



# **ESPN Thematic Report on Social Investment Liechtenstein 2015**

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**EUROPEAN SOCIAL POLICY NETWORK (ESPN)**

**ESPN Thematic Report on  
Social Investment**

**Liechtenstein**

**2015**

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## Summary

- Although the Agenda 2020 of Liechtenstein includes some targets which have a strong impact on Liechtenstein's social policy system, social investment is not yet a central or explicit topic.
- Overall, state revenue has been foregone mainly because of the global financial crisis, an extensive expenