



## PROVISION OF CHILDCARE SERVICES: A COMPARATIVE REVIEW OF EU MEMBER STATES

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### Introduction

Over the last decade, the rising female participation rate has changed the family support programmes of EU Member States rather dramatically in terms of their focus. Instead of simply providing cash benefits to families in need, family support programmes now also include childcare services and time-related provisions such as parental leave. The extent of public involvement, however, differs extensively among EU Member States, both in terms of generosity and in terms of the specific policy packages. Some countries provide elaborate systems of parental leave for example, while others are far more oriented towards financial support and/or childcare services (e.g. OECD 2007, 2011; Plantenga and Remery 2009; Ray, Gornick and Schmitt 2010; Thévenon 2011). The aim of this article is to provide an overview of the provision of childcare services for the youngest age group in the European Member States and to assess the developments that have occurred over the last decade. For simplicity's sake, the focus is on formal childcare services for the youngest age group of zero to two year-olds. The main form of formal childcare for this age group is care provided in a day care centre. Older children are often (also) in pre-school arrangements, which complicates data collection and interpretation. The article is structured as follows: firstly, it takes stock of the current state of affairs and describes the use of formal childcare in the Member States. It assesses how many Member States are meeting the target set by the European Council at the Barcelona Summit in 2002; that is to provide childcare to at least 33 percent of children below the age of three (EC 2002). The following section covers develop-

ments over the last decade. An important factor to take into account is the economic crisis, which affected all Member States, albeit to differing degrees. Based on the available data, the differential impact of the crisis on the use of childcare services for the youngest children is evaluated. The subsequent section provides a fuller analysis of the family policies pursued by EU Member States by taking into account the parental leave system. Long periods of (paid) leave lower demand for childcare services; not taking into account the leave system might therefore lead to an overestimation of the differences in family policies between EU Member States. The last section of the paper summarises its main conclusions.

### Formal childcare in European Member States: current state of affairs

Childcare services encompass a variety of formal and informal arrangements, with fluid and country-specific transitions between social support services, the educational system and the actual care system. With regard to the youngest age category in particular, the European Member States show a highly diverse picture, with some countries having a well-developed system of leave arrangements and affordable high-quality care services, while parents in other countries have to rely on informal solutions (e.g. EC 2013; Plantenga and Remery 2009). Harmonised data are needed to analyse the provision of childcare services in Europe. An important source in this respect is the EU-SILC database (European Statistics on Income and Living Conditions). Within the database a distinction is made between formal childcare and other childcare. Formal arrangements refer to care organised/controlled by a structure (public, private). It includes childcare at day-care centre, education at pre-school, education at compulsory school and childcare at centre-based services outside school hours (before/after). Care provided by childminders is also included if such care is organised and controlled; an example is the 'assistantes maternelles' in France who are paid directly by parents, but who have to be registered (see Eurostat 2010 for a fuller description of the definition used).

The data provided by EU-SILC refer to the percentage of children cared for in childcare arrangements as a pro-

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portion of all children in that age group. Figure 1 gives information about the formal childcare arrangements for the youngest age category and illustrates the large variation in the European Member States. Based on these data, only nine countries meet the Barcelona target of 33 percent; namely Denmark, Sweden, Belgium, Luxembourg, the Netherlands, France, Slovenia, Spain and Portugal.

The highest rates are found in Denmark, with 67 percent of all children in the age group zero to two making use of formal childcare facilities, and Sweden, with a user rate of 52 percent. In both countries childcare facilities are seen as an important part of the social infrastructure. In Denmark, all Danish municipalities have to offer a childcare guarantee when a child is six months old; in Sweden all children aged 1–12 have the right to public childcare. Belgium and Luxembourg also score high with 48 percent of the youngest children using a childcare facility. The user rate of childcare services is fairly high in Slovenia too. Unlike in many other countries in Eastern and Central Europe that underwent economic and political transition at the end of the last century, the availability of public care services did not diminish in Slovenia after the transition (Devčič and Lokar 2008). At the lower end of the ranking is the Czech Republic; where only three percent of zero to two year-olds make use of a childcare service. Other countries with low user rates (below ten percent) are all East European member states and include Slovakia, Poland, Hungary, Lithuania and Bulgaria.

