate of HUF 28 500 (EUR 72.6) in 2021, equal to about 6% of average full-time earnings.

The overwhelming majority of leave users in Hungary are mothers (Eurostat, 2020[12]). Almost all new mothers in Hungary make use of the country's parental leave scheme. Up to the child's first birthday, less than 10% of mothers work. Unlike other OECD countries, in Hungary highly educated mothers with very young children are only slightly more likely to be employed and at work than their counterparts who have relatively low levels of educational attainment and this gap has been closing over time. Some differences are observed when the child turns two, when about 25% of women are in employment, reflecting higher educated mothers' economic incentives to go back to work when the better-paid benefit is over. Once their youngest child reaches age three, the majority of mothers is in paid work.

Overall, stakeholders' consultations conducted as part of this project revealed general agreement among respondents that a mother's return to full-time work before the child is half-year old is inappropriate, and limited support for a return over the following year; while returning to work when a child is aged two, rather than three, is considered more socially acceptable and feasible if full-time childcare is provided.

Hungary has created additional incentives to work while preserving the available leave entitlements. Since 2016, under the "GYED Extra" programme, parents in receipt of parental leave benefits can work unlimited hours once the child turns six months old until the child's second birthday, with no loss of benefit (Gábos and Makay, 2021[3]). They also retain access to public childcare services. Although the scheme has been relatively popular (by 2021, about 61 000 workers/parents had made use of GYED Extra, according to data from the Hungarian Statistics Office), the extent to which it has contributed to increase the number of mothers with young children in (formal) paid work is unclear.

Unlike in many other OECD countries, the Hungarian system does not include a period ("quota") for the exclusive use of fathers, or a "bonus period" which provides both parents in households with financial incentives to take leave. Instead, the Hungarian family support system gives parents the freedom of choice to decide whether the mother or the father will take parental leave. Parents can also divide the period of GYED between themselves (but always only one of the parents at a time) if they both meet the eligibility conditions. However, like in most other OECD countries, it is mothers who take the vast majority of parental leave. The leave setting in Hungary may well be subject to change in the coming months, considering that the EU Work-Life Balance Directive requires EU countries to introduce at least two months of non-transferable parental leave for each parent by August 2022.

1.3.2. International practice in paid leaves around childbirth

OECD countries have adopted different practices in paid leave, some of which aims at creating incentives for a balanced use of leave by both parents. Parent-specific leave 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. As another example, Iceland provides non-transferable and paid parental leave, following principles of non-transferability, flexibility in use and generosity in compensation (Eydal and Gíslason, 2021[13]).

Following a distinct policy design, bonus periods in parental leave aim to incentivise fathers' uptake of child-related leave entitlements. 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[14]; Reimer et al., 2021[15]; OECD, 2017[7]), and the "Sharing bonus" in Portugal, whereby an additional 30 days are available if parents share their leave (Correia, Wall and Leitão, 2021[16]). Similarly, in Canada, the Employment Insurance Parental Sharing Benefit promotes greater gender equality by adding five weeks of benefits when parents share parental benefits (OECD, 2020[17]; Doucet et al., 2021[18]).

Targeted support has also 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[19]), one in five people in the EU is not eligible for parental leave – around 23% of men and 34% of women aged 20-49 on average in the EU. Values are slightly lower for men and slightly higher for women in Hungary. 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. When parents have no alternatives to parental leave, ineligibility can inhibit having children and employment. International examples were identified in Denmark, where a specific reimbursement fund was set up to cover self-employed people who were reimbursed for the equivalent 31 weeks for women and 23 weeks for men around childbirth (Rostgaard and Ejrnæs, 2021[20]), as well as in Poland, where "Care allowance" is one of few examples of a relatively comprehensive right to leave for family care reasons that existed before COVID-19 (Social Security Department of Poland, 2015[21]; OECD, 2020[22]).

International practice helps to identify key policy issues:

- Individual rights, bonuses and targeted actions contribute to a more equal sharing of caring responsibilities, supporting mothers' employment;
- Length, generosity and eligibility of leave entitlements and benefits play a key role in leave access and use; and
- Contextual factors, social and cultural norms influence the use of leave systems.

1.4. The offer and use of early childhood education and care services for children under age three in Hungary

The provision of accessible and affordable early childhood education and care (ECEC) services has been identified as one of the most effective family-friendly policies in reducing gender gaps in employment, and instrumental to address social inequities affecting children (Olivetti and Petrongolo, 2017[23]). All OECD governments support and help fund ECEC in one way or another, but the scale and form of support are highly diverse – including comprehensive publicly operated ECEC systems, extensive publicly operated pre-primary services for children from around age three, or a greater use of cash supports and demand-side subsidies directed at parents (OECD, 2020[24]).

1.4.1. Hungary is expanding its childcare offer, but access to services for very young children could be further improved

In contrast to several countries in the region, in Hungary, children under the age of three are cared for in a system that is still predominantly state-governed. The main form of care is the institutional nursery care (nursery, mini nursery), which is predominantly operated (94%) under state (municipal) maintenance. Hungary predominantly operates a public system of day care services for children under age three, mainly through public nurseries (*bölcsőde*). Children can attend day care from 20 weeks, with centres typically open for at least ten hours per day (on call services are available). Financial support from central government is substantial and is also available to families that are unable to find a local nursery place and therefore opt for private care solutions.

Despite legislation entitling children to childcare and the low parental cost to parents, access to day care services for children under age three could be further improved. OECD statistics suggest that, in 2019, just 20% of 0 to 2-year-olds in Hungary were enrolled in recognised ECEC – much lower than the OECD average, which reaches the Barcelona objective of 33% participation of children below the age of three in formal ECEC. Hungary is one of the five EU countries reported as "critical" in the European Social Scoreboard analysis of the Barcelona target (European Commission, 2021[25]), which is nonetheless not recognised as a meaningful objective by Hungary. Since the closure of many state-owned facilities in the early 1990s, supply shortages continue to cause problems. In addition, it is also important to take into account that mothers' decision to take long leave may reflect their preference to provide personal care, especially when the child is under two years of age.

To react to these issues, in recent years, Hungary has launched reforms to increase the supply of places and provide more flexible solutions. Some progress has been made in terms of childcare offer in Hungary: 56 000 places were available in 2021 (KSH, 2022[26]), 58 500 were operational in September 2022, and 13 000 places are under construction. From 2015, substantial development funds are made available to local authorities for the creation of new day care places. In 2017, the government established alternative forms of childcare including family nurseries, "mini-nurseries" (smaller centres with lower limits on child-to-staff ratios) and workplace nurseries (employer-established services with similar child-to-staff ratios to mini-nurseries). In 2017, it introduced requirements for local authorities with a population of less than 10 000 to maintain some form of care service if at least 40 children under age three live in the area or if at least five families request access. Various measures have also been progressively introduced to render opening hours more flexible, support those most in need to access nursery care, ensure more adequate remunerations of childcare professionals and ensure possibilities to create workplace nurseries by employers. Employer-provided childcare is nonetheless still limited (Box 1.1), despite increased public financing. The public subsidy rules for service-based provision are also undergoing continuous adjustments. As a result of substantial investments, the ratio of children aged below three with no childcare facility in their vicinity has decreased from 26% to 20.1% between 2017 and 2021 (KSH, 2020[27]).

On the other hand, Hungary has historically provided extensive public ECEC services for pre-primary-age children (3- to 5-year-olds; preschool education is mandatory from the age of 3), and most primary school age children continue to be cared for in schools after lessons have finished.

Box 1.1. Employer-provided childcare as a complementary offer mode

Employer-provided childcare is an alternative option for childcare provision. Employers can play a key role in supporting and/or directly providing ECEC services, for their employees exclusively or as a broader offer also open to the local community. These services can take different forms, from facilities to financial support, provided by the company exclusively or in partnership with other stakeholders.

In Hungary, employer-provided childcare is one of the available childcare delivery modes since 2017 (OECD, 2021), but it is still not widespread. The state-run EMMIKE workplace nursery and the workplace nursery of the university in Dunaújváros serve as a model for the establishment and operation of such nurseries. As of September 2022, in Hungary there were 18 workplace nurseries, for a total of 195 places. Workplace nurseries primarily target the children of employees, typically between 20 weeks and 3 years of age.

In 2017, Hungary introduced major changes in the regulation to support employer-provided childcare (OECD, 2021[28]) and since then the financial allocation for operating the employer-provided nurseries has been constantly increasing; simplified set-up rules are in place; the operating costs do not increase the corporate tax base; employers may team up and operate the service jointly; and, from 2021, the specific amount of the annual operating subsidy has been set at the same level regardless of the type of operator (i.e. non-public employers and public bodies). The government also promotes workplace nurseries through conferences and events for foreign and Hungarian companies, leaflets and consultations with higher education institutions, and through tenders targeting firms and companies to establish and run work-place nurseries.

1.4.2. International practice in ECEC services for children of very young age

Public investment to ensure universal, affordable and accessible ECEC have been increased in different OECD countries, stressing the role of ECEC as part of a continuum of supports for families with children. Accordingly, in Nordic countries childcare is part of a comprehensive policy, which ensures continuity between birth and compulsory school age; high quality and universal access to ECEC contribute to the success of childcare provision in these countries. International examples include the case of Sweden, which provides extensive financial support to parents accessing childcare (Hofman et al., 2020[29]), and Denmark, where municipalities must provide a place in a day-care facility for all children older than 26 weeks that is appropriate for their age until the child starts school (Hofman et al., 2020[29]). Public efforts to increase ECEC participation and quality are also well exemplified by the case of Germany. During the mid-2000s the German federal government started to increase public investment and moved towards a Nordic-style legal entitlement to ECEC for all children aged one and older; in addition, support is available for Land-specific measures and to enhance participation in childcare. As a consequence, public childcare attendance rates have increased over the years, also positively affecting maternal employment rates (Hofman et al., 2020[29]).

Flexibility in ECEC use and provision is an increasingly important feature for a successful ECEC offer – taking into account the changing schedules of the world of work and the existence of different family models and work-life balance preferences. Adapting the childcare offer to the changing needs of working parents can support their labour market participation and attachment. For example, the Danish Government took action to increase the quality of ECEC facilities, adapting them to both working hours and family preferences (Rasch-Christensen et al., 2018[30]), while in Germany, ECEC facilities have long opening hours, and the KitaPlus programme launched in 2016 supports parents who have unusual working hours through customised care time (European Commission, 2019[31]). Employer-provided childcare is offered in various countries. In Italy, a relevant example is the creation of public-private partnerships offering childcare as a service for the territory.

In all EU countries, funding mechanisms to make ECEC affordable have been reinforced, and this is often built on the basis of principles of proportionate universalism – i.e. ensuring access for all whilst further supporting those in a more vulnerable financial position. The EU Child Guarantee and policy priorities for children also supports the combination of universal actions with targeted measures addressing vulnerable groups of children (European Commission, 2021[32]). Examples include the case of Flanders, Belgium, where extra attention is paid to vulnerable families within a universal offer: different policies have introduced income-related parental fees, when there are shortages of places, special day-care schemes are offered to vulnerable families, and some Flemish cities have a central enrolment policy for all childcare centres – establishing quotas for different target groups (Vandenbroeck, 2020[33]). In some countries, Roma parents benefit from special conditions to access ECEC. In Croatia, for instance, they are exempt from paying kindergarten fees (ICDI, 2019[34]).

The above examples help to identify key policy issues:

- Integrating the offer of childcare supports and services can increase their relevance, especially if supported via territorial and partnership approaches; and
- ECEC use can be enhanced through flexible, adapted solutions and alternative childcare provision modes.

1.5. Flexible working arrangements are not so common in Hungary

Flexible working practices are a key element of work-life balance and family-friendly employment solutions. While flexible working practices are often set at the firm level or through collective agreements, OECD governments are increasingly looking to facilitate access by providing workers with the right (to request) certain arrangements (OECD, 2016[8]; OECD, 2017[35]).

Teleworking has gained momentum since the COVID-19 pandemic. Teleworking can support women to stay in employment and in higher-paying full-time jobs after childbirth. By reducing commuting times and enabling higher schedule control it allows to better shape work around family demands. It represents a valid alternative to part-time options, which are likely to relegate women in lower-paying jobs, with worse career development opportunities. However, it also bears risks for gender equality: during the pandemic, teleworking mothers suffered negative consequences in terms of productivity (Alon et al., 2021[36]), interruptions during work hours (Andrew et al., 2020[37]) and higher childcare burden (Boll and Schüller, 2021[38]).

1.5.1. Flexible working practices were uncommon in Hungary before the pandemic

Overall, flexible working practices are still scarcely used in Hungary. The use of part-time work remains rare, both for mothers and for workers more generally (see Section 2.3). Other flexible working arrangements were not widespread in Hungary before COVID-19. In Hungary, Section 61 of the Hungarian Labour Code states that the employee can request teleworking by offering an amendment to the employment contract. Yet, the legal framework specifying teleworkers' working conditions is limited compared to other OECD countries (OECD, 2021[39]). The Hungarian law defines teleworking as an atypical employment relationship and provides that it needs to be based on a consensual agreement explicitly referred to in the employment contract.

Nonetheless, like in many other countries, the use of telework strongly increased in Hungary during the pandemic. Provisional regulatory adjustments of the general rules established by the Hungarian Labour Code allowed for employer unilateral decisions on teleworking, in order to protect the health of employees and ensure flexible arrangements for parents. As a consequence, from April to June 2020, 16.5% of employees (occasionally or regularly) worked from home, representing a roughly six-fold increase relative to January-February 2020 (Köllő, 2021[40]).

Stakeholders consulted as part of this study stressed that the government decree which stipulated exemptions to make home office work possible during the pandemic is expected to have long-term effects on perceptions of flexible forms of work (OECD, 2021[6]). Accordingly, available evidence shows that the COVID-19 pandemic has increased employers' acceptance of flexible work options, including remote work. Stakeholders consulted stressed the need to settle regulatory issues on remote work and raised the issue of different levels of "teleworkability" depending on the types of jobs (i.e. if they could technically be performed remotely/ from home).

From June 2022, the provisions on teleworking have been amended: unilateral decisions are not allowed and the parties shall agree on telework in the employment contract; part-time telework has been newly introduced; and employers can exercise the right of remote control. The current provisions distinguish between computer- and non-computer-based teleworking, setting different occupational health and safety requirements. The rules for computer-based teleworking have become more flexible, e.g. the place of work can be freely chosen, but stricter safety rules have been retained for non-computer-based activities, as the health risk is also higher.

1.5.2. International practice in flexible working arrangements: A focus on telework

In recent years, OECD governments have increasingly supported flexible working for all workers. Several OECD countries have introduced broader rights to request flexible working arrangements including not just the number of working hours, but also, in some countries, the scheduling of hours and the *place of work*. In many OECD countries, workers have a statutory right to request reduced working hours. In some of these countries, they also have a complementary right to return to full-time work and/or to previous hours after a specific period. In some countries these rights are restricted to parents with young children and/or workers with caring responsibilities, while in others they are provided to all workers. In most cases employers can refuse requests on business grounds.

The international workshop conducted within this study showed different international practices in teleworking arrangements. Teleworking regulations in OECD countries can be classified according to whether they have an encompassing legal framework and/or an enforceable right to request telework or not (OECD, 2021[39]). In the Netherlands, Portugal and the United Kingdom employees have an enforceable right to request teleworking, meaning that employers can refuse it only on serious business grounds. Widening the "right to request" to all employees confers bargaining power and reduces the risk of discrimination against specific groups of workers (e.g. parents). In Portugal, the possibility for unilateral decision to opt for telework was introduced later for specific categories or workers, including parents of children until three years of age. While employers can refuse regular requests on any ground, for parents of children under the age of three or victims of domestic violence, refusal is only possible if the employees' activities are not compatible with telework or if the employer does not have resources for teleworking arrangements (OECD, 2021[28]).

Also in countries that do not necessarily have enforceable rights to request regular teleworking in place, various interventions are supportive of telework practices. Italy has an enforceable right to request occasional teleworking: agile working is a modality of execution of the subordinate employment relationship characterised by the absence of time or spatial constraints and an organisation by phases, cycles and objectives, established by agreement between employee and employer (Polytechnic University of Milan, 2021[41]). As another example, Poland introduced dedicated financial incentives for employers in order to encourage the development of telework practices (Vandeninden and Goraus-Tanska, 2017[42]).

Discussions from the international workshop highlighted pros and cons related to telework. There can be a negative flexibility stigma related to the idea that workers who use flexible working for care purposes are not as productive or committed (Chung, 2020[43]), and this can apply to teleworking parents as well. Moreover, boundaries between work and private life may become more diffuse, and the care burden for teleworking parents can increase, if no childcare is available (OECD, 2021[28]).

Key policy issues raised by the discussion above include:

- Frameworks that best support flexible working arrangements include telework as one of their pillars;
- Teleworking has important pros and cons for gender equality in the labour market and work-life balance: it allows to better shape work around family demands, but it can involve a higher childcare burden for teleworking parents, who may also face a negative stigma as being less career-committed; and
- Teleworking regulations encompass several aspects, including rights to request it and restricting employers' options for refusal, for instance on the basis of serious business grounds, whilst accounting for the teleworkability of jobs.

1.6. Towards potential policy reform

Actions in the policy fields of leave around childbirth, childcare services and flexible working arrangements could contribute to tackle the large gender employment gap in Hungary, and especially support a higher involvement of mothers of young children in the labour market.

Policy action does not happen in isolation. To be effective, policy reforms will also need to take into account contextual aspects that may support or hinder the potential of such policies. For instance, the support of the narrative of "choice" as regards mothers' involvement in childcare and/ or paid work are likely to affect not only the design, but also the potential demand for certain services. Such aspects will need to be carefully considered at both the policy design and implementation phase, by contextualising policy action and focusing on its effectiveness, through:

- The identification of potential barriers to policy effectiveness and related response measures (for instance, respecting the socio-cultural tradition of extended parental leave, but building on a two-earner model for Hungary);
- The identification of facilitating factors that should be embedded in the design of such policies (for instance, systems of incentives);
- The definition of monitoring and evaluation frameworks for such policies;
- Where possible, the implementation of pilot projects to be assessed and, if needed, adjusted before scaling up; and/or
- The design of complementary actions to tackle specific barriers to policy effectiveness (for instance, public awareness campaigns and outreach actions, as well as recognising the role of the private sector as an agent of change).

1.6.1. Parental leave

Hungary's paid parental leave system enables parents, and mothers in particular, to take an extended break from work, but it also provides them with the possibility to choose to return to the labour market once the child turns six months old. Under the EU Work-Life Balance Directive (European Union, 2019[10]), Hungary is required to introduce various changes to its paid leave system, including the introduction of at least two months of non-transferable parental leave for each parent. Hungary will need to explore options for best adjusting the existing paid leave structure in order to integrate the Directive. In addition, it may as well consider options for providing parents and families with greater choice and flexibility in how they use paid parental leave more generally. Additional possible avenues for reform include introducing flexible options for leave taking, over different periods and at different payment rates.

Findings from this study support the following key recommendations in the field of parental leave in Hungary:

1. Support a more gender-balanced leave uptake
    a. Take action to transpose the following provisions of the EU Work-life balance directive within August 2022 (the Hungarian authorities informed the OECD that the directive is currently being transposed, but no information is available on this process and its outcomes at the time of writing):
        - Introducing ten working days of paternity leave around the time of birth of the child, compensated at least at the level of sick pay;
        - Ensuring that two out of the four months of parental leave are non-transferable between parents and compensated at a level that is determined by the Member State.

    b. Consider the option to further increase the number of days of paternity leave, which could contribute to a higher update of leave among fathers and a higher involvement of fathers in childcare.
    c. Consider adopting a bonus system, which would strengthen incentives for both mothers and fathers to take leave around childbirth.
2. Strengthen the incentives structure regarding the flexible use of leave through part-time work
    a. Consider providing parents with an additional period of leave if both parents engage in part-time work for a minimum duration, which would contribute to a more gender-balanced uptake of leave, labour market participation, and gender-equal use of part-time work by both parents.
    b. Consider options to ensure that GYED Extra incentivises both parents to be in paid (full- or part-time) employment, subject to the availability of (part-time) childcare (see below).

Key actions related to the implementation of the recommendations in the field of parental leave and a non-exhaustive list of indicators suggested for their monitoring are included in Table 1.1 below.

Table 1.1. Actions and monitoring of the recommendations on parental leave

Recommendation	Actions	Monitoring (non-exhaustive list of indicators)	
		Outputs	Outcomes
1. Support a more gender-balanced leave uptake	a. Take action to transpose the EU Work-life balance directive	• Number of available days of paternity leave compensated at least at the level of sick pay (minimum ten days) • Number of non-transferrable months of paid leave (minimum two months)	• Recipients/users of paternity leave benefits per 100 live births (expected increase) • Recipients/users of parental leave benefits per 100 live birth, by gender (expected increase in gender balance) • Number of additional days of paid leave used (in the case of bonus system) (expected increase) • Number of additional days of paid leave used (in the case of part-time work) (expected increase) • Part-time use, by gender (expected increase in use and gender balance) • Households receiving GYED Extra and where both parents are at work/ total recipients (%)
	b. Consider the option to increase the number of days of paternity leave	• Number of days of paternity leave compensated at least at the level of sick pay (beyond ten days)	
	c. Consider adopting a bonus system	• Minimum duration and use of paid leave by each parent to be eligible to bonus leave • Number of available additional days of paid leave	
2. Strengthen the incentives structure regarding the flexible use of leave through part-time work	a. Consider providing parents with an additional period of leave if both parents engage in part-time work	• Number of available additional days of paid leave	
	b. Consider options to ensure that GYED Extra incentivises both parents to be in paid (full- or part-time) employment, subject to the availability of (part-time) childcare.	• New system of incentives in place	

1.6.2. Childcare services for children under age three

Overall, consultations conducted as part of this project revealed that mothers' return to work when a child is aged two, rather than three, is considered more socially acceptable and feasible if full-time childcare is provided. The private sector also plays an important role in closing gender gaps. Businesses can advance the agenda of employing more women, supporting their entrepreneurship, and providing flexible working hours and childcare.

Findings from this study support the following key recommendations in the field of ECEC services in Hungary:

3. Continue to improve the "childcare offer"
   a. Further strengthen public investment in childcare in order to ensure that the legal entitlement to childcare for the youngest age group is fully operational and to avoid shortages of childcare places throughout the whole territory.
   b. Ensure that smaller municipalities have greater financial incentives to work together to enhance the provision of childcare services for very young children.
   c. Support flexibility in the childcare offer, including through part-time solutions, in order to better support mothers' earlier return to paid work, for instance through part-time employment.
   d. Ensure that the financial incentives to municipalities are sufficient to support the provision of childcare services that are relevant to different types of families and different family needs (for instance, part-time use of childcare, etc.).
   e. Support territorial welfare in order to tackle the needs of different local realities through partnership approaches. Innovative modes of collaboration between public and private stakeholders should be encouraged to ensure relevance and reach, responding to potential unmet needs and ensuring a widespread availability of ECEC services.

4. Strengthen co-ordination in the system to ensure a continuum of supports to parents since the child's birth to school age
    a. Ensure a smooth co-ordination between the different systems of support, including between the end of childcare leave entitlements and the start of childcare attendance. Promoting complementary actions – such as out-of school hour services, employee-friendly work practices and a gender-balanced use of leave – can contribute to the creation of an ecosystem of supports. This would ensure that both parents can return to full-time work when the period of parental leave runs out, or before that time should they wish.
5. Continue to improve the quality of childcare through staff qualification and support to professional development
    a. Ensure the high quality of childcare offer (especially if the offer of childcare is to be increased), making the necessary supports for the training of educators/ quality of teaching.
6. Further support the offer of employer-provided childcare in order to contribute to meet the demand for and increase the attractiveness of childcare
    a. Continue to increase the state support, ensuring sufficient resources and financial incentives to employers and employees. Continue to promote the successes of early-adopters of employer-provided childcare can also prompt others to follow such examples and contribute to create a critical mass of employers providing such services.
    b. Accompany a cultural shift by continuing and increasing activities to raise local administrations, employers and families' awareness of the benefits of employer-provided childcare.

Key actions related to the implementation of the recommendations in the field of childcare services for children under age three parental leave and a non-exhaustive list of indicators suggested for their monitoring are included in Table 1.2 below.

Table 1.2. Actions and monitoring of the recommendations on childcare

<table>
<tr><th rowspan="2">Recommendation</th><th rowspan="2">Actions</th><th colspan="2">Monitoring (non-exhaustive list of indicators)</th></tr>
<tr><th>Outputs</th><th>Outcomes</th></tr>
<tr><td rowspan="3">3. Continue to improve the "childcare offer"</td><td>a. Further strengthen public investment in childcare</td><td>• Public funds allocated to childcare services (expected increase)
• Public expenditure on ECEC as a percentage of GDP (expected increase)</td><td rowspan="3">• Number of additional childcare places available, by municipality size, by type of ECEC centre, etc. (expected increase)
• Enrolment rates in ECEC services for 0- to 2-year-olds, by household and parents' characteristics (expected increase)
• Average usual weekly hours in ECEC services for 0- to 2-year-olds (expected increase)
• Population covered by ECEC services (expected increase)
• Offer of employer-provided childcare (expected increase)
• Increased awareness of the availability and benefits of childcare: size of audience reached through dissemination and awareness-raising actions
• Quality of childcare services: number of teachers trained (expected increase)</td></tr>
<tr><td>b. Ensure that smaller municipalities have greater financial incentives to work together to enhance the provision of childcare services for very young children.</td><td>• Public funds allocated to childcare services in small municipalities (expected increase)
• Specific actions targeting small municipalities</td></tr>
<tr><td>c. Support flexibility in the childcare offer, including through part-time solutions, in order to better support mothers' earlier return to paid work, for instance through part-time employment.
d. Ensure that the financial incentives to municipalities are sufficient to support the provision of childcare services that are relevant to different types of families and different family needs (for instance, part-time use of childcare, etc.).</td><td>• Part-time offer of childcare services: percentage of establishments providing part-time options (expected increase)
• Other flexible solutions for childcare services: percentage of establishments providing flexible options (expected increase)
• Pilot projects supporting flexible solutions</td></tr>
</table>

Recommendation	Actions	Monitoring (non-exhaustive list of indicators)	
		Outputs	Outcomes
	e. Support territorial welfare in order to tackle the needs of different local realities through partnership approaches.	• New collaborations and partnerships established	
4. Strengthen co-ordination in the system to ensure a continuum of supports to parents since the child's birth to school age	a. Ensure a smooth co-ordination between the different systems of support, including between the end of childcare leave entitlements and the start of childcare attendance. Promoting complementary can contribute to the creation of an ecosystem of supports.	• Pilot projects implemented to test new approaches • New collaborations and co-ordination projects launched • Complementary actions launched	
5. Continue to improve the quality of childcare through staff qualification and support to professional development	a. Ensure the high quality of childcare offer (especially if the offer of childcare is to be increased), making the necessary supports for the training of educators/ quality of teaching.	• Funds for teachers' training (expected increase) • Programmes for teachers' training	
6. Further support the offer of employer-provided childcare in order to contribute to meet the demand for and increase the attractiveness of childcare	a. Continue to increase the state support, ensuring sufficient resources and financial incentives to employers and employees. Continue to promote the successes of early-adopters of employer-provided childcare.	• Public funds supporting employer-provided childcare (expected increase) • Number of employers providing childcare (expected increase) • Pilot projects in the field of employer-provided childcare • Dissemination and awareness-raising actions	
	b. Accompany a cultural shift by continuing and increasing activities to raise local administrations, employers and families' awareness of the benefits of employer-provided childcare.	• Dissemination and awareness-raising actions	

1.6.3. Flexible working arrangements, including telework, as a tool for work-life balance

The use of flexible forms of work, including time-part arrangements, is limited in Hungary. Teleworking is not an enforceable right and it requires agreement between the parties, but teleworking regulations have been recently modified, also in light of recent developments and increased use in the context of the COVID-19 pandemic.

