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Maternity Leave and Women's Labor Market Status in Kosovo: Five Key Messages

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Executive Summary

Labor market engagement of women is very low in Kosovo - only 12.5 percent of women of working age are employed compared to 41.3 percent of men - suggesting that women face obstacles to work and/or being hired. These barriers could be related to a multiplicity of factors, including labor regulations – such as maternity provisions - but also others such as disincentives to work from taxes and social protection systems; limited flexible work arrangements; limited access to information, networks and productive inputs such as credit; and lack of access to childcare, coupled with social norms and attitudes towards women.

This note focuses specifically on regulations related to maternity and family leave, and their potential impact on women’s labor market outcomes. Legislation on maternity leave in Kosovo was enacted with the Law on Labor on December 2010, providing mothers to nine months of paid leave and three months of unpaid leave. Ongoing discussions in Kosovo are centered on reforming maternity provisions with the aim of strengthening women’s labor market participation.

The note is organized around five main messages that emerge from reviewing the evidence of the impact of maternity leave on female labor force participation and employment, both through international benchmarking of maternity leave duration and payment forms in Kosovo, review of existing studies, and through data collection and analysis of Kosovo-specific qualitative evidence. The main messages discussed in the note are:

- 1. Kosovo’s maternity leave is long compared to other countries:** With nine months of paid maternity leave (and three months of unpaid leave), Kosovo has more than double the global average and is on the high end of paid maternity leave in Europe and Central Asia (ECA) and within its income group.
- 2. The financial burden related to maternity leave is borne largely by employers in Kosovo:** Kosovo Labor Law places two-thirds of the burden of maternity leave on the employers, with the first six months of leave covered by the employer at 70 percent basic wage replacement rate. From the seventh month to the ninth month of leave, the Government is responsible for the payment, but at 50 percent of Kosovo’s average salary.
- 3. Employers in Kosovo report high direct and indirect costs from hiring women associated with maternity leave provisions:** The direct costs relate to maternity leave payments solely by the employer for the first six months of leave. The full duration of maternity leave of 12 months imposes additional costs on the employers in terms of productivity, considering the time and other resources that need to be invested in hiring and training of the staff replacing women on maternity leave.

4. Take up of full maternity leave benefits in Kosovo seems low and women perceive discrimination in the labor market related to pregnancy and family responsibilities: For employed women, particularly in the private sector, findings suggest that some women do not actually fully benefit from existing maternity leave provisions as take up of benefits is low linked to job insecurity and limited income while on leave (the latter, from a combination of low wage replacement in some cases and stages of the leave period, and non-compliance by employers). More broadly, women in reproductive age perceive to be discriminated against in hiring and in retaining a job, likely keeping many from (formal) employment.

5. Additional barriers to employment limit women's access to jobs in Kosovo: limited access to child care and to flexible work arrangements are also found to be related barriers to women's employment, as formal options for care beyond maternity leave are limited, and family-friendly schedules are often not available. On the latter, providing break time for nursing mothers could be a regulation to consider.

Reforming maternity leave in Kosovo could likely contribute to reducing discriminatory hiring practices towards women, particularly in the private sector, but also to allowing an increased take up of maternity leave benefits among employed women. Specifics on what this reform could look like, however, go beyond the scope of this note, as there are multiple decisions and considerations to be made to balance incentives to work and to hire women, with supporting mothers' recovery from childbirth and facilitating a stronger bond between mother and child.

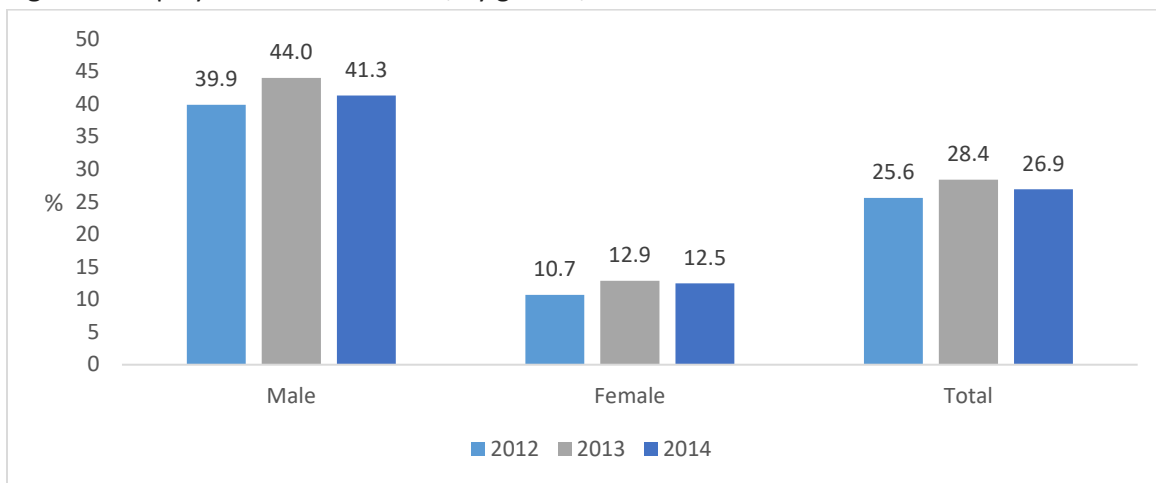
However, given the extremely low female employment rate in Kosovo and the urgent need to increase women's access to economic opportunities in the labor market, the reform process should revisit the various elements of maternity provisions, including (i) length (potentially shortening it to reduce inequalities of opportunities for women in labor markets), (ii) funding source (potentially exploring options to change the financing formula of the benefit and reduce the burden on the private sector) and (iii) wage replacement (for an adequate wage replacement that can provide economic security to women during maternity leave). The reform should aim at increasing incentives to hiring women - particularly in the private sector – and thus increasing the number of women who are actually able to benefit from maternity provisions given higher compliance. The International Labour Organization (ILO) Convention No. 103 and its later versions (No. 183) and Recommendations (No. 191) can inform these decisions.

Beyond changes to maternity provisions, additional policies are needed to tackle the multiplicity and closely related barriers that women face to accessing jobs: crucial challenges are the access to affordable and quality child care alongside flexibility in work arrangements. On the latter, providing break time for nursing mothers could be considered. Finally, a complementary regulation to tackle discrimination could include not allowing an employer to ask men and women about family status and plans during a job interview.

Introduction

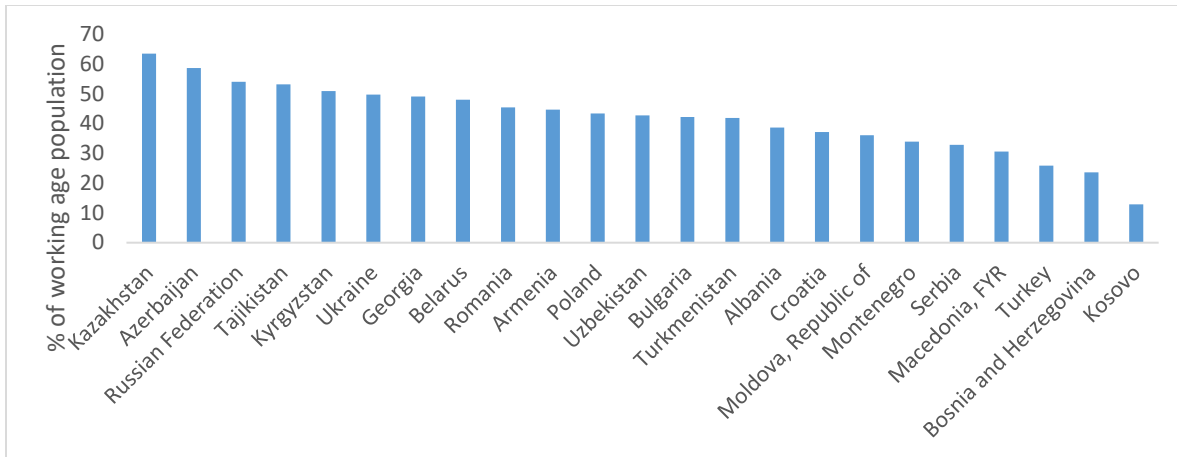
Few women work in Kosovo. According to the latest 2014 Labor Force Survey (LFS), only 12.5 percent of women of working age are employed compared to 41.3 percent of men (Figure 1). This is the lowest employment rate in the region of Europe and Central Asia (Figure 2). This gender gap is driven by both higher inactivity and unemployment rates among women. The unemployment rate among women (41.6 percent) is significantly higher than men's (33.1 percent), and only one in five women is active in the labor market (Figure 3). Family obligations and responsibilities and taking care of other family members are cited as one of the key reasons for women's inactivity (41.2 percent of cases). In fact, the employment gender gap widens for women in childbearing years, reaching as high as 44.3 percent for women and men ages 25-34 (Figure 4). Moreover, a significant share of the youth population in the country is unemployed (61%) and this rate is higher among women (71.7%) compared to men (56.2%). The share of young people not in education, employment or training (NEET) represents 34% among women, compared to 26.6% among men (LFS, 2014).

Figure 1. Employment rate in Kosovo, by gender, 2012-2014



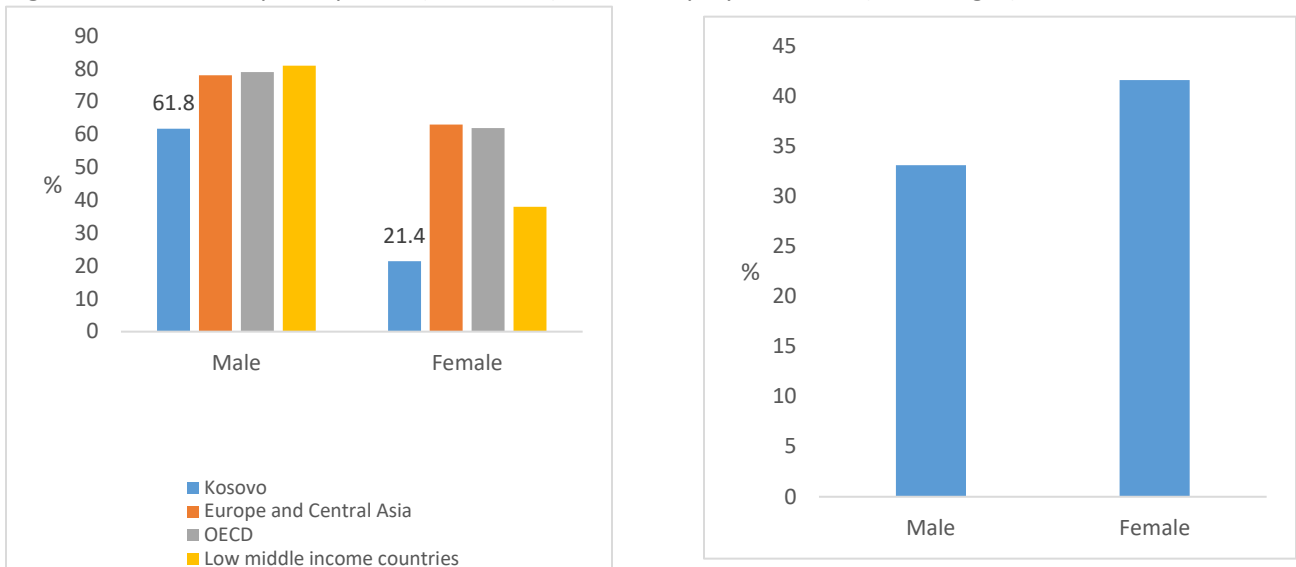
Source: Kosovo Agency of Statistics with Labor Force Survey, 2014