Figure 1 also provides information on the number of hours that the services are used. This is important information, as it indicates the coverage over the week

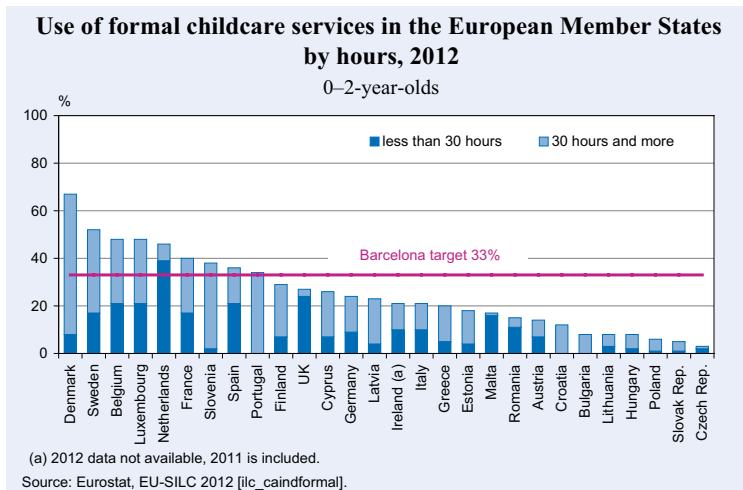
and whether or not childcare services are compatible with a full-time working week. Again, there is significant variation. In countries such as Denmark, Slovenia and Portugal, most formal arrangements are used for 30 hours or more. In other countries part-time arrangements are more common. In the Netherlands, childcare services are provided on a full-time basis, but the use of the facility may be limited to a few days per week, reflecting the high level of part-time employment in the Netherlands. As a result, only seven percent of children make use of formal arrangements on a full-time basis. In the United Kingdom, employed mothers typically work part-time too, which corresponds to a high part-time use of childcare services.

### Formal childcare in European Member States: developments over the last decade

Childcare has been on the policy agenda for quite some time now; with the main policy focus on increasing the female participation rate. The crisis of 2008 and fiscal austerity had a huge impact on actual labour market patterns and on the nature of social policy. Higher unemployment rates meant a lower demand for childcare services, while Member States also adjusted their budgets to the changing circumstances.

To illustrate the changes in the use of childcare services, we have analysed the yearly EU-SILC data available, which cover the period 2005–2012. At EU25 level, the use of formal arrangements increased between 2005 and 2011 (from 25 to 30 percent), but decreased in 2012 (28 percent). Figure 2 provides data on the use of childcare in the Member States in this period; as the economic crisis started in 2008, and the European economy fell into a recession in 2009, we include figures on 2005, 2009 and 2012. Surprisingly, there does not appear to be a uniform trend in EU Member States. Based on the three points in time, some countries show a significant increase in the use of formal childcare; clear examples are Luxembourg, Slovenia, Cyprus, Denmark, Austria and, remarkably, Greece. Despite the severe crisis, with the help of the European Social Fund, Greece managed to increase the number of (subsidized) places, leading