Findings from this study support the following recommendations in the field of flexible working arrangements in Hungary:

7. Consider the introduction of "right to request" policies
    a. Take action to extend the right to request flexible working arrangements to carers and working parents of children up to eight years within August 2022, as part of the transposition of the provisions of the EU Work-life balance directive (the Hungarian authorities informed the OECD that the directive is currently being transposed, but no information is available on this process and its outcomes at the time of writing).
    b. Consider the introduction of a "right to request" flexible working arrangements for all workers, with employers able to refuse only on serious business grounds.
8. Make progress in teleworking legislation

   a. Further regulate the right to request telework for employees in the public and/or private sector by including the possibility to provide specific groups (for instance, mothers of young children) with a unilateral right to enforce teleworking, if this is feasible in the business context.
   b. Establish the requirements for teleworking arrangements and related employer-employee agreements, covering aspects such as working time (for instance, part-time teleworking arrangements), the duration of the arrangement and grounds for interruption.

9. Support a gender-equal access and use to flexible working arrangements
   a. Accompany the implementation of the legislation with complementary actions – such as awareness-raising actions – to avoid the flexibility stigma and ensure that flexible working arrangements are equally made available to and used by both men and women.
10. Create a family-friendly working culture
   a. Promote the role of employers as ambassadors for work-life balance, disseminating information and evidence to raise their awareness of the benefits of family-friendly practices.
   b. Continue to allow family-friendly employers to stand out, for instance through awards, voluntary audits on work-life balance practices and certifications of companies.

Key actions related to the implementation of the recommendations in the field of flexible working arrangements, including telework, and a non-exhaustive list of indicators suggested for their monitoring are included in Table 1.3.

Table 1.3. Actions and monitoring of the recommendations on flexible work

Recommendation	Actions	Monitoring (non-exhaustive list of indicators)	
		Outputs	Outcomes
7. Consider the introduction of "right to request" policies	a. Extend the right to request flexible working arrangements to carers and working parents of children up to eight years within August 2022 (EU Work-life balance directive).	• Right to request flexible working arrangements by sub-groups of population (yes/no, eligibility requirements and conditions provided)	• Number of workers using flexible solutions, by gender • Additional persons in work thanks to flexible working arrangements, by gender • Increased awareness of the benefits of family-friendly working practices: size of audience reached through dissemination and awareness-raising actions
	b. Consider the introduction of a "right to request" flexible working arrangements for all workers, with employers able to refuse only on serious business grounds.	• Right to request flexible working arrangements to the overall population (yes/no, eligibility requirements and conditions provided)	
8. Make progress in teleworking legislation	a. Further regulate the right to request telework for employees in the public and/or private sector by including the possibility to provide specific groups with a unilateral right to enforce teleworking.	• Provision of unilateral right to request telework, by sub-groups of population (yes/no, eligibility requirements and conditions provided)	
	b. Establish the requirements for teleworking arrangements and related employer-employee agreements, covering aspects such as working time, the duration of the arrangement and grounds for interruption.	• Progress in the legislation	
9. Support a gender-equal access and use to flexible working arrangements	a. Accompany the implementation of the legislation with complementary actions – such as awareness-raising actions – to avoid the flexibility stigma and ensure that flexible working arrangements are equally made available to and used by both men and women.	• Complementary actions launched	

Recommendation	Actions	Monitoring (non-exhaustive list of indicators)	
		Outputs	Outcomes
10. Create a family-friendly working culture	a. Promote the role of employers as ambassadors for work-life balance, disseminating information and evidence to raise their awareness of the benefits of family-friendly practices.	• Dissemination and awareness raising campaigns on family-friendly practices.	
	b. Continue to allow family-friendly employers to stand out, for instance through awards, voluntary audits on work-life balance practices and certifications of companies.	• Initiatives to promote family-friendly workplace practices	

1.7. Methodology and structure of the report

This report represents the final project deliverable of the technical support to improve women's access to the labour market provided to Hungary by the Directorate General for Structural Reform Support of the European Commission (DG REFORM), in co-operation with the OECD. The beneficiary of the project was the Hungarian Prime Minister's Office, Strategic State Secretariat for Families. Throughout the implementation of the project, the Maria Kopp Institute for Demography and Families has been involved as a member of the Advisory Board.

1.7.1. Methodology

This report builds on a series of activities and outputs produced during the implementation of the project since July 2020 until September 2022. The key project outputs, or a summary of their main findings, are available on the project website at https://www.oecd.org/gender/reducing-gender-employment-gap-hungary.htm:

- The Inception report sets the basis for the study and identified mothers of very young children as the main target group when analysing policy needs and solutions towards closing the gender employment gap in Hungary. It provides an extensive analysis of how Hungary fares in a numbers of indicators related to gender equality, mainly building on key indicators from the OECD gender portal, as well as on an extensive literature review, data and policy analysis on Hungary.
- The Report on stakeholders' views and beliefs (OECD, 2021[6]) builds on extensive stakeholders' consultations in the form of a non-representative survey and follow-up focus groups and in-depth interviews. Different policy options of relevance for reducing Hungary's gender employment gaps were explored, and results allowed to identify leave around childbirth, ECEC and flexible working arrangements as the key policy areas where reforms could most contribute to reducing the gender employment gap in Hungary.
- The Report on international good practice in policies to close gender employment gaps (OECD, 2021[44]) builds on an extensive literature review of policies adopted by different OECD countries in the areas of leave around childbirth, childcare and flexible working arrangements. It also takes into account the findings from a follow-up international workshop (OECD, 2021[28]) where different international practices were discussed, focusing on their effectiveness, their relevance as well as potential transferability to the Hungarian context, ultimately supporting the assessment of the current policy setting in Hungary and the identification of elements for potential policy change
- This Final report presents the key findings from the study and a series of policy recommendations for Hungary in policy areas of relevance to reduce the gender employment gap. It builds on the evidence collected in the previous deliverables and complements it with the results of the analysis of the most recent available labour market data on Hungary, from a national and international

perspective, as well as available evidence related to the COVID-19 pandemic and preliminary considerations on its impact on gender gaps in employment. It also takes into account inputs provided by the Hungarian authorities, analyses performed by the Budapest Institute for Policy Analysis as well as inputs from the final conference organised for the presentation of the key findings of the report and the discussion and validation of its policy recommendations with a range of Hungarian and international stakeholders, including representatives from Hungarian Ministries, the European Commission and the OECD.

The above analyses were mostly conducted prior to the large scale aggression by the Russian Federation against Ukraine, which led to an in inflow of a great number of refugees in Hungary from February 2022 onwards. It is as yet unclear how many Ukrainian refugees will end up staying in Hungary, for how long, and what the socio-economic ramifications might be. What is clear is that this will have important labour market consequences which will need to be carefully analysed with a gender lens, considering that most of the Ukrainian refugees are women and children. As highlighted at the final conference of this project, Ukrainian refugees face multiple challenges when it comes to life in general (e.g. access to housing and health services) and the labour market specifically (e.g. access to childcare, language barriers, administrative barriers, and reluctance by employers). The Hungarian authorities have already promoted actions to support the employment of Ukrainian refugees (Box 1.2).

Box 1.2. Measures promoting the employment of Ukrainian refugees

Hungary places great emphasis on providing asylum seekers with access to the labour market, therefore a package of measures is provided to ensure that refugees can work in Hungary quickly and easily.

- Ukrainian citizens fleeing the conflict who have crossed the Hungarian border on or after 24 February can be hired without administrative constraints. The aim is to ensure access to employment and income for those who wish to stay in Hungary on a permanent basis.
- Placement activities have been strengthened and support is provided to the refugees' employment and the recruitment efforts of interested employers. Services are available at the registration points of the border and also at major sports and conference centres (i.e. the Humanitarian Transit Point at the BOK-hall). Employment of Ukrainian refugees is handled as priority by labour offices and governmental offices and vacancies are offered for those looking for a job.
- Targeted support measures have been introduced for those fleeing the conflict and for their employers. In order to encourage the employment of Ukrainians and Ukrainian-Hungarian dual citizens (hereinafter: refugees), Hungary has introduced a subsidy that partially compensates the housing and travel costs of refugee workers. In the framework of the programme, employers employing refugees receive a non-refundable allowance to cover the employee's housing and travel expenses. Specifically:
  - If the employer provides the accommodation in a preferred small settlement as defined in Annex 2 of Government Decree No. 17/2016 (II.10.) on the family housing allowance that can be claimed for the purchase and expansion of a second-hand apartment, the amount of the subsidy is 100% of the employee's housing and travel expenses per month.
  - A new support was introduced for Ukrainian workers who arrived in Hungary before 24 February 2022 and whose family members joined them after the start of the conflict. The amount of the subsidy is 50% of the employee's housing and travel expenses per employee per month, or if the employer provides accommodation to the employee in a preferred small settlement as per Government Decree No. 17/2016 above, the amount of the subsidy is 100% of the employee's housing and travel costs per month, which may not exceed the

maximum amount of HUF 30 000 per employee and the additional HUF 12 000 per child for minor children living in the same household as the employee.

In any of the above cases, the maximum amount of support is capped at 150% of the minimum wage (HUF 300 000 (EUR 764) per month per person). The support can be provided for 12 months and can be renewed for another 12 months. Until mid-June, 761 employees and 159 employers have been granted support for a total amount of HUF 269 million (EUR 658 000).

- Individuals with temporary protection taking care of a minor are entitled to nursery care, kindergarten provisions or services of the Sure Start Children House under the same conditions as Hungarian citizens would. This adds to the existing regulation, that has been in force for several decades, whereby refugees have the right to make use of nursery care, public education services, including kindergarten care, as well as institutional and holiday day care/school meals with the same terms as Hungarian citizens.

Source: Information provided by the Hungarian Authorities.

1.7.2. Structure of the Report

This chapter provides an overview of the key issues covered in the analysis and presents a series of policy recommendations in the areas of leave around childbirth, ECEC services and flexible working arrangements that could support a reduction of the gender employment gap in Hungary, with a special focus on the labour market attachment and participation of mothers of young children. Chapter 2 provides an assessment of gender employment gaps in Hungary. Building on secondary data from OECD databases as well as original OECD analysis of labour force survey microdata, it describes and discusses gender gaps in paid employment and working hours in Hungary, as well as related gender gaps, including gender occupational segregation, gender gaps in career attainment, and gender gaps in earnings. It also gives a closer look at the labour market situation of mothers with very young children. The chapter also provides an overview of gender aspects of labour market trends in Hungary during the COVID-19 pandemic.

Chapter 3 identifies the main barriers to employment for mothers of young children, which determines the policy discussions in Chapters 4 to 6 providing an overview of Hungary's family policy and other supports for parents with young children. Chapter 4 focuses on parental leave, Chapter 5 on childcare and Chapter 6 on flexible working arrangements, with a focus on telework.

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2 Gender gaps in the labour market in Hungary

This chapter provides an assessment of gender employment gaps in Hungary. Building on secondary data from OECD databases as well as original OECD analyses of labour force survey microdata, it describes and discusses gender gaps in paid employment and working hours in Hungary. It also examines related gender gaps, including gender occupational segregation and gender gaps in career attainment, earnings and entrepreneurship. It also gives a closer look at the labour market situation of parents and, specifically, mothers with very young children in Hungary.

Hungary's labour market has changed sharply in recent years. After large jobs losses and close-to-record-high unemployment during the financial crisis in the late-2000s, employment growth has been exceptionally strong over the past decade or so. Between 2006 (the pre-financial crisis peak) and 2020, the working-age employment rate in Hungary increased by 12 percentage points. This was the second largest gain in the OECD over the period, although a good part of the job growth came from major investments in public works before 2015. Both men and women have gained enormous numbers of jobs over the same years: roughly 292 000 for men, and 180 000 for women. As a result, despite declines in the size of the working-age population, there are now record numbers of both men and women in paid employment in Hungary.

While Hungary has made good progress in employment generally, it has made less progress in closing gender differences in employment. One major reason is that while most groups have seen employment increase since the end of the global financial crisis, other groups – especially some groups of women – have made smaller gains. Older women (55- to 64-year-olds), for example, have seen their employment rates increase at roughly only half the rate of older men, in large part because they are often able to retire earlier than men. Mothers, especially mothers with very young children, are still rarely found in paid work. Yet, according to recent definitional changes in labour market statistics, they can now be counted as employed during parental leave (see Box 2.1).

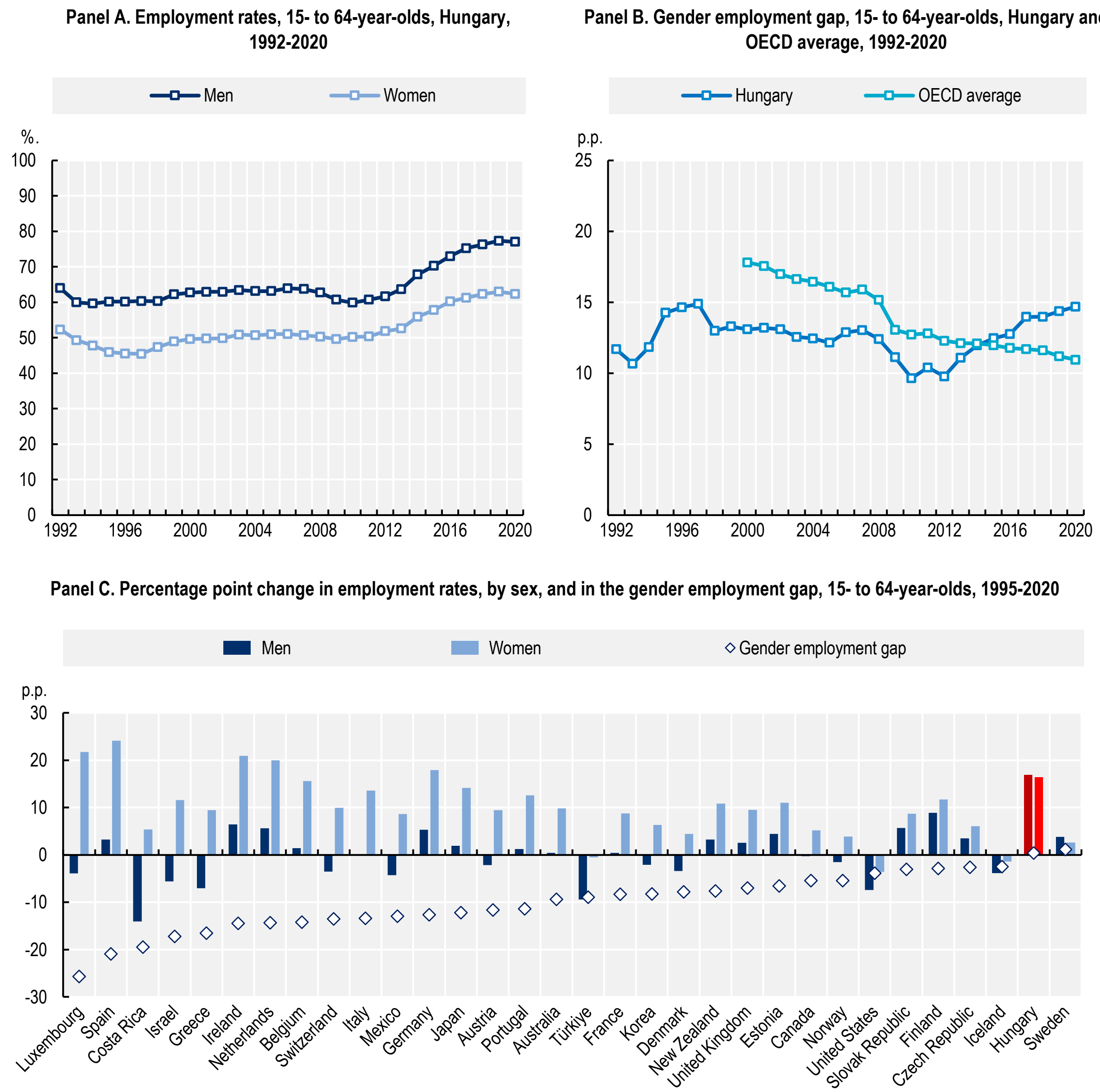
2.1. Hungary has made little progress in closing the gender employment gap

In most OECD countries, consistent growth in women's employment, coupled often with stable or declining employment rates among men, has helped gender employment gaps narrow, sometimes substantially (Figure 2.1, Panel C). In Hungary, by contrast, the gender employment gap for working-age (15- to 64-year-olds) men and women has fluctuated around 10-15 percentage points since the introduction of comparable labour market statistics in 1992, dropping below 10 points only briefly following the global financial crisis in the late 2000s (Figure 2.1, Panel B). In recent years, the gap has been growing, partly as a result of men regaining jobs lost during the global financial crisis in the late-2000s. In 2020, Hungary's gender employment gap stood at 14.7 percentage points – well above the OECD average (10.9 points), and the highest recorded since the mid-1990s.

2.1.1. Employment rate growth in Hungary has been strong for both men and women

Behind Hungary's stagnant gender employment gap, employment rate growth has been strong, both for men and for women (Figure 2.1, Panel A) (European Commission, 2020[1]). Through the 1990s and 2000s there were only limited gains and men's employment was hit particularly during the financial crisis. However, robust output growth, major investments in public works and an increase in employment abroad of people living in Hungary through the 2010s has helped drive strong employment growth, and since 2015 a robust economic growth fuels the demand in the primary labour market. Supply side factors were also strong: first, the pension reform, whereby the rise in the statutory retirement age, cancellation of early retirement options, and the tightening of the conditions of disability retirement increased the effective retirement age and prolonged the number of years at work (Hungarian State Treasury - Ministry of Finance, 2020[2]); second, the educational composition of the workforce which improved considerably due to two waves of expansion (increased enrolment in secondary education in the 1960s and increased enrolment in tertiary education in the 1990s).

Figure 2.1. In contrast to most OECD countries, Hungary has made little progress in closing the gender employment gap in recent decades

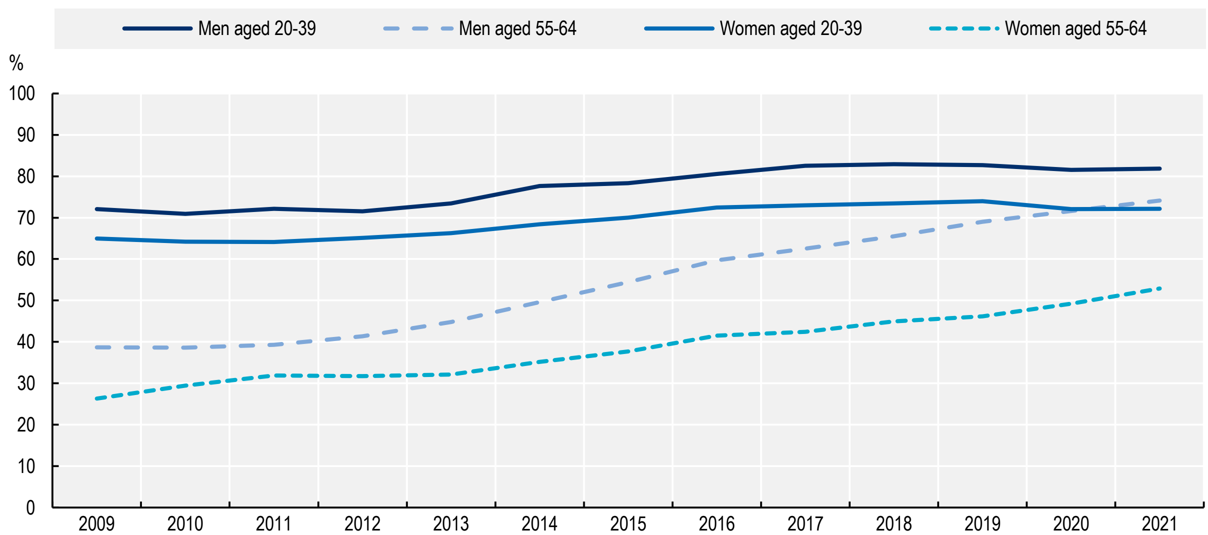


Note: The gender employment gap is defined as the percentage point difference between the male employment rate (15- to 64-year-olds) and the female employment rate (15- to 64-year-olds). Countries shown in Panel C only if data available for both 1995 and 2020.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

The most recent national official statistics from 2021 (somewhat inflated because they include women on paid parental leave among the employed, see Box 2.1 for more information), female employment grew steadily between 2012 and 2018, stagnated during 2019-20 and picked up again in 2021 and a similar trend can be observed for men (Figure 2.2). At 72.1%, the employment rate for women aged 20-39 in Hungary in 2021 was 7.2 percentage points higher than in 2009. Similarly, the employment rate for women aged 55-64 (52.9%) was 26.6 percentage points higher than in 2009. However, as male employment grew faster during this period, the gender employment gap increased until 2020. The growth of employment among those aged 55-64 was especially fast for men (from 38.7% to 74.1%), contributing to the widening of the gender employment gap. Nevertheless, the growth of both women and men's employment rate ranks among the largest gains in the OECD over the period (*OECD Employment Database*).

Figure 2.2. Employment growth has been strong in Hungary, especially among the population nearing retirement

Employment rate by gender in two cohorts: childbearing (ages 20 to 39) and nearing retirement (ages 55 to 64)



Note: The definition of employment has been modified in 2021 to also include mothers on paid maternity leave (see Box 2.1).
Source: Calculations by the Budapest Institute for Policy Analysis using data from the Hungarian Labour Force Survey, https://www.ksh.hu/labour.

Part of the reason for such strong employment rate growth is that, similarly to several other OECD countries in Central and Eastern Europe and the Baltic, the working-age population in Hungary is shrinking. The generations currently entering the labour market are substantially smaller than those leaving, leading to a substantial decline in the number of potential workers. Between 2006 and 2020, the number of working-age men fell by approximately 6%, from 3.3 million to 3.1 million, and the number of working-age women by 10%, from 3.5 million to 3.1 million (*OECD Employment Database*). Population decline accounts for about one-quarter of growth in the male employment rate between 2015 and 2019 (pre-pandemic), and roughly one half of growth in the female rate over the same period.

But raw headcount employment growth has also been strong. Between 2006 and 2020, the number of employed working-age men increased by about 14%, from 2.1 million to 2.4 million. The number of employed working-age women increased by slightly less – just over 10%, from 1.8 million to 2.0 million (*OECD Employment Database*).

2.1.2. Recent changes in light of the COVID-19 pandemic and beyond

There are signs that the labour market has been tightening in recent years. Prior to the COVID-19 crisis, unemployment rates for both men and women sat at their lowest levels since transition (*OECD Employment Database*), and job vacancy rates were high, having more than doubled since 2010 (Eurostat, 2020[3]). Private sector wages have also increased considerably in recent years, growing at more than 10% per year between 2017 and 2019 (*OECD Main Economic Indicators Database*). This points towards growing labour supply problems (at least before recent COVID-19-related job losses) and a need to boost labour participation among groups with low labour activity, including parents with young children.

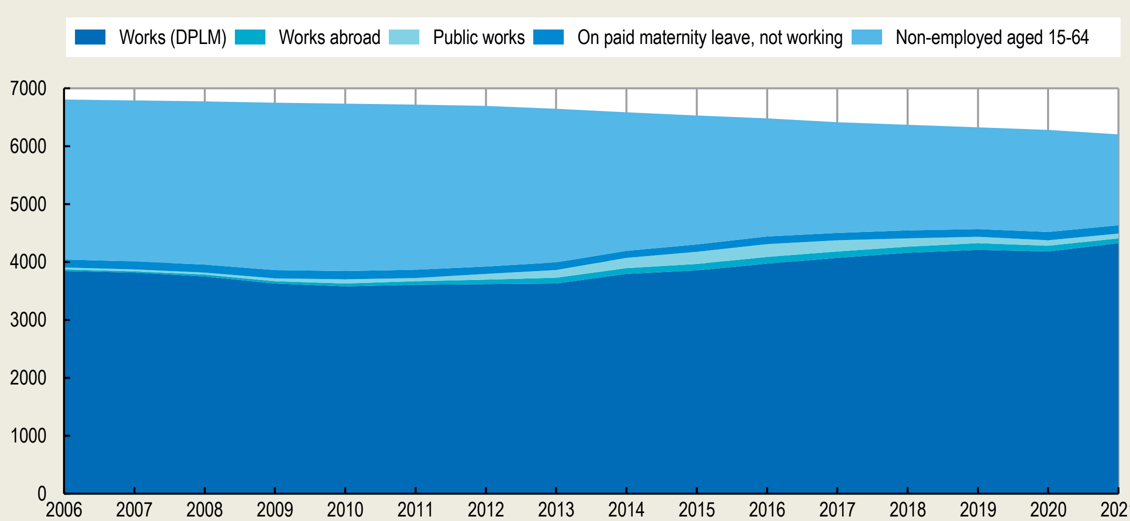
Furthermore, the pandemic had a differential impact on women for several reasons (Köllő and Reizer, 2021[4]; Szabó-Morvai and Vonnák, 2021[5]; Köllő, 2019[6]). Firstly, a higher share of women works in health care, pharmacies, public education, elderly care and other social services. These sectors were under pressure during the pandemic and workers endured longer work hours, irregular shifts, and a higher risk of infection. Also, a higher share of women works in personal services, tourism, catering and retail, affected by layoffs and the prevalence of unregistered employment. Secondly, women were more likely to be expected to look after their children during the lockdown of schools, kindergartens and nurseries (the closure of nurseries was only in force in spring 2020, after which they were in continuous operation, except in the case of individual epidemiological measures). Single parent families (about 12% of families with children, typically headed by women) were especially hard-hit during lockdowns as they were looking after children and earning a living at the same time, often with no help available from grandparents.

Box 2.1. Change in definition of labour market statistics and its implications

The official aggregated statistics published by the Statistical Office of Hungary are using a new definition of employment introduced in 2021, according to a new EU regulation: in addition to active workers receiving childcare benefits, those who worked before the parental leave, receive job-related income and are guaranteed to return to their previous job are also counted as employed. This counts women on insured parental leave and with a stable job contract among the employed. Official statistics were updated accordingly as of 2009. The calculation of the employment rates based on the new definition improves the total employment rate by about 2 percentage points, and female employment in the age group of 20 to 39 by about 10 percentage points.

Figure 2.3. Working age population (aged 15 to 64) and total employment in the domestic primary labour market and *other sectors*

Working age population (age 15-64) and total employment in the domestic primary labour market and other sectors*, in thousands



Note: * *Other sectors* include public works, employment abroad, and paid maternity leave which are all included in official employment statistics as of 2021.
Source: Calculations by the Budapest Institute for Policy Analysis using data from the Hungarian Labour Force Survey, https://www.ksh.hu/labour.

Using a narrower definition of employment, including only those who worked at least 1 hour during the reference week provides a more accurate measure of, for instance, the changes induced by the pandemic between 2019 and 2022, which affected job losses as well as actual hours of work of those retaining their jobs.

Three further factors which are unrelated to job creation in the domestic primary labour market also help improve the official employment rate but: the large public works programme (employing 86 700 people i.e. 1.9% of the population in employment in 2021), an important number of people living in Hungary and working abroad (employing 80 475 people, i.e. 1.7% of the population in employment in 2021), and the steady decline in the working age population (from 6.75 million in 2009 to 6.21 million in 2021).

2.1.3. Hungary’s gender employment gap fluctuates sharply across age groups

Gender employment gaps often vary with age and across the life course. Women’s employment rates in particular tend to fluctuate with age, often because of career interruptions for care and family reasons. In many OECD countries, women frequently take leave while children are young but then return to the workplace; in others, women often still leave employment entirely following childbirth, and either never return or return only on a part-time basis (OECD, 2018[7]). Later in life, women are often more likely than men to retire early or to leave work to look after sick or elderly relatives (OECD, 2021[8]).