Figure 2. Female employment to population ratio, 2013



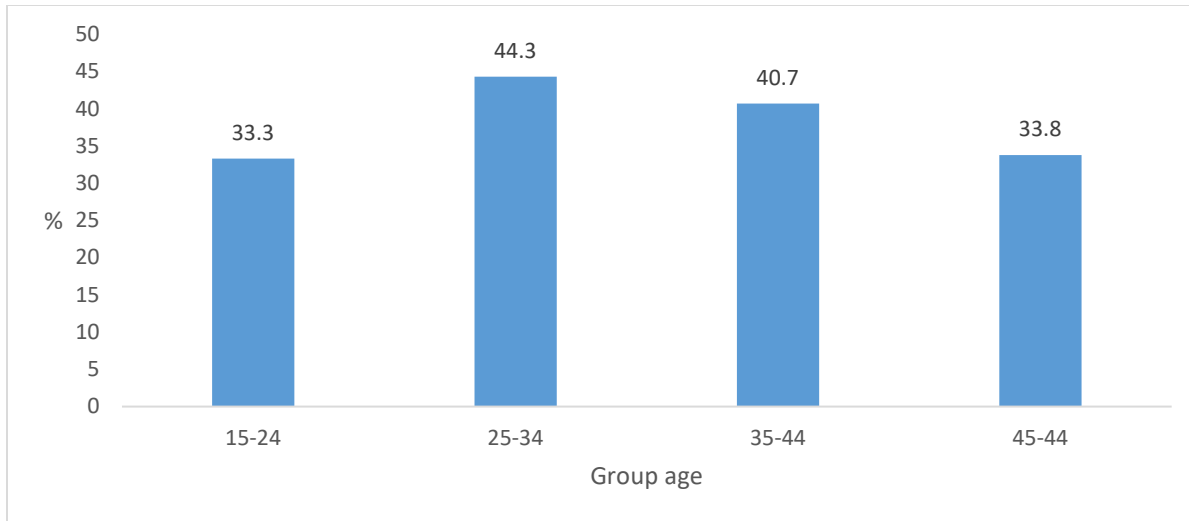
Source: World Development Indicators (2013) and Kosovo Agency of Statistics with Labor Force Survey, 2013

Figure 3. Labor force participation (15-64, left) and unemployment rate (15-64, right) in Kosovo



Source: Kosovo Agency of Statistics with Labor Force Survey, 2014

Figure 4. Gender employment gap (male minus female employment rate), by age, 2014



Source: Kosovo Agency of Statistics with Labor Force Survey, 2014

The small share of women that are employed women in Kosovo tend to work as employees and are less represented in self-employment status in comparison to men. There are large differences in the share of self-employed status by gender (12.8% for women versus 26% for men) and more women than men work as contributing family workers (9.5% versus 8% of the employed for women and men, respectively). In turn, a higher proportion of females work as employees (77.7% versus 66% for males).²

Regarding the type of employer, female employment is much lower in the private sector and higher in the public sector compared to men. Thirty six percent of employed women work in private companies, compared to 50.5 percent of men. The proportion of women and men working in state owned enterprises is similar with 13.4% and 13.1%, respectively. However, almost 1 out 2 female workers (43 percent) have jobs in the public sector (the proportion of men employed in the public sector is much lower at 26%).

Female employment is more concentrated in certain occupations than male. Employment in education, health and trade account for approximately two thirds of all female employment. Male tend to participate more evenly in the various sectors. The analysis of workforce distribution by occupation in a study by the World Bank (2012) shows that employed women are on average better educated than employed men. Over a third of women work as professionals, as compared to 15% of men, however employed women are significantly less likely to work as legislators, senior officials and managers.

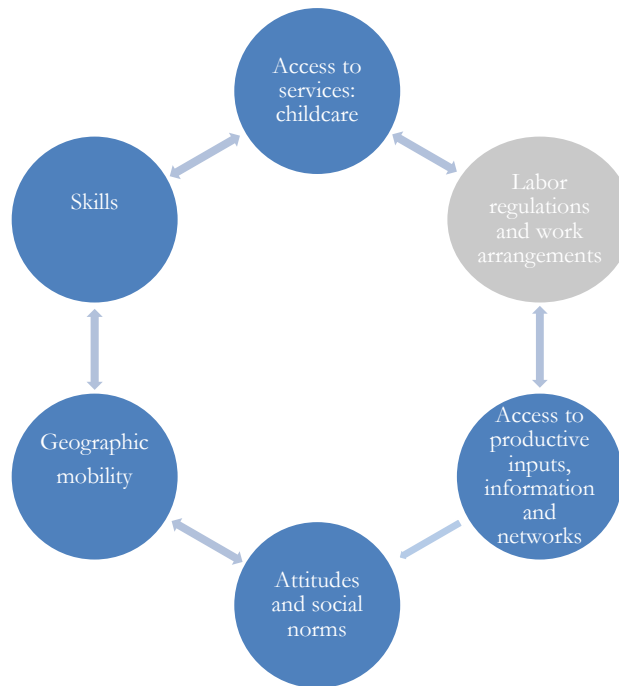
The outstandingly low female employment in Kosovo and its sectoral and occupational concentration suggest that women face obstacles to work and/or being hired. A regional labor market study in Europe and Central Asia³ discusses that obstacles for women to access jobs could be related to a multiplicity of

² LFS (2013).

³ Arias et al (2014). Back to Work: Growing with Jobs in Europe and Central Asia. World Bank. Washington, DC.

factors, including labor regulations – such as maternity provisions - but also others such as disincentives to work from taxes and social protection systems; limited flexible work arrangements; limited access to information, networks and productive inputs such as credit; and lack of access to childcare, coupled with social norms and attitudes towards women (Figure 5).

Figure 5. Barriers to employment: multiple and mutually reinforcing



Source: Adapted from Arias et al (2014).

This note focuses specifically on regulations related to maternity and family leave, and their potential impact on women’s labor market outcomes in Kosovo. Legislation on maternity leave in Kosovo was enacted with the Law on Labor in December, 2010, providing mothers nine months of paid leave – six paid by the employer with the compensation of seventy percent (70%) of basic salary, and three by the government with the compensation of fifty percent (50%) of the average salary in Kosovo - and three months of unpaid leave.⁴ Ongoing discussions in Kosovo are centered on reforming maternity provisions with the aim of strengthening women’s labor market participation and boosting their employment rate. The international literature on maternity leave and women’s labor market outcomes indeed points to negative or mixed impacts of extended leave on women’s labor market engagement. The literature is scarce and mostly from developed countries that have very different maternity leave arrangements (see

⁴ Article 2 states that provisions of the Law (Law on Labor, 2010) are applicable for employees and employers in the private and public sector.

Box 1 and Annex II), but shows the negative effects of extended maternity leave on women's employment and other career opportunities.

The note is organized around five main messages that emerge from reviewing the evidence of the impact of maternity leave on female labor force participation and employment, both through international benchmarking of maternity leave duration and payment forms, review of existing studies, and through analysis of Kosovo-specific qualitative evidence.

Data sources

The analysis presented in this note is based on three main data sources:

- i) The Women, Business and the Law 2016 Database that covers 173 countries and examines laws and regulations affecting women's ability to earn an income. The contained data was collected over a two year period, ending in April 2015.
- ii) A desk review of international academic literature on the impact of maternity leave on women's labor market outcomes.
- iii) Results from a qualitative research in Kosovo based on focus groups discussions and in-depth interviews carried out in May 2015. The qualitative research includes 6 focus groups in urban areas, each with 8 to 10 women at reproductive age who have different labor market status and are or were employed in the private sector (both formal and informal); and, one focus group with 10 employed men in an urban area (20-50 years, with children younger than 5 years). In-depth interviews were carried out with eight employers in the private sector (4 formal and 4 informal employers) to assess the repercussions of maternity leave provisions on them. An additional interview was conducted with the Head Inspector of the Labor Inspectorate of the Ministry of Labor and Social Welfare to gain an insight on problems and challenges with implementation of maternity leave provisions.

Box 1. Summary of international literature review: maternity provisions and female labor market outcomes

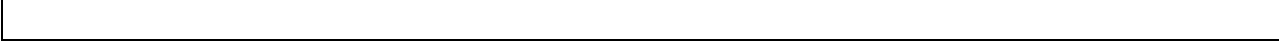
Access to and specific characteristics of maternity, paternity, and parental leave affect women's willingness and ability to participate in the labor market as well as firms' willingness to hire women of childbearing age as full-time employees. The length, distribution between parents, level of wage replacement, funding mechanism, and eligibility requirements of family leave influence both workers and employers, with potential implications for the employment, wages, and advancement of women.

The existing literature on the impact of maternity provisions on female labor market outcomes is scarce and largely based on developed countries with different maternity leave design (see also Annex II). The limited evidence stems from difficulties in isolating the causal effect of maternity leave on women's labor market outcomes, given many other factors that simultaneously also affect decisions and opportunities to participate in the labor market. Moreover, given how different family leave provisions are across countries, adapting findings from other countries to the Kosovo context is difficult. Nevertheless, the international literature reviewed (summarized and referenced in Annex II) shows the following:

Impact on female labor market attachment. *The existing evidence shows that, overall, access to some leave increases women's return to the job after childbirth, but too long leave periods seem to impact employment negatively.* Research on the impact of paid leave on women's employment shows mixed evidence, even when accounting for the duration of leave. Studies carried out in Europe, Canada and the United States show that the right to paid leave is associated with an increase in the employment rate of women. Additionally, women entitled to paid maternity leave in the United States and Canada showed a higher probability of returning to their pre-birth employer. When the component of leave duration was added to the analysis, the results were mixed. Several studies across countries find no or a negative impact of paid leave on employment or labor force participation beyond a certain length threshold, pointing to negative impacts of extended leave; in turn, research conducted in countries like Germany and Canada does not find any significant impact of longer leave on women's probability to return to work.

Impact of length of leave on career opportunities. *Long breaks in employment may have a negative effect on a woman's career after she returns to work due to skills deterioration, a signaling effect of lower career ambitions, or a short-term change in career ambitions.* Even though studies are scarce and focused on developed countries in this area, a study of 16 European countries finds a correlation between long parental leave and increased vertical occupational segregation between women and men. Similarly, a study carried out in Sweden across time finds that women who stayed longer on maternity leave were less likely to have an upward move in occupation upon return to work. The negative effect of longer leave becomes more severe for countries whereby employers bear the highest burden of paid leave, having in mind the indirect costs that they incur for reorganizing work.

Impact on wages. *The existing evidence is mixed.* Mandated paid leave may incite the employers to reduce the wages of female employees to make up for the increased costs of family they may have to incur. Research in ten European countries, including the UK and Germany, shows that expanding paid leave is associated with a decrease in women's wages and this wage reduction increases with length of leave. On the other hand, research in Australia, Germany and the US shows that this effect is statistically significant only in the short-term.



Maternity Leave and Women’s Labor Market Status in Kosovo

Message 1: Kosovo’s maternity leave is long compared to other countries

Access to family leave varies across the world, but most countries offer some type of paid or unpaid leave. The design of these policies, however, varies by the length of leave offered, the amount of wage replacement during leave, the source of funding, the distribution of leave between parents, the flexibility around taking leave, and the type of workers eligible for leave. Maternity leave is the most prevalent paid family leave and refers to benefits applicable only to the mother around the time of childbirth. While 95 percent of countries studied under Women, Business and the Law 2016 offer paid maternity leave, only 45 percent offer paid paternity leave and only 22 percent offer paid parental (child care) leave that can be shared between both parents (Table 1). Several countries also offer unpaid leave, including for parental (child care) purposes.

The length of paid and unpaid leave varies widely between maternity, paternity, and parental leave. The average length of paid maternity leave is 106 days (15 weeks), which may reflect the physical recovery that women require after childbirth as well as cultural expectations that women take on a greater share of childcare in the first months of a child’s life. At the same time, paternity leave, referring to benefits applicable only to the father around the time of childbirth, is often thought of as being used immediately post birth, and the world average length of paid paternity leave is one week. Where available, the average length of paid and unpaid parental (child care) leave each extend beyond a calendar year (Tables 1 and 2). Parental leave refers to benefits applicable to both the mother and the father, even if the distribution of those benefits is unequal between the two parents, and is supplementary to maternity and paternity leave in that it focuses on child care even if not immediately post-birth. Only six countries reserve part of parental leave for the father, and mothers are the predominant users of these extended leave periods.

