



Overall GCPI Score

**6.61**  
Maturing

**STRONG 7.50-10.00**

**MATURING 5.00-7.49**

**EMERGING 2.50-4.99**

**WEAK 0.00-2.49**

GCPI grading key



## SUB-INDEX A: PROTECTIONS FOR FAMILY CAREGIVERS

**5.81**

**A1. Pregnancy and Maternity Leave Coverage** **8.17**  
*(No sub-categories)*

**A2. Protections during Pregnancy and Maternity Leave** **7.85**  
*Financial Protections: 8.00*  
*Employment Protections: 7.70*

**A3. Paternity Leave Policies** **9.29**  
*(No sub-categories)*

**A4. Dependent Care Leave Policies** **5.83**  
*(No sub-categories)*

**A5. Flexible Work Arrangements** **0.00**  
*(No sub-categories)*

**A6. Mother-Friendly Workplace Policies** **3.75**  
*Nursing Support in the Workplace: 0.00*  
*Workplace Safety for Pregnant and Nursing Women: 7.50*



Source: Encyclopedia Britannica

## Introduction

The Republic of Iceland is a small Nordic island nation in the North Atlantic Ocean. A presidential republic, it is the most sparsely populated European nation with a population of 360,000, but with a high-income GDP per capita of USD59,260. With 11% of Iceland covered in glacial ice, the ongoing climate crisis poses an existential threat to the country.<sup>1</sup> The main sector of Iceland's economy is the financial services industry which contributes to 15% of the economy. Tourism is also central to the economy, being the highest driver of growth but this has been affected by the onset of the COVID-19 pandemic.<sup>2</sup> In response, Iceland has sought to develop its renewable energy sector, particularly around geothermal energy.

Iceland has a strong trade union participation rate with union density at 80%.<sup>3</sup> While workers' rights are protected under various labor laws, unions are active in negotiating strong collective agreements that are generally applicable and binding upon all workers and employers operating within the boundary of the agreement. Unfortunately, informal workers tend to be left outside of these protections.

Iceland has a fertility rate of 1.7 births per woman, placing it below the world average of 2.4 births per woman.<sup>4</sup> The labor force participation rate for women

<sup>1</sup> "Iceland." Encyclopædia Britannica. Encyclopædia Britannica, inc. Accessed June 1, 2021. <https://www.britannica.com/place/Iceland>.

<sup>2</sup> SEDLABANKI ISLANDS. "Economy of Iceland." Reykjavik: The Central Bank of Iceland, October 2016.

<sup>3</sup> Icelandic Confederation of Labour. Accessed February 2, 2022. <https://www.asi.is/english/>

<sup>4</sup> Iceland in Figures (2018) § (n.d.).



## SUB-INDEX B: PROTECTIONS FOR DOMESTIC WORKERS

**7.41**

**B1. Coverage under National Labor Laws** **7.50**  
*(No sub-categories)*

**B2. Fair Employment Process** **6.40**  
*Standard Terms of Employment: 6.12*  
*Regulations for Recruitment and Employment Process: 6.67*

**B3. Decent Working and Living Conditions** **6.38**  
*Working Hours and Environment: 4.00*  
*Rest and Leave: 8.00*  
*Wages: 6.00*  
*Social Security: 10.00*  
*Living Conditions for Live-in Workers: 3.88*

**B4. Labor Rights and Protections** **9.17**  
*Freedom of Association and Access to Collective Bargaining: 10.00*  
*Access to Complaint Mechanisms: 10.00*  
*Enforcement and Protection Mechanisms: 7.50*

**B5. Protections for Forced/Under-age Domestic Workers** **8.50**  
*Protections against Forced/Compulsory Labor: 10.00*  
*Protections for Under-age Laborers: 7.00*

**B6. Protections for Migrant Domestic Workers** **6.50**  
*Employment Support: 5.50*  
*Support After Termination of Employment: 7.50*

is 78.7%, trailing 7.5 points behind Icelandic men's labor force participation rate.<sup>5</sup>