The Hungarian gender employment gap fluctuates more sharply and more strongly with age than in almost all other OECD countries (Figure 2.4). In Hungary, as in many other OECD countries, the gender employment gap starts small but grows as men and women start family formation in their 20s and early-30s. Exceptionally low employment rates for mothers with young children, coupled with the fact that women tend to have their first child slightly younger in Hungary than in many other OECD countries (*OECD Family Database*), means that Hungary’s gap grows quickly. In 2020, the gender employment gap for 25- to 29-year-olds stood at 18 percentage points, and for 30- to 34-year-olds at 30 percentage points. This was the fourth widest gap in the OECD for the age group, after the Czech Republic, Mexico and the Republic of Türkiye.

Importantly, Hungary’s gender employment gap narrows considerably as men and women move into their 40s and early 50s (Figure 2.4). To a large extent, this can be explained by many mothers moving back into employment as their children enter pre-primary and especially primary school at age 6: in 2020, Hungary had the fourth highest employment rate for mothers with a youngest child aged 6-14 in the OECD (Figure 2.5). At 84%, women’s employment rates actually peak at age 45-49. The result is an almost negligible gap in employment for men and women in their late 40s (just 4 percentage points for 45- to 49-year-olds in 2020) and early 50s (5 percentage points for 50- to 54-year-olds in 2020).

Similar to many other OECD countries, Hungary’s gender gap widens again as men and women approach retirement (Figure 2.4). While it is common for both men’s and women’s employment rates to fall as they move into their late-50s and early-60s, women’s rates usually fall slightly quicker. In Hungary, women’s employment declines particularly quickly: in 2020, the employment rate for 60- to 64-year-old women stood at just 31%, more than 50 percentage points below the rate for 50- to 54-year-old women (84%). Despite declines in men’s employment, this contributes to sharp growth in the gender employment gap for men and women in their late-50s and early-60s. In 2020, the gap for 60- to 64-year-olds stood at 32 percentage points – the sixth widest in the OECD for the age group, and wider than for any other age group in the country.

Figure 2.4. Hungary's gender employment gap grows, shrinks and grows again with age

Employment rates by sex and five-year age group, and the gender employment gap by five-year age group, Hungary and OECD total, 15- to 64-year-olds, 2020

Note: The gender employment gap is defined as the percentage point difference between the employment rate for men and for women for each five-year age group. "OECD total" refers to the population-weighted average across OECD countries.
Source: OECD calculations based on the OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

One major reason why Hungary's gender employment gap grows so quickly as men and women move into their late-50s and early-60s is that, in Hungary, women are often able to retire earlier than men. In 2011, the government abolished all forms of early retirement, with the exception of women with 40 years or more service. Under the "Women 40" programme, all women (regardless of age) who stop working and have at least 40 years of eligibility can receive a full pension without penalties. Importantly, periods spent in receipt of several child-related benefits (including maternity and parental leave benefits) count towards eligibility; the minimum period of gainful activity is 32 years, or 30 years if the woman is in receipt of Hungary's nursing benefit (paid to those caring for ill or disabled relatives) (OECD, 2021[8]). Men have no access to this programme, and must wait until they reach the standard retirement age of 65 before they can access the full pension. Depending on the age of entry into the labour market, this allows women to retire potentially several years earlier than men (*OECD Employment Database; OECD Statistics on Average Effective Age of Retirement*).

Equalising the retirement ages of men and women has been a main trend across the OECD. In half of OECD countries, the normal retirement age has been the same for men and women, at least for people born since 1940. Most of the countries where there was a gender difference, either have already eliminated it or are in the process of eliminating it. Only Hungary, Israel, Poland, Switzerland and the Republic of Türkiye will maintain a lower retirement age for women now entering the labour market, legislations, although the Republic of Türkiye will phase out the gender difference for those entering the labour market in 2028 (OECD, 2019[9]).

2.2. Gender employment gaps are wider among parents than among those without children

Across OECD countries, childbirth and parenthood represent an important breakpoint in many women's careers. In many countries, gender employment gaps among childless men and women are nominal or only small (Figure 1.1). However, this changes sharply once children arrive. Despite the many changes made to men's and women's roles at work and at home over the past half-century or so, it is often still women who take the bulk of leave following childbirth, who reduce their hours when children are young, and who adjust their patterns of paid work more generally to fit their family and care commitments.

Parenthood has a particularly sharp impact on women's employment in Hungary. Almost all new mothers in Hungary make use of the country's lengthy parental leave scheme, allowing them to stay out of paid work until the child turns three. During the first two years of the child, this applies as much to highly educated mothers as it does to less educated mothers. Although some differences are observed when the child turns two, Hungary has the second lowest share of mothers that are employed and at work in the OECD when children are under age three.

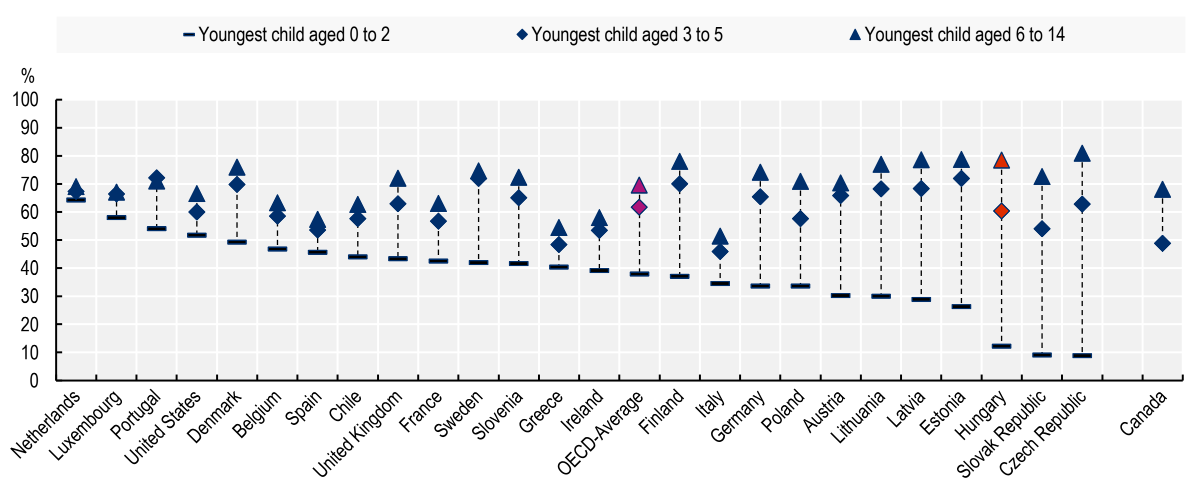
2.2.1. Very few mothers with very young children participate in paid work

In Hungary, the rate of mothers (aged 25-49) with very young children (age 0-2) participating in paid work was 18.9% in 2021 and 23.2% in the first quarter of 2022 (based on the old Central Statistical Office calculation methodology), and was 75% in 2021 and 78.7% in the first quarter of 2022, calculated according to the new Central Statistical Office methodology.

Across OECD countries with comparable data, Hungary has the third lowest "at work" rate for women aged 15 to 64 with a youngest child aged 0-2 (12.3%), after only the Slovak and the Czech Republics (9.1% and 8.9%) (Figure 2.5).

Figure 2.5. In Hungary, very few mothers with very young children are at work

At-work rates for women (15- to 64-year-olds) by age of youngest child, 2020 or latest year available



Note: Data for Chile refer to 2017 and to 2019 for the United Kingdom. The "at-work" rate includes only those who did at least one hour of work for pay or profit during the survey reference week. It differs from the employment rate in that it excludes those who are employed but absent from work during the survey reference week. For Canada and the United States, data refer to mothers with children aged 0 to 17. For Canada, the child age groups are 0 to 5 and 6 to 17, and for the United States 0 to 2, 3 to 5 and 6 to 17.
Source: OECD estimates based on the EU Labour Force Survey, https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey, the Canadian Labour Force Survey, https://www.statcan.gc.ca/eng/survey/household/3701, the Chilean Encuesta de Caracterización Socioeconómica Nacional (CASEN), http://observatorio.ministeriodesarrollosocial.gob.cl/index.php, and the U.S. Current Population Survey, https://www.census.gov/programs-surveys/cps.html.

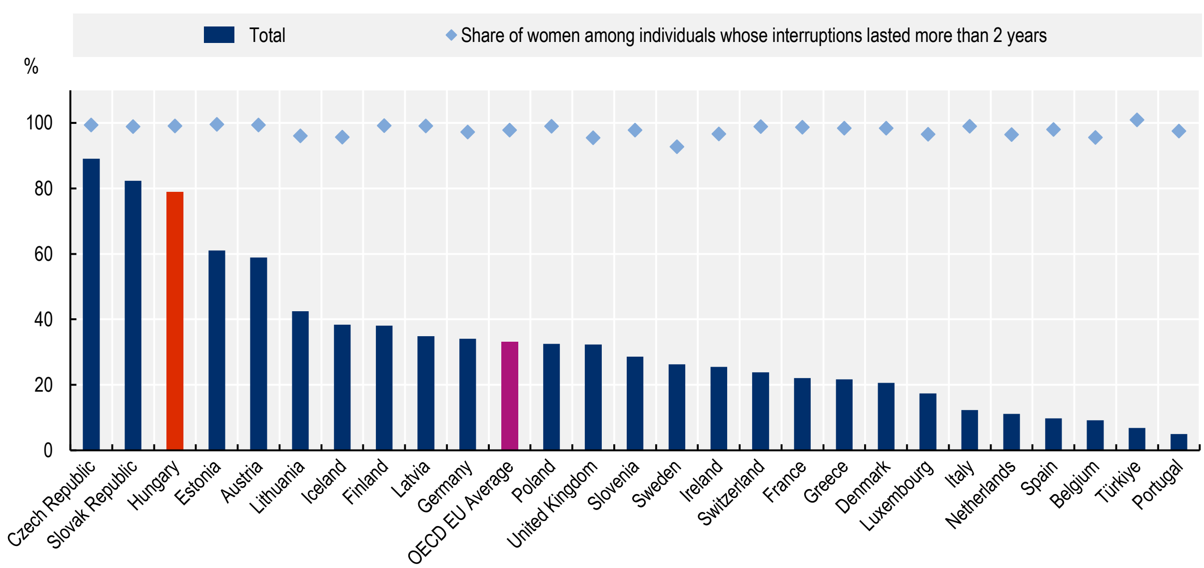
Estimates based on the European Labour Force Survey show that, differently from most OECD countries, in Hungary single mothers with very young children are almost as likely to be employed and at work than partnered mothers with very young children. One possible reason might be that, together with children from other disadvantaged backgrounds, the children of single parents are given priority access to nursery institutions in Hungary (European Commission/EACEA/Eurydice, 2019[10]), helping their parents access paid work.

Fathers' employment patterns tend to be much more stable following childbirth. Many fathers take a short period of paid leave directly after childbirth, but this normally lasts only for a few days or a few weeks at the most. After this, almost all fathers in almost all OECD countries return to full-time work and stay in full-time work as their children grow up. In Hungary, the overwhelming majority of fathers with a youngest child age 0-2 are engaged in paid work (in 2020, 88% were both employed and at work during the survey reference week) (Figure 2.6).

In Hungary, during the pandemic, employment tended to fall more among mothers with children aged 4-6, suggesting that this was mainly due to disruptions in the availability of formal childcare (see Section 5.2). For mothers with children aged two, the drop in 2020 was smaller and employment picked up to exceed its pre-pandemic level in 2021. A reason for this may be that mothers with small children is a selected group: they include mothers that are better educated and work in occupations for which home office is feasible. As discussed in Section 6.1.1, the increase in the share of telework was highest in this group in 2020.

Figure 2.6. Hungarian mothers are much more likely than fathers to have lengthy career interruptions

Share of individuals whose work interruption lasted more than two years among adults in childbearing age with work interruption to take care of their child(ren)



Source: Eurostat: Population with work interruption for childcare by duration of interruption and educational attainment level [lfso_18stlened], https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfso_18stlened&lang=en.

2.2.2. Most mothers in Hungary have returned to paid work by the time their child is three

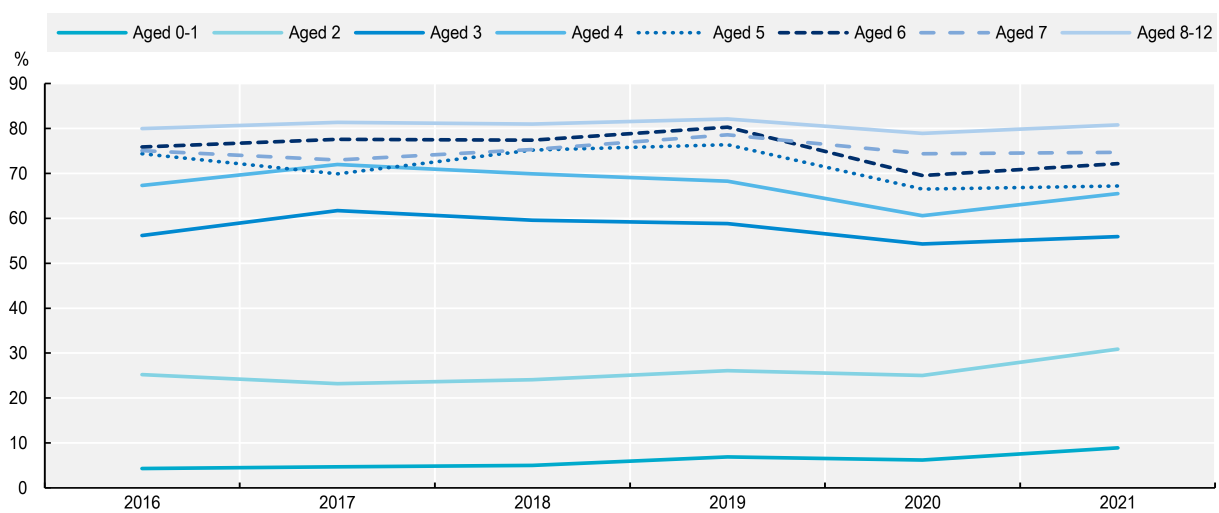
In most OECD countries, the share of mothers in paid work increases as children move out of toddlerhood at about age three. By this point, standard statutory full-time paid leave has usually expired and, in many OECD countries, families have gained a statutory entitlement to a place in pre-primary education for their child, often free-of-charge or heavily subsidised by the government. In 2020, on average across OECD countries, 61.7% of mothers with a youngest child aged 3 to 5 were employed and at work (Figure 2.5).

Hungary had the third largest share of mothers that interrupt their employment careers for more than two years (81%) in 2018, just after the Czech and the Slovak Republics (90 and 83%, respectively). Up to age one, less than 10% of mothers work. At age two, about 25% are in employment (Figure 2.7), reflecting higher educated mothers' economic incentives to go back to work when the better-paid GYED benefit is over (see Section 2.2.3 below).

The majority of mothers move back into work when their child turns three, which is when compulsory kindergarten begins (since 2015). In 2020, as many as 60.4% of mothers in Hungary with a youngest child age 3 to 5 were employed and at work – approximately 48 percentage points higher than the rate for mothers with a youngest child age 0 to 2. For most parents, parental leave ends on the child's third birthday.

Figure 2.7. The majority of mothers in Hungary are at work when their child is three

Maternal at-work-rates by age of youngest child



Note: At-work-rates are used rather than employment rates, because since a modification in 2021, also mothers on parental leave can be considered employed (see Box 2.1 for more information). Data is weighted.
Source: Calculations by the Budapest Institute for Policy Analysis using data from the Hungarian Labour Force Survey, https://www.ksh.hu/labour.

2.2.3. Education plays a role in mothers' return to work mainly when the child reaches two years of age

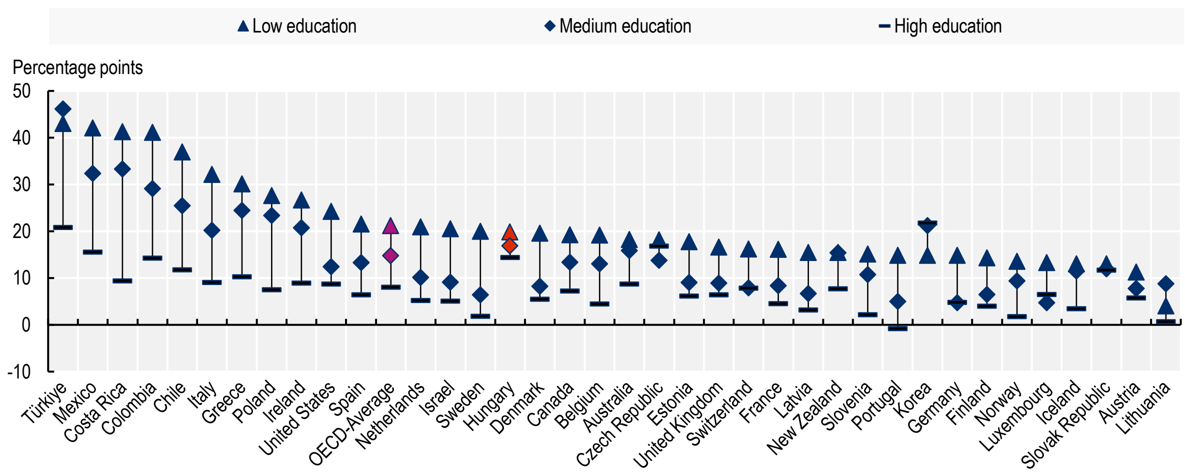
The overall gender employment gap in Hungary does not vary much with education

Gender employment gaps tend to vary with education and skill levels. In most OECD countries, gender employment gaps are smallest among men and women with higher levels of education. In 2020, on average across OECD countries, the employment gap for highly educated men and women stood at 8 percentage points, compared to a 21-point gap for men and women with low levels of education (Figure 2.8). In some countries, such as Lithuania, Norway, Slovenia and Sweden, the gender employment gap for highly educated men and women was less than 3 percentage points, while it is even negative for

Portugal. These days, in many OECD countries, tackling the gender employment gap mostly means tackling the employment gap among less educated men and women.

Figure 2.8. In Hungary, the gender employment gap for low-educated men and women is not much bigger than the gap for high-educated men and women

Gender employment gap, by level of education attained, 25-64 year-olds, 2020 or latest year available



Note: Data for Chile refer to 2017, and data for Denmark and Türkiye refer to 2019. Education levels based on the ISCED 2011 classification system. "Low education" corresponds to a highest level of educational attainment at ISCED 2011 levels 0-2 (early-childhood education, primary or lower secondary education); "medium education" reflects a highest level of educational attainment at ISCED 2011 Levels 3-4 (upper secondary and post-secondary non-tertiary education); and "high education" corresponds to a highest level of educational attainment at ISCED 2011 Levels 5-8 (short-cycle tertiary education, bachelor or equivalent, master or equivalent, doctoral or equivalent). The gender gap is the percentage point difference between men and women.
Source: OECD Education Database, https://www.oecd.org/education/database.htm.

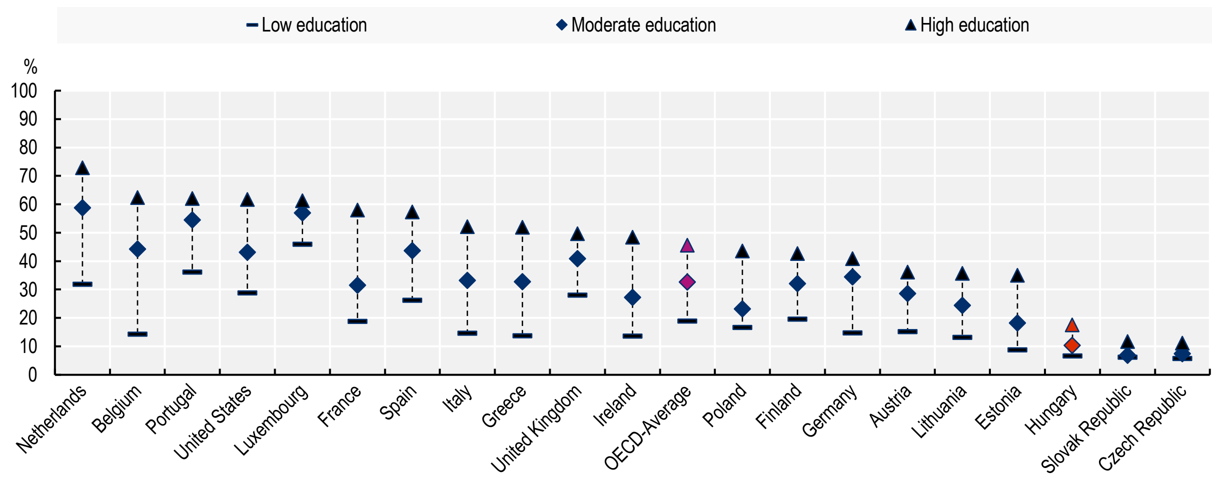
In Hungary, however, differences in the size of the gender employment gap across education levels are relatively small. In 2020, gender employment gaps in Hungary were greater than 10 percentage points across all levels of education, with the gap for men and women with low education (20 percentage points) slightly lower than the OECD average, and the gap for men and women with high education (14 percentage points) well above the average. The difference *between* levels of education in the size of the gender employment gap was among of the smallest in the OECD, similarly to several other OECD countries in central and eastern Europe (e.g. Austria, the Czech Republic and, especially, the Slovak Republic). The sections below look specifically at gaps focusing on the sub-group of mothers of young children.

Differences in mothers' return to work by level of education in Hungary become evident from the second year of the child

On average across OECD countries, 47.2% of highly-educated mothers with a youngest child age 0-2 are employed and at work, compared to 20.5% of low-educated mothers (Figure 2.9). In Hungary, by contrast, highly educated mothers with very young children are only slightly more likely to be employed and at work than their low educated counterparts, and this gap has been closing over time.

Figure 2.9. In most OECD countries, but less so in Hungary, highly educated mothers tend to return to work quickly

At-work rates for women with at least one child age 0-2, by education level, 15- to 64-year-olds, 2020 or latest year available



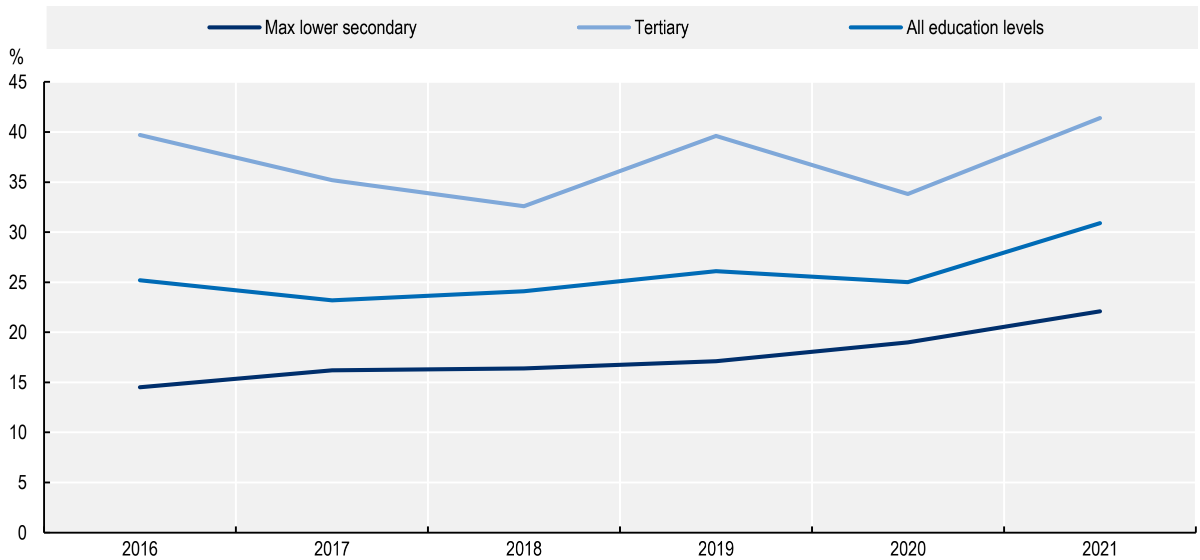
Note: Data for Lithuania and the United Kingdom refer to 2019. The "at-work" rate includes only those who did at least one hour of work for pay or profit during the survey reference week. See the notes to Figure 2.5 for more details on the "at-work" rate and Figure 2.8 for more details on education levels.
Source: OECD estimates based on the EU Labour Force Survey, https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey, and the U.S. Current Population Survey, https://www.census.gov/programs-surveys/cps.html.

In Hungary, the educational divide in at-work rates of mothers becomes evident from the child's second birthday. In this age group, mothers with tertiary education are about twice as likely to work as mothers with lower secondary education or less (Figure 2.10). The higher employment rate of better educated mothers contributed to the overall increase via the rise in the share of mothers with tertiary education (from 34 to 42% in five years).

Once the youngest child turns three, much of the growth in at-work rates is driven by highly educated mothers moving back into work. In Hungary, in 2020, the at-work rate for highly educated mothers with a youngest child age 3 to 5 stood at 73.5%, slightly above the OECD average (71.0%). Their less educated counterparts are much less likely to return to work: in 2020, 30.9% of low educated mothers with a youngest child age 3 to 5 were employed and at work, below the OECD average (34.4%) (Figure 2.11).

Figure 2.10. Highly educated mothers with young children are almost twice as likely to be in paid work as those with a lower secondary diploma

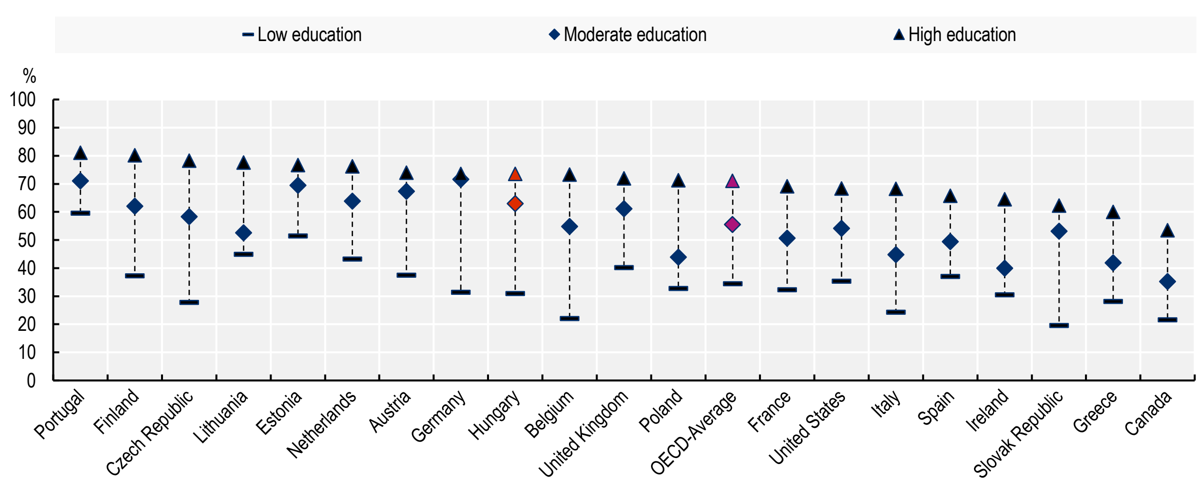
At-work-rates of mothers with children aged 2, by level of education



Note: At-work-rates are used rather than employment rates, because since a modification in 2021, also mothers on maternity leave are considered employed (see Box 2.1 for more information).
Source: Calculations by the Budapest Institute for Policy Analysis using the Hungarian Labour Force Survey, https://www.ksh.hu/labour.

Figure 2.11. Highly educated mothers in Hungary return to work in large numbers once children enter pre-primary education at age three

At-work rates for women (15- to 64-year-olds) with at least one child age 3-5, by education level, 2020 or latest year available



Note: Data for the United Kingdom refer to 2019. The "at-work" rate includes only those who did at least one hour of work for pay or profit during the survey reference week. See the notes to Figure 2.5 for more details on the "at-work" rate and Figure 2.8 for more details on education levels.
Source: OECD estimates based on the EU Labour Force Survey, https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey, and the U.S. Current Population Survey, https://www.census.gov/programs-surveys/cps.html.