Table 1. Paid leave policies around the world

	Maternity Leave	Paternity Leave	Parental (child care) Leave
Number of countries offering paid leave	165	77	38
Share of countries offering paid leave*	95%	45%	22%
Average length of paid leave, calendar days	106	7	411

Median length of paid leave, calendar days	98	4	306
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Source: Women, Business, and the Law 2016.

*Of 173 countries covered in the database.

Table 2. Unpaid parental leave policies around the world

	Maternity Leave	Paternity Leave	Parental Leave
Number of countries offering unpaid leave	19	11	30
Share of countries offering unpaid leave*	11%	6%	17%
Average length of unpaid leave, calendar days	92	12	495
Median length of unpaid leave, calendar days	42	7	365

Source: Women, Business, and the Law 2016.

*Of 173 countries covered in the database.

The Kosovo legislation gives mothers the right to 270 days of paid maternity leave. Legislation on maternity leave in Kosovo was enacted in the end of 2010, as provisions to the Law on Labor⁵. It stipulates that employed women are entitled to a total of 12 months of maternity leave, the first nine of which are paid, while the following three are unpaid (Table 3).⁶ Fathers, instead, are entitled to two paid days of paternity leave upon birth or adoption of a child.⁷

⁵ Law No. 03/L-212 on Labor.

⁶ Women who have problems with their health condition may commence maternity leave 45 days before the expected date of birth by providing a medical certificate.

⁷ They also have the right to two weeks of unpaid leave from birth or adoption of a child until the child reaches the age of three years. After the first six months of maternity leave paid by the employer, mothers may transfer rights to leave – three months of paid leave by the Government and three months of unpaid leave – to the father (Fathers may also exercise maternity leave provisions in case the mother dies or abandons the child before the end of maternity leave). While the provisions of the Labor Law apply to both the private and public employees, legislation on leave of civil servants (Regulation nr. 06/2011 on the Civil Servants Leave. Article 12 – Parental Leave.) stipulates that male civil servants are entitled to 3 days of paternity leave upon

Table 3. Paid and unpaid leave policies in Kosovo

	Maternity Leave	Paternity Leave		Parental leave
		Private and public sector	Civil servants	
Length of paid leave	9 months	2 days	3 days	3 days
Length of unpaid leave	3 months	2 weeks*	2 weeks**	

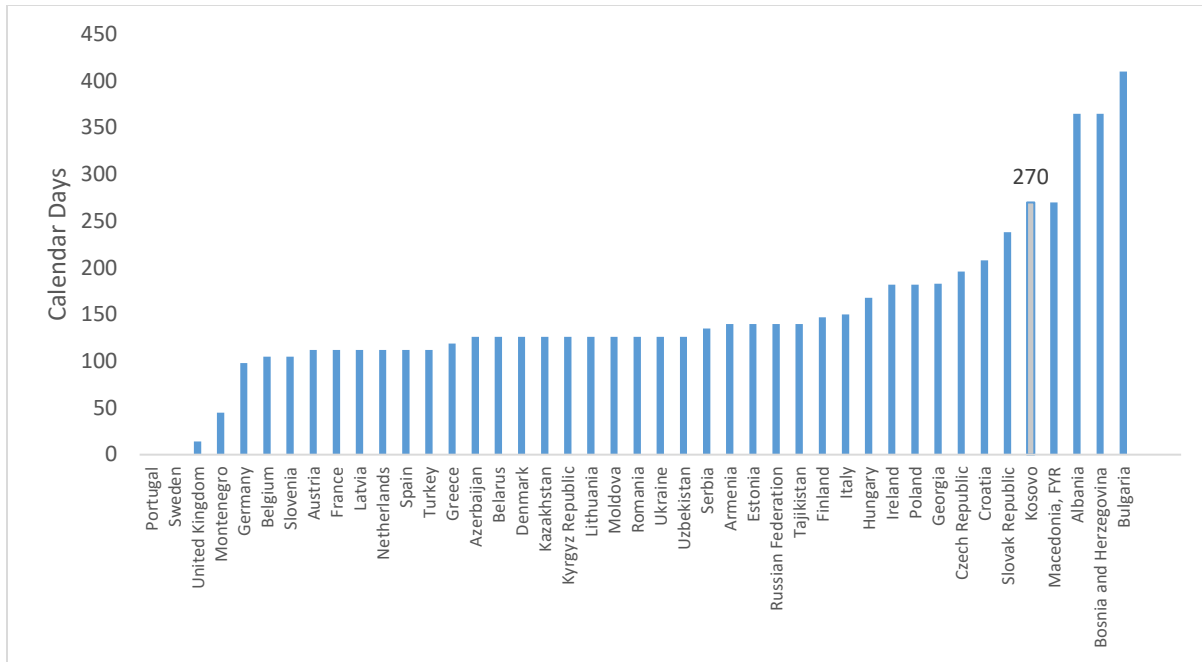
*Until the child reaches the age of 3 years.

** No timeframe on child's age specified.

The length of paid maternity leave in Kosovo is high compared to both global and regional averages as well as the countries of the same income group. With 270 days of paid maternity leave, Kosovo has more than double the global average and is on the high end of paid maternity leave in Europe and Central Asia (ECA) (Figure 6 and Figure 1A). Kosovo also ranks on the high end of ECA countries, including its income group, on combined paid and unpaid maternity leave, of which Kosovo has a full calendar year (Figure 7 and Figure 2A). Conversely, Kosovo's paid paternity leave is low: while Kosovo is one of only 77 countries that offer paid paternity leave, the number of days is only 2 days compared to the 7-day global average.

Figure 6. Length of paid maternity leave in Europe and Central Asia (in calendar days)

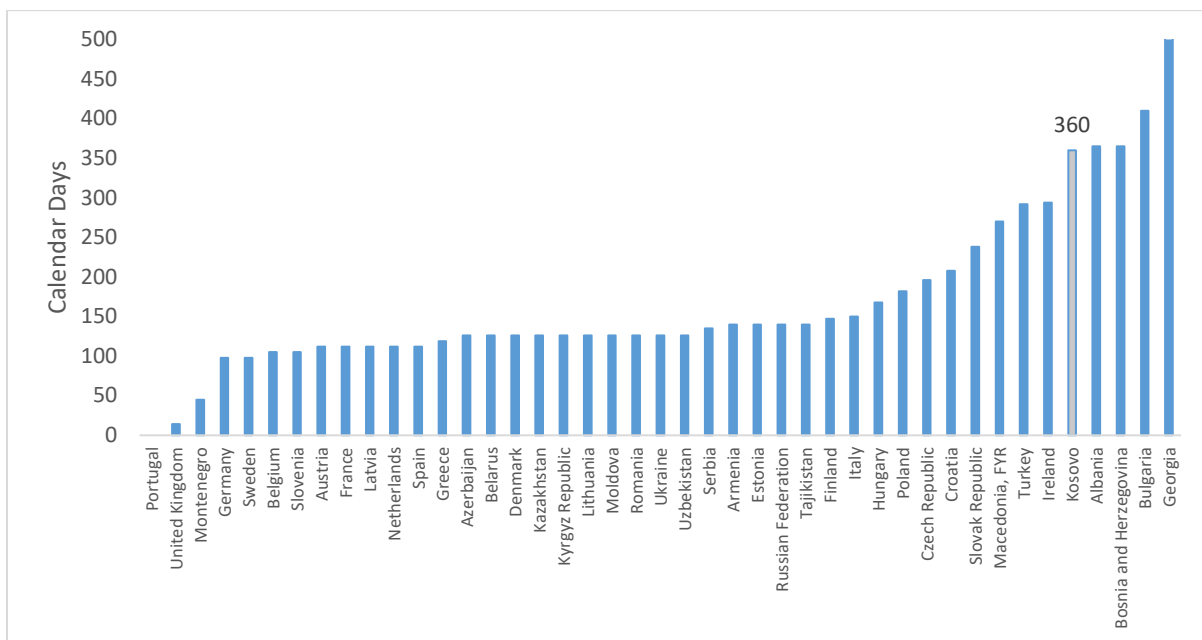
birth of each child as well as to 14 days of unpaid leave upon request. In contrast to the Law on Labor, this regulation does not specify the timeframe during which fathers may go on unpaid leave.



Source: Women, Business, and the Law 2016.

Note: The zero value for Sweden and Portugal and low values for the UK and Montenegro are because paid maternity leave is offered under overall parental leave legislation, which indicates that leave than can be taken by mother or father and not necessarily to be taken immediately post birth.

Figure 7. Paid and unpaid maternity leave in Europe and Central Asia

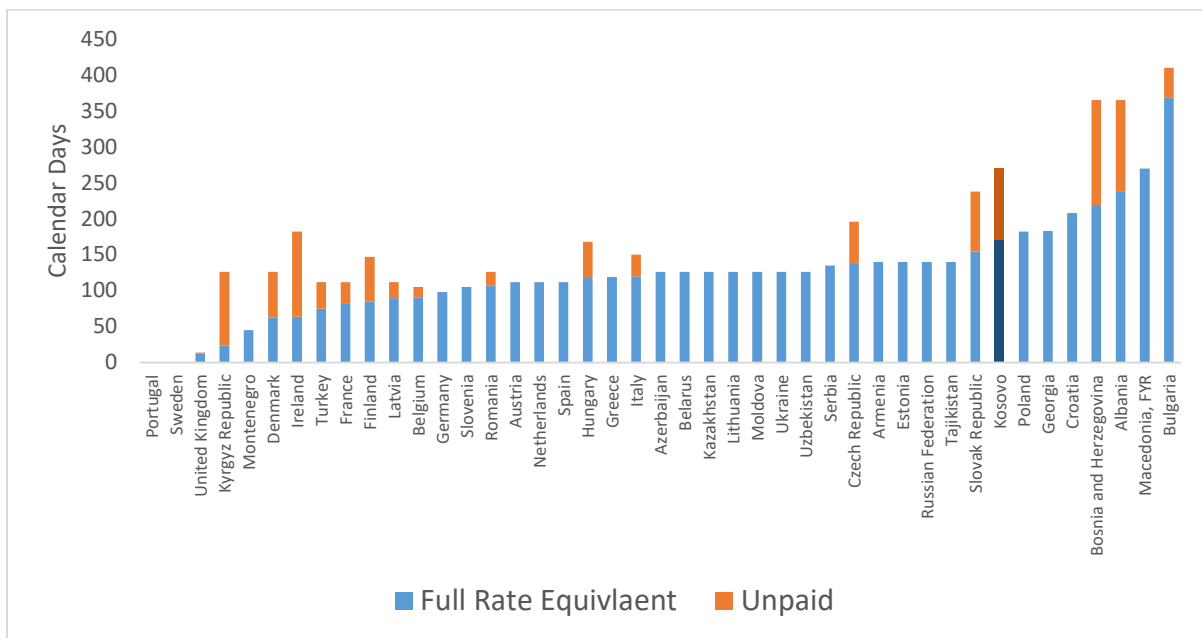


Source: Women, Business, and the Law 2016.

Note: The zero value for Portugal and low values for the UK and Montenegro are because paid and unpaid maternity leave is offered under overall parental leave legislation.

When adjusting the length of maternity leave by wage replacement, it remains relatively high in Kosovo. To allow cross-national comparisons of systems with different duration and rates of paid leave, the full-time equivalent of the proportion of the duration of paid leave if it were paid at 100% of last earning is calculated. This is referred to as the full-rate equivalent (FRE) and is defined as: $FRE = \text{Duration of (maternity/parental) leave in weeks} * \text{payment (as percentage of average wage earnings) received by the claimant over this period}$. Focusing on this comparable measure of paid maternity leave, Kosovo is still on the upper end of ECA countries with 170 calendar days (Figure 8).