Gender equality in Iceland is strong with a score of 0.877 (out of 1) in the World Economic Forum's Global Gender Gap Index.<sup>6</sup> Policymakers have actively worked towards closing the gender gap by mandating a 40% quota for women on company boards, introducing gender equality education at all levels, and enacting a plethora of policies aimed at improving women's labor market outcomes.<sup>7</sup>

Iceland scored a total of 6.61 (out of 10) in the GCPI, placing it in the "Maturing" Band. While Iceland's maternity and paternity leave policies are some of the most generous in the world – a joint 12-month allocation to both parents, Iceland's under-performance in Sub-Index A of the GCPI was ultimately due to its limited dependent care leave policies and lack of universal flexible work policies to support workers with family caregiving responsibilities. In Sub-Index B, Iceland performed better with a score of 7.41 (out of 10.00), but the reality is that many domestic workers in the country work informally and are not protected by trade unions.

## Key Care Policies

The key legislation for family caregivers in Iceland is the [Act on Maternity/Paternity Leave and Parental Leave \(No. 95/2000\)](#), which outlines the concessions and benefits for parents both before and after their child is born. The Act was formulated in 2000 and is comprehensive in its coverage of individuals in the labor force as well as parents not active in the labor market or who are attending full-time educational programs. Since its formulation, the act has undergone several changes to better address the needs of parents.

[The Act on Working Environment, Health and Safety in Workplaces \(No. 46/1980\)](#) regulates most workers and their working conditions within Iceland. The Act covers paid leave requirements, regulates work by children and teenagers, and sets standards for the occupational health and safety of workers. The Act is comprehensive in the rights of workers such as

entitlements to wage transparency regarding compensation, health and safety within the workplace, and the right to equal pay for work of equal value.

[The Act on Equal Status and Equal Rights of Women and Men \(No. 10/2008\)](#) promotes gender equality in all spheres of society and works to prevent wage discrimination against women, especially new mothers. The Act deploys ministers, counselors, committees, and councils at all levels of the government to better address problems on the ground and move on feedback as quickly as possible.

[The Foreign Nationals' Right to Work Act \(No. 339/2005\)](#) governs the regulations for foreign workers working in Iceland. Meanwhile, the [Foreign Nationals Act \(No. 80/2016\)](#) outlines the au pair program which allows foreign nationals between 18 and 25 years to live and work in Iceland for a year as a live-in nanny.

As an indication of the prevalence of domestic workers throughout Iceland's history, the [1928 Servants Act \(No. 22/1928\)](#) outlines the rights of workers hired by farmers to cook and clean in their rural homes. This is the only piece of legislation that directly targets domestic workers in the country.

## Recent Care Policy Developments

### Increased Parental and Reserved Paternity Leave

From 2021, the joint parental leave was extended to 12 months from the previous 10 months. Under this 12-month leave provision, each parent is entitled to 6 months each, of which one month is transferable between parents.<sup>8</sup> The six-week joint entitlement is a decrease from the previous two-month joint entitlement as a policy change to encourage paternity leave usage. Under the previous iteration of the policy, most fathers took only the 4 months allotted to them, with mothers utilizing the full two-month joint entitlement.<sup>9</sup>

### Additional Childcare Leave

From 2021, the adjusted labor law grants parents the right to extend their unpaid leave to 13 consecutive weeks to care for a child up to the age of 8, during which their employment contract and all acquired rights remain intact.

<sup>5</sup> "Labor Force Participation Rate, Female (% of Female Population Ages 15+) (Modeled ILO Estimate) - Iceland." Data accessed June 1, 2021. <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?locations=IS>.

<sup>6</sup> World Economic Forum. "Global Gender Gap Report 2020." World Economic Forum, 2020. [http://www3.weforum.org/docs/WEF\\_GGGR\\_2020.pdf](http://www3.weforum.org/docs/WEF_GGGR_2020.pdf).