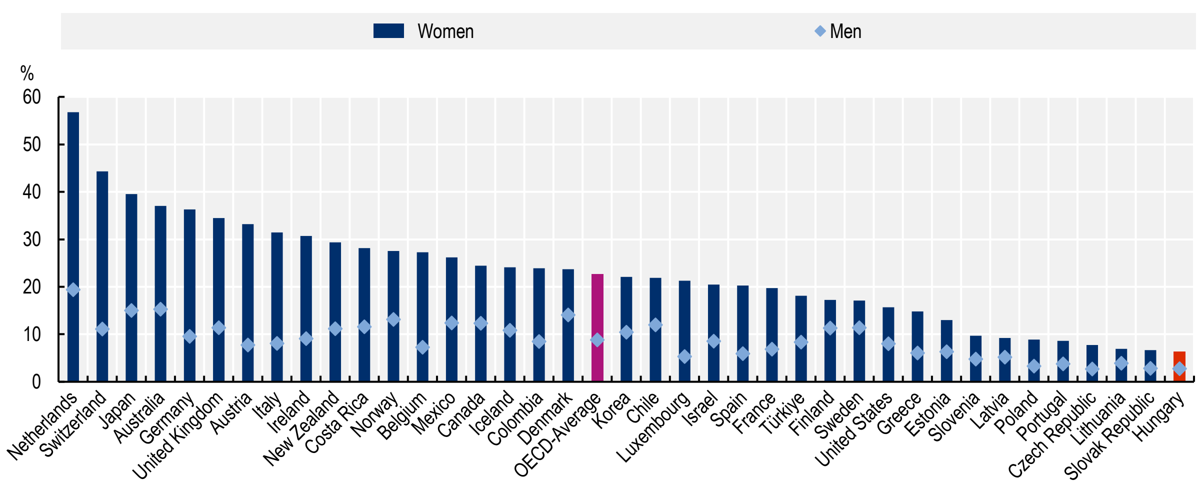
2.3. Once employed, women work almost as many hours as men

Compared to many other OECD countries, Hungary's gender gap in working hours is small. On average, in 2020, employed men in Hungary usually worked 39.8 hours per week, and employed women 38.6 hours per week (*OECD Employment Database*). The gender gap – 1.2 hours per week – was the second smallest in the OECD, behind only Lithuania and far lower than the OECD average gap (5.1 hours per week).

A key reason is that, in contrast to many other OECD countries, very few women workers in Hungary work part-time (Figure 2.12). This is true for men workers as well. In 2020, as few as 6% of employed women in Hungary, and just 3% of employed men, usually worked part-time. These rates have remained largely stable for the past few decades (*OECD Employment Database*).

Figure 2.12. Part-time employment is very uncommon in Hungary

Part-time employment as a percentage of total employment, by sex, all ages, 2020 or latest year available



Note: Part-time employment is defined as usual weekly working hours of less than 30 hours per week in the main job. For the United States, data refer to dependent employees only. For Australia, Finland, Iceland, New Zealand, Norway and the Republic of Türkiye, data refer to usual weekly working hours in all jobs. For Japan and Korea, data refer to actual weekly working hours in all jobs. Data for Australia and Germany refer to 2019.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

One common explanation for the continued scarcity of part-time work in Hungary is that wages are too low to make part-time work viable and worthwhile (Koncz, 1996[11]; Cazes and Nesporova, 2004[12]; Fazekas and Szabó-Morvai, 2019[13]). In contrast to many countries in Western and Northern Europe – where high wages can allow second-earners in particular to work reduced hours – the comparatively low wages on offer in Hungary (and other countries in Eastern Europe and the Baltic) mean that households can rarely afford for one (or both) earners to switch to part-time work. As a result, few workers in Hungary actually want to work part-time. The GYED Extra Programme launched by the government in 2014 contributes to address this issue: by upholding the GYED benefit for those parents returning to the labour market making, it makes part-time employment a more viable option from a household income perspective.

2.3.1. Women in Hungary still often work in different jobs and different industries to men

In Hungary, as in other OECD countries, men and women often still work in different sectors, industries, and areas of the economy. As elsewhere, employed women in Hungary are heavily over-represented in the service sector: in 2019, more than three-quarters (77%) of employed women were employed in services, compared to just over half of employed men (52%) (*OECD Gender Data Portal*). In terms of specific sectors, women in Hungary make up a particularly large share of workers in the retail industry (63%), in health care (74%) and residential care (86%), in education (77%), and especially in social work (89%) (ILO, 2020[14]). They also make up a disproportionate share (60%) of public sector workers (*OECD Gender Data Portal)*.

Women in Hungary also tend to do different *types* of jobs to men. Previous analysis by the OECD shows that Hungary has some of the highest levels of gender occupational segregation in Europe, with employed women much more restricted in the types of job they do than employed men (OECD, 2017[15]). Employed women in Hungary make up a disproportionate share of service and sales workers (6%), and of clerical workers (74%) (ILO, 2020[14]). These are both typically medium-skill occupations. They also make up a large share of workers in certain low-skill elementary occupations, such as cleaning (87%). By contrast, employed men make up a disproportionate share of workers in several higher-skill occupations, including as science and engineering professionals (76%) and as ICT professionals (88%), as well the majority of managers (see below). This under-representation of women in science, engineering and ICT roles is likely linked at least in part to the under-representation of women among tertiary graduations in subjects linked to these careers.

2.3.2. Women make up a relatively large share of managers in Hungary, but still struggle to make it to the very top

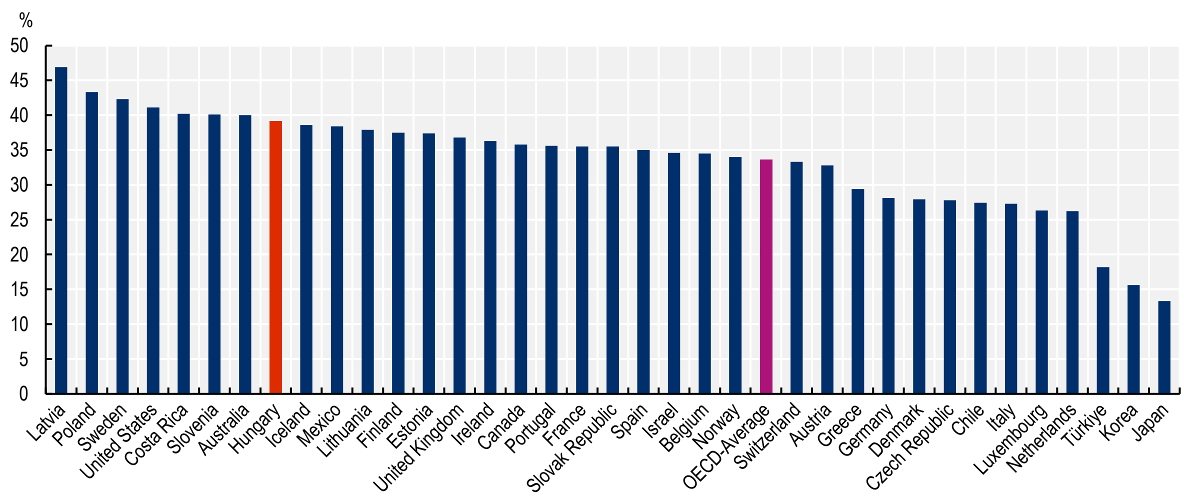
The work interruptions and concessions that women make for family reasons often lead to attrition in the number of women who advance to management positions. The “leaky pipeline” to top jobs has contributed to women making up only about one-third of managers, on average across OECD countries. Women are also far less likely than men to sit on boards of private companies or to make it to executive positions: in 2019, on average across OECD countries, they made up just 25% of seats on boards of the largest public companies (*OECD Gender Data Portal)*.

Despite high levels of occupational segregation, women in Hungary tend to fare better than their peers in many other OECD countries at attaining management positions. In 2020, 39% of managers in Hungary were women (Figure 2.13). This was well above the OECD average for the same year (34%), and the eighth highest share in the OECD, behind only Australia, Costa Rica, Latvia, Poland, Sweden, Slovenia and the United States.

However, they often face greater difficulties in reaching top leadership positions. In 2021, women held only 9% of seats on boards of the largest public companies in Hungary (*OECD Gender Data Portal)*. This was one of the lowest shares in the OECD, behind only Estonia and Korea. In 2019, women also made up 18% of executives in Hungary’s largest public companies – about average for EU member states, but lower than in some other countries, such as Latvia (31%), Lithuania (30%), Slovenia (25%) and Sweden (24%) (EIGE, 2020[16]).

Figure 2.13. Almost 40% of managers in Hungary are women

Share of managers that are women, 2020 or latest available



Note: Data for the United Kingdom refer to 2019, data for Israel refer to 2017. The OECD average excludes Colombia and New Zealand.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

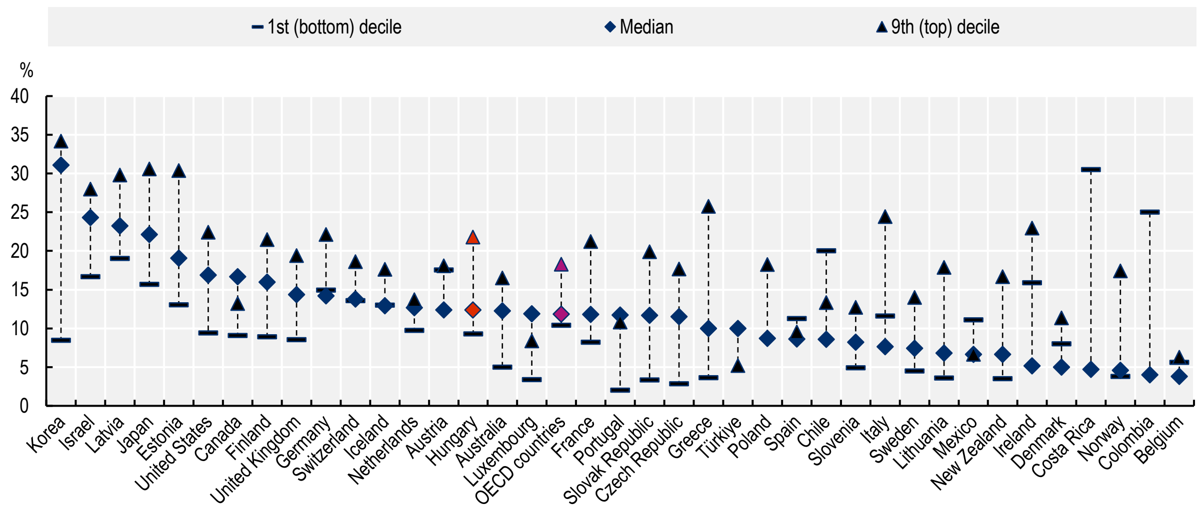
2.3.3. Hungary's gender earnings gap is relatively narrow at the median, but widens higher up the pay scale

Across OECD countries, and across the globe, women continue to earn less than men. Together with discrimination, gender differences in education, working hours, employment histories, job and employer characteristics, and preferences all contribute to employed women earning, on average, lower wages than employed men (OECD, 2017[15]).

Compared to other OECD countries, Hungary has a relatively narrow gender gap in median earnings (Figure 2.14). At 12.4% in 2020, Hungary's gender gap in median earnings is slightly above the OECD average (11.8%), and far lower than in countries such as Korea (31%), Israel, Japan and Latvia (22% to 24%). Similar to several other OECD countries, Hungary almost sees no difference between the gender differences in earnings at the bottom end and at the median of the earnings distribution.

Figure 2.14. The gender gap in median earnings is comparatively narrow in Hungary, but the gender gap at the top end of the earnings distribution is wide

Gender earnings gap at the 1st decile, at the median, and at the 9th decile, full-time employees, 2021 or latest



Note: The gender wage gap is unadjusted, and is calculated as the difference between the earnings of men and of women relative to the earnings of men. Estimates of earnings used in the calculations refer to gross earnings of full-time wage and salary workers. However, this definition may slightly vary from one country to another; see the OECD Employment Database and the individual country metadata data available in OECD.Stat (http://stats.oecd.org/index.aspx?queryid=64160) for more detail. Data for Australia, Austria, Chile, Denmark, Finland, Germany, Greece, Poland, Portugal, Sweden and Switzerland refer to 2020; data for Belgium, Colombia, Estonia, Ireland, Israel, Italy, Latvia and Lithuania refer to 2019; data for Costa Rica, France, Iceland, the Netherlands, Slovenia, Spain and Türkiye refer to 2018; and data for Luxembourg refer to 2014. For Australia data at the bottom and the top deciles refer to 2018. The OECD average at the bottom decile excludes Poland and Türkiye, and the OECD average at the top decile excludes Colombia and Costa Rica.
Source: OECD Employment Database, http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm.

However, much more than in other OECD countries, Hungary's gender earnings gap widens towards the higher end of the pay scale (Figure 2.14). In Hungary in 2020, the gender earnings gap at the ninth decile stood at 21.8%. This was much wider than the OECD average gap (18.3%), but not as substantial as in Korea (34.2%) and Israel, Japan and Latvia (28% to 31%). Part of the reasons behind the gender pay gaps in Hungary may lie in its relatively high level of sectoral segregation, with women disproportionately likely to work in industries and sectors (e.g. education, social work) where even the earnings of the highest earners are limited. But part may also lie in the extended periods women often spend out of work following child birth, which hampers career progress and may lead to a reluctance among employers to invest in the careers of young women (OECD, 2019[17]).

To tackle the gender wage gap, countries have promoted policies addressing discrimination and promoting equality in pay and employment opportunities (Das and Kotikula, 2018[18]; OECD, 2020[19]). About half of OECD countries require pay gap reporting and/or auditing by private sector firms (Box 2.2). Yet, Hungary has not yet implemented a mandatory gender pay gap reporting and/or pay gap audit system to help police equal pay between men and women. Changes may be expected as the European Commission has proposed a Directive to strengthen the application of the principle of equal pay for equal work between men and women (COM/2021/93 final) (European Commission, 2021[20]).

In 2020 Hungary introduced a personal income tax exemption for mothers with four or more children for their entire career. This measure benefits 50 000 mothers and is promoted by the government an example of the social recognition of motherhood.

Box 2.2. Pay transparency and reporting measures

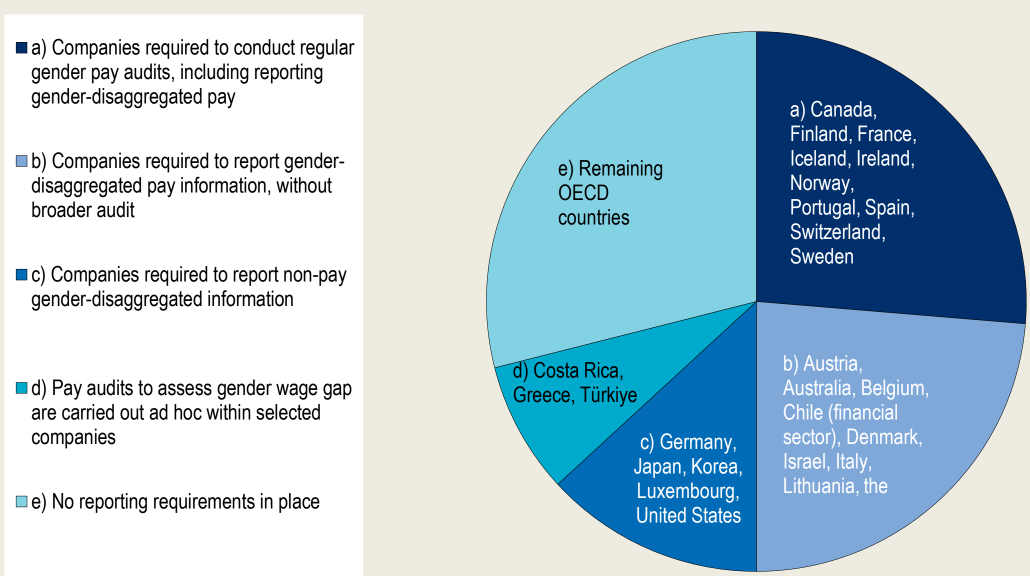
Half of OECD countries use job classification systems in the public and/or private sector while ten countries mandate that job classification systems, when they are used, be gender-neutral. This is an attempt to correct for gender biases in job valuations that can exacerbate pay disparities. Gender-neutral job classification systems are often embedded in more detailed equal pay auditing processes, suggesting they may become more widespread if auditing becomes more common.

Half of the OECD countries mandate systematic, regular gender pay gap reporting by private sector firms (OECD, 2021[21]). This can entail calculating and reporting a range of different wage gap statistics, including the simple average or median wage gap. These results would subsequently be shared with stakeholders such as workers, their representatives, a government agency, and the public, typically every one or two years. Reporting requirements are typically determined by company size. Mandatory reporting is most common for medium to large companies with 30-50 employees or more. Penalties for non-reporting include restrictions on government tenders, publicly publishing individual firms' publishing history, and the possibility of fines – but many countries do not closely monitor compliance (OECD, 2021[21]).

Ten OECD countries have implemented comprehensive equal pay auditing processes. Equal pay audits require additional gender data analysis and typically propose follow-up strategies to address inequalities. Audits typically require an analysis of the proportion of women and men in different positions, an analysis of the job evaluation and classification system used, and detailed information on pay and pay differentials based on gender.

Figure 2.15. Half of the OECD countries mandate systematic, regular gender page gap reporting by private sector firms

Distribution of countries by the presence of regulations requiring private sector pay reporting, pay auditing, or related measures, OECD countries, 2021



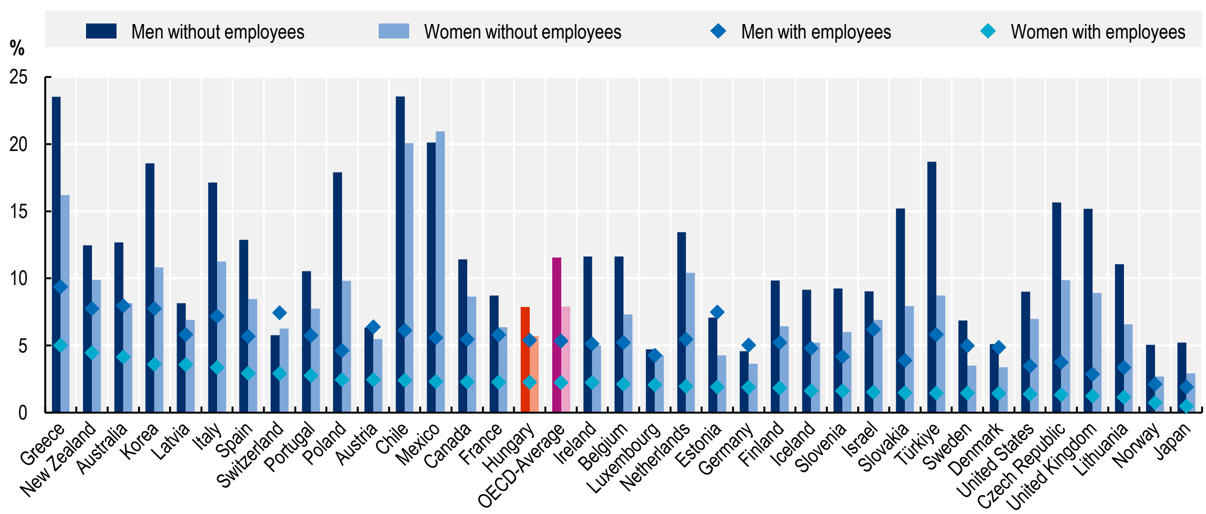
Source: OECD (2021[21]), *Pay Transparency Tools to Close the Gender Wage Gap*, https://doi.org/10.1787/eba5b91d-en.

2.4. In Hungary, entrepreneurship is less common among women than among men

Despite some progress over past years, a gender gap remains throughout the entire entrepreneurship pipeline across the OECD. Women continue to be less likely than men to create a business or to be working on a new start-up, to operate an established business or be self-employed. In 2020, on average 16.9% men were self-employed and only 10.1% of the female population (Figure 2.16). At 5.3 percentage points, the gap in Hungary is slightly smaller than the OECD average (6.7 percentage points). Behind this, a much smaller share of men and women are actually self-employed: 13.2% of men and 8.0% of women. Specifically self-employed women with employees are an underrepresented group across the OECD and in Hungary (2.2% and 2.3%, respectively).

Figure 2.16. Women are less likely to be self-employed than men in Hungary

Population who is self-employed, with and without employees, 2020 or latest available



Note: Data for Canada, Japan and New Zealand refer to 2021, data for the Republic of Türkiye and the United Kingdom refer to 2019, data for Australia, Chile, Korea and Mexico refer to 2017, and data for Israel refer to 2016. The OECD average excludes Colombia and Costa Rica.
Source: OECD Gender Data Portal, Entrepreneurship, https://www.oecd.org/gender/data/entrepreneurship/.

Self-employment is not always the most desired choice for workers (OECD, 2021[22]). Indeed, between 2012 and 2016, almost a third (28.0%) of Hungarian entrepreneurs reported not having other opportunities in the labour market and having started their business out of necessity, slightly above the EU average (22.1%). Women (36.5%) and seniors (40.1%) were particularly disadvantaged as compared to the EU averages (24.2% for women and 25.5% for seniors) (OECD, 2022[23]).

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3 Attitudes, preferences and barriers to employment for mothers of young children in Hungary

This chapter starts with an analysis of the gender role attitudes concerning the division of unpaid work and childcare within the household as well as towards women's employment in Hungary. It also provides an overview of the overall family policy package in Hungary and of recent reforms aimed at making it easier for mothers with very young children to return to work. It then analyses some of the causes of the low levels of paid work among mothers with very young children in Hungary – including extended breaks for care reasons, family preferences, limited availability of childcare services and limited part-time and flexible working opportunities.

3.1. Attitudes towards gender roles are among the most traditional in the OECD

Gender role attitudes concerning the division of unpaid work and childcare within the household appear to be fairly traditional in Hungary (Blaskó, 2005[1]; Gregor, 2016[2]; Szabó-Morvai, 2019[3]). Eurobarometer data from 2017 show that, on average across EU member states, 43% of men and 44% of women believe that "*the most important role of a woman is to take care of her home and family*" (European Commission, 2017[4]), whereas in Hungary, 78% of people agreed with this statement – the second highest rate in the EU, after Bulgaria. Only 22% of Hungarian women take a distinctly emancipated view on whether women's main role is "home-making", while the corresponding share for men is only 18%.

Traditional attitudes towards women's employment help explain the low at-work rates among Hungarian mothers. The share of the Hungarian population who does not agree that it is perfectly acceptable for a woman in their family to have a paid job outside of home stood at 10% compared to an OECD average of 4.6%, with higher shares only in Israel, Mexico, the Slovak Republic and the Republic of Türkiye (OECD, 2019[5]). Maternal employment in particular is considered undesirable when children are young regardless of the level of education (Steiber, Berghammer and Haas, 2016[6]). Many state that it would cause harm to children if mothers work before their third birthday. The share of the population agreeing that children suffer when mother works for pay is among the highest in the OECD (50.9%, compared to an OECD average of 35%) (OECD, 2019[5]).

Otherwise, Hungarians generally seem to support a two-earner model in which both fathers and mothers contribute to the household income (KINCS, 2019[7]). Follow-up consultations showed that increasing labour market participation by women with young children is generally accepted as a legitimate policy goal (OECD, 2021[8]). While some stakeholders are in favour of "promoting choice" for mothers either to stay at home or go back to work, others warn about the double burden of paid and unpaid work responsibilities. Overall, there seems to be general awareness that public policy is influenced by demographic concerns.

3.2. The overall family policy package in Hungary

Public spending on families has grown almost everywhere in the OECD over recent decades, reflecting shifting priorities and the greater emphasis many countries now place on childhood. On average, public spending per head on family cash benefits and services has more than doubled since the early 1990s, rising from USD 417 in 1990 to USD 844 in 2015 (*OECD Social Expenditure Database*). In some countries, including Chile, Japan, Korea, Mexico and Spain, it increased by more than four times over the same period (*OECD Social Expenditure Database*).

Family policies can change the way families function. Depending on the specific policies in place, they can help encourage or discourage behaviours ranging from fertility to parental employment (Thévenon, 2011[9]; Luci-Greulich and Thévenon, 2013[10]; Thévenon, 2013[11]). Generally, it is the overall package of family supports that matters most for family outcomes, rather than the individual policies. For instance, participation in ECEC by children under three appears more effective at boosting women's employment when tax and leave policies are also supportive (Thévenon, 2016[12]). The Nordic countries provide some of the clearest examples: governments provide parents with a (nearly) universally accessible continuum of public supports from birth until their children reach their teenage years, all aimed at supporting dual earning and full-time employment for both parents (OECD, 2011[13]). Not by coincidence, the Nordic countries have higher (full-time) parental employment rates than many OECD countries with more fragmented and disjointed family supports.

Box 3.1. Nordic policy: A “continuum” of support to parents and children

Mindful that gender gaps often emerge in full around the time of parenthood, Nordic policy aims to provide a continuum of support to all parents and children, including single parents, and promote a “dual earner-dual carer” family model for couple households.

Parents can access generous paid leave when children are very young, followed by a place in subsidised ECEC and out-of-school-hours (OSH) services once they enter full-time education. Tax systems encourage paid work by second earners, while paid parental leave systems often supports fathers and mothers to share care responsibilities through individualised “use it or lose it” paid leave entitlements (OECD, 2018[14]).

For instance, in Denmark there is a period of paid maternity leave, paid paternity leave, and paid parental leave around childbirth. There is an entitlement to a formal place in childcare from when the child is six months old, and the majority of Danish children under age three attend formal childcare. Pre-school runs from age three onwards, and upon entering primary school, out-of-school-hours services are widely available. To support families in caring for elderly and disabled relatives, Denmark also has one of the highest public expenditures (as share of GDP) on long-term care. This universe of care services has helped to lessen the unpaid workload on families (OECD, 2020[15]).

In Hungary, policy strongly encourages one parent – typically the mother – to care for children when they are very young. Hungary’s paid parental leave is one of the longest in the OECD. At the same time, options for non-parental care for very young children are still limited, but under development: while fees for day care services for children under age three are strongly regulated and affordable (for instance, data from the Hungarian Central Statistical Office show that, in 2021, 70%of children enrolled in institutional-type nursery care did not pay a fee for care, and 63% of them ate free of charge in the same place), shortages in supply mean that accessing a place can be difficult in certain settlements. As a general rule, only children of working parents may be admitted to the public nurseries in order to contribute to the employment possibilities of parents raising young children. Policy is much more supportive of mothers’ (full-time) employment once children turn three, at which point parental leave ends and children enter compulsory pre-primary education for at least four hours a day (Gábos and Makay, 2021[16]).

In recent years, Hungary has introduced several reforms aimed at making it easier for mothers with very young children to return to work, should they wish (see Box 3.2). However, as yet, these policies have had very limited impact on the share of mothers with young children in paid work.

Box 3.2. Summary of important recent changes in family policy in Hungary

- 2011: Introduction of the family tax base allowance – a per-child non-refundable tax allowance deductible from base taxable income.
- 2013: Introduction of reductions in employers’ social contribution tax payments when employing workers from disadvantaged groups, including workers who have recently returned from leave.
- 2014: Introduction of 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, until the child’s second birthday. In 2016, the age limit was lowered to six months old.
- 2015: Lowering of the age of compulsory attendance in pre-primary education from five to three years of age, for at least four hours per day. Home schooling is granted upon request.