Figure 8. Length and wage replacement of paid maternity leave: Full Rate Equivalent (FRE) of paid maternity leave & resulting unpaid equivalent (in calendar days)



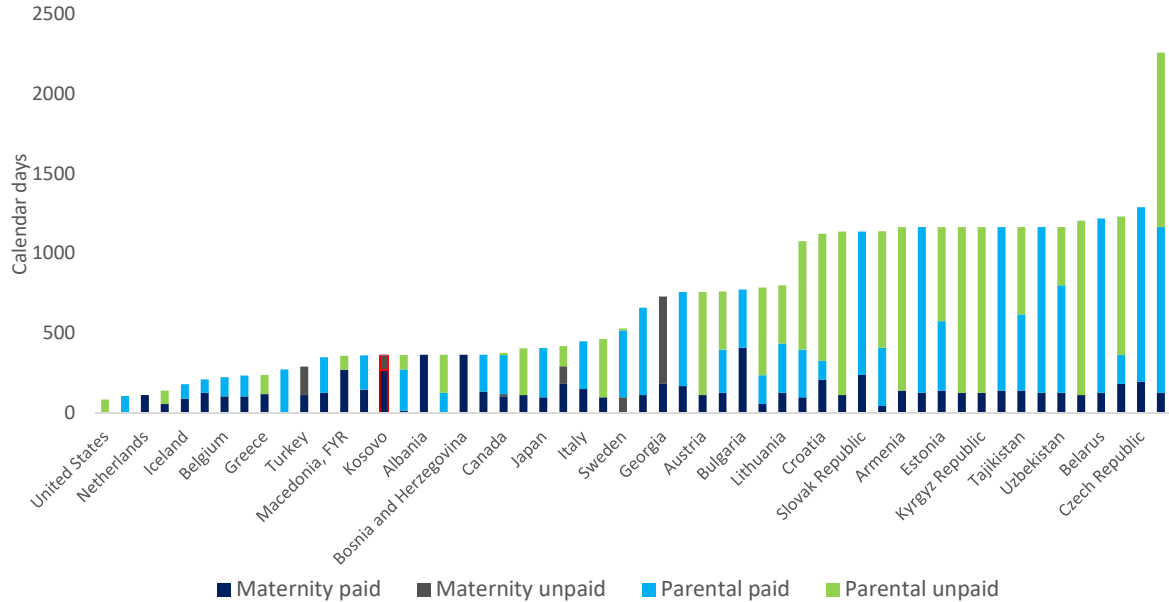
Source: Women, Business, and the Law 2016.

Notes: A) Full Rate Equivalent= duration of paid maternity leave in calendar days * payment (as a percent of average wage earnings) received by the claimant. B) The zero value for Sweden and Portugal and low values for the UK and Montenegro are because paid maternity leave is offered under overall parental leave legislation, which indicates that leave than can be taken by mother or father and not necessarily to be taken immediately post birth.

Finally, in contrast to other countries in the region, maternity leave is the main family leave available in Kosovo: Combined maternity and parental leave (either paid or unpaid) is much higher in other countries. The ECA region is characterized by systems of unpaid parental or child care leave that last several years, while Kosovo’s parental leave is 3 paid days. When accounting for this, the amount of total

employment-protected leave that a mother has access to in Kosovo is on the lower bound for the region (Figure 9). Mothers who have a child under the age of 3 years in Kosovo have the right to 2 days of annual leave for childcare, but this cannot be transferred to the father. Also, as opposed to other countries, parents in Kosovo do not have any right to flexible working hours and/or the option of working part time after making use of maternity and paternity leave⁸. Legislation does not include any provisions on rights to breastfeeding for mothers who return from their maternity leave, except for civil servants. The latter are entitled to 2 hours of leave during the day if they return from maternity leave after 6 months, whereas those who return to work after 9 months of leave can use 1 hour of leave for breastfeeding. Part-time civil servants also have a right to breastfeeding hours proportional to their working hours.

Figure 9. Total available leave for mothers, includes maternity and parental paid and unpaid leave not required to be taken by the father



Source: Women, Business, and the Law 2016.

Message 2: The financial burden related to maternity leave is borne largely by employers in Kosovo

Paid maternity leave across the world is most often at full wage replacement (Table 4). Nearly three-quarters of countries with paid maternity leave offer 100 percent wage replacement. Similarly, 86 percent of paternity leave programs are at full pay, but as previously mentioned, the length of leave for men is

⁸ Among parents who have a child with poor health conditions or with permanent disability, one of them has the right to part-time work after maternity leave, until the child reaches 2 years of age.

significantly shorter than that for women. When not fully paid, the average wage replacements for maternity and paternity leave are around 64 percent and 63 percent, respectively.

Table 4. Wages paid during leave around the world

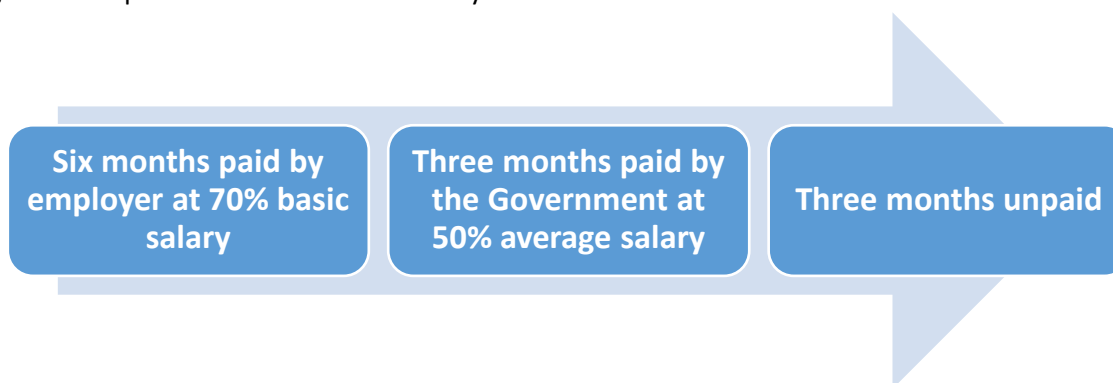
	Maternity Leave	Paternity Leave	Parental Leave
Number of countries providing 100% of wages paid during leave	118	66	7
Share of the countries offering paid leave that provide 100% of wages during leave	72%	86%	18%
Average wages paid for countries paying less than 100%	64%	63%	*

Source: Women, Business, and the Law 2016.

* Exact share of wage during parental leave is not recorded in the database.

Paid maternity leave in Kosovo is not at full wage replacement and is especially low for the last 3 months of paid leave. The first 6 months of maternity leave are paid by the employer, at 70 percent of the employee’s basic salary, whereas the following three months (7th, 8th and 9th) are paid by the government, at 50% of the monthly average salary in Kosovo (Figure 10). The 2 days of paternity leave are at full wage replacement and paid by the employer.

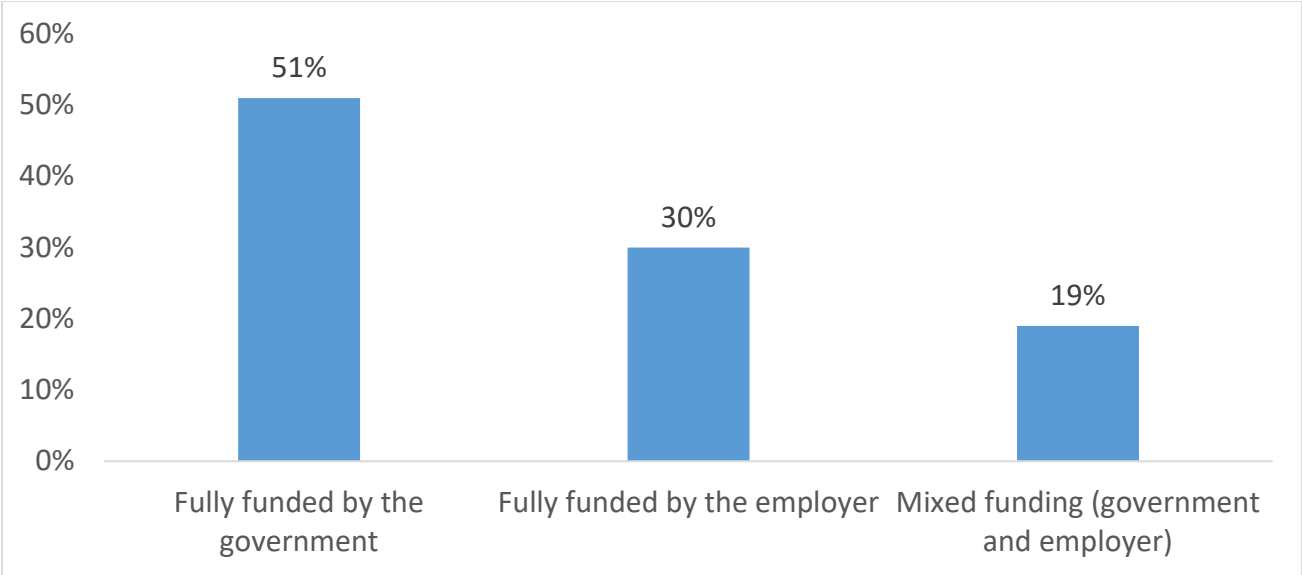
Figure 10. Replacement rates for maternity Leave in Kosovo



Source: Own elaboration based on the Kosovo Labor Law.

Funding sources vary across countries, with employers funding at least part of maternity leave costs in approximately half of the countries studied (Figure 11 and Table A1). Maternity leave is most often fully funded by the government (51 percent of cases, Figure 11), typically through health insurance or social insurance funds. Public spending on maternity and parental leave varies widely even among OECD countries, as seen in Figure A3. It is funded solely by the employer in 30 percent of countries that offer paid maternity leave, and costs are shared between the employer and the government in a further 19 percent of countries. Yet assigning the full or a majority of the burden of maternity leave wage replacement to the employer instead can lead to discrimination against women in hiring.

Figure 11. Funding source of paid maternity leave around the world



Source: Women, Business, and the Law 2016.

Employers in Kosovo pay a large share of maternity leave benefits compared to other countries. Kosovo’s maternity leave policies place approximately two-thirds of the burden of paid maternity leave on the employer and therefore do not comply with ILO recommendations on maternity leave. ILO Convention No.183 suggests that, in order to protect women’s position in the labor market, the payments made to women on maternity leave should be made through compulsory social insurance or public funds or in a manner determined by national law and practice. The convention states that the employers should

not be liable for the direct cost of any such monetary benefit to a woman employed by him or her without that employer's specific agreement. The ILO Committee of Experts on the Application of Conventions and Recommendations therefore only considers ILO Convention 103 on maternity leave met when the contribution of the employer to maternity leave benefits is less than one-third of the total benefits (See Box 2).

Box 2. ILO Maternity Protection Convention, 2000 (No. 183)

Over the course of its history, member States of the ILO have adopted three Conventions on maternity protection (No 3, 1919; No. 103, 1952; No.183, 2000), which have progressively expanded the scope and entitlements of maternity protection at work. The core concerns have been to ensure that women's work does not threaten the health of the woman or child during and after pregnancy, and that women's reproductive roles do not compromise their economic and employment security.

Convention No. 183 is the most up-to-date international labor standard on maternity protection, and is accompanied by the Maternity Protection Recommendation, 2000 (No. 191). Convention No. 183 covers all employed women, including those in atypical forms of dependent work, and comprises:

- Not less than 14 weeks of **maternity leave**, including six weeks of compulsory post-natal leave;
- **Cash benefits** during leave of at least two-thirds of previous or insured earnings provided from social insurance or public funds; adequate cash benefits out of social assistance funds for women who do not meet qualifying conditions. Employers shall not be individually liable for the direct cost of such cash benefits.
- **Health protection**: the right of pregnant or nursing women not to perform work prejudicial to their health or that of their child;
- **Employment protection and non-discrimination** during pregnancy, while on maternity leave or while nursing. The standard prohibits employers to terminate the employment of a woman during pregnancy or absence on maternity leave, or during a period following her return to work, except on ground unrelated to pregnancy, childbirth and its consequences, or nursing. It states that women returning to work must be returned to the same position or an equivalent position paid at the same rate.
- **Breastfeeding**: minimum of one daily break, with pay.