<sup>7</sup> Jakobsdóttir, Katrín. "Gender Equality in Iceland – IMF Finance & Development Magazine: March 2019." Gender Equality in Iceland – IMF Finance & Development Magazine | March 2019. Accessed June 30, 2021. <https://www.imf.org/external/pubs/ft/fandd/2019/03/gender-equality-in-icel-and-inclusive-economy-jakobsdottir.htm>.

<sup>8</sup> Parental Leave Fund Parental Leave Fund, and "Parental Benefit in Iceland." Nordic cooperation. Accessed June 1, 2021.

<https://www.norden.org/en/info-norden/parental-benefit-iceland>.

<sup>9</sup> Kyzer, Larissa. "Changes to Parental Leave Law Encourage More Equal Division of Childcare." Iceland Review, September 26, 2020. <https://www.icelandreview.com/news/changes-to-parental-leave-law-encourage-more-equal-division-of-childcare/>.

## Key Actors

The Ministry of Social Affairs (MSA) is the key government agency that oversees gender equality and family policies. The MSA's Centre for Gender Equality also focuses on policy research on bridging the gender gap. Meanwhile, the Directorate of Labour regulates the working environment, health, and safety of employer-employee relationships. The policies outlined by the Directorate of Labour govern both employed family caregivers as well as domestic workers. Migrant domestic workers are governed by the Directorate of Immigration, which formulates policies on work permits, enables movement into Iceland and calibrates working conditions.



## Sub-Index A: Protections for Family Caregivers

While Iceland offers a comprehensive maternity and paternity leave policy, it has slightly limited provisions for dependent care policies especially when it comes to dependent family members other than one's children. Furthermore, its family-friendly work policies such as flexible working arrangements and nursing support for returning mothers are inadequate as these are typically delegated to trade unions to negotiate in their collective agreements. Iceland scored 5.81 out of 10 in Sub-Index A.

### A1 Pregnancy and Maternity Leave Coverage (8.17/10)

Iceland's pregnancy and maternity leave policies are generous and robust. Under the Act on Maternity and Parental Leave, women are entitled to 6 months of paid maternity leave. The Act also covers simultaneous multiple births and complicating illnesses for which the woman is entitled to additional paid leave. Additionally, adoptive mothers have access to a similar system of protections when adopting a child under the age of 8 years.

### A2 Protections during Pregnancy and Maternity Leave (7.85/10)

Eligible women are entitled to receive up to 80% of their salary during their maternity leave. These payments are financed by the Maternity/Paternity Leave Fund, which is managed by the Directorate of Labour. Women who are not a part of the labor market,

or are engaged in a full-time education program, also get cash benefits through the government's Maternity/Paternity grant.

The Icelandic Health Insurance program covers everyone who has resided in Iceland for the last 6 months and gives women access to free prenatal care, medical care during childbirth and other free medical services during the pregnancy.

Female employees are guaranteed the right to return to the same position or to an equivalent position after their maternity leave. While an employee cannot be dismissed without reasonable cause during her pregnancy, there are also provisions protecting women from dismissal during a period following their return to work, though the duration of this protection is not specified. There are also no direct protections against employers discriminating on the basis of a worker's marital status or family responsibilities.

### A3 Paternity Leave Policies (9.29/10)

Iceland has a strong paternity leave policy with equal and non-transferable paternity leave for men. Men are entitled to 6 months of paternity leave, of which 6 weeks are transferable to the mother. Fathers on paternity leave are entitled to 80% wage replacement. In the event of the death of the mother, the father receives the unexpired portion of her maternity leave. Adoptive fathers have access to a similar system of protections when adopting a child under the age of 8 years.