Figure 1

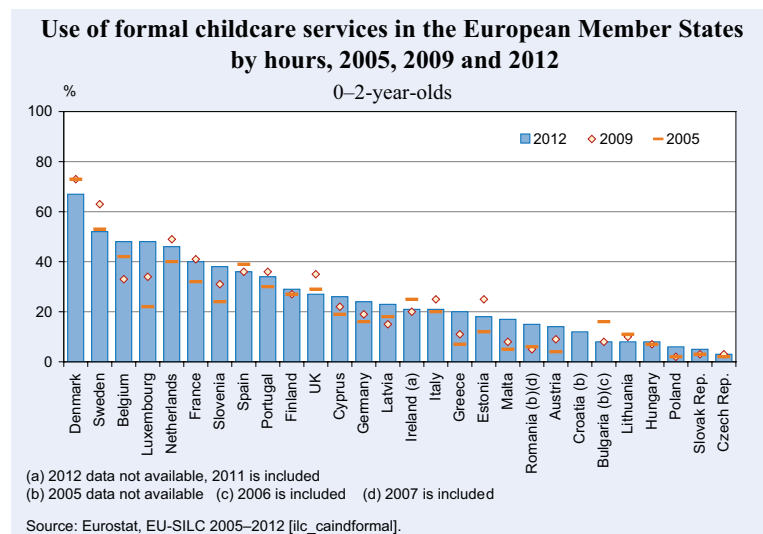


to steady growth in the user rate from seven percent in 2005, to 11 percent in 2009 and 20 percent in 2012 (information provided on the website of the European Platform for Investing in Children (EU 2015)). In other countries the user rate increased between 2005 and 2009, but subsequently decreased. This trend was seen in Sweden, the Netherlands, the United Kingdom and Estonia, for example. In the Netherlands the use of childcare rose considerably after a change in the financing system in 2005; leading to a sharp increase in public expenditure on childcare and to the implementation of budget cuts since 2011. A recent study shows that the increased parental costs of 2011 constituted an important reason for parents to substitute formal childcare for informal arrangements in 2012. In addition, parents who became (part-time) unemployed used less formal childcare (Portegijs, Cloin and Merens 2014). Figure 2 also indicates that the difference between the lowest and the highest ranking country has decreased over time; in 2005 the difference was 71 percentage points (highest user rate of 73 percent in Denmark, lowest of two percent in the Czech Republic), in 2009 it amounted to 67 percent (70 percent in Denmark and three percent in the Czech Republic), whereas in 2012 it was 64 percentage points (67 percent in Denmark and 3 percent in the Czech Republic). It is worth noting, however, that this slight ‘convergence’ is due to a decrease in best performing countries, and not to an increase in childcare in countries with low user rates.

### Formal childcare in European Member States: taking parental leave into account

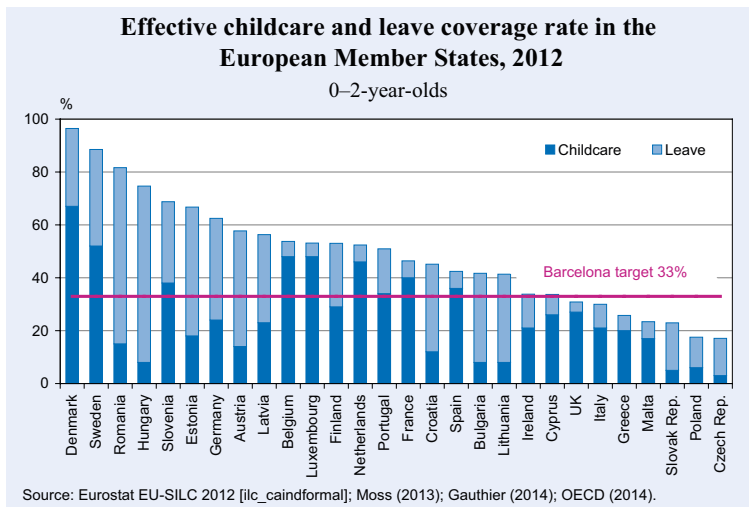
While the share of children in formal childcare provides useful information on the importance of those services in a Member State, it does not take the wider care system into account. When parents have access to long periods of leave, they can more easily take care of their child(ren) themselves, which lowers demand for childcare services. In Finland, for example, the user rate of formal arrangements for the youngest age category is, according to Figure 1, 29 percent, which is below the Barcelona target of 33 percent. Yet childcare facilities are not in short supply. In fact, since 1990, Finnish