- 2015: Introduction of the right to part-time work for all parents with children under age three. By default, this means four hours per day, but other arrangements are possible by mutual agreement. For parents with three or more children, the possibility is available until the youngest child turns six years old.
- 2017: Introduction of the obligation for all local authorities to provide day care services for very young children if at least 40 children under age three live in the area and/or if at least five families request access. The system of nursery care is divided into institutional and service-type forms of care.
- 2018: Release of substantial domestic development funds by the central government to local authorities, earmarked for the creation of new day care places (such actions were started in 2015 with EU funds support).
- 2020: Mothers of four or more children enjoy an exemption of paying personal income tax throughout their careers.
- 2020: Introduction of a grandparents' GYED, whereby grandparents who have not yet retired can become eligible for GYED if they agree to take care of their grandchild while the parent is working. In this case, the grandparent is entitled to the GYED instead of the parent.
- 2021: Increase of the rate of the Infant Care Fee (ICF) from 70% to 100% of the previous income of the mother resulting in a higher income for six months than previously, as taxation of the ICF is more favourable.

3.3. Long leave contributes to the low at-work rate for mothers with very young children

As covered in Chapter 4, Hungary's parental leave system allows mothers to take paid leave until the child's third birthday, with take-up being close to universal in the first two years. The overwhelming majority of leaves users in Hungary are mothers (Eurostat, 2020[17]).

The stakeholders' consultation conducted as part of this study confirms reluctance towards a return to full-time work before the child is 1.5 years old (OECD, 2021[8]). It revealed general agreement among respondents that a return to full-time work before the child is a half-year old is inappropriate, and limited support for a return over the following year. Stakeholders stressed that while municipal nurseries must have facilities for children aged below one, a mother with a child that age rarely returns to work then as it would be frowned upon by nursery professionals, peers and society in general.

Returning to work when a child is aged two (when the GYED subsidy ends and the lower-paid GYES begins), rather than three, is considered more socially acceptable and feasible if full-time childcare is provided. Many low-income mothers choose a return to work at this stage, but employers and others warned that mothers who return to work this early may face a double burden in terms of responsibilities and stigmatisation (especially in small towns in the countryside). Some survey respondents view a return to full-time work as only acceptable when the child reaches age three, while only a small minority see four as the preferred age (OECD, 2021[8]).

Stakeholders are divided regarding the Hungarian Government's provision of support for family-friendly employment of mothers with young children. Yet, they seem to agree that more policy effort is needed in this field, even though they tend to consider GYED Extra as a successful intervention (OECD, 2021[8]).

3.3.1. The impact of extended breaks for care reasons on women and labour supply

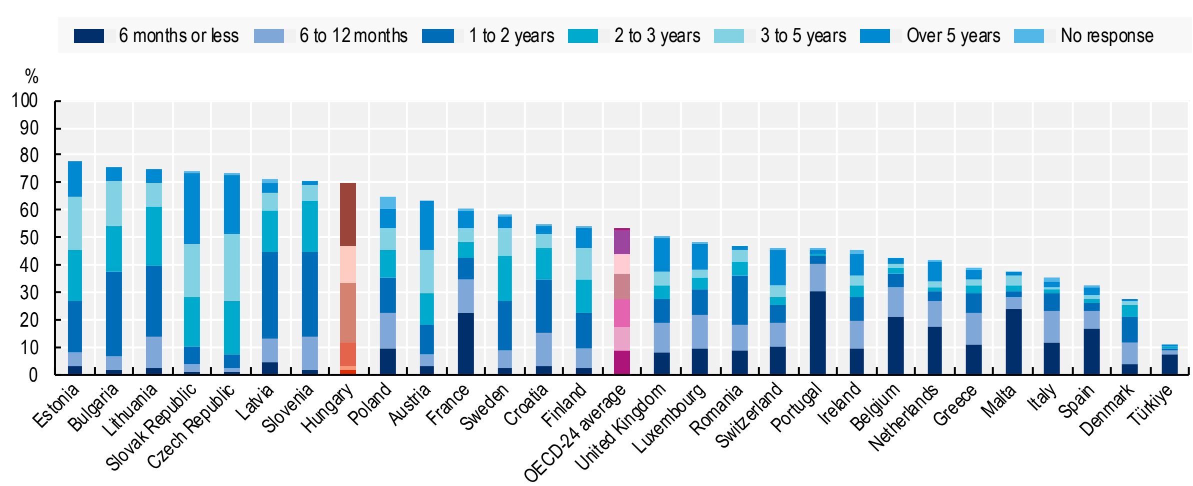
The career breaks and interruptions that women make for family reasons add up. Multiple extended leaves following childbirth have large cumulative effects on women's employment histories, disrupting careers and reducing the total amount of time spend in paid work across the working life. Men usually make far fewer breaks for family reasons, if any. The aggregate effect is that, on average across OECD countries, women's careers are one-third shorter than men's (OECD, 2017[18]).

Being it so common in Hungary for mothers to take a prolonged period out of work when children are young, the impact of children on women's employment histories is stronger than in many other OECD countries. Data from the EU Labour Force Survey's 2018 ad hoc module show that, in 2018, as many as 23% of women (25- to 64-year-olds) in Hungary reported having taken at least five years out of work for childcare reasons across their working lives (Figure 3.1). This was the second highest share in Europe, behind the Slovak Republic (26%), and well above the average across European OECD countries (8.4%). The share of women in Hungary who reported having taken at least three years out for childcare reasons is even higher (37%), behind only the Slovak Republic (45%) and the Czech Republic (47%).

Most immediately, these lengthy breaks affect women's abilities to build their careers: all else equal, less time spent at work means more missed opportunities and less time to make career progression. Much of the gap in earnings progression is generated before age 40, as women miss many important labour market opportunities during the early stages of their careers (OECD, 2017[18]). In many OECD countries, though less so in Hungary thanks to the Women 40 programme, it also means less time to accumulate the employment record needed for entitlement to a full state pension (OECD, 2017[18]).

Figure 3.1. Women in Hungary often take several years out of work for childcare reasons

Share of women (25- to 64-year-olds) who report having ever taken a career break for childcare reasons, by total lifetime length of career breaks for childcare, 2018



Note: Respondents were asked "For the following questions we would like you to look back at your employment life from its beginning until now. In that time, did you not work for at least one continuous month to take care of your children? This can also mean that you had maternity, parental leave, an interruption agreed with your employer, quit your job, shut down your business or did not start work right after you completed your education." Respondents responding positively were then asked "Taking together all those times when you did not work, how long was that, approximately? Please include maternity/paternity and parental leave." Proportions among valid cases only. Countries with large shares of missing responses (greater than 10%) are not shown.
Source: OECD calculations based on the EU Labour Force Survey Ad-hoc Module 2018, https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey.

Lengthy breaks for childcare reasons also carry larger economic costs (OECD, 2012[19]; OECD, 2018[14]). Today's economies need all available talent to ensure a sustainable and prosperous future. Having large numbers of women spend years outside of the labour force not only reduces labour supply, but also in many cases represents a less efficient use of skills, talents and human capital investments, since lengthy breaks can have effects on women's careers and job opportunities long after they have returned to work (OECD, 2012[19]). These concerns are particularly relevant in countries like Hungary, where highly educated mothers are only little less likely than their less educated counterparts to spend a prolonged period outside of paid work when children are very young. Reducing the length of time that women spend outside of work after having children could make a large contribution to closing Hungary's overall gender employment gap and help boost the size of the Hungarian labour force.

3.4. In Hungary, family preferences and limited childcare services help explain many mothers' withdrawal from paid work when children are very young

Parents have different reasons for adjusting their paid work once children arrive. In many instances, the reduction in paid work by mothers may reflect choice and a preference for spending more time with their infants (see Section 3.1 above).

Other factors can influence women's withdrawal from paid work. In some countries, finding a suitable alternative to home care is a challenge, particularly when children are very young, and especially for families with low incomes. Without public support, childcare can be very expensive (OECD, 2020[20]). Even where public support is available, supply shortages and/or inconvenient locations or opening times can make access difficult. Concerns around quality and the potential impact on child development can also cause reluctance among parents towards the use of childcare services.

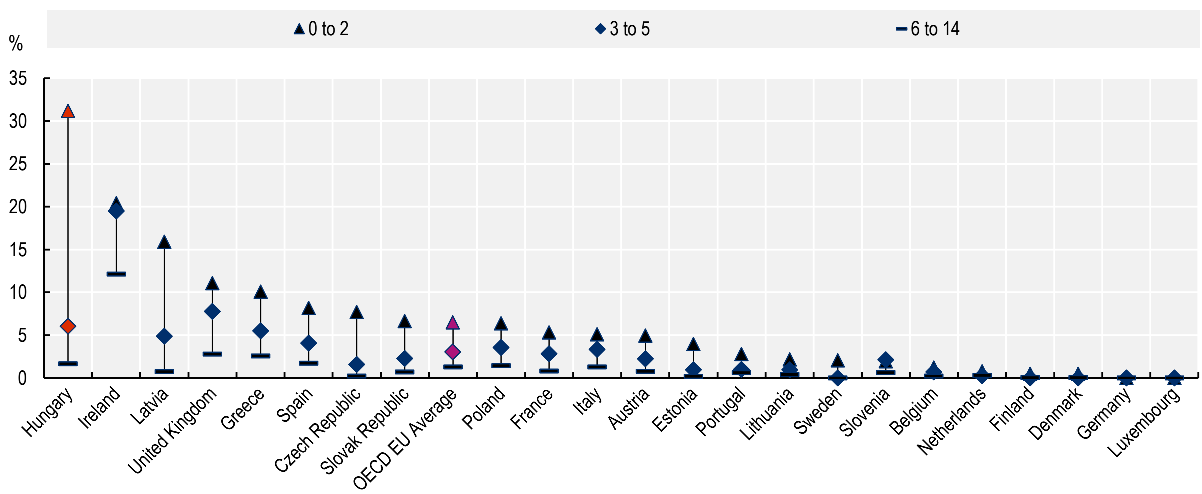
Accessing childcare services is challenging for (some) mothers with very young children in Hungary (Figure 3.2). In 2020, 31.2% of mothers with a youngest child aged 0 to 2 said they were not employed and economically inactive because "*suitable care services for children are not available or affordable*". This was by far the highest share among European OECD countries – the next highest, in Ireland, was 20.4% – and well above the European OECD average (6.5%). Importantly, these numbers do not capture the number of mothers who participate in paid work *despite* a lack of suitable care services; in many OECD countries, large numbers of parents make extensive use of informal care services by grandparents or other friends or relatives (OECD, 2020[21]). Nonetheless, they continue to point towards a lack of suitable childcare services being a substantial barrier to paid work for mothers with very young children in Hungary.

The results from the stakeholders' consultation conducted as part of this study show positive assessments of the efforts to increase public investment in public day care facilities – namely to expand municipal nurseries over the past decade (OECD, 2021[8]). Local government representatives claimed newly established nurseries seem to be filling up, and mayors of towns with a recently opened nursery mentioned that they might consider further expansion. Interviewees highlighted that the decision to operate a centre depends on political leadership, demographic concerns, labour demand, co-operation between towns/settlements and local government finances. Hungarian officials stressed that the amount of state aid to support the sustainability of childcare facilities and services has increased over the years in Hungary.

The "childcare guarantee" for children below three years of age is *de facto* not completely in place in Hungary for all children, especially in small rural communities. Moreover, while municipal nurseries are required to have the facilities to take in children under one year of age, the option is hardly used. Nursery groups, including visiting nurses – particularly successful at reaching vulnerable and underserved populations (Riding et al., 2021[22]) – added that low-income families are under-represented as general admittance requires parents' employment despite the fact that the law also provides for the possibility of access to nursery care for disadvantaged children. Taking advantage of this legal possibility, admission often happens on recommendation of visiting nurses and social workers. It is nonetheless important to note that the Sure Start Children's Houses, which operate outside the ECEC system, provide complex development for children aged 0-3 living in extreme poverty and have now become a statutory service – also free of charge – funded by national and EU funds, as part of the child protection system. In addition, stakeholder stressed that the lack of trust in state institutions among Roma families contributes to their limited participation in childcare services (OECD, 2021[8]). Employing Roma workers, and increasing outreach efforts, may further help to address these issues. Different stakeholders stressed that private, smaller, flexible, non-family-provided services, including family nurseries, are an option mainly utilised by higher income households. Co-operation and co-ordination between the municipality and local actors was described as limited (OECD, 2021[8]).

Figure 3.2. In Hungary, a third of mothers with very young children say they are not looking for work because they cannot access suitable care services

Proportion of women (25- to 54-year-olds) with at least one child (0 to 14) who are inactive because suitable care services for children are not available or affordable, by age of youngest child, 2020



Note: Individuals are classified as "inactive because suitable care services for children are not available or affordable" if they are i) economically inactive and report that they are not seeking or available for work ii) report that they are not seeking working because they are "looking after children or incapacitated adults" and iii) report that they are inactive, not seeking work and looking after children or incapacitated adults because either "suitable care services for children are not available or affordable" or "suitable care services for both children and ill, disabled and elderly are not available or affordable". Proportions among valid cases only. Data for the United Kingdom refer to 2019.
Source: OECD estimates based on the EU Labour Force Survey, https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey.

3.5. Limited part-time and flexible working opportunities may be another reason for low levels of paid work among mothers with very young children

In many OECD countries, large numbers of parents use flexible working arrangements (e.g. part-time work, flexible start and finishing times, teleworking, etc.) to help reconcile their work and family responsibilities. These arrangements are particularly valuable when other family supports, such as childcare, are inaccessible or underdeveloped (Hegewisch and Gornick, 2011[23]). However, many parents also use flexible working in *combination* with other supports. Flexible arrangements can help parents work around childcare opening hours, for example, or the availability of care by partners or other relatives.

Part-time work can be useful for parents looking to re-integrate themselves back into the labour force after a period of leave, as well as for parents who wish to maintain employment continuity while still spending time at home with their children. Where there are concerns about the impact of long non-parent care on child development, it can also help parents combine paid work with at-home parent care. In Hungary, part-time work is very uncommon (Figure 2.12), for both men and women, including mothers.

All mothers with very young children have the option of working part-time hours, should they wish: since 2015, employers have been obliged to offer parents of children under three years of age part-time hours (equivalent to half of the standard full-time working day) if requested, with no option of refusal (for parents with at least three children, the possibility is available until the youngest child turns five). From 2020, this has been extended to under the age of four, in case of at least three children, until the youngest child turns six. By restricting the entitlement only to parents, the measure could potentially discourage firms from hiring young women or lead to women employees being channelled into different and lower ("mommy track") career paths (OECD, 2019[24]). Recent tax reforms may also reduce its effectiveness further: since January 2019, employers have been required to pay the same social contribution tax for both part-time and full-time workers; previously, in the case of part-time workers, employer's contributions were proportional to the hours worked (OECD, 2020[25]). Yet, data from 2018 show that just 1.5% of all mothers with a youngest child aged 0 to 2 were at work in a part-time job – the lowest share among OECD countries with available data. Such a low rate suggests either that few mothers are aware of the right to part-time work, that few are interested in part-time work, and/or that few feel able to request the option from their employer.

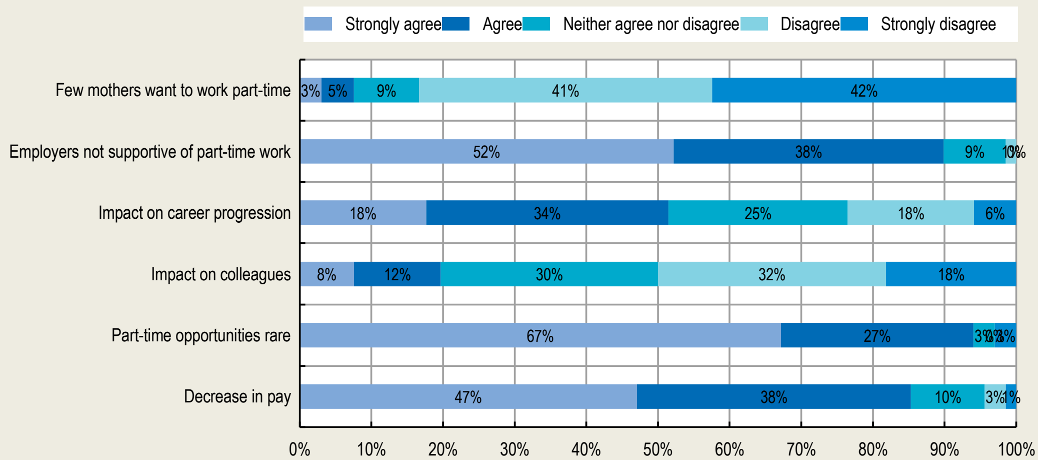
Other forms of flexible working are also uncommon among parents in Hungary (OECD, 2016[26]), although telework has become more common following the onset of COVID-19 (see Chapter 6). The stakeholders' consultation conducted as part of this study corroborated the above evidence (OECD, 2021[8]) (Box 3.3).

Box 3.3. Stakeholders views on part-time and flexible work

The stakeholders' consultation conducted as part of this study revealed that the opportunities and support for part-time work are perceived as rare (Figure 3.3). While only a minority of survey respondents think that only few mothers would be willing to work part-time, most respondents identify scarce available opportunities, a lack of support from employers, and disincentives related to reduced pay as key obstacles to mothers' participation in part-time work. Part-time employment is not considered an option for low-income families. Various stakeholders indicated that, despite the support provided by the GYED Extra, especially for low-income families it may not make economic sense (for the mother) to work part-time given the high costs of e.g. hiring a baby-sitter.

Figure 3.3. Opportunities and support for part-time work are rare and it does not pay enough

Distribution of survey responses regarding reasons for low part-time employment of mothers with dependent children



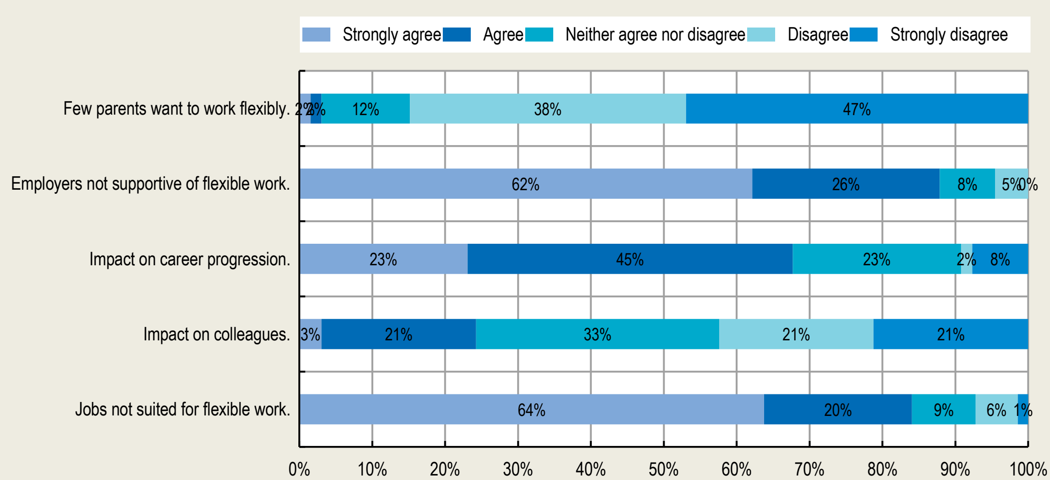
Source: OECD (2021[8]), "Technical Support to Reduce the Gender Employment Gap in the Hungarian Labour Market – Summary report on stakeholders' views and beliefs".

Most survey respondents disagree that only few parents want flexible work arrangements, but many agree that most jobs are unsuited for flexible arrangements and that employers seem unsupportive of flexible work (Figure 3.4).

For both part-time and flexible work, concerns about career progression might also play a role, while there is only limited concern regarding the impact on colleagues. Exchanges in experiences between human resource (HR) managers of local employers was mentioned as a good practice that could help workplaces to become more supportive and innovative through flexible work arrangements and accommodating employees' childcare needs.

Figure 3.4. Many jobs are not considered suited for flexible work and employers are generally not supportive

Distribution of survey responses regarding reasons for low flexible employment of parents with dependent children

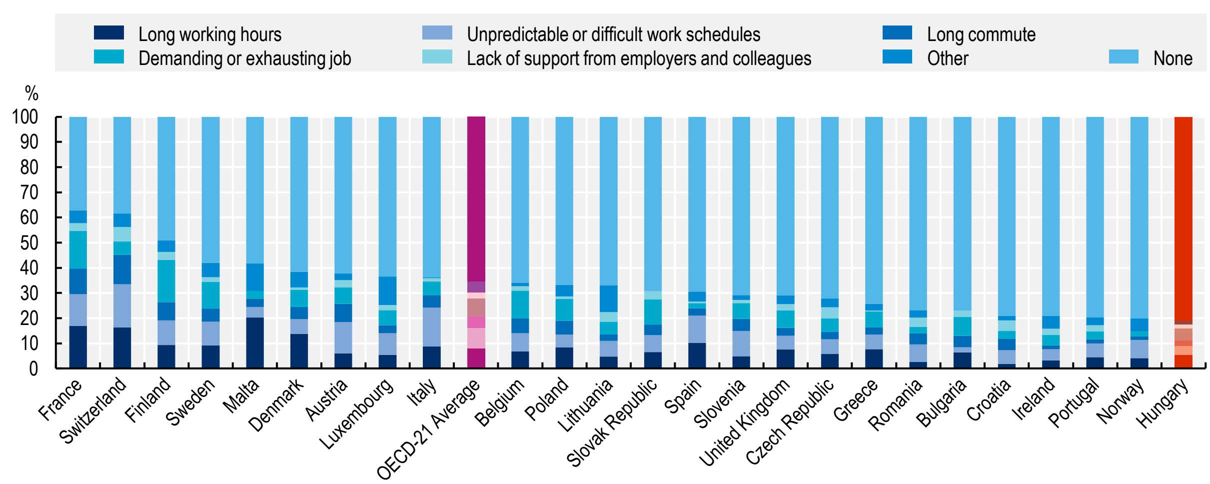


Source: OECD (2021[8]). "Technical Support to Reduce the Gender Employment Gap in the Hungarian Labour Market – Summary report on stakeholders' views and beliefs".

Despite the lack of part-time and flexible working opportunities, self-reported levels of work-life conflict are no higher among women and mothers in Hungary than in other OECD countries. For example, according to data from the International Social Survey Programme (ISSP) 2015, almost three-quarters (72.5%) of employed women in Hungary report that their job "*never*" or "*hardly ever*" interferes with their family life (ISSP, 2018[27]). This is the second *highest* rate among covered OECD countries, after Estonia (72.7%). Similarly, data from the EU Labour Force Survey show that employed women with caring responsibilities (for either children or adult relatives) in Hungary are more likely than their counterparts in all other EU member states to report *no* special difficulties in reconciling their job with their care responsibilities (Figure 3.5). This might reflect the responses from a limited population (given that most mothers of young children are not at work) but also preferences, choices and/or self-perception biases related to the traditional values around gender roles and childcare for very young children in Hungary (see Section 3.1).

Figure 3.5. In Hungary, relatively few employed women with care responsibilities report conflicts between work and family life

Distribution of employed women (18- to 64-year-olds) with caring responsibilities, by main job-related barrier to work-family reconciliation, if any, 2018



Note: Women with caring responsibilities are those that report caring regularly for own or partner's children (< 15 years) or for incapacitated relatives (15 years and older). Respondents were asked "Is there something about your main job that makes it especially difficult to reconcile it with your care responsibilities? Please indicate the main difficulty". They could answer "No" or "No special difficulty". Proportions among valid cases only. Countries with large shares of missing responses (greater than 10%) are not shown.
Source: OECD calculations based on the EU Labour Force Survey Ad-hoc Module 2018, https://ec.europa.eu/eurostat/web/microdata/european-union-labour-force-survey.

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4 Paid parental leave in Hungary

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.

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[1]; Rossin-Slater, 2017[2]). 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[3]), "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[4]). 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[5]).

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).

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.

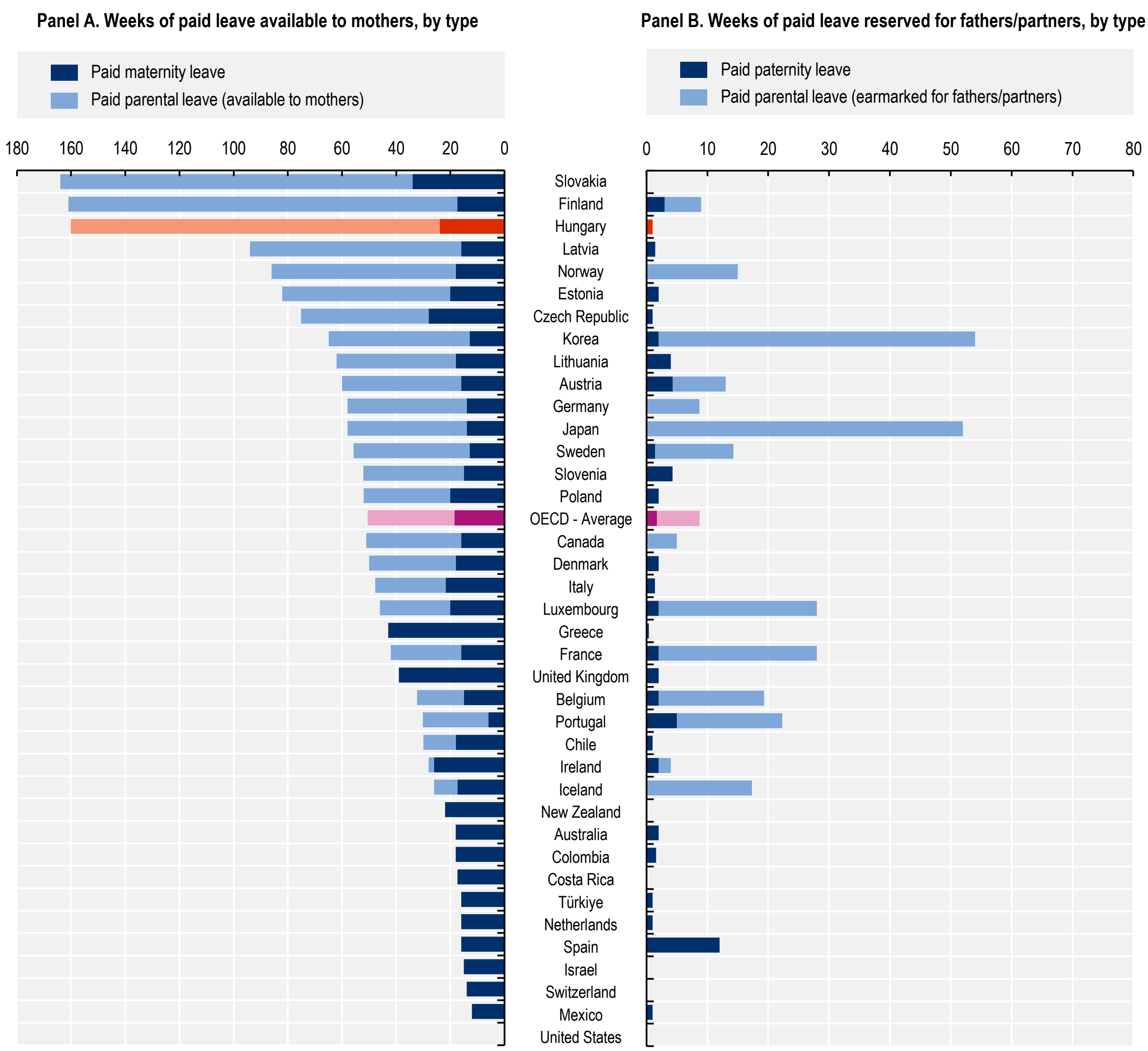
Entitlements to paid parental leave in OECD countries are often shareable, whereby each family has the right to a certain number of weeks of payments to divide as they see fit. While in theory this allows both parents to take paid parental leave, in reality, unless leave benefits (almost) fully replace 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[6]). 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[7]; Duvander, 2014[8]). 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 though 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[9]). 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 lengthiest 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.

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[10]). 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).