### A4 Dependent Care Leave Policies (5.83/10)

Unlike its maternity and paternity leave policies, Iceland's dependent care leave policies are weak and provide only limited support for family caregivers. Eligible workers are entitled to a total of 4 months of unpaid leave (cumulative, not annual) when their child is below 8 years, beyond which there are no leave policies. Moreover, there are no leave policies for workers who have to care for immediate family members (other than their children) suffering from an illness.

### A5 Flexible Work Arrangements (0.00/10)

There are no flexible work arrangements mandated by law in Iceland. The government recommends but does not require employers to provide reduced working hours or be flexible in making shift-work arrangements or assignments to night work. Pregnant women are not explicitly allowed to leave the workplace to undergo medical examinations related to their pregnancy.

### A6 Mother-Friendly Workplace Policies (3.75/10)

Employers are required to assess and report workplace risks for the safety of pregnant and nursing women, based on which the women can be exempted from certain tasks. However, there are no explicit exemptions from night work. The law also falls short in supporting nursing at workplaces, with no guaranteed daily breaks and no requirements for nursing rooms. Instead, such provisions are left to individual trade unions to negotiate to include in their collective agreements.

## Best Practices

Iceland's generous parental leave policy with its reserved 6-month paternity leave scheme is a robust model of a successful **equal parental leave** practice. Implemented in 2000 and continually tweaked since, the policy has seen a jump in the average duration of paternity leave, which was found to be 90 days in 2017.<sup>10</sup>



## Sub-Index B: Protections for Domestic Workers

Iceland scored 7.41 (out of 10) for Sub-Index B. It has a small and largely informal domestic work sector, as well as an [au pair program](#) which allows foreign nationals aged 18-25 years to work in Icelandic households for a year as live-in nannies.

### B1 Coverage under National Labor Laws (7.50/10)

Domestic workers with formal contracts are covered under Iceland's national labor laws (whether they are part-time or full-time), but domestic workers in the informal sector are not covered. Likewise, au pairs have some protections but are not fully covered.

### B2 Fair Employment Process (6.40/10)

Icelandic labor laws ensure that workers' contracts include several standard terms of employment such as terms of employment, the employment relationship, working hours, rest and leave entitlements as well as a breakdown of the wages earned. However, since there is no specific legislation for domestic workers, there are limited protections for live-in domestic workers. There are regulations around how private employment agencies recruit and place workers, and measures to

ensure that these agencies do not charge workers for placing them with an employer.

### B3 Decent Working and Living Conditions (6.38/10)

Iceland has robust regulatory protections to ensure decent working hours and environment for all workers, and since domestic workers are not explicitly excluded, the same legislations apply to domestic workers. The normal hours of work for most workers are mandated to be no more than 40 hours of work per week, according to the Act on the 40-hour Working Week, but this Act explicitly excludes domestic workers from its coverage. There are also no regulations around standby work, but there are provisions for rest such as at least 11 consecutive hours of rest, a weekly day off, and a minimum 24-day annual leave.

Iceland does not have a national minimum wage and instead, minimum wages are set via collective agreements with specific trade unions. Given that most domestic workers are not part of any union, there is no minimum wage for that sector of the economy. However, employers are required to provide a full written account of wages due every month. But there are no limitations placed on wages being paid in the form of payments in kind or for a certain proportion of wages to be paid in cash. Domestic workers are eligible for the same social security benefits as other workers. The 1928 specifies some minimal living conditions for live-in workers, such as a private accommodation. Likewise, au pairs are required to be provided with a lockable and secure room and adequate meals free of charge.

### B4 Labor Rights and Protections (9.17/10)

Iceland's Act on Trade Unions and Industrial Disputes gives domestic workers the right to establish their own organization or join an organization, federation or confederation of their choosing. There are also legislative provisions which recognizes workers' collective right to bargaining and does not actively exclude domestic workers. In theory, domestic workers also have access to dispute resolutions mechanisms through their trade unions and an independent labor court.

Domestic workers (like all other workers) have legal protections against all forms of workplace abuse, harassment, and violence. However, on-site labor inspections do not apply to private household premises, leaving domestic workers vulnerable to abuse and exploitation in that private setting.