ILO Recommendation No. 191 is a non-binding revision suggesting the desirable standard at a minimum of 18 weeks.

Source: ILO (2010)

In Kosovo, the payments from the government starting on the seventh month are made from the general government revenues and are not linked to employer/social insurance contributions as such schemes are presently inexistent in Kosovo. A rough estimation suggests that compared to other countries, the Kosovo government spends a significantly low percentage of its GDP on public maternity leave benefits, at less than 0.01%; which is not surprising given the low share of working-age women that have jobs in Kosovo, 12.5% in 2014 (LFS, 2015), and the likely low take up of publicly-funded maternity benefits (further

discussed below). Although the number of women making use of the government-paid maternity leave has been increasing since 2011 (likely driven by various factors, Table A4)⁹, particularly for those employed in the private sector, the number is still low considering the number of births in Kosovo: It is estimated that only 27.3% of employed women aged 20-39 years who gave birth during the past 5 years made use of this paid maternity leave.¹⁰

Kosovo's paid maternity leave is high compared to cross-country averages, regardless of their funding source. Looking at the full rate equivalent maternity leave in Kosovo of 170 days shows that this is higher than the average length of any funding group (Figure 12). Employers in Kosovo are responsible for paying the equivalent of 113 calendar days of full rate equivalent (FRE)¹¹, which on its own is high even when compared to countries in which the funding is actually divided between the government and the employer (93 day average).¹² It is also higher than the average of 72 days of FRE that employers provide in the set of countries in which they fund the entire maternity leave (Figure 12).

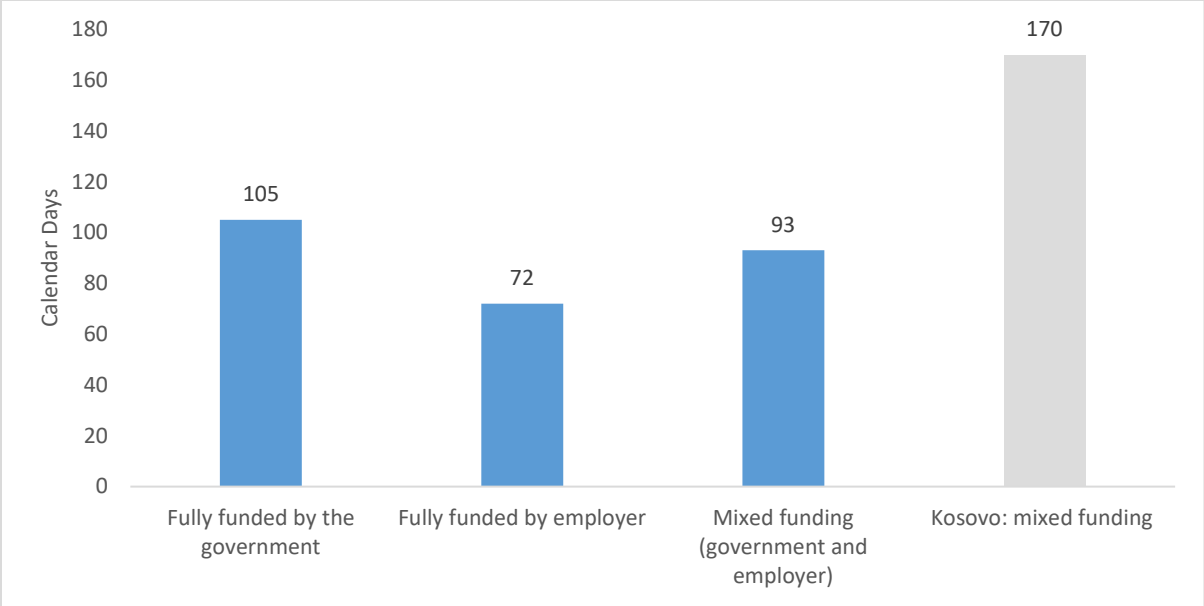
Figure 12. Average length of Full Rate Equivalent Maternity Leave by Funding Type around the world

⁹ There are various possible factors that might have contributed to this upward trend, including an increase in the employment rate and in the female working age population. In addition, other factors could include: 1) improved information on maternity leave provisions in the private sector and 2) 2014 amendments to secondary legislation regulating administrative procedures for maternity leave paid by the Government, which exempt women working in the private sector to provide proof of tax payments. Administrative Instruction nr.05/2011 for Regulation and Definition of the Administrative Procedures for Financial Payment for Maternity Leave, Article 6. 2.6. (in addition to other documents), requested women in the private sector to provide proof of tax payment during the past six months from the Tax Administration of Kosovo (TAK). This requirement was removed by amendments to secondary legislation in July, 2014 (Administrative Instruction Nr. 07/2014).

¹⁰ Estimated using data from the census, Labor Force Surveys, administrative records on maternity leave beneficiaries and the number of births in Kosovo for a given year. This estimate is based on the number of births among women aged 20-39 years in 2012 divided by the total number of women of this age range from the (2011) census, which yields an estimate of the percentage of women (20-39 years) who gave birth in 2012. The number of employed women was derived from 2012 LFS data. Among these employed women who gave birth, the share that went on maternity leave was calculated using 2012 administrative data on maternity leave beneficiaries.

¹¹ Full Rate Equivalent= duration of paid maternity leave in calendar days * payment (as a percent of wages) received by the claimant

¹² Full rate equivalent funded by the employer cannot be calculated for these countries from Women, Business and the Law 2016 data due to the way data is reported. The database indicates that leave wage replacement is shared between government and employer, but does not specify the share each pays.



Source: Women, Business, and the Law 2016.

Message 3: Employers in Kosovo report high direct and indirect costs from hiring women associated with maternity leave provisions

Employers report high direct and indirect costs from hiring women associated with maternity leave provisions and report negative financial and productivity implications for the private sector. In terms of direct costs, the Kosovo Labor Law places approximately two-thirds of the burden of maternity leave on the employers. The duration of maternity leave of 12 months imposes additional costs on the employers in terms of productivity. This is linked to the time and other resources that need to be invested in hiring and training of the staff replacing women while on maternity leave. Most of the employers interviewed for the purpose of this research agreed that maternity leave provisions place an unfair burden on the private sector and that they have negative financial implications for their business.

“Well, as I said earlier every new employee of our company needs to be trained and training sessions last for minimum six months. All of these are financial expenses that impact our company.” (Owner of a production company in Prishtina)

“Of course it is a big challenge for us because our business seeks professional workers; it costs us very much [in training] especially the replacement of the workers who go on maternity leave. Other challenge is that it takes time to find replacement for these employees...” (Manager of a service provider chain in Prishtina)

“The main challenge of maternity and paternity leave is that the staff gets reduced. This is the main challenge because it is very problematic finding a replacement for them. Then for the new employees it is a problem [time consuming process] until they adapt in our company.” (Manager, fast food chain, Prishtina)

Low labor demand is highlighted by a large number of women of childbearing age in Kosovo as an important factor of unemployment. Mandatory legislation on maternity leave provision that increases labor cost is expected to reduce employment. Both participants of focus group discussions and interviewees from the private sector (employers) claimed that women are interested in working and continuously look for new jobs – through job vacancy announcements, Public Employment Services, and others – but there are very few job opportunities. The high cost associated with hiring and employing women does not help to increase labor demand; in fact, maternity provisions as mandated in Kosovo may be creating a wedge between the labor costs of females and males. Aside from the potential positive impact of the maternity leave policies on labor supply decisions, given its financing system it may actually imply sources of gender disparities. Qualitative research by *Democracy for Development* showed that discrimination in the private sector (at least partially related to childbearing and maternity leave) has a fairly significant impact on women’s participation in the labor market (D4D, 2015).

“The best thing that could help more women in Kosovo to search for work is to have more job vacancies.”
(33-year-old mother, employed informally in the private sector in Prishtina)

“Well, I am looking to find an appropriate job, since my younger son is four years old but it is hard to find a job here. I have to find a job because my husband earns only 250 euros a month; therefore I have to help him provide for the household.” (37-year-old, formerly employed now inactive, mother from Prizren)

“In my opinion, women seek for jobs and want to work, but there are no jobs for them. There are very few available jobs; therefore, they cannot find a job. When women see that many other women fail to get hired, they get discouraged.” (37-year-old, formerly employed, now inactive mother from Prizren)

The recognition by many of a high burden of maternity leave on employers has placed this aspect at the forefront of the reform discussions. Most of the policy discussions have revolved around shortening the duration of maternity leave, decreasing the financial burden on the private sector, or distributing the financial burden more equally between the employers and the government. The matrix in Annex I (Table A3) provides a summary of different reforms discussed by multiple actors, such as the Ministry of Labor and Social Welfare, Kosovo Chamber of Commerce, the American Chamber of Commerce, Trade Unions, Business Alliance of Kosovo, and the like. These proposals focus on either changing the payment formula for maternity leave and keeping the current 12-month length, or changing both the length and payment formula. Exploring options to change the financing formula of the benefit could also be considered.

[Message 4: Take up of full maternity leave benefits in Kosovo seems low and women perceive discrimination in the labor market related to pregnancy and family responsibilities](#)

Women don’t seem to be fully benefitting from existing maternity provisions. Focus group interviews with women of reproductive age (20-39 years) who have children younger than 5 years show that even though there is awareness about maternity leave provisions, compliance is low and payments not in accordance to the law. Regardless of whether employed in the formal or informal private sector, very few of the participants in the focus groups claimed to have made use of the full 12 months of leave they are entitled to, and fewer were paid in accordance with legislative provisions. Reports from the Labor Inspectorate suggest, however, that only a handful of official complaints are received per year from women employees regarding their maternity leave rights.

“I was given only two months leave and during these two months I was paid half of my salary.” (29-year-old mother, employed in the formal private sector in Prizren)

"I used only four months of the maternity leave because I had no other choice. I had to earn. During these months, I was not paid." (32-year-old mother, employed in the formal private sector in Prishtina)

Low take up of maternity leave among employed women in the private sector seems to be linked to job insecurity. Despite employers being legally required to place women in an equivalent position when they return from maternity leave, focus group participants reported that in the private sector there is no guarantee that women can even return to the same workplace after maternity leave. In some cases the employers warn women on maternity leave that they will find a replacement if they do not come back to their workplace after a couple of months. In others, there is no conversation between the employer and employee regarding return date of maternity leave; women know that they will be replaced if they do not return to work soon after childbirth. In its qualitative research, Kosovar Gender Studies Centre (KGSC) voiced its concern of discrimination against women in the private sector and low compliance with maternity provisions by employers (KGSC 2011).

"...but here in Kosovo, women who go on maternity leave cannot get back to the same workplace anymore. Do you understand? You can say that you can go on maternity leave, but once you go, someone else is going to replace you." (31-year-old unemployed, formerly employed, mother in Prizren)

"When my daughter was three months old, the employer told me to get back to work if I wanted because they saved my workplace. If I didn't want to return to work, the employer said that they had to find a replacement for me. So I had to go back to work..." (35-year-old, formerly employed, now inactive mother from Prishtina)

Limited or no maternity leave payments – both from the low wage replacement rate at some stages of the leave period and from non-compliance by employers– gives some women no option other than to return to work earlier than what the law stipulates from maternity leave. According to the focus group discussions, women who are the only earner in the family or whose family income is low have to return to work very soon after childbirth because they receive no or very low maternity leave benefits. On the opposite end, many report that a sound financial situation at home allows some women to stay on maternity leave for a longer time or in inactivity. The perception exists that if family income is sufficient, mothers choose to stay at home and take care of their children.