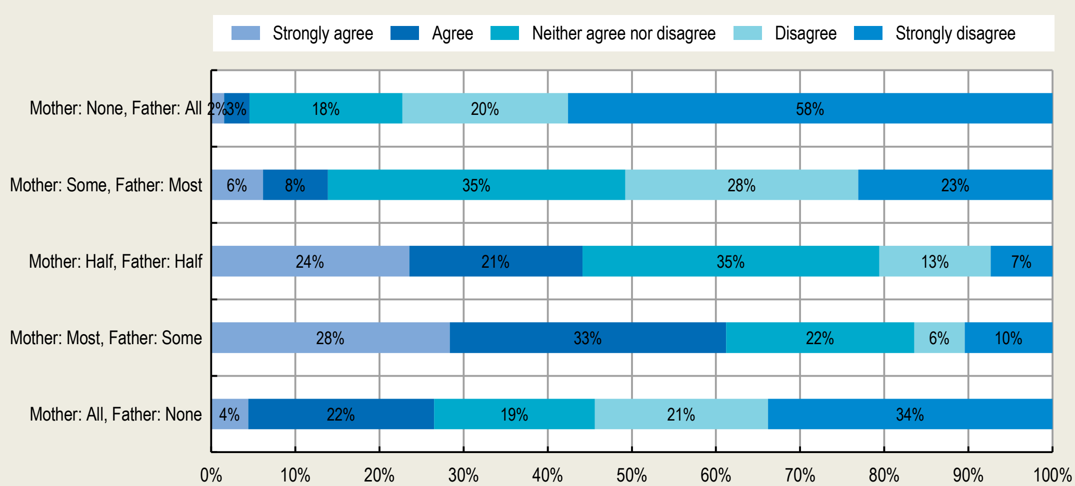
Box 4.3. Stakeholders' consultation on leave around childbirth

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



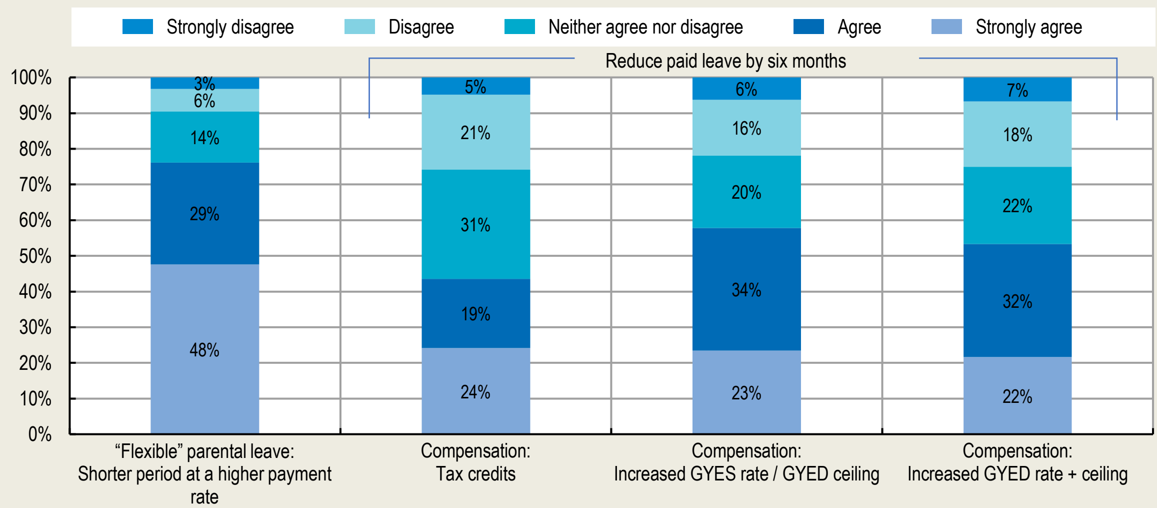
Source: OECD (2021[11]), "Technical Support to Reduce the Gender Employment Gap in the Hungarian Labour Market – Summary report on stakeholders' views and beliefs".

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[11]), "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[11]), "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[11]). 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[12]).

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[13]) 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[14]), 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[15]) 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[16]).

Source: OECD (2019[17]), *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[18]).

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[18]). In addition, each parent may take four months of non-transferable unpaid leave until the child turns eight (OECD, 2020[19]), 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[20]; Eydal and Gíslason, 2021[18]; Gíslason, 2018[21]) 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[22]; Reimer et al., 2021[23]; OECD, 2017[6]), and the "Sharing bonus" in Portugal, whereby 30 additional days are available if parents share their leave (Correia, Wall and Leitão, 2021[24]). 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[25]; Doucet et al., 2021[26]).

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[22]; Reimer et al., 2021[23]; OECD, 2017[6]).

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[22]; Reimer et al., 2021[23]). 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[27]).

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[24]).

In their review of leave policies in Portugal, Correia, Wall and Leitão (2021[24]) 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[26]; OECD, 2020[25]).

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[28]), 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[29])). 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[30]).

The care allowance: leave for family care reasons – Poland

Poland's care allowance (*zasiłek 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[31]; OECD, 2020[19]).

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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5 Early childhood education and care for children under age three in Hungary

This chapter examines the Hungarian system of early childhood education and care (ECEC), with a focus on services for children under age three. It analyses the enrolment of children in ECEC, central government's financial support to ECEC as well as policy reforms introduced to increase the supply of places in Hungary. It also examines the regional variation in the availability of childcare and the causal effect of childcare on maternal employment in Hungary. It complements this analysis with an overview of key developments in ECEC in the context of COVID-19. It then presents a selection of international practice in ECEC, focusing on the importance of public investment to ensure universal, affordable and accessible ECEC; flexibility in use and provision, and; earmarked provision and proportionate universalism. It also dedicates a section to employer-provided childcare and concludes with a number of takeaways on policy approaches on ECEC.

All OECD governments support and help fund ECEC in one way or another, but the scale, means and methods of assistance are diverse. For instance, the Nordic countries provide comprehensive publicly operated ECEC systems with heavily subsidised public centre-based care to which all children are entitled from a young age (often around or before their first birthday). Other countries (e.g. Poland, the Slovak Republic and Spain) provide extensive publicly-operated pre-primary services for children from around age three but offer less support for younger children and, finally, some countries make greater use of cash supports and demand-side subsidies directed at parents, with the provision of services themselves left largely to the market (e.g. Australia at a national level – although there is supply-side capital and infrastructure funding by government at the state/territory and local government levels, the extent of which varies depending on jurisdiction – and the United Kingdom).

In Hungary, pre-school children under the age of three receive childcare services in day-care nursery settings and, from the age of three, in kindergartens. While nursery attendance is not mandatory, kindergarten attendance is. Hungary has historically provided extensive public ECEC services for pre-primary-age children (3- to 5-year-olds) and pre-primary childcare enrolment has always been high, and nearly complete since it was made obligatory from age three in 2015 (see Box 5.1). On the other hand, the offer of public day care services for children under age three is more limited, but expanding, and enrolment rates are particularly low (see Figure 5.1 below) but increasing.

Following transition, Hungary chose to maintain much of its public pre-primary infrastructure (kindergartens). Unlike several of its regional peers (the Czech Republic, Poland and the Slovak Republic), it also maintained part of its system of public day care centres (nurseries), albeit on a reduced scale. The closure of many state-owned facilities in the early 1990s continues to cause problems with supply today (Hašková and Saxonberg, 2016[1]; Szelewa and Polakowski, 2020[2]).

The majority of childcare services, nursery care settings and kindergartens, are provided and managed by local authorities (mainly municipalities or individual municipal districts in the capital). The non-governmental sector maintains around 50% of the existing nursery care service (according to data from the authentic register of service providers) and is in charge of kindergartens (OECD, 2021[3]).

To support an increase in childcare offer, Hungary has expanded public ECEC funding over the past few decades. While public expenditure on ECEC as a share of GDP has remained relatively stable, real terms spending has increased substantially. Since 2000, real per-head public spending on ECEC has grown from USD (2015) 111 per head in 2000 to USD (2015) 192 per head in 2018 (*OECD Social Expenditure Database*). The bulk of this growth has come through spending on pre-primary services for children from age three (*OECD Social Expenditure Database; Eurostat ESSPROS Database*). At the same time, the central budget has been increasingly investing in the operation of nursery centres over the last years, reaching around HUF 71.5 billion (EUR 178 million) in 2022, almost six times the amount in 2010.

Box 5.1. Hungary's public pre-primary services are extensive

Pre-primary centres (*óvoda,* or kindergarten) are the only compulsory major form of provision, catering for children from age three until they enter primary school at age six. The large majority of these centres are either publicly operated or government-dependent: in 2019, fewer than 10% of pre-primary centres were independent private centres (345 out of 4 501) (Eurydice, 2022[4]). There is no parental fee for public services, and parents pay only for meals, at a rate determined by the local authority. Many families (including those on low incomes, those with children with disabilities, and those with three or more children) are provided meals for free (OECD, 2020[5]).

Since September 2015, attendance in pre-primary education has been compulsory (for at least four hours a day) for all children from three years of age; prior to this, all children had a right to a place in pre-primary services from age three, but attendance was compulsory only from age five. By law, centres should be open for at least eight hours per day, with exact opening hours left to the centres themselves. Pre-primary centres in Hungary are open for an average of 10.5 hours per day (Eurydice, 2022[4]). In 2017, children above age three in Hungary spent an average of 35 hours per week in centre-based care – about average for European countries (European Commission/EACEA/Eurydice, 2019[6]).

The number of pre-primary education centres has grown steadily in Hungary over the past decade or so, as have the number of available places. Data for the 2020-21 school year suggest that there are approximately 4 575 pre-primary centres in Hungary, providing about 386 000 places (KSH, 2022[7]), well above the number of children actually enrolled in pre-primary education (about 323 000) (KSH, 2022[7]). According to comparable OECD statistics, in 2017, approximately 92% of 3- to 5-year-olds in Hungary were enrolled in pre-primary education or primary school – well above the OECD average (87%), and higher than in many of Hungary's regional peers (e.g., the Czech Republic, Poland, the Slovak Republic, and Slovenia) (Figure 5.1).

However, there may be issues with under-supply in some areas (OECD, 2016[8]) and regional coverage of kindergartens remains unbalanced: in 2020, 31% of settlements had no kindergartens (KSH, 2022[7]). The major cities and other areas with higher-than-average birth rates in particular are likely to suffer from capacity constraints (Eurydice, 2022[4]; OECD, 2016[8]). Recent increases in the number of births could exacerbate the issue in the coming years. As a response, the government is continuing to fund expansion programmes in areas where demand is likely to increase (Eurydice, 2022[4]).

5.1. In Hungary, formal childcare services for children under age three are in short supply but expanding

In contrast to several of its regional peers (Szelewa and Polakowski, 2020[2]), Hungary continues to operate a predominately public system of care services for children under age three in institutional care (nursery and mini nursery), while about 50% of all institutions and services are not state-maintained. Following the principles of sustainable demographic change, of a family-centred and work-based society, and of ensuring availability of childcare for all children of parents who want to work, the childcare system attempts to be flexible. This is achieved by offering different types of nursery models. Nurseries (*bölcsőde*) are the dominant form of provision. Children can attend day care from 20 weeks until age three, with centres typically open for at least ten hours per day (on-call services are available). Alternative forms include family day care (*családi bölcsőde*) and, more recently, "mini-nurseries" (*mini bölcsőde*: smaller centres with lower limits on child-to-staff ratios) and workplace day care centres (*munkahelyi bölcsőde*: employer-established services with similar child-to-staff ratios to mini-nurseries).

5.1.1. Enrolment of children under age three in ECEC is limited in Hungary

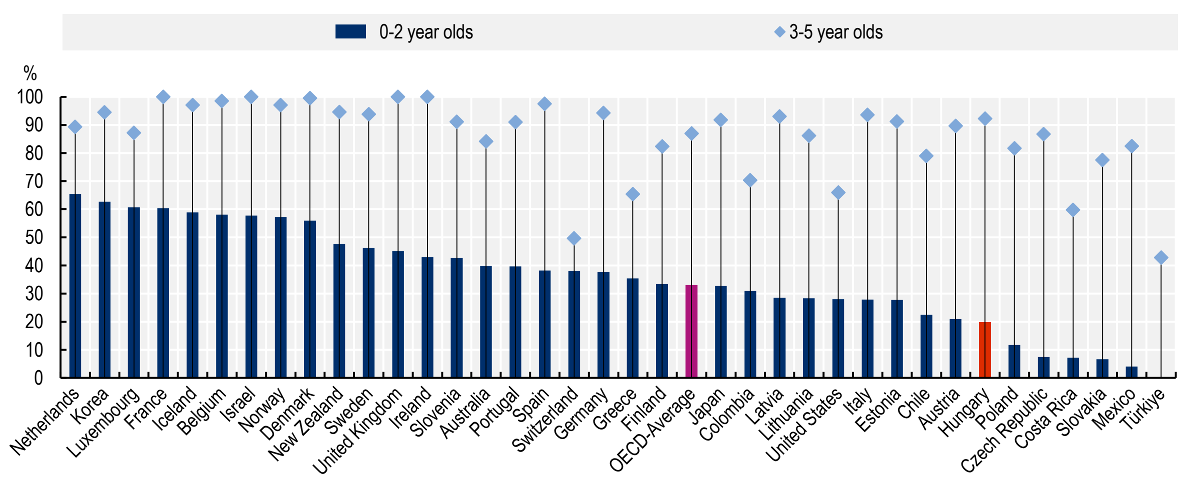
ECEC services cater to children under the age of three, but the typical starting age may differ across countries. In most countries, children enrol within the first year of birth, while in other countries and for specific programmes within countries, children may enter at age one or two. Average enrolment rates of children under age three have risen steadily across OECD countries since 2005, and some countries have particularly accelerated the expansion of ECEC (e.g. Finland and Korea). In many European countries, such expansion has resulted from the objectives set by the EU at its Barcelona 2002 meeting to supply subsidised full-day places for one-third of children under age three by 2010 (OECD, 2017[9]).

Globally, the rise in ECEC provision over recent decades is strongly correlated to the increase in women's participation in the labour force, particularly for mothers with children under age three. Countries with higher enrolment rates of children under age three tend to be those in which the employment rates of mothers are the highest (OECD, 2018[10]). Despite efforts to increase the affordability and access to ECEC for very young children, the likelihood of participation is still very contingent on family income, particularly in early childhood development services that rely strongly on private sources of funding. Data from the EU Statistics on Income and Living Conditions (EU-SILC) Survey reveal that on average across European OECD countries, 0-2 year-olds in low-income households were one-third less likely to participate in ECEC than 0-2 year-olds in high-income households in 2017 (OECD, 2021[11]).

OECD statistics suggest that in 2019 just 20% of 0- to 2-year-olds in Hungary were enrolled in recognised ECEC – much lower than the OECD average (33%), although slightly higher than in the Czech Republic (7%), Poland (12%) and the Slovak Republic (7%), and still below that needed for meeting the Barcelona objective (Figure 5.1). Yet, Hungarian authorities stressed that increasingly more children are enrolled in nursery care every year and they question the relevance of the Barcelona objective given the difficult comparability of the childcare systems across countries. They also stressed that day-care is not compulsory, and that as a general rule (with some exceptions) care providers may not exceed the number of places provided for in the operating licence.

Figure 5.1. In Hungary, participation in ECEC is low for very young children under age three – but high for pre-primary age children

Percent of 0- to 2-year-olds enrolled in ECEC services (2019 or latest available) and percentage of 3- to 5-year-olds enrolled in ECEC or primary education (2018 or latest available)



Note: The OECD average excludes Canada. Data for New Zealand, Poland, and Mexico refer to 2017. Potential mismatches between the enrolment data and the coverage of the population data (in terms of geographic coverage and/or the reference dates used) may affect enrolment rates.

1. For 0- to 2-year-olds: Data generally include children enrolled in ECEC (ISCED 2011 level 0) and other registered ECEC services (ECEC services outside the scope of ISCED 0, because they are not in adherence with all ISCED-2011 criteria). Data for the United States refer to 2011, for Switzerland to 2014, and for Australia, Austria, Chile, Colombia, Costa Rica, Denmark, Estonia, Finland, Germany, Iceland, Israel, Japan, Korea, Lithuania, Mexico, New Zealand, Norway, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, the Republic of Türkiye and the United Kingdom refers to 2018.

2. For 3- to 5-year-olds: Data include children enrolled in ECEC (ISCED 2011 level 0) and primary education (ISCED 2011 Level 1). For Greece, data include only part of the children enrolled in early childhood development programmes (ISCED 01).

Source: OECD Family Database, http://www.oecd.org/els/family/database.htm.

5.1.2. Central government's financial support to ECEC for children under three is substantial

Financial support from the Hungarian central government is substantial. In 2018, the financing system for nurseries and mini-nurseries underwent a qualitative change: the former normative financing was replaced by task-based financing, under which the central budget provides wage subsidies (based on average wages for the statutory number of staff) and operating subsidies (taking into account the tax capacity of the given municipality) for all institutions – helping local governments to ensure a sustainable offer of ECEC services. According to data from municipal reports the central budget covers 80-85% of the municipalities' expenditure on day care on average (compared to 40% in 2010), reaching almost 100% in some municipalities. No such data is available for the non-public sector.

Since 2012, nursery care settings have been allowed to charge parental fees. Previously, providers could charge parents only for the cost of meals. The responsible local authority or other maintainer sets the fee, up to a maximum equal to the net cost of providing the place after accounting for central government support. The maintainers also cannot charge families more than 25% of their net per capita income for nurseries and mini-nurseries if the child does not receive free institutional childcare (20% if they do) and 50% for family and workplace nurseries. In this way, the parental fee acts as a "top-up" fee, after central government subsidies and any local government support.

The actual fees (i.e. the cost of childcare to parents) charged vary considerably across regions and families. Authorities have the freedom to charge reduced fees for families on low incomes, or to charge no fee at all, if they wish. This helps ensure services remain affordable for low-income families. In 2019, 44% of the nurseries charged a fee for the care service and 27.8% of children enrolled in nurseries paid a fee for this service. Data from the Hungarian Central Statistical Office show that, in 2021, 70% of children enrolled in institutional-type nursery care did not pay a fee for care, and 63% of them ate free of charge in the same place. Data also show that, in 2021, the average monthly fee for care was HUF 9 500 (EUR 23). According to the same source, the proportion of children in family nurseries and workplace nurseries who received free care was 2%, and families paid an average of HUF 50 000 (EUR 124) in fees. In comparison to several other OECD countries, the net "out-of-pocket" costs of childcare in Hungary are relatively low (OECD, 2020[12]).

Since 2019, the state treasury supports families that are unable to find a local municipal nursery place with up to HUF 40 000 (EUR 102) towards the fees for private family or workplace day care (family nursery, workplace nursery, nursery or mini nursery) and day care (Hungarian State Treasury, 2019[13]). The public subsidy rules for service-based provision are also undergoing continuous adjustments (including the response to the pandemic emergency periods), and from 2023 the funding calculation under the draft budget law is designed to better reflect specific situations, taking into account the needs of parents and the interests of providers, by proposing the subsidy based on the circumstances of the enrolled child, instead of the previously applied actual day-by-day attendance. The stakeholders' consultation conducted as part of this study showed strong support for further government intervention in childcare policy, in particular for children aged under three (OECD, 2021[14]).

5.1.3. Hungary has introduced reforms to increase the supply of places for children under age three

In recent years, Hungary has introduced a series of reforms aimed at increasing the supply of places for children under age three. In 2017, the government made the nursery care system more flexible. The institutional framework was extended to include mini nurseries. Moreover, it was made possible to provide day care services beyond institutional settings, through family nurseries (service-based care in private homes) or workplace nurseries, by providing care independently, in partnership or through a care contract, in order to better respond to local needs and parents' working hours (Oberhuemer and Schreyer, 2018[15]) (see Section 5.4). This has made access more flexible, even for parents working part-time. In the case of nursery care, the daily care time for a child may be set at a minimum of four hours (for children with special educational needs and children eligible for early intervention and care, the daily care time may be lower) and a maximum of 12 hours. In family and workplace nurseries, parents can request the service not only on certain periods of the day, but also on certain days of the week. The legislation allows for the number of agreements with parents to exceed the authorised number of places – *de facto*, allowing a place to be shared between two children in terms of time arrangements.

In 2017, the government introduced new requirements for all local authorities with a population of less than 10 000 to maintain some form of care service if at least 40 children under age three live in the area and/or if at least five families request access (Oberhuemer and Schreyer, 2018[15]; Eurydice, 2022[4]). In 2018, the government announced the release of substantial development domestic funds to local authorities for the creation of new day care places (Eurydice, 2022[4]). In addition, the rules for the use of central budget funding for the operation of municipal day nurseries and mini day nurseries have changed significantly from 2020-21. The ten-day absence rule for nurseries, which excluded children who have been absent for more than ten days in any day of the month from the calculation of the budget, has been removed. The new rule for budget planning is that the number of children counted as "in care" corresponds to either the number of children enrolled on 31 January of the year in question or 80% of the number of places in the nursery or mini-care centre provider's register, whichever is more favourable. Measures have also been progressively introduced to render opening hours more flexible, to support those most in need to access nursery care, to ensure possibilities to create workplace nurseries by employers and to ensure more adequate remunerations of childcare professionals. As a result, the ratio of children aged below three with no childcare facility in their vicinity has decreased from 26% to 20.1% between 2017 and 2021 (KSH, 2020[16]).

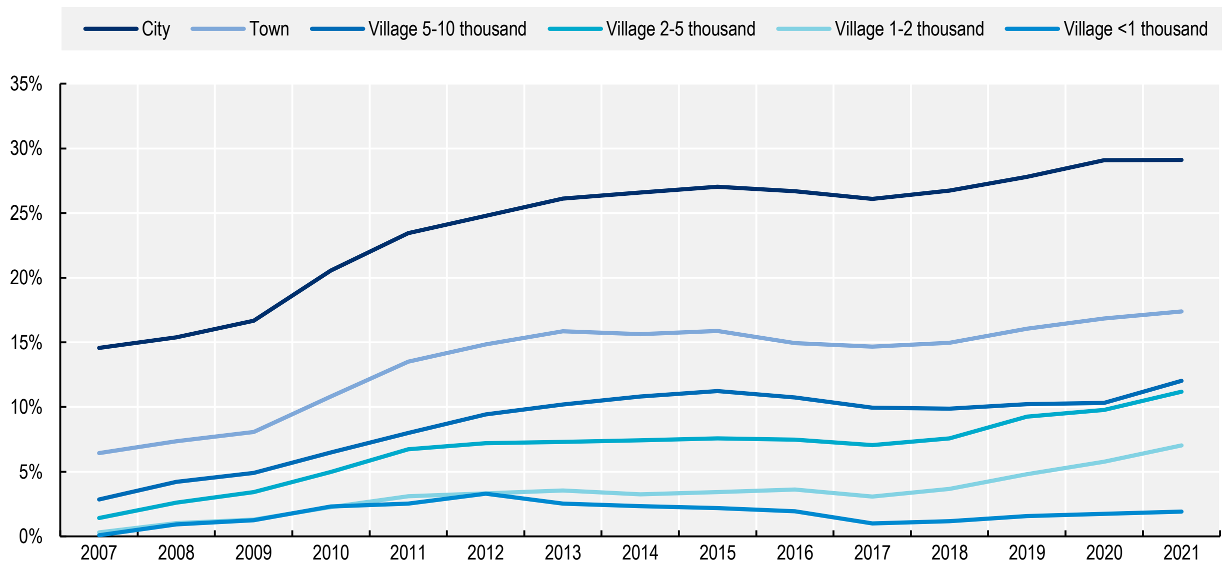
The above reforms have contributed to increase the childcare offer: 56 000 places were available in 2021 (KSH, 2022[7]), 58 500 were operational in September 2022 and 13 000 places are under construction. This suggests that Hungary is going to reach its own target of 70 000 nursery places and is expected to exceed it by creating new nursery care places, which will increase the number of municipalities where some form of care is available.

This should alleviate some of the current issues of supply shortages (Szelewa and Polakowski, 2020[2]; OECD, 2016[8]): even in county centres and Budapest (labelled as "cities" in Figure 5.2), available capacity would only have sufficed to enrol one in four children aged below three, and in small villages (which is where about one-third of children live), childcare for this age-group was practically unavailable (calculations by the Budapest Institute for Policy Analysis using administrative data based on the official records of residence – TEIR). As discussed above, the availability of paid parental leave, as well as attitudes and parental preferences also affect potential demand for childcare services.

5.1.4. Regional variation persists in the availability of childcare in Hungary

In the years prior to the pandemic, childcare places for children under age three were filled at an average rate of 94%, though usage dropped during the pandemic (in May 2020 it was 90%). The expansion of nursery places seems to have been fairly well-targeted in the sense that average utilisation rates were higher in the year preceding the expansion in municipalities that embarked on such investments, compared to those that decided not to do so (based on calculations by the Budapest Institute for Policy Analysis using municipality-level administrative data on childcare capacity and utilisation). With the investments so far, utilisation rates seem to have picked up very fast after the first year of investment, when utilisation rates near 0.95 regardless of settlement size. Between 2016 and 2021, the increase in capacity was largest in villages and small towns with between 1 000 and 5 000 inhabitants, where availability had been very limited (Figure 5.2). While capacity did not increase in small villages of below 1 000 inhabitants, these municipalities can "buy" capacity from nearby municipalities that have a childcare facility. Nevertheless, regional variation persists in the availability of childcare (KSH, 2020[16]). At the same time, it is important to acknowledge an increase in the number of settlements with some form of nursery provision over the last years.

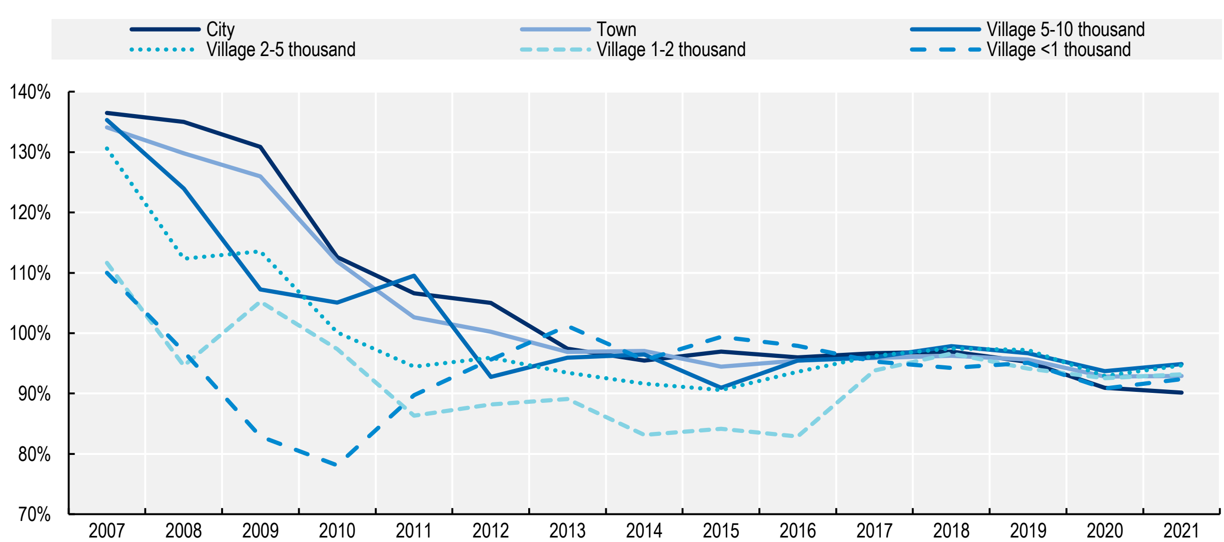
Figure 5.2. Availability of childcare: Places/children aged 0-2 by size of settlement, 2007-21



Note: City includes Budapest and county centres.
Source: Calculations by the Budapest Institute for Policy Analysis using administrative data on municipal childcare provision.