### B5 Protections for Forced/Under-age Domestic Workers (8.50/10)

<sup>10</sup> Sigurdardottir, Heida Maria, and Ólöf Garðarsdóttir. "Backlash in Gender Equality? Fathers' Parental Leave during a Time of Economic Crisis." *Journal of European Social Policy* 28, no. 4 (October 2018): 342-56. <https://doi.org/10.1177/0958928717739243>.

Under the Icelandic Penal Code, the illegal extraction of forced or compulsory labor is a punishable offense. There are further specifications about protections and access to remedies for the victims of labor trafficking under the Foreign Nationals' Act which classifies these individuals as persons needing international protection.

The minimum age of workers in Iceland is 15 but there are measures in place to restrict/limit work that is excessively demanding for children. There are also some provisions to ensure that workers belonging to ages 15-16 years are still able to access compulsory education, and provisions to ensure that children and young persons are not engaging in night work.

### B6 Protections for Migrant Domestic Workers (6.50/10)

Some protections exist for migrant domestic workers in Iceland but they are not extensive. Migrant workers from non-EEA countries are required to receive written, enforceable contracts before applying for a visa to enter Iceland. In contrast, citizens of EEA/EFTA member states may stay and work in Iceland without a registration for up to three months from arrival, or up to six months if seeking employment. This leaves the door open for citizens of these countries to work in the informal sector more easily. Meanwhile, foreign au pairs are required to complete the standardized contract detailing their living and working conditions before they can apply for a visa to Iceland. However, there is no national hotline for migrant domestic workers.

## Policy-Practice Gap

### Disparity between maternity and paternity leave duration

While the government grants men and women the same duration of leave available after childbirth and adoptions, there has been a marked gender differential in leave usage. In 2017, 99% of women applied for leave, and the average duration was 180 days. On the other hand, the take-up rate for fathers was 86.4%, with the average duration standing at 91 days.<sup>11</sup> The most recent reduction of jointly entitled parental leave durations is targeted at this policy-practice gap but it is still too soon to determine its effects.

## Recommendations

### Family Caregiver Protections

- Specify the duration of the period during which women are protected from dismissal following their return to work after maternity leave (A2)
- Adjust leave policies to ensure that workers are entitled to leave to take care of immediate family members (other than their children) who may be suffering from an illness (A4.2)
- Make it mandatory for all employers in Iceland to offer employees flexible work policies, which include the right to request reduced working hours, flextime and/or telecommuting, rather than relying on collective agreements (A5)
- Introduce policies to make mandatory nursing support in the workplace through daily breaks or and flexibility in the duration and frequency of such breaks, rather than relying on collective agreements (A6.1)

### Domestic Worker Protections

- Strengthen legal protections surrounding maximum working hours for domestic workers (B3.1.1)
- Establish a minimum hourly or daily wage for domestic workers in Iceland (B3.3.1)
- Legislate regulatory protections for live-in workers, including regulations on privacy of their accommodations, access to sanitary facilities, and other living conditions (B3.5)
- Provide stronger enforcement mechanisms to ensure that government labor inspectors can protect domestic workers from exploitation by employers by inspecting private households (B4.3.1)

<sup>11</sup> Sigurdardottir, Heida María, and Ólöf Garðarsdóttir. "Backlash in Gender Equality? Fathers' Parental Leave during a Time of Economic Crisis." *Journal of European Social Policy* 28, no. 4 (October 2018): 342–56. <https://doi.org/10.1177/0958928717739243>.



## Global Care Policy Index

The Global Care Policy Index (GCPI) is a composite index that provides a single numerical assessment of a country's support for and protection of home-based caregivers and careworkers who do the important but often invisible work of caring for the young, old, disabled and infirm within the country.

Refer to the [GCPI website](#) for the index's methodology and Iceland's Technical Report containing detailed index questions and score elaborations.

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