"I only used four months of the maternity leave because I had no other choice. I had to earn. During those months, I was not paid. My boss didn't give me an exact number of months (for leave) though. I had to rest, so I chose to go back to work after four months, since everyone in my family was depending on my salary." (32-year-old mother, employed in the formal private sector in Prishtina)

"Private sector is too bad. We do not have any opportunity. You can have nine months of maternity leave but without payments, but I can still get back to work. But, if I stay at home for nine months without

receiving any salary, it is too hard for us, because my husband doesn't have a job.” (29-year-old mother, employed informally in the private sector in Prishtina)

“...but because of the bad economic situation, many new mothers are obliged to return to their workplaces, sometimes even earlier than agreed.” (Owner of small production company, Prizren)

“It depends on the financial status of the family. If there are good incomes for other sources then the woman doesn't feel the need to go back to her workplace.” (38-year-old, formerly employed, not inactive mother from Prizren)

“Most of the women who do not work after maternity leave have a decent financial situation.” (33-year-old mother, employed in the formal private sector in Prishtina)

Beyond the small share of women that are employed in Kosovo, many others likely face discrimination limiting their opportunities to get a job. Qualitative research carried out by different associations, think tanks and scholars in Kosovo shows that the high burden of maternity leave on employers may have influenced adversely hiring of women in the private sector.¹³ These focus group discussions and interviews with the business community show that employers tend to favor men over women of childbearing age during the hiring process, and when hired often provide women with short-term contracts. A number of participants of focus groups interviewed for this research have experienced discrimination and there is a common perception that maternity leave provisions discourage employers in the private sector from hiring women of childbearing age. According to the participants, employers ask candidates about their family status during job interviews (which is not explicitly illegal in Kosovo as in other countries) and they prefer hiring young, unmarried women who do not have family/childcare obligations or men compared to women of childbearing age who have young children. Availability to work for longer hours and overtime as well as lower costs (as a result of no maternity leave payments) were cited as the main reasons for this phenomenon. A few other participants had the perception that employers prefer to hire older women (around 40 years old) because their children are grown and they have less family/childcare obligations. Additionally, in spite of laws that guarantee pregnant women workplace protections from dismissal, a number of participants themselves experienced and others have heard of cases that women were fired from their jobs because they were pregnant.

“I can talk about myself, at the place where I have worked, during the interview they asked me whether I have children, or are you planning to have children. I lied to them, I told them I don't have children and I'm

¹³ For a review, see American Chamber of Commerce. 2011. Kosovo Business Agenda
American Chamber of Commerce. 2012; Position Paper on the Maternity Leave Provision of the Law on Labor. Problems and Possible Solutions; Ramosaj, Argjiro. 2012. Challenges in Implementation of the Maternity Leave in Kosovo; Democracy for Development. 2015. The Cost of Patriarchy – Excluding Women from the Workforce is the Main Bottleneck to Development.

not planning to have any children any time soon, otherwise I wouldn't get that job.”(32-year-old, formerly employed, now unemployed mother from Prishtina)

“From the moment I told her [the employer] I am pregnant, she said I'm sorry but I cannot extend your contract. When I started to work, I already was pregnant in the third month, but I didn't tell her I was pregnant.”(23-year-old, formerly employed, now inactive mother from Prishtina)

“I worked in a private institution, in the marketing sector. The employer fired me after three months, just because I was pregnant.” (29-year-old mother, employed in the public sector in Prishtina)

“Most of the women don't tell us about their pregnancy, because they are afraid of losing their workplace.” (Manager of a fast food chain in Prishtina)

“I think that those who are unmarried have more priorities [to be hired], due to lack of obligations. They have more free time, they are flexible at work. They can even work overtime, whereas mothers should go back home immediately to take care of her child and so on.” (22-year-old, formerly employed, now unemployed mother from Prizren)

“I would say that the financial aspect has a huge impact when it comes to hiring women, therefore, I believe that the government must take some burden off from the employers, in order to open path for more women in Kosovo.” (Owner of a trading company of food, textiles and other products in Prizren)

Message 5: Additional barriers to employment limit women's access to jobs in Kosovo

Women in Kosovo likely face a multiplicity of barriers to work that should also be considered to make a significant dent in female joblessness. Given that productive and reproductive years overlap for women, key barriers to work are often related to the conflicting demands of their time for care and work activities and produce a vicious circle of low labor participation and employment. Lower female labor market participation is in part caused by the prominence of their role in childcare, and as women spend more time engaging in unpaid, informal care activities, they have less opportunities to work leading to reduced earnings and higher inequalities.

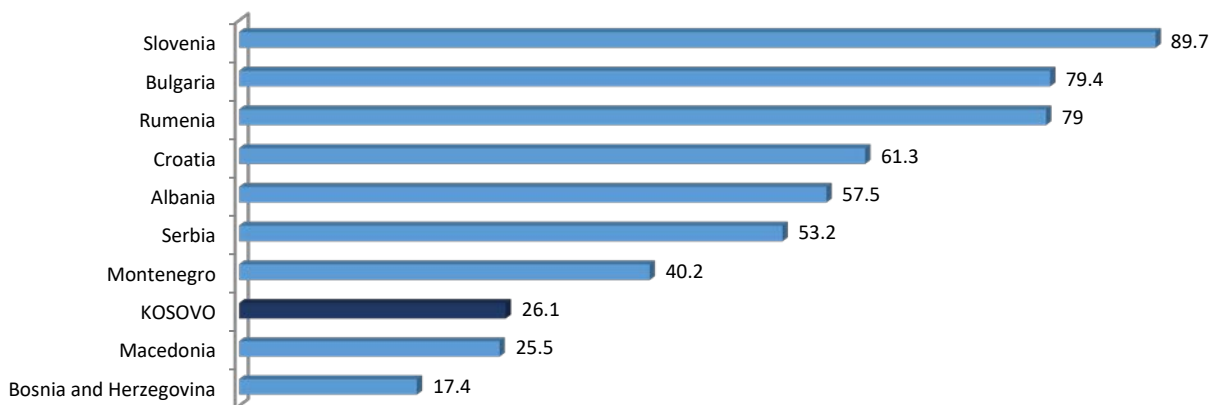
Lack of affordable and quality child care

International evidence shows that the availability of affordable formal childcare options is a critical piece of improving female labor force participation. Beyond the first months of a child's life covered by maternity or paternity leave, families need to decide how to take care of children before they reach school age. Research evidence from developed and developing countries shows significant effects of use of child

care and pre-school programs on female labor participation and employment. Findings suggest that, as the price of childcare falls, maternal labor force participation increases.¹⁴ A significant amount of evidence also shows positive labor supply responses (in the extensive and intensive margins) to increases in child care or pre-school availability.¹⁵

Use of formal child care options is low in Kosovo which likely affects women’s labor market decisions and opportunities. Kosovo’s gross enrollment rates for pre-school and pre-primary are some of the lowest in the region (Figure 13). Winkler (2014) finds that in Kosovo having young children is strongly associated with lower female labor force participation. The share of females in the labor force is about 30 percent among those who do not have children, and it drops to 15 percent when their youngest child is age 1 or a newborn. Having children makes out-of-work females less likely to become employed. Labor market participation rates start to return to their previous levels after the youngest child is 2 years old. Furthermore, Winkler (2014) shows that employment rates do not seem to differ substantially among women with children compared to women without children, which could signal self-selection into the labor market. In other words, employed women in Kosovo are quite different in terms of observable characteristics from those who are not working and, as a result, are more likely to face lower barriers to employment than the rest (for instance, in terms of affordable childcare services).

Figure 13. Pre-school and pre-primary gross enrollment



Source: Kosovo Education Indicators 2013; data from 2011

For some young mothers, return to work after child birth is not an option because of unaffordable childcare services. Qualitative discussions show that family members are considered the first option for childcare should the mothers decide to return to work before the child reaches the age of one year. For

¹⁴ Anderson and Levine (2000) and Blau and Currie (2004) provide a review of estimates for the elasticity of female labor supply with respect to the cost of childcare in the US, with a great majority of negative sign but with variation in magnitudes.

¹⁵ See for example Lokshin (1999), Gelbach (2002), Attanasio and Vera-Hernandez (2004), Cascio (2009), Schlosser (2011), Berlinski, Galiani and McEwan (2011), Paes de Barros et al. (2011) and Calderon (2011) among others.

women who cannot make such arrangements for childcare and live only with their husbands, kindergartens and other childcare service providers are too expensive compared to the low salaries that they could aspire to in the labor market.

“Well, those people who care about children are mothers-in-law, husbands, sisters, brothers, and after some years, there are kindergartens where you can send your children.” (29-year-old mother, employed in the formal private sector in Prishtina)

“For our standard, the prices [of childcare services in kindergarten] are too high. We get 200eur salary, and we must pay 80eur for the kindergarten.”(29-year-old mother, employed in the formal private sector in Prizren)

“This [high prices of childcare services] is the biggest problem, because otherwise, I would have been working by now. I truly love to work.” (38-year-old, formerly employed, not inactive, mother from Prizren)

“I would like to say something. Although I am the only one in my workplace that became a mother, my director said that if there were more mothers in our workplace, he would arrange a babysitter to take care of our children. The idea was to form a kind of kindergarten, within our workplace’s building, or in any building around. This would solve many problems because we would be near our children, and we could have breastfed them whenever we could find some space and time. But since I am the only mother, this cannot happen.” (27-year-old mother, employed in the formal private sector in Prizren)

Limited flexibility in work arrangements

Lack of flexible work arrangements seem to also be an important barrier to female employment. During the focus groups, many participants raised the issue of difficulties they face with regard to returning to the workplace both in terms of long working hours and arranging for care of their children. Many agreed that having the option to work part-time, being provided with extra-hours for breastfeeding during the working day as well as having access to affordable and quality childcare services as mentioned above, would enable and even incentivize them to return to the workplace before their children reach the age of 1 year.

“If it possible to work with flexible working hours, I would start working again after four months.” (35-year-old mother from Prishtina, employed in the public sector)

*“A cousin of mine was offered from the employer to work until 2pm. She also could use the lunch time to go and breastfeed her child. This would be good to ease women’s return to work after maternity leave.”
(28-year-old, formerly employed now inactive, mother from Prishtina)*

Like in most of the countries worldwide, in Kosovo part-time employment is more prevalent among women than among men. Part-time employment in general is unpopular in Kosovo with the great majority of jobholders working full-time. 10.1% of women reported in the 2014 LFS that they were employed part-time compared to 7.7% of men. Importantly, women state that the reason why they work part-time is related to family obligations, whereas for men it is unavailability of full-time work.

Persistent traditional social norms

Social norms on the traditional roles of men and women can present barriers to work for women. Participants in the qualitative research, men and women at reproductive age and formal and informal employers in the private sector, highlighted that women are the primary, natural caregiver, whereas fathers have the role of providing for the family financially. Therefore, mothers (should) stay at home to take care of their children. Some of the participants even mentioned that this decision is made by their husbands.

“Yes of course, they [husbands] say we will work, we will bring the money and you don’t have to work. You just have to take care of the children.” (31-year-old, unemployed, formerly employed mother in Prishtina)

“I cannot take care of the child for 6 months; we are not born to do such sacrifice. We are born to bring stuff back home, manage family financial situation. The child should get the education of her mother. We fathers cannot educate our children as mothers can do. We have no chance regarding this issue.” (28-year-old father, employed informally in the private sector in Prishtina)

“There are many reasons. But the frequent reason [why women do not return to work after childbirth] is that those women want to stay alongside children all the time. They want to give them good treatment.” (Manager of a service provider chain in Prishtina)

Given existing traditional norms about men and women’s roles, policies focused on increasing paternity leave are important but not expected to have short or medium term effects. Evidence across different countries shows that provisioning paternity leave – in addition to maternity leave - can improve gender equality in the labor market and influence norms on household allocation of time. When probed on introduction of mandatory paternity leave that would enable women to share childcare responsibilities with their spouses, both male and female participants were very skeptical about its feasibility, though

most shared the opinion that it would increase gender equality in hiring. Some of the reasons mentioned revealed existing social norms, including fathers' inability/lack of skills to take care of children and clear division of roles between men as providers, and women as caretakers in the household. Participants who were more optimistic regarding this reform's feasibility provided a range of 2 weeks to 1 month as ideal for its duration.