Average (over-)utilisation rates have declined steadily since 2007 (see Figure 5.3 and its note). This can be attributed to the increase in capacity (as shown in Figure 5.2) and to administrative measures, such as the rules on average group size and financing. The number of children has also declined slightly.

Figure 5.3. Average utilisation rates (number of children enrolled/number of available places) by settlement size, 2007-21



Note: Available places is defined as the number of places authorised in the licence of the institution (which may be below what is physically possible). Values above 100% occur when nurseries enrol more kids than they have places. Until 2010 there was a rule that allowed nurseries to enrol 20% more kids than their licenced capacity. In 2009 and 2010 utilisation dropped sharply due to a rule that increased maximum group size by 20% in 2010 and set that capacity as a hard ceiling, i.e. centres could no longer go above the licenced capacity.
In small villages of below 1 000 inhabitants, utilisation rates show more volatility due to the small sample size (i.e. few small villages maintain a nursery service).
Source: Calculations by the Budapest Institute for Policy Analysis using administrative data on municipal childcare provision.

5.1.5. The causal effect of childcare on maternal employment in Hungary

Empirical evidence on the causal link between childcare and maternal employment in Hungary is scarce. Lovász and Szabó-Morvai (2019[17]) provide an important exception: using data from 1998 to 2011, they show that if childcare availability by nurseries increased up to the level of kindergartens, maternal employment rates would increase by 24%. This section presents the results from an extension of this analysis by the Budapest Institute for Policy Analysis (2022) using the 2016 Microcensus of Hungary augmented by the 2011 Census of Hungary and the T-STAR Hungarian regional database. This analysis provides an estimate for a positive effect of childcare availability on maternal employment and also considers the association between childcare availability and kindergarten enrolment rates, in order to better understand the main channel through which this effect takes place.

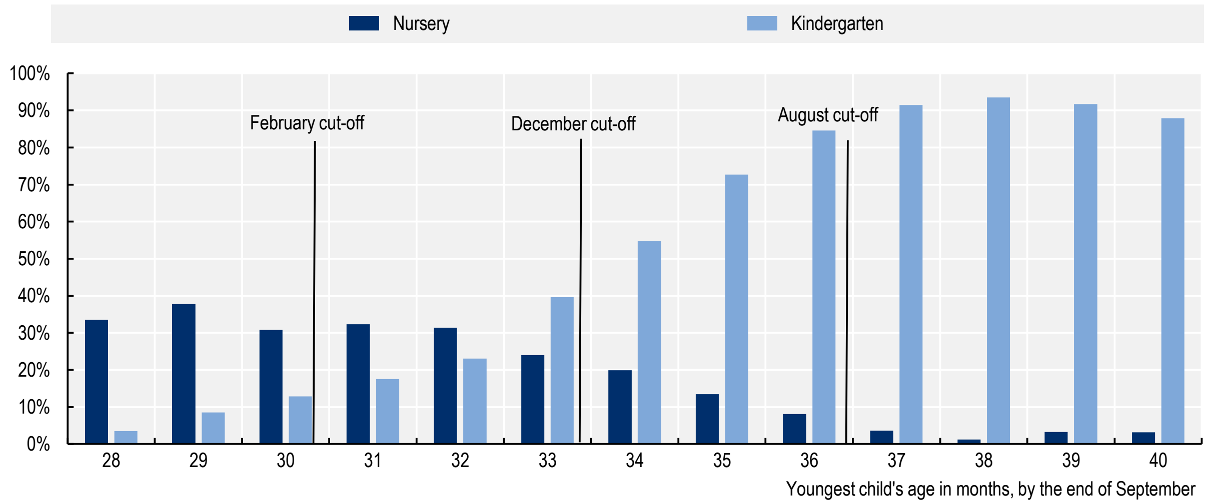
Identifying the effect of childcare availability on maternal employment

In the analysis, childcare availability is measured by local nursery and kindergarten coverage where children live. The analysis constructs nursery and kindergarten catchment areas based on the 2011 Census. Assigning each municipality to a unique childcare centre (the one where most children from the municipality would attend nursery) results in 493 areas mostly centred around a locally important town or city. Then, using the T-STAR regional database for each of these areas, childcare availability is calculated as the proportion of nursery places to the number of 0-2 year-olds, and the proportion of kindergarten places to the number of 3-5 year-olds for 2016. Average nursery coverage is around 14%, while average kindergarten coverage is around 140%.

The identification strategy exploits the fact that there are many more childcare places in kindergartens than in nurseries. Moreover, according to national guidelines, there are two alternative age thresholds for possible admittance (Figure 5.4). Children who celebrate their third birthday by the end of August must start kindergarten education (and the kindergarten is obliged to admit them) in September. However, as the figure shows, also younger children attend kindergarten. According to the law, children who have reached the age of 2.5 years can also be admitted to a kindergarten, but this is subject to the consideration by the kindergarten and depends on the available excess capacity. Thus, children who turn three by the end of February might be admitted to kindergarten in September of the previous year. There is also a third, informal cut-off for those who turn three at the end of December. Noticeably, nursery attendance decreases, and kindergarten attendance increases at the December cut-off, while this is less evident at the February cut-off.

Figure 5.4. Youngest children’s childcare facility attendance

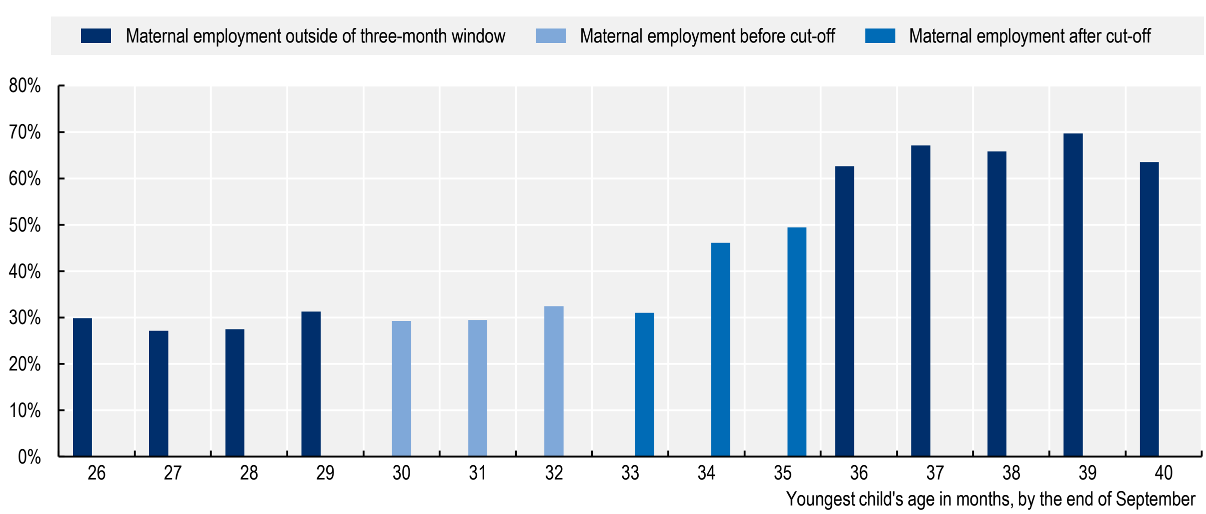
Percentage of children enrolled in childcare, by child’s age in months



Note: Data pertains to children born between May 2013 and May 2014.
Source: Calculations by the Budapest Institute for Policy Analysis based on the 2016 Microcensus of Hungary.

Proceeding with the December cut-off point and using a three-month time window around it, the change in maternal employment can be considered (Figure 5.5). While for children under two and a half years of age (i.e. before the December cut-off) the employment rate of mothers fluctuates around 30%, after the cut-off it goes up to around 45%, driven by the mothers of children born in November and October. This change could be attributed to the practice that kindergartens accept children of this age group, suggesting that local childcare availability plays a crucial mediating role in mothers’ return to the labour market.

Figure 5.5. Maternal employment rate by youngest children’s age in months before and after the December cut-off



Note: Data pertains to children born between May 2013 and July 2014.
Source: Calculations by the Budapest Institute for Policy Analysis based on the 2016 Microcensus of Hungary.

Increased childcare availability would lead to significantly higher maternal employment

After controlling for observables of the mother and the father, along with sub-county regional fixed effects to capture differences in local labour markets, the results suggest that if nurseries had coverage up to the level of kindergarten, employment of mothers with very young children (aged 0 to 2) would increase from around 29% to around 36% (around 25% higher).

This still lags behind the employment rate of around 60% of mothers whose children reached the legally mandated age of three years old before September. One potential reason is that with increased availability of childcare, not all mothers want to or can return to the labour market either due to preferences or because they are expecting another child. Therefore, it is useful to look at the effect of increased childcare availability on actual attendance. The analysis suggests that from the 50% of children not yet in childcare at the age of 2.5 years old, around one in three would be placed in a childcare facility.

Regarding maternal employment, it is further estimated that increased childcare availability has a larger positive effect for mothers with three children, aged 35 to 39, or living in villages, and a remarkably lower (but still positive) effect for those where the father is not present. The lower impact for single mothers may be due to time management constraints: childcare is not available (nor recommended) for more than eight hours a day, even if the law limits the maximum daily care time for children under three years of age to 12 hours and allows for on-call care up to 19 hours in institutional day care. The practice makes it difficult for a lone parent to take up a full time job (especially if work hours are inflexible) and part time jobs are scarce.

With regards to childcare facility attendance, the results indicate substantial heterogeneity with the channel being more important for mothers with a disadvantaged socio-economic background. Increased childcare availability has a larger effect for mothers who must commute to the centre of their nursery catchment area, have primary or lower secondary educational attainment, live in a village, or are less than 29 years old. The higher effect size for mothers who live in municipalities without a nursery suggests that at least part of the effect likely comes from increased proximity to a childcare provider (since more municipalities have kindergartens than nurseries), rather than from the increased number of places.

These results have direct policy implications. Firstly, they show that increasing childcare availability in nursery facilities can significantly increase maternal employment, especially for younger and less educated mothers. Secondly, they highlight the differential regional availability of nursery facilities, and that enhancing the spread of nursery facilities can contribute to increase maternal employment further.

5.2. Key developments in childcare in the context of COVID-19

In Hungary, there were two lockdowns during the pandemic affecting care for children. In the first wave, nurseries, mini-nurseries, public kindergartens and primary schools were instructed to close between 16 March and 25 June 2020 (Gábos and Makay, 2021[18]). According to an interviewee representing a social partner organisation, in the first wave, municipalities (and other entities maintaining nurseries) could decide whether to suspend services: facilities in the countryside tended to continue providing services, while most of those in Budapest closed down. As a rare example, a district municipality in Budapest provided continuous services and also offered 24h supervision in one of their nurseries near a hospital (Farkas et al., 2020[19]).

The Hungarian Government made it mandatory for mayors of the settlements and capital districts to provide free of charge, on-call service of childcare for children whose placement could not be solved otherwise. From 5 May 2020 until 1 June 2020, local authorities had to provide supervision in small groups (up to five children) for children whose parents had employment-related duties and requested the service (Farkas et al., 2020[19]; OECD, 2021[3]). However, 6-8% of parents in kindergarten, while only 1% of parents with children in elementary schools, requested supervision for children (Juhász, 2021[20]). Although there is no hard-nosed evidence, such differences may be due to the possibility that schools, more than kindergarten, discourage parents from asking for supervision as it was more difficult for them to provide both supervision and online teaching, while kindergarten had no obligation to provide support to children staying at home.

ECEC facilities were obliged to provide services with a maximum period of temporary closure of two weeks from 25 May to 31 August 2020 outside Budapest, and from 2 June to 31 August 2020 in Budapest (Farkas et al., 2020[19]). Furthermore, the provision of workplace childcare services was simplified and incentivised for the period from 30 April to 31 August 2020: no operating licence was needed for the establishment of workplace childcare services, it was sufficient to report service provision to the local authority/capital district authority and have permission for operation from the public health institution. The state provided fiscal supports for companies, firms, and other agencies for the operation of childcare services (OECD, 2021[3]).

The government continued to pay the usual per capita funding for nurseries and kindergartens to support municipalities in maintaining public childcare institutions during the lockdowns and to facilitate the payment of care workers' wages. With regards to nursery care, new funding rules that were adapted to the emergency situation came into force at the end of 2020. An action plan with practical instructions for nursery care providers on the epidemiological procedures was also published. Layoffs were rare in municipal care services – during lockdowns, care workers either provided online services, went on paid leave or were directed to other social services, such as long-term care or elderly care. The representatives of nursery employees actively provided information and advice to nurseries and disseminated good practices, especially during the first wave. They recommended that nurseries online keep enrolment open throughout the year and prepare online materials to support parents (KSH, 2020[16]).

During the second wave in autumn 2020, ECEC facilities and primary school grades one to four were kept open. During the third wave (4 March 2021-19 April 2021), kindergarten services were suspended with no supervision provided for children even in small groups, and all schools were to operate remotely, while nurseries remained open. Kindergarten services were resumed on 19 April 2021 and elementary schools were partially re-opened with on-site education for students up to 4th grade.

Despite efforts, more limited ECEC services meant that parents, and especially mothers, had to take on additional care responsibilities. Results from the OECD Risks that Matter 2020 survey show that, across OECD countries, mothers were much more likely than fathers to report having taken on a majority of the additional care. Moreover, unemployed mothers in families where the father continued to be employed represent a large share of those who took on the care burden. The reverse did not take place in families where the father was unemployed, but the mother was in employment – implying a double burden on these mothers. As it follows, on average across the OECD, mothers with children under 12 years old were the most likely group to move out of employment during the pandemic (OECD, 2021[21]). Data based on a representative survey of Hungarian adults implemented at the end of May 2020 shows that the average hours spent on childcare activities increased by 11.4 hours per week for women, and by 6.8 hours per week for men. The gender gap in the increase in care time was larger among college-educated and white-collar parents and in big cities and among women working in home-office. The analysis also suggests that, for many women, home office was dictated by the need to look after their children (Fodor et al., 2021[22]).

Results from the OECD Risks that Matter 2020 survey also suggest that public supports may have played a role in reducing inequality at home. While, generally, countries with more days of school closures also had higher gender inequality in the take-up of additional unpaid care work, countries with historically higher levels of spending on family supports also tended to have smaller gender inequality in the take-up of additional care work (OECD, 2021[21]).

The Recovery and Resilience Plan submitted in May 2021 includes a commitment to continue the expansion of nursery capacities by 3 300 new places to be established by the end of 2025. The plan is part of the demography chapter, but it is justified by the need to improve the work-life balance of families with children and also to strengthen labour market resilience. The plan also builds on a survey of municipalities and churches to assess their needs and intentions regarding capacity development. Conducted in November 2020, this survey recorded a need for 12 000 places (Hungarian Government, 2021[23]). The Recovery and Resilience Fund is planned to fund new places in settlements with more than 3 000 inhabitants (Hungarian Government, 2021[24]), while the European Multiannual financial framework is planned to fund the expansion of nursery places in smaller villages, new places in employer-provided childcare as well as upgrades in the quality of existing places.

5.3. International practice in ECEC

This section presents a selection of international practices and approaches related to public investment to ensure universal, affordable and accessible ECEC; flexibility in ECEC use and provision; earmarked ECEC provision and proportionate universalism; and employer-supported/ provided childcare. Access to affordable ECEC of good quality for every children is recognised as a right in Principle 11 of the European Pillar of Social Right (European Union, 2017[25]) and further stressed in the European Child Guarantee (European Commission, 2021[26]) (see Box 5.2). Recruiting and retaining skilled staff is a long-standing challenge for the ECEC sector, and key for the quality of childcare services (OECD, 2019[27]).

5.3.1. Public investment to ensure universal, affordable and accessible ECEC

Different OECD countries have increased the relevance of childcare in their policies and public investments, stressing the role of ECEC as part of a continuum of supports for families with children (see Box 3.1).

ECEC as part of a comprehensive policy – Denmark and Sweden

In Nordic countries, ECEC is a public good and publicly financed. Childcare is seen as part of a comprehensive policy ensuring continuity between birth and compulsory school age. High quality and universal access to ECEC contributes to the success of childcare provision in these countries.

For instance, Sweden provides extensive financial support to parents accessing childcare. ECEC is considered an extension of and a complement to family childcare. Children are guaranteed a place in formal childcare since age one and childcare costs are mainly covered by the state. Parents pay some fees, but contributions are capped; they are directly proportional to parents' taxable income and inversely proportional to the number of children (3% for the first child, 2% for the second child, 1% for the third child and no fee for the following children; with a decreasing ceiling from the first to the third child). Pre-school to children between three and six is provided for free up to 15 hours per week. On average, parents pay around 11% of the real cost of a place in pre-schools, showing the relevance provided to ECEC in public investment (Hofman et al., 2020[28]).

In Denmark, according to the rules for the childcare guarantee, municipalities must provide a place in a day-care facility for all children older than 26 weeks until the child starts school. Parents are entitled to full-time places, and the priority is given to children of two working parents. Places are subsidised to at least 75% of their cost, with subsidies being paid directly to childcare providers and the remainder covered through income-related parental contributions. If the municipality cannot fulfil the childcare guarantee, parents have the right to: have the expenses covered at another day-care facility place in another municipality, or for a place in a private facility or staying in a private childcare scheme, or to a financial subsidy to have the child taken care of (Finance, 2020[29]; Eurofound, 2016[30]). Moreover, if there is more than one child in the household in ECEC, parents can additionally receive a sibling subsidy (including for out-of-school activities) (European Commission, 2022[31]).

Public efforts to increase ECEC participation and quality – Germany

Germany's experience illustrates a policy shift towards growing public support for ECEC. During the mid-2000s, the German federal government started to increase public investment and introduced changes in the ECEC system. In 2013, a Nordic-style legal entitlement to ECEC for all children aged one and older was launched and followed by several major spending programmes – such as the KiTaPlus programme on all-day ECEC (see Section 5.3.2), and the recent *Gute-Kita Gesetz* (the "Good Daycare Facilities Act").

Public and private day-care centres for children are financed by the local authorities, the Land and through parental contributions. In addition, private ECEC is also financed by the provider. The Federal Government supports the Länder with around EUR 5.5 billion between 2019 and 2022 and supports the quality of and participation in ECEC nationwide through Land-specific measures. With these funds, the Länder can launch actions to ease the burden of fees on families and/ or to enhance quality in childcare (Eurydice, 2021[32]) – e.g. ensuring needs-based provision, improving the ratio of qualified staff to children, or hiring and retaining qualified staff. The approach of the measure is complex but personalised: the federal government conclude agreements with all Länder and the concrete measures are individually designed according to their specific needs. Public childcare attendance rates have increased over the years, which also positively affected maternal employment rates (Hofman et al., 2020[28]).

5.3.2. Flexibility in ECEC use and provision

Flexibility is an increasingly important feature for a successful ECEC offer – taking into account the changing schedules of the world of work and the existence of different family models and work-life balance preferences. Adapting the childcare offer to the changing needs of working parents can support their labour market participation and attachment.

Adjusting ECEC to work schedules and family preferences – Denmark

The Danish Government passed a political agreement in 2017, which aimed at increasing the quality of ECEC facilities, adapting them to both working hours and family preferences. This brought to the amendment of The Day-Care Facilities Act in 2018.

To support parents who work outside the normal opening hours of ECEC facilities, Denmark made available services at extended or unusual opening hours through a "combined ECEC" option. A part-time place in a regular ECEC facility can be complemented with financial support to hire a flexible home-based caretaker while the parents are at work. Access to this option is restricted to parents who can prove a work-related need for care outside the ordinary opening hours of ECEC facilities. The municipalities must conduct an inspection of those families using combined ECEC.

Denmark also strengthened its support to parents' right to choose a particular ECEC facility or childminder, understanding that families have different values. Parents can be waitlisted for a specific ECEC – even if at the time of enrolment that specific centre has insufficient capacity. They can also remain on the waiting list for a specific facility, even if their child is enrolled elsewhere (Rasch-Christensen et al., 2018[33]).

Flexible opening hours of ECEC facilities: The KitaPlus programme – Germany

In Germany, ECEC facilities have long opening hours, which provides working parents with great flexibility. In addition, the KitaPlus programme was launched in 2016 to support parents who have unusual working hours through customised care time. The programme provides ECEC institutions and childminders with grants for pilot projects targeting e.g. single parents, parents working on shifts, young parents who are still studying, etc. Facilities can use the grant for a variety of goals, provided that the approach responds to a needs analysis and follows a pedagogical concept. In most cases, grants are used to extend the opening hours to evening hours, overnight or during the weekend. The programme also supports costs for counselling services for parents, professional training, hiring of additional staff and the adaptation of the facilities (European Commission, 2019[34]).

5.3.3. Earmarked ECEC provision and proportionate universalism

In all EU countries, funding mechanisms to make ECEC affordable have been reinforced, often on the basis of proportionate universalism principles, i.e. ensuring access for all whilst compensating or further supporting those in a more vulnerable financial position (Fresno, Meyer and Bain, 2019[35]). Special attention to disadvantaged children is at the core of the European Child Guarantee (Box 5.2). The 'proportionate universalism' (2010[36]) approach helps overcome the dichotomy between universal ECEC policies and targeted support provision: the former tends to be used more often by higher income families than by lower income families; while the latter may reach disadvantaged families, yet often lack quality (Vandenbroeck, 2020[37]). In many OECD countries children from less advantaged backgrounds are much less likely to participate in ECEC than their better-off peers (OECD, 2016[38]).

In order to reduce the financial barriers that disadvantaged groups suffer in accessing ECEC, a common approach across OECD countries has been to lower fees and/or subsidise ECEC costs. Responses range from universal free education (e.g. in Luxembourg childcare vouchers are provided that pay for all ECEC up to 20 hours), to fee waivers and/or subsidies for vulnerable groups (e.g. in Denmark), or a combination of universal services with needs-based services for vulnerable groups (e.g. in Sweden) (Fresno, Meyer and Bain, 2019[35]). More examples are presented below.

Box 5.2. The EU Child Guarantee and policy priorities for children

The model supports the combination of universal actions with targeted measures addressing vulnerable groups of children

The EU has provided increasing attention to combine "more universal actions with targeted measures addressing vulnerable groups of children and young people" (European Commission, 2021[26]), including guaranteeing universal access to good quality ECEC for all. In a 2019 Recommendation, the Council recommended to pay particular attention to remedy actions for cases where market-based ECEC services imply unequal opportunities to access or lower quality for disadvantaged children (European Union, 2019[39]). The recently approved European Child Guarantee aims to prevent and combat social exclusion by ensuring the access of children in need to key ECEC, education, health care, nutrition and housing services. While Member States are expected to "continue developing their universal policies for all children", access to certain services including ECEC needs to be "effective and free of charge" for the most vulnerable. This stresses "the importance of guaranteeing effective and non-discriminatory access to quality key services for children who face various forms of disadvantage" (European Commission, 2021[26]).

Priority criteria and income-related parental fees – Flanders, Belgium

In Flanders, different policies have introduced income-related parental fees, also taking into account indirect ECEC costs (meals, transport, etc.). When there are shortages of places, special day-care schemes are offered to vulnerable families, who have priority access to crèches. In some cases, (universally accessible) preschools in Flanders may receive additional funding when enrolling more children from vulnerable families. Moreover, some Flemish cities have a central enrolment policy for all childcare centres – establishing quotas for different target groups and ensuring that the population using childcare is representative of the entire population of the city. In addition, several regions have engaged staff with expertise on the specific needs of vulnerable families (Vandenbroeck, 2020[37]).

Support to children of Roma families

In some countries, Roma parents benefit from special conditions to access ECEC. In Croatia, for instance, they are exempt from paying kindergarten fees. Various community based ECEC initiatives at a smaller geographical scale also promote Roma inclusion in ECEC settings. For example, the European "Toy for Inclusion" project promotes an inclusive approach to non-formal ECEC with the establishment of play-hubs located in areas that are reachable for all families and are designed and run by multi-sectoral teams composed by representatives of communities, school and preschool teachers, health services, parents and local authorities (ICDI, 2019[40]).

5.4. In focus: Employer-provided childcare

Employers can play a key role in supporting and/or directly providing ECEC services, for their employees exclusively or as a broader offer also open to the local community. These services can take different forms, from facilities (e.g. kindergarten or other childcare amenities, including in-company crèches) to financial support (e.g. for parents using private childcare facilities or other care support services). In Europe, many large private employers provide their employees with emergency back-up care and subsidies for childcare/nanny services up to 10-20 days a year (Unicef, 2019[41]).

Depending on the company's resources, it can either provide on-site childcare services, collaborate with other employers for the provision of inter-company nurses, or collaborate with a private childcare provider or the government. Other options include linking with facilities in the community, providing financial support to employees, or offering advice, referral services and back-up emergency solutions, which decrease the need for parents to take unscheduled time off from work (ILO, n.d.[42]).

This type of childcare services benefits both companies and employees. The company benefits from talent retention and greater recruitment success; lower absenteeism and leaves; the creation of a "sticky" benefit that enhances retention throughout the employee life cycle; increased employees' productivity, loyalty, engagement and life quality; and a competitive edge and opportunities to carry out Corporate Social Responsibility policies, which can positively influence a company's external reputation. At the same time, employees benefit from tailor-made labour schedules, tranquillity of having their child nearby, combination of commute to work and childcare, better work-life integration, a guaranteed quality of childcare services at a lower cost, increased happiness at work, and higher gender equality. Corporate support for childcare represents an important tool to increase women's participation in the labour market – also in leadership roles (OECD, 2021[43]; Sasser Modestino et al., 2021[44]; ILO, n.d.[42]). It can also have positive outcomes for children as well as for the local territory and society.

Nonetheless, there are challenges to the feasibility and sustainability of such services. These typically relate to the high investment and costs, the company size, space availability, the age composition of the workforce and therefore the turnover of children, the percentage of women in the workforce and staff turnover. Moreover, these services are not equally common across sectors or geographic areas, and their continuation may depend on corporate performance. They are also subject to the employer's values and visions as regards women's labour market participation as well as childcare values and practices.

5.4.1. International practice in employer-supported/ provided childcare

Different public interventions can support employer-provided childcare so that more companies – of any size – can offer such services. These range from increasing incentives (e.g. increasing the threshold of childcare costs for each child that can be fiscally deducted); increasing employers and employees' awareness of the benefits of these services, as well as employers' good knowledge of the needs of employees; facilitating dialogue between local communities and stakeholders to promote public-private partnerships and forms of territorial welfare; and supporting the design of *ad hoc* solutions (OECD, 2021[43]). Overall, public support to employer-provided childcare can enhance the continuity and sustainability of these services, protecting them from potential fluctuations in the company's performance. Various examples of government support to employer-provided childcare were identified across OECD countries in the international workshop organised for this study (OECD, 2021[43]) and additional desk research:

- In Spain, these include: corporate tax reliefs in expenditures for building and providing childcare service for their employees; flexible payment plans, reducing the payroll costs for companies and increasing the net income for employees due to lower social security contributions; baby checks/vouchers: provision of a state amount of money for families with children under three years of age; and awareness raising campaigns on work-life balance, including leading by example (for instance, public administrations providing childcare services for their employees) (OECD, 2021[43]).
- As an example of the public administration providing childcare to its employees, in 2018 the Office of the Government of Lithuania opened a childcare room, which can be used by employees' children during working hours. Further discussions followed on opportunities to open care rooms also in other public institutions (Hofman et al., 2020[28]).
- In Italy, employer-provided childcare is expanding but at a low pace. It is usually offered by large companies in wealthier urban areas. SMEs typically struggle to offer such services, given the high costs, the risk of an insufficient turnover of children over time, and space constraints. A model of employer-provided childcare is creation of public-private partnerships. Typically, companies in a specific territory bear part of the costs of running a public childcare facility, which is open to the children of companies' employees and to citizens from the local area. A specific example consists of a nursery facility being available to the children of the company's employees, children assigned through municipal rankings and other children from private users, with different costs for each group (OECD, 2021[43]).
- In France, corporates that contribute to childcare costs benefit with 76.5% of costs reimbursed through tax credits and deductions (OECD, 2021[43]).
- In the Netherlands, employers pay 0.5% of their payroll as childcare funding and employed parents may receive a subsidy of 72% of childcare costs (OECD, 2021[43]).
- In the United Kingdom, employers that decide to set up an in-company nursery facility are exempt from the payment of tax and national insurance on the value of the nursery, provided the service complies with certain conditions (it must satisfy the formal requirement of an appropriate registering organisation and be available and accessible to all employees). Employers offering the childcare facility may also claim tax relief for the day-to-day costs of the nursery (UK Government, n.d.[45]).