Figure 2



children under the age of three have been guaranteed a municipal childcare place, irrespective of the labour market status of their parents. In 1996, this right was expanded to cover all children under school age. This entitlement complements the home care allowance system, which enables parents to stay at home to care for their child with full job security until the child is three years old. Partly due to the popularity of the home care alternative, the supply of public day-care services has met demand since the turn of the 1990s (Plantenga and Remery 2009). In order to provide a full picture of the extent of the policies targeted at young children, the effective childcare and leave coverage rate is calculated in this section. This is, however, a somewhat complex exercise, partly because of the diversity that exists in leave arrangements. Although the European Directive on parental leave (CEU 2010) guarantees a certain minimum standard, leave arrangements appear to vary considerably across Europe, with some countries offering parents extensive paid leave, covering the first three years after the birth of a baby, whereas in other countries leave is limited to only a few months and unpaid or very poorly compensated (e.g. OECD family database 2014; Moss 2013). In addition, the formal statutory regulations say little about their actual impact. We know, however, that the use of leave is related to payment. We therefore assume that parents make use of the parental leave entitlement in cases where such leave is well paid. Taking this as point of departure, we calculate effective parental leave as the period of paid – that is covering at least two thirds of the salary – , post-natal leave per household (including post-natal maternity leave, paternity leave and parental leave; see appendix). In the next step, we calculate the effective childcare and leave coverage rate

Figure 3



for children in the age category zero to three. The calculation is made as follows. In the case of Denmark for example, parents are entitled to a period of effective leave of 46 weeks. As we focus on children in the age category zero to three this leave entitlement covers 46/156 weeks, which is almost 30 percent. As the use of childcare is 67 percent (see figure 1) the full coverage rate is 97 percent. Figure 3 indicates that Denmark is followed by Sweden, where the leave is somewhat longer and the use of childcare lower. In third and fourth place in the ranking are now Romania and Hungary. These countries have rather low use of formal childcare, but offer long, paid leave arrangements covering two years. A more mixed picture is seen in Slovenia and Latvia, whereas in countries like Belgium, Luxembourg, the Netherlands, France and the United Kingdom, leave is fairly short. At the lower end are the Czech Republic and Poland, where working parents have both very limited access to formal childcare facilities and can take only a short period of paid parental leave.

The scores in figure 3 once again illustrate the disparities in child-related policies within EU Member States. Taking into account leave policy does not lower the differences, but instead seems to strengthen them: when leave is taken into account, the difference between the highest (96.5 percent) and the lowest ranking country (17.1 percent) increases to 79 percentage points (compared to 64 percentage points if only formal childcare is taken into account). It should be noted, however, that when leave entitlements are taken into account, 21 Member States meet the Barcelona target of 33 percent, compared to nine when only the use of formal childcare is taken into account. The countries that still score be-

low the target of 33 percent are the United Kingdom, Italy, Greece, Malta, Slovakia, Poland and the Czech Republic.

### Conclusions

Formal childcare is an important facility for working parents in Europe. Based on harmonised EU-SILC figures on the use of formal childcare facilities, this paper has illustrated the highly diverse reality for the youngest children in EU Member States. Denmark and Sweden – where childcare is framed as a social

right – have the highest user rates; the majority of young children are cared for in a day care facility during the week. Formal childcare for the youngest age group is not common in most East European Member States; user rates below ten percent are found in countries like the Czech Republic, Slovakia and Poland. When analysing developments over the last decade, no general trend emerges. Some countries show a steady increase in formal childcare, while a decrease is visible in others; no clear evidence of the impact of the crisis can be ascertained on the basis of the EU-SILC data. Over the 2005–2012 period, there are indications of a slight convergence, mainly due to a decrease in the user rate of the highest ranking country. Information on the use of childcare facilities is helpful in assessing the relative importance of this particular reconciliation policy; it does not, however, answer the question of whether demand is fully met. Actual demand for childcare is influenced by factors such as the participation rate of parents (mothers), levels of unemployment, the length of parental leave, and the availability of alternatives such as grandparents and/or other (informal) arrangements. When parental leave entitlements are taken into account, the policy differences between countries seem to widen. Differences in the provision of childcare services are therefore not ‘explained’ by differences in parental leave entitlements.

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## Appendix

**Post-natal leave in weeks (including post-natal maternity leave, paternity leave and parental leave), covering at least 2/3 of salary, per household**

BE	9
BG	52,6
CZ	22
DK	46
DE	60
EE	76
IE	20
GR	9
ES	10
FR	10
HR	51,7
IT	14
CY	12
LV	52
LT	52
LU	8
HU	104
MT	10
NL	10
AT	68,2
PL	18
PT	26,4
RO	104
SI	48
SK	28
FI	37,5
SE	57
UK	6

Source: The authors.