"Even if there is such a regulation about the fathers' rights, I don't think they need them as much as we do. The father leaves the house and doesn't worry about the child, but the mother cannot do something like this. She must always be near her child. It is the mother the one who is much more responsible. Of course, men shall provide the family financially, but mother's obligations are much bigger and way more important." (39-year-old, formerly employed now inactive, mother from Prizren)

"As I said, it is not about whether they are interested or not, it is about their skills on taking care of the children. Most of the men lack these skills. Men are usually stressed when it comes to take care of the children. If something happens they imagine the worst scenario." (26-year-old, formerly employed now inactive, mother from Prizren)

"I don't know. I don't have that profession to take care of the child. I just couldn't do it. Now my wife can stay at home until the child is grown up so he/she can stay with another family member, then she can go and work. One parent should stay beside the child. If both of us would stay at home beside our child, he/she would love us too much." (28-year-old father, employed informally in the private sector in Prishtina)

"They would use it [compulsory paternity leave], but not to care about children. Not for that purpose." (30-year-old mother, employed in the public sector in Prishtina)

"For one month or less, they would [use mandatory paternity leave]. Not for more than a month" (28-year-old mother, employed in the public sector in Prizren)

Conclusions

The evidence presented in this note suggests that there could be disincentives for women to work and for employers to hire women given existing maternity provisions. Given the extremely low employment rate of women in Kosovo and the nature of maternity leave reforms, it is difficult to rigorously establish the causal impact of maternity leave on women's employment. However, compared to other countries, evidence shows that maternity leave in Kosovo is long and largely borne by the employer – which could give rise to disincentives to (formal) work- even if the generosity of leave payments is lower than in other countries.

Findings suggests that full take up of benefits is low, particularly given perceptions of job insecurity, high unemployment among women and low maternity leave payment received by employed women. More broadly, women perceive discrimination in the labor market related to pregnancy and family responsibilities with employers discriminating in hiring and retaining female employees at reproductive age. Employers, in turn, report high direct and indirect costs from hiring women associated with maternity leave provisions.

Therefore, reforming maternity leave in Kosovo could likely contribute to reducing discriminatory hiring practices towards women, particularly in the private sector, but also to allowing an increased take up of maternity leave benefits among women employed. Specifics on what this reform could look like, however, go beyond the scope of this note, as there are multiple decisions and considerations to be made to balance incentives to work and to hire women, with supporting mothers' recovery from childbirth and facilitating a stronger bond between mother and child. However, given the extremely low female employment rate in Kosovo and the urgent need to increase women's access to economic opportunities in the labor market, the reform process should revisit the various elements of maternity provisions, including length (potentially reducing it), funding source (to reduce the burden on the private sector) and wage replacement, to increase incentives to hiring women - particularly in the private sector - and to increase the number of women who are actually able to benefit from maternity provisions.

Beyond changes to maternity provisions, additional policies are needed to tackle the multiplicity and closely related barriers that women face to accessing jobs. Crucial challenges include the access to affordable and quality child care alongside flexibility in work arrangements. On the latter, providing break time for nursing mothers could be considered. Finally, a complementary regulation to consider to tackle discrimination could include not allowing an employer to ask men and women about family status and plans during a job interview.

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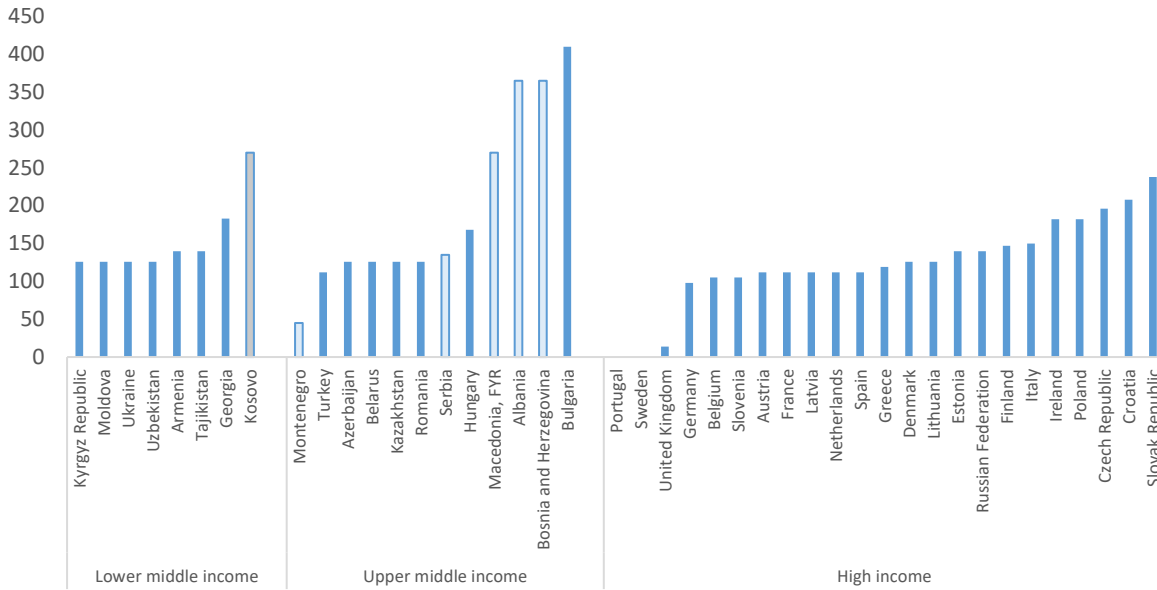
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Annex I Additional information and comparisons

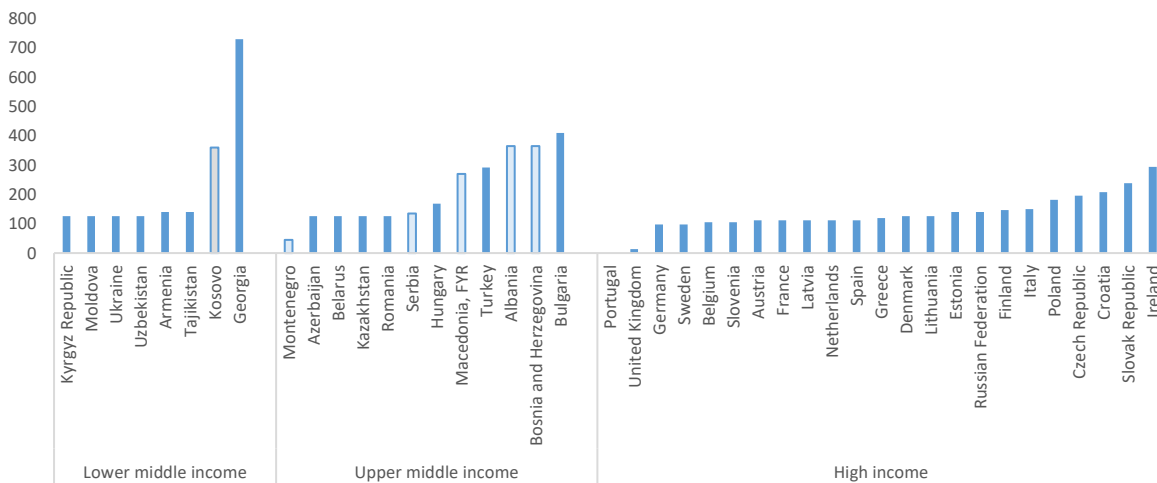
Figure A1. Length of paid maternity leave in Europe and Central Asia (in calendar days)



Source: Women, Business and the Law, 2016.

Notes: The zero value for Sweden and Portugal and low values for the UK and Montenegro are because they offer paid maternity leave under overall parental leave legislation, which is leave that can be taken by mother or father and not necessarily to be taken immediately post birth.

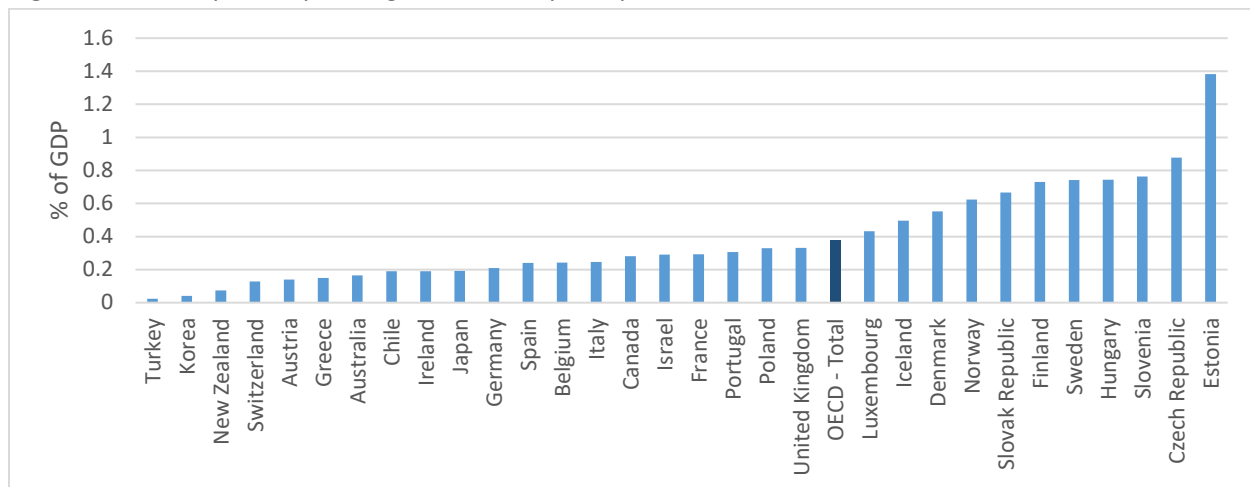
Figure A2. Length of paid plus unpaid maternity leave in Europe and Central Asia (in calendar days)



Source: Women, Business and the Law, 2016.

Notes: The zero value for Portugal and low values for the UK and Montenegro are because paid and unpaid maternity leave are offered under overall parental leave legislation.

Figure A3. OECD public spending on maternity and parental leave



Source: OECD Social Expenditure Statistics, 2011 data

Table A1. Funding source for family leave

	Maternity Leave	Paternity Leave	Parental Leave
Number of countries with government funded leave	84	21	35
Share of the countries offering leave that have leave fully funded by the government	51%	27%	92%
Number of countries with employer funded leave	49	53	2
Share of the countries offering leave that have leave fully funded by the employer	30%	69%	5%
Number of countries with government and employer funded leave	32	3	1

Share of the countries offering leave that have leave funded by the government and employer together	19%	4%	3%
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Source: Women, Business and the Law, 2016.