5.4.2. Employer-provided childcare in Hungary

Employer-provided childcare ("workplace nurseries" as a new service from 2017) is one of the available childcare delivery modes in Hungary, yet still not common. As of May 2022, in Hungary there were 13 workplace nurseries, for a total of 131 places.

Workplace nurseries primarily target the children of employees. The service is available for children between 20 weeks and 3 years of age, with one carer assigned to groups of 7/8 children (and an additional assistant when there are at least 5 children in the group). A workplace nursery may operate primarily in the building where the work is performed, in a property owned by the employer, or rented by the employer for this purpose (OECD, 2021[43]).

In 2017, major changes were introduced in the regulation of employer-provided childcare:

- Modes of provision: Hungary has eased the requirements for employers wishing to offer childcare services compared to other available childcare modes, while setting standards as regards training.

Differently from before, the service does not have to be provided exclusively by the employer but can be outsourced to another provider – for instance buying places in an existing childcare centre.

- Strong focus on training: carers must undertake 100 hours of specialised training.
- Financial support: financing in 2022 amounts to HUF 1 391 150 (EUR 3 396) – including wage compensation – per child/year, more than 13 times the specific amount of support available in 2017. The support can be provided as a tax-free benefit. Operating expenses are deductible from corporation tax.

Evidence collected through the international workshop conducted for this project highlights that Hungary recognises the potential benefits related to employer-provided childcare for both the employer (it contributes to ensuring a more loyal, co-operative workforce; a more attractive corporate culture; trust; return on investment in workforce training; and lower costs for recruitment, selection and training) and the employee (it provides a sense of security and ensures a better work-life balance). In this respect, Hungary has been active both through public campaigns and by leading by example (public administrations providing childcare services) and has enhanced the amount of public funds available for the creation of such services.

Nonetheless, demand for employer-provided childcare seems to remain limited. The stakeholders' consultation conducted as part of this study shows that employer-provided childcare, which had been contemplated as an option by some mayors, met limited enthusiasm among the stakeholders consulted: employers may struggle to offer such services, and employees may prefer childcare options closer to home. Nevertheless, different local authorities showed interest in this form of provision and some employers found novel HR solutions in this direction, such as summer camps for children when nurseries are closed (OECD, 2021[14]).

5.5. Key takeaways on policy approaches

The examples above show important efforts towards ensuring the availability of accessible, affordable and quality childcare services, increasingly adapted to the specific needs, work-life balance preferences and changing working schedules of parents. They highlight various dimensions of childcare policies:

- Integrating the offer of childcare supports and services can increase their relevance, especially if supported via territorial and partnership approaches:
    - Countries with advanced childcare systems tend to offer a "continuum of supports", at the intersection between family and education policies. An integrated offer can contribute to a higher awareness of the availability and relevance of childcare services and their positive role for children's development, supporting the use of these services.
    - An integrated offer requires co-operation between actors involved in childcare provision. Partnerships involving public and private stakeholders at a local level, for instance, have the potential to respond to the demand of childcare services in a tailored manner.
    - The availability of childcare and a good territorial coverage can contribute to maternal employment.
- ECEC use can be enhanced through flexible, adapted solutions and alternative childcare provision modes:
    - Strengthen ECEC flexibility of provision can support parents' labour market participation and attachment through an increased use of childcare services adjusted to work schedules and family preferences. This relates both to the opening hours flexibility and the availability of different provision modes. This also contributes to fight informality in the care sector.

- Responding to the childcare needs implies taking into account the diversity of the population, and to provide for both universal and earmarked solutions. This can contribute to reach especially vulnerable groups.
- Employer-supported/ provided childcare has potential to respond to the needs of some working parents and support mothers' labour market participation, as well as to offer a complementary service to the local territory. Challenges typically relate to the sustainability and affordability of such services by the employer, and the awareness of the benefits deriving from this provision.

- COVID-19 reinforced the understanding that childcare services are crucial for parents', and specifically mothers', labour force participation:
  - Although fathers are increasingly spending time at home with their children, the COVID-19 and the related lockdowns showed that mothers are disproportionately responsible for childcare.
  - Ensuring childcare provision and supporting families can help in creating more gender equal societies.
  - Affordability of childcare remains a key issue and needs further focus on policy in the aftermath of the COVID-19 pandemic.

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6 Flexible working arrangements in Hungary

This chapter analyses flexible working practices in Hungary, with a focus on telework, before and during the pandemic. It examines the increase of telework in Hungary during the pandemic, shares evidence on employers' attitudes regarding home office, and provides information on a recent revision of the provisions on teleworking regulation in Hungary. It then examines a selection of international practice related to flexible working arrangements and telework, focusing on examples of "right to request" policies, as well as complementary interventions that are supportive of telework practices. It concludes with a number of takeaways on policy approaches related to telework and flexible working arrangements.

Flexible working helps workers organise paid hours around care obligations, can reduce their commute times, and can allow them to remain closer to dependent family members if regular caregiving is needed (OECD, 2017[1]). Greater access to flexible practices can reduce the number of workers who experience stress at home and/or at work, diminish absenteeism and increase productivity (Bond and Galinsky E., 2011[2]). However, there can be a negative stigma related to the idea that workers who use flexible working for care purposes are not as productive or committed (Chung, 2020[3]). Moreover, boundaries between work and private life may become more diffuse (OECD, 2021[4]), and the care burden for teleworking parents can increase, if no childcare is available.

Regular part-time work is one of the most commonly used forms of working-time flexibility and it helps many parents to match work and family life (see Sections 2.3 and 3.5). But flexible working also includes measures such as flexible starting and finishing times (flexitime), working "compressed" work weeks, and home working (teleworking) – which experienced a surge during the COVID-19 crisis (OECD, 2021[4]). Surveys conducted in mid-April 2020 show that the share of workers working from home ranged from little less than 30% in Sweden, Canada and Poland to around 50% in Australia, the United Kingdom and the United States and 60% in New Zealand (OECD, 2020[5]).

While flexible working practices are often set at the firm level or through collective agreements, OECD governments are increasingly looking to facilitate access by providing workers with the right to (request) certain arrangements (OECD, 2016[6]; OECD, 2017[1]). Several OECD countries have introduced broader rights to request flexible working arrangements including not just the number of working hours, but also, in some cases, the scheduling of hours and the place of work. In many OECD countries (e.g. Australia, Austria, the Netherlands, New Zealand, Norway, Portugal, Sweden and the United Kingdom), workers have a statutory right to request reduced working hours. In some of these countries, they also have a complementary right to return to full-time work and/or to previous hours after a specific period. In some countries, these rights are restricted to parents with young children and/or workers with caring responsibilities (e.g. Austria, Norway, Portugal, Slovenia and Sweden – in Sweden, for instance, parents can reduce their working hours by up to 25% until the child has reached the age of eight). In others, they are provided to all workers (e.g. in the Netherlands, New Zealand and the United Kingdom). In most cases, employers can refuse requests on business grounds, but in some countries (e.g. Portugal) there are restrictions whereby while children are under a certain age, refusal is only possible if the employees activities are not compatible with telework or if the employer does not have resources for telework arrangements (Chung, 2020[3]; OECD, 2017[1]).

6.1. Flexible working practices in Hungary, with a focus on telework, before and during the pandemic

Currently, in Hungary, telework is regulated by Act I of 2012 of the Labour Code, which defines it as an atypical employment relationship. The Act CXIII of 1993 on Labour Safety also applicable in connection with the safe and healthy working conditions. Such acts establish that: teleworking needs to be based on a consensual agreement explicitly referred to in the employment contract; the place of work must be specified in the employment contract; based on agreement concluded with the employer, employees are also entitled to work with own work equipment, and; safety of the work equipment is ensured by means of risk assessment carried out by the employer. Teleworking differs from "home office", which is not regulated by the Hungarian labour law. Home office does not need to be laid down in an employment contract, but rather is based on a decision by the employer and the employee; the employee maintains a workplace at the employer's premises; and the work schedule is fixed in principle. Stakeholders stressed the need to improve the regulation of remote work, and raised the issue of different levels of "teleworkability" across jobs (OECD, 2021[7]).

Flexible working arrangements were scarcely used in Hungary before the COVID-19 pandemic. According to the Central Statistical Office, in the first quarter of 2018, 3.7% of all employees (7.9% of white-collar and 0.5% of blue-collar workers) worked in flexible working arrangements. Remote work was also relatively rare. There was no gender gap in this respect except that women were more likely to combine part-time with remote work arrangements (Central Statistical Office, 2018[8]). The share of remote work was highest in Budapest (10%) and lowest in North-Hungary (1.3%). According to surveys conducted by the Institute for Economic and Enterprise Research of the Hungarian Chamber of Commerce and Industry (MKIK GVI) in 2013, 2014 and 2016, 31% of companies in Hungary did not allow any form of flexibility (flexible working time, remote work or home-office, or part-time employment), 31% ensured one option, 26% two options and only 7.5% provided all three options (Tóth J. I., 2019[9]). At the same time, Hungary has made some steps towards promoting the recognition of family-friendly workplace practices (see Box 6.1).

Box 6.1. The Family Friendly Place Certification Trademark

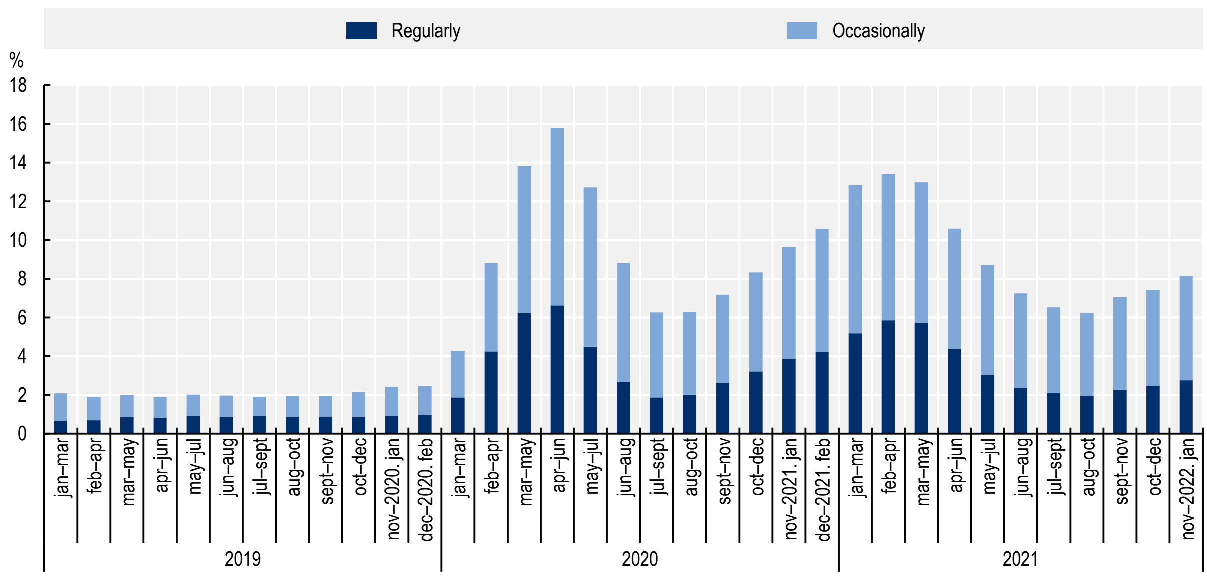
In 2019, Hungary set up the "Family Friendly Place Certification Trademark", http://www.csalad.hu/vedjegy. This certification measures the family friendliness of workplaces and service providers. There are four main criteria: the presence of flexible employment; employee rewards (e.g. mentoring, rest rooms or workplace massages); benefits or services intended for the working family (e.g. school start-up allowance, housing allowance, workplace nurseries, etc.); and communication of family friendliness inside and outside of the organisation (for instance through the organisation of family friendly events, i.e. where the employee can participate with their family). For service providers, it is also observed whether the provider takes into account customers' family circumstances and the needs of their families. A minimum of 30% of the maximum available score must be achieved to receive a certificate, which can be used two years from the date indicated on the certificate. The certification audit system was developed with the involvement of industry representatives, so that the specificities of each sector could be taken into account. The trademark programme also offers free advisory services as well as trainings related to the certification.

6.1.1. Like in many other countries, the use of telework strongly increased in Hungary during the pandemic

During the pandemic, provisional regulatory adjustments of the general rules established by the Hungarian Labour Code allowed for employer unilateral decisions on teleworking, in order to protect the health of employees and ensure flexible arrangements for parents. Consequently, like in many other countries, the use of telework increased substantially, and set the bases for further potential legislative developments.

From April to June 2020, 16.5% of employees worked from home occasionally or regularly, representing a roughly six-fold increase relative to January-February 2020 (Köllő, 2021[10]). The rise was higher for women: 13.6% of male in contrast to 20.2% of female employees worked from home during the first wave of the pandemic (10.9 and 17.7 percentage points increase from January-February 2020, respectively), which is likely to be explained by the fact that mainly mothers took responsibility for childcare during the lockdowns (Figure 6.1).

Figure 6.1. Number of people teleworking regularly or occasionally, as a percentage of the active population, 2019-22



Source: Calculations by the Budapest Institute for Policy Analysis based on the Hungarian Labour Force Survey (HCSO).

Higher levels of education were associated with both higher shares of teleworking in April-June and higher growth rates relative to January-February. For instance, 10.4% of employees with an upper-secondary degree worked from home, in contrast to 49.6% of university graduates. The ratio of employees working from home was the highest in education (50.3%), services (31.5%), and municipal services (15.9%) while agriculture (3.1%), construction (5.5%), and health care (6.8%) had the lowest rates. In general, people with low socio-economic status were much less likely to have the opportunity to work from home, which implies that they faced higher risks of infection and/or job loss (Köllő, 2021[10]).

Anecdotal evidence suggests that telework spread relatively fast in the private sector, while the administrative branches within the public sector responded much slower, possibly due to concerns about personal data protection and/or the prevalence of more traditional management styles.

Considering mothers, home-office seems to have spread fast and continued to be used even in 2021. The share of home-office workers was highest among mothers with children aged below three. In 2021, it was well above the average for all mothers with children aged below eight (calculations by the Budapest Institute for Policy Analysis using data from the Hungarian Labour Force Survey).

The increased telework experience is described as overall positive so far (Nagy, 2021[11]). Employers observed an increase in work performance. For the employees, telework bears benefits (enhanced work-life balance, a lack of commuting, stress-free work environment, more flexible working hours) but also disadvantages (more diffuse boundaries between work and private life, suitability of the work environment, lower interaction with colleagues and managers, and psychosocial risks).

6.1.2. Employers' attitudes regarding home office

Despite the lack of systematic evidence, negative attitudes of employers are likely to be a key factor behind the low levels of remote work and home office. The stakeholders consulted as part of this study stressed that employers seemed unsupportive of flexible work before COVID-19 (OECD, 2021[7]). This is consistent with findings from a non-representative survey of HR management practices in the domestic corporate sector (the sample included Hungarian firms of various ownership structures and sizes as well as

22 branches of the economy). Survey results show that before the pandemic, 55% of the firms reported not allowing home office for any of their workers, while only 6.5% signalled that more than half of their employees had already worked remotely before (Poór, 2021[12]). During the pandemic, these percentages changed drastically, with 35% of the companies responding that more than half of their workers were working from home at that time. When asked about their future expectations, 47% still said that they did not expect anyone to work from home after the pandemic, but almost 14% foresaw that more than half of their employees would continue to work remotely (Poór, 2021[12]).

Based on survey results, Forgács (2010) found that firms that had no experience with teleworking were worried about work efficiency, data security, increased costs, and the loss of control over their employees. Focus group interviews with HR experts from the private sector, HR consultants and a country-wide network of HR professionals conducted by the Budapest Institute for Policy Analysis in the spring of 2021 corroborated that firms had been very sceptical about the effectiveness of home office before the pandemic. The same focus group interviews suggest that COVID-19 changed these views and also that this may benefit mothers who are looking for ways to return to the labour market.

In the public sector, home office may be further limited by the lack of digital skills and by constraints in how currently available software and hardware support home office (interview conducted by the Budapest Institute for Policy Analysis). Some of these constraints stem from issues of data access while adhering to legal provisions on personal data protection. Local government offices in villages are especially exposed to such challenges due to the complexity of centrally provided software for data management and the lack of available funds to purchase better software or to employ IT staff to maintain a sophisticated data management infrastructure.

6.1.3. A revision of the provisions on teleworking in Hungary

From June 2022, the provisions on teleworking have been amended in Hungary within the framework of the ordinary legislative procedure. Key characteristics of the amendment include:

- Eligibility: only to those employed in the private sector (civil servants' employment conditions are regulated outside the labour code and are covered by their own statute).
- Unilateral decisions: not allowed; the parties shall agree on telework in the employment contract.
- Part-time telework: to be newly introduced.
- Place of work:
  - Computer-based telework: the administrative burden on the employer is significantly reduced; the place of work may be decided by the employee, taking into account the written information of the employer on the rules of working conditions that do not endanger health and safety; the employer may verify compliance with the occupational safety and health regulations by using a computer device.
  - Teleworking by non-computer means: the parties shall agree in writing on the place of work, which shall be qualified by the employer in advance from the point of view of occupational health and safety. Thereafter, the employee may not change the place of telework.
- IT equipment: the employer would provide a flat-rate financial support to the employee.
- Employers could exercise the right of remote control.
- Occupational health and safety rules of computer-based telework has become more flexible, because of the lower level of risk. However, a risk assessment is still required (even if, by agreement, the employee uses his/her own assets).

6.2. International practice on flexible working arrangements: A focus on telework

Teleworking regulations in OECD countries can be classified according to whether they have an encompassing legal framework and/or an enforceable right to request telework or not. Legal rights to request teleworking, where they exist, can cover all employees (as in New Zealand or Spain) or some categories (as in Lithuania). In countries such as the Netherlands, Portugal and the United Kingdom, employees have an enforceable right to request teleworking, while in some other countries employers can easily refuse to accommodate such requests (OECD, 2021[13]).

Table 6.1. Teleworking regulation in OECD countries (2020)

	Enforceable right to request		Unenforceable or no right to request	
Encompassing legal framework	*Negotiated right* Austria Sweden	*Statutory right* Spain Australia Italy (OT) Lithuania Netherlands Portugal United Kingdom	Belgium Chile Estonia Finland France Germany Greece Italy (RT)	Japan Latvia Poland Slovenia Türkiye United States
No encompassing legal framework	*Negotiated right* Denmark Norway	*Statutory right* New Zealand Canada	Czech Republic **Hungary** Israel Korea	Mexico Slovak Republic Switzerland

Note: OT = occasional teleworking; RT = regular teleworking.
Source: OECD (2021[13]), *OECD Employment Outlook 2021: Navigating the COVID-19 Crisis and Recovery*, https://doi.org/10.1787/5a700c4b-en.

The regulations of teleworkers' working conditions (comprehensively or not, through dedicated legal frameworks or national/sectoral collective agreements, etc.) also vary. This affects access in practice: while the use of teleworking remained limited until the COVID-19 outbreak, it was higher on average in countries where there was an enforceable right to request teleworking, and highest where this right was granted through collective bargaining. Differences in its use might be attributable not only to the regulation in place, but also to other elements such as the proportion of jobs that are "teleworkable", access to broadband, and management culture (OECD, 2021[13]).

International examples are presented below, with a specific focus on teleworking regulations and practices, namely related to the enforceable right to request flexible working arrangements and telework, as well as other policies supporting these practices.

6.2.1. Enforceable right to request flexible working arrangements and telework

Some countries provide enforceable rights to request flexible working arrangements. In Portugal, this is available for certain categories of workers. The Netherlands and the United Kingdom provide two examples of a comprehensive "right to request" policy: in both, all employees meeting certain tenure criteria have the right to request flexible working, including the scheduling of hours and the place of work, which employers can refuse only on serious business grounds. Widening the "right to request" to all employees confers bargaining power and reduces the risk of discrimination against specific groups of workers (e.g. parents) (OECD, 2021[4]).

Flexible working regulations and use of telework – The Netherlands

In the Netherlands, according to the Flexible Work Act (Dutch Government, 2016[14]), any employee with at least six months of service from an employer with a minimum of ten employees may request a change in the agreed working hours, working patterns and place of work. The employers must comply with the requests on working hours and working patterns (unless compelling business reasons against them exist), while they have a "duty to consider" a request for changes in the working place. No maximum duration of the work arrangement is mandated, though employers can revoke a teleworking agreement under compelling business reasons. Employers are responsible for health and safety during the telework arrangement. The Act allows for more flexible transitions between full- and part-time employment and to support work-life balance.

The current Law proposal "Working Where You Want" Act aims to convert the right to request a change of the working place as well into a right that can only be refused if the employer has compelling reasons. Grounds for refusal would be safety, working schedules, or issues in finances and organisation.

Flexible working regulations and use of telework – The United Kingdom

In the United Kingdom, the right to request flexible working was introduced in 2003 to enhance work-life balance of parents and to achieve gender equality of parents of young children. It was expanded in 2007 and in 2014 (UK Government, 2014[15]) and made available to all workers (excluding agency workers), in order to reduce stigma and negative perception towards those working flexibly. All employees with at least six months' tenure can request flexible working in different forms, such as job sharing, teleworking, part-time work, compressed hours and flexitime, among others. Applications can only be rejected by employers for legitimate business reasons. Existing health and safety regulations extend to telework. Employers need to provide reasonable equipment and technology that enable employees to work from home.

Despite the fact that the United Kingdom has a right to request telework in place, the increase in the use of telework remained quite limited until the pandemic, when take up increased substantially.

Teleworking arrangements – Portugal

In Portugal, telework was first regulated through a revision of the Labour Law in 2003, which introduced various rights and requirements. These included: a requirement of agreement in writing with explicit mention to telework, the need to reflect willingness from both parties, the need to ensure equality of rights and obligations between teleworkers and other workers, and the right to privacy as a way to ensure the conciliation between work and family life. Employers can refuse regular requests on any ground. However, the possibility for unilateral decision to opt for telework was introduced later for specific categories or workers: victims of domestic violence (2009) and parents of children until three years of age (2015), for whom refusal is only possible if the employees' activities are not compatible with telework or if the employer does not have resources for teleworking arrangements. Employees have similar rights and duties as other employees concerning occupational health and safety and the employers bear all costs related to working equipment.

The COVID-19 pandemic implied important changes, and the adoption of telework became obligatory in all "teleworkable" cases. Its use strongly increased during the pandemic, but not homogenously: major differences existed between genders (40% of women versus 32% of men at work were teleworking), economic sectors, occupations and company sizes (the larger the company, the higher use of telework). Telework has become a new "tool" for the reconciliation of family and professional life, but with challenges related to privacy and working time (OECD, 2021[4]).

6.2.2. Supporting telework practices

Also in countries that do not necessarily have enforceable rights to request in place, various interventions are supportive of telework practices.

Agile Work – Italy

Italy has an enforceable right to request occasional teleworking. Agile working (or smart working) is a modality of execution of the subordinate employment relationship characterised by the absence of time or spatial constraints and an organisation by phases, cycles and objectives, established by agreement between employee and employer. It helps the worker to reconcile the times of life and work and, at the same time, boosts productivity. The definition of smart working contained in the Italian Law 81/2017 emphasises organisational flexibility, the voluntary nature of the parties who sign the individual agreement and the use of tools that allow working remotely. Agile workers are guaranteed equal economic and regulatory treatment with respect to their colleagues who perform the service in ordinary ways. Their protection in the event of accidents and occupational diseases is also envisaged (Italian Ministry of Education, 2017[16]). Since the COVID-19 outbreak, various measures have further simplified the rules of smart working, especially in the public administration (Polytechnic University of Milan, 2021[17]).

Enhancing telework practices though financial incentives for employers – Poland

Some countries have aimed to encourage the development of telework practices by introducing dedicated financial incentives for employers. In Poland, a 2014 amendment to the Act on Employment Promotion and Labour Market Institutions introduced grants for employers creating teleworking jobs for unemployed parents of a child under six years old, or for an unemployed carer who resigned from their previous jobs to take care of their child or dependant (OECD, 2021[13]).These measures have been assessed as well targeted to parents with the goal of increasing labour supply; however, uptake this measure has been limited (Vandeninden and Goraus-Tanska, 2017[18]), stressing the need for complementary supports.

6.3. Key takeaways on policy approaches

The international practices presented above and discussed in the workshop provide bases for reflection ad takeaways of relevance for the Hungarian context (OECD, 2021[4]):

- Teleworking has important pros and cons for gender equality in the labour market and work-life balance:
    - Teleworking is a key form of flexible work, which has proved fundamental during the COVID-19 pandemic and effective in enhancing work-life balance.
    - Nonetheless, teleworking also bears risk for gender equality, for instance in terms of a higher childcare burden for teleworking parents, but also a negative stigma related to the idea that workers who use flexible working for care purposes are not as productive or committed (Chung, 2020[3]). In this sense, risks become higher if the use and behaviours in teleworking is gender-specific.
    - In order to avoid negative consequences, teleworking legislation needs to be accompanied with complementary policy actions that support a change in societal norms on caring responsibilities, encourage men to take up flexible working for care purposes, and ensure a positive change in the organisational culture (OECD, 2021[4]).

- Frameworks that support flexible working arrangements include telework as one of their pillars:
  - Guaranteeing teleworkers with equal economic and regulatory treatment with respect to their colleagues who perform the service in ordinary ways is fundamental to avoid discrimination and labour market segregation.
  - Moreover, access to telework for "teleworkable" jobs may need to be supported by complementary interventions, such as targeted investments in technology and in training (OECD, 2021[13]).
- Teleworking regulations encompass several aspects, including rights to request:
  - The consensus is that teleworking should be based on mutual agreement between the employee and the employer.
  - The right for the employee to request telework is increasingly seen as a right that the employer should be allowed to refuse only with compelling reasons, and it reflects policy makers' attempt to avoid discrimination.
  - Further policy reflections relate to the possibility to provide specific groups with a unilateral right to enforce teleworking (e.g. mothers of young children), if this is feasible in the business context.
  - In order to implement a teleworking arrangement, both the employer and the employee shall agree on teleworking arrangements in written form in the employment contract, including also part-time teleworking arrangements. Reflections on the duration of the arrangement and grounds for interruption of such agreement are also needed.
  - As long as the workplace complies with occupational safety regulations, employees shall be able to freely choose their place of work. It is the employer's responsibility to inform the employee in writing about such regulations.
  - Important policy reflections relate to the need to comply with occupational health and safety standards and to the question of who remains responsible in the case of occupational accidents.

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Gender Equality at Work

Reducing the Gender Employment Gap in Hungary

In Hungary, women are much less likely than men to be in paid work. Despite recent policy reforms and employment increases for both men and women since the global financial crisis, the gender employment gap has widened over the past years. It is now at its highest point since the mid-1990s. A major reason for the persistent employment gap in Hungary is that most mothers with very young children take an extended period out of paid work following childbirth - often until the child is two or three years of age. Traditional family attitudes towards gender roles and caring for very young children play a role. In addition, access to and use of childcare services for very young children remains limited despite some improvements, and flexible working arrangements are not widespread. For Hungary, closing the gender employment gap responds to both gender equality and labour market issues. This report analyses recent reforms and explores potential policy actions in the areas of early childhood education and care, parental leave and flexible working arrangements, which could provide women - and especially mothers of very young children - with better access to paid work.

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