

Box 5.4. Promoting gender equity and a more equal sharing of parental leave in Iceland

In OECD countries entitlements to unpaid employment-protected leave are individual, whereas entitlements to paid leave (which strongly influences the effective duration of leave) are family-based, and often it is the mother who uses large chunks, if not the whole of the paid-leave entitlement. Since reform introduced on 1 January 2001 each parent has the right to a non-transferable three-month leave period and a shared three-month period until the child turns 18 months old. Eligible working parents in Iceland receive uncapped leave related benefits equivalent to 80% of average earnings and non-working parents receive a guaranteed minimum payment ranging from 18% to 40% of average earnings. Public spending on leave benefits was estimated to be around 0.75% of GDP in 2003 (OECD, 2003b).

In 2000, the share of parental leave days used by fathers in Iceland was only 3.3%, the lowest among Nordic countries (Valdimarsdóttir, 2006), but reform has increased uptake dramatically. In 2001, fathers took an average of 39 days leave or 17% of the total leave days used, while in 2004 fathers used 96 days leave on average or 35% of all leave days used (Einarsdóttir and Pétursdóttir, 2004; Gíslason, 2007; and www.faedingarorlof.is).

5.3. Conclusions

There is a wide array of parental leave arrangements across the OECD area. If there is something like a common trend, it is that in many countries the combined duration of maternity and parental leave is about one year, while policy in about a quarter of OECD countries provides supports for a three-year full-time parental care.

The different policy objectives that underlie public leave policies often reinforce each other, but there can also be some tension between them. Parental leave can promote labour supply, but if it is too short or too long, parents, in practice mothers, are less likely to return to work for their previous employer. From a narrow labour market perspective, the optimal period of leave seems to be around four to six months. In terms of child development, the available evidence seems to suggest that child development is negatively affected when an infant does not receive full-time personal parental care for the first six months of a child's life. Cognitive development of a child benefits from participation in good-quality formal care (and interaction with its peers) from approximately age two, with the evidence being ambiguous regarding the intermediary period. If both parents were to take their individual leave entitlements consecutively (or take their leaves simultaneously on a part-time basis, as, for example, is allowed in the Netherlands), this would go some way