Table A2. Beneficiaries of maternity leave paid by the Government, by employment sector (2011- March 2015)

Year	Civil servants	Public sector	Private sector	Total
2011	364	256	128	748
2012	203	560	363	1126
2013	238	570	462	1270
2014	204	531	624	1359
2015 (March)	67	192	229	488

Source: Administrative data from the Department of Labor and Employment, Ministry of Labor and Social Welfare. Personal communication; March 2015

Table A3. Main alternatives of maternity leave reform in the public discussion

Proposed options	Number of months	Payment schedule and formula
	12 months in total - 6 months of paid leave by the employer; 3 months of paid leave by the Government; 3 months of unpaid leave	First 6 months - 50% of the average wage in Kosovo paid by the employer; next 3 months – 50% of the average wage in Kosovo paid by the Government
	12 months in total – 4 months of paid leave by the employer; 5 months of paid leave by the Government; 3 months of unpaid leave	First 4 months – 70% of the base salary paid by the employer; next 5 months - 50% of the average wage in Kosovo paid by the Government
	12 months in total – 4.5 months of paid leave by the employer; 4.5	First 4.5 months – 70% of the base salary paid by the employer; next

Change in payment formula and no change on duration	months paid by the Government; 3 months of unpaid leave	4.5 months – 50% of the average wage in Kosovo paid by the Government
	12 months in total – 1 month of leave paid by the employer; 8 months paid by the Government; 3 months of unpaid leave	First month – 100% of base salary paid by the employer; next 8 months – 70% of the average wage in Kosovo paid by the Government
Decrease in duration and change in payment formula	9 months in total - 3 months of paid leave by the employer; 3 months of paid by the Government; 3 months of unpaid leave	First 3 months – 70% of the base salary paid by the employer; next 3 months – 50% of the average wage in Kosovo paid by the Government
	9 months in total – 2 months of paid leave by the employer, 4 months of paid leave by the Government, 3 months of unpaid leave	First 2 months – 70% of the base salary paid by the employer; next 4 months – 50% of the average wage in Kosovo paid by the Government

Source: Review through various different sources including electronic news portals (May 2015).

Annex II Summary of international literature and policy review

Literature review

Access to leave improves female attachment to the labor market. Research on paid parental leave in Europe between 1969 and 1993 suggests that the right to three months of paid family leave is associated with a 3 to 4 percent increase in the employment to population ratios for women (Ruhm 1998). A more recent study of Canada's maternity and parental leave policies predicts that an increase in leave entitlement from 0 to 52 weeks leads to a 3 to 4 percent increase in the employment rate of women with a youngest child between the ages of 0 and 2 years (ten Cate 2003). Research on the United States found that women with access to paid leave had higher rates of return to work after maternity than women who had access only to unpaid leave (Boushey 2005). Research on both 17-18 week leave and 29-70 week job-protected maternity leave in Canada show an increase in the likelihood that women return to their pre-birth employer. This is found to be the effect of two trends: women that come back to work for their employer who would have remained inactive otherwise, and women that come back to work for their employer who would have taken new, often part-time jobs otherwise (Baker and Milligan 2008).

Research suggests a nonlinear relationship between female employment and the length of parental leave. While the availability of paid leave may improve women's labor force participation, extended leave may have negative consequences on female employment. Extended leave may create disincentives for hiring women, as employers anticipate elevated costs from hiring a woman over a man. Additionally, long absences from the labor market leads to mothers' skills deterioration as well as missing opportunities for training and promotion. Ruhm (1998) finds that while paid leave of 3 months is associated with a higher employment rate, paid leave of 9 months had little additional effect. Additionally, OECD research suggests a positive effect of paid parental leave on female labor force participation, but a negative effect of leave beyond 20 weeks (Jaumotte 2003). Research on Europe also reveals a lower probability of returning to work after extended leave, with the effect being stronger for women with educational attainment below university (Del Boca et al. 2009). Research on extending Colombia's maternity leave from 12 to 14 weeks finds an increase in the probability of being inactive for women aged 18 to 30 years compared to women aged 40 to 55 years (Bustamante et al. 2005). Additionally, the study finds an increased probability of self-employment and informality for women aged 18 to 30 years as compared to women aged 40 to 55 years. Work in Canada that examines the expansion of paid family leave from 25 to 50 weeks does not find evidence of decreasing probability of returning to work for mothers of children aged one year once the paid leave expires, although a decrease in the probability of returning to work within the first year is large, at around 20 percentage points (Hanratty and Trzcinski 2009). Similarly, multiple waves of expanding the length of maternity leave in Germany were not found to create large or significant impacts on returning to work and employment 3 to 5 years after birth (Schonberg and Ludsteck 2007).

Economic theory reveals opposing consequences of maternity leave on female wages, leaving the net effect undetermined. As a response to mandated maternity leave, employers may reduce the wages they offer women to make up for the increased cost of family leave they may have to provide them. Additionally, in labor markets that are segregated by sex, an increase in the female labor supply in response to the availability of leave may drive female wages down. However, the availability of leave also provides incentives for women to be employed at the same employer for longer, which allows them to build their tenure and seniority.

Empirical work on maternity leave and female wages also reveals mixed findings. Research in the UK finds that an expansion of paid maternity leave from 26 to 39 weeks resulted in a decrease in relative wages for women aged 25-34 years (Balfe 2014). In nine European countries, rights to maternity and parental leave of up to 3 months were associated with decreased female hourly earnings by around 1 percent, and rights to leave up to 9 months were associated with decreased female hourly earnings by around 3 percent (Ruhm 1998). Additionally, research on women taking anywhere from 3 months to over 60 months of leave in Germany finds that first births reduce mothers' wages by 16-19 percent. This wage reduction also increases with the length of leave (Beblo et al. 2006). However, research on paid maternity leave in Australia does not find a long term effect on wages (Hanel 2013), and two studies on the U.S.'s unpaid 12-week leave found that it had small and statistically insignificant effects on wages or only small, short-term effects (Baum 2003; Hashimoto et al. 2004). Research using panel data in Germany finds that while there are substantial negative effects of parental leave take-up on wages in the short-term, maternal wages have caught up five years after the return of women to work (Buligescu et al. 2008).

Maternity leave may influence women's career advancement. Long breaks in employment may have a negative effect on a woman's career after she returns to work due to skills deterioration, a signaling effect of lower career ambitions, or a short-term change in career ambitions. A study using Swedish data from 1974 to 2000 finds that women with 16 months or more of leave were less likely to have an upward move in occupation upon return to work (Evertsson and Duvander 2011). This relationship holds even when controlling for education, initial occupational prestige, work experience, sector, number of children, and time period of return. Additionally, a study of 16 European countries between 1970 and 2010 finds a correlation between long parental leave and increased vertical occupational segregation between women and men that is 1.5 percent for 30 weeks of leave (Akgunduz and Plantenga 2012).

Economic theory suggests that employer financing of maternity leave will result in lower female employment. When employers are responsible for paying part of maternity leave wages, this can be considered insurance against wage loss during maternity leave for female employees offered by their employer. As employers cannot charge premiums for this insurance, this cost may be passed indirectly to wages that are offered to women in child bearing years. However, even in cases in which women are paid less compared to men, the difference in wages most likely does not compensate the costs of covering maternity leave, making it relatively more costly to hire women than men (Alewell and Pull 2002). While

there is limited empirical work exploring this relationship, there is a study in Taiwan that focuses on full-time, private sector, non-farm employees between the ages 20 and 54. It finds that requiring the private sector to fund 8 weeks of maternity leave lowered female employment (Lai and Masters 2005).

There is a non-linear relationship between the length of maternity leave and the cost the employer bears for reorganizing work. Both the length and predictability of maternity leave affect the cost of reorganizing work. When a woman is on maternity leave, an employer can choose to leave her work undone while she is gone (most likely only feasible for very short leave), reassign her work to other employees (the cost of this increases with length of leave, and the costs are generally low when a woman's tasks are similar to her coworkers), or hire a short-term replacement (the costs of which are higher due to fixed recruitment costs and lower productivity of new employees due to lack of firm-specific knowledge). The indirect costs of intermediate length maternity leave may therefore be particularly high (Alewell and Pull 2002). In some cases, the uncertainty of length of leave further complicates firms' decisions about how to reorganize work with imperfect information.

International policy review

Focusing on family-related benefits, review of evidence across different countries shows that provisioning paternity leave – in addition to maternity leave - can influence women's employment both through the direct trade-off of who is working and who is at home, and indirectly through attempting to equalize employer willingness to hire women and men. Additionally, there is some evidence that increasing fathers' domestic experience at the beginning of a child's life reduces sex-specialized household time allocation in the long term. As this change has economic efficiency implications in addition to gender equality gains, several countries have attempted to increase fathers' leave taking that could serve as a model to Kosovo. Some of these policies, however, also require a change in attitudes and social norms for a more equal balance of family and care responsibilities between mothers and fathers. Access to affordable and quality childcare has also been associated with increases in female employment by allowing mothers with young children to have alternative care arrangements. The following paragraphs explore the international evidence on these policies.

Increased take up of paternity leave can improve gender equality in the labor market. The participation of fathers in parental leave improves female employment by enabling mothers to return to work sooner, as well as by “eroding the rationale behind statistical discrimination against women,” (Patnaik 2015, 2). Without the equalizing effects of paternity leave and corresponding cultural norm shifts, women weaken ties to the labor market after having children while men maintain or strengthen theirs (Sanchez and Thomson 1997). Without paternity leave, fathers and mothers are investing differently in market and non-market skills in the first year of a child's life, which contributes to persisting divisions of labor between parents. As paternity leave makes the first experience of parenting more similar for mothers and fathers, it may affect longer term behaviors (Patnaik 2015).

Fathers' take up of paternity and parental leave may influence norms on household allocation of time.

Research in both the UK and the US finds that fathers that take longer paternity leave spend more time on childcare 8-12 months after the birth (Tanaka and Waldfogel 2007; Nepomnyschy and Waldfogel 2007). Conversely, Kluge and Tamm (2013) find that two 'daddy months' in Germany has not increased dads' time on childcare. However, this study, like many others, limits its focus to childcare rather than total domestic responsibilities and therefore may not capture a complete understanding of household time allocation. Recent research on Canada's Quebec Parental Insurance Program uses time use data to determine that exposure to paternity leave can have a "large and persistent effect" on the division of labor within the household (i.e. less sex specialized in their time allocations) (Patnaik 2015, 1). These norms surrounding household division of labor influence both labor force participation and gender pay gaps (Hersch and Stratton 2002). Additionally, active fathering is found to benefit child development (Lamb 2010 cited in Patnaik 2015).

Select policy designs have successfully increased the number of fathers taking leave. In 2000, Iceland introduced its Act on Maternity/Paternity and Parental Leave that legislated three months of leave for mothers, three months of leave for fathers, and three months of parental leave that could be divided between parents. The leave is at 80 percent pay¹⁶, and those who work between 50 and 100 percent per month of a standard hour work week are eligible¹⁷. Between 2000 and 2006 the gap in the number of paternity and maternity recipients narrowed dramatically, and the average take-up of paternity leave grew to 95 days (Anarson and Mitra 2008). A study of Canada's Quebec Parental Insurance Program (QPIP) also found that reserving specific days for fathers increased fathers' take up of leave (Patnaik 2015). The program introduced five weeks of paternity leave, and its introduction was associated with approximately a 50 percentage point increase in fathers claiming parental leave as well as a three week increase in fathers' leave duration. However, under the prior leave system, the majority of women were returning to work with more than five weeks of parental leave left unused. This means that fathers were now taking leave under the new program that had already been available to them and that they had chosen not to take under the prior system. This suggests that specifically reserving parental leave for fathers in itself may influence fathers' leave take up. Generous paternity leave or generous parental leave reserved for fathers is therefore a more robust policy option than solely maternity and parental leave without reservations for fathers.

Evidence shows that the availability of formal childcare options is a critical piece of improving female labor force participation. Parental leave policies are just one portion of legislation for work-life reconciliation. Beyond the first months of a child's life covered by parental leave, families need to decide how to take care of children before they reach school age. Research using panel data from Europe shows that availability of childcare significantly increases a women's probability of working (Del Boca et al. 2009).

¹⁶ There is a minimum payment, which was approximately \$1400 per month in 2005.

¹⁷ People outside of the labor market and those who do not meet the threshold criteria are entitled to a smaller parental grant.

Studies from around the world also show that increased availability of formal childcare is associated with improved female labor force participation (de Barros et al. 2011; Attanasio and Vera-Hernandez 2004; Lefebvre et al. 2011). A policy simulation for Russia predicts that providing subsidies for paid childcare could increase maternal employment by almost twice as much as equivalent wage subsidies for women with children (Lokshin 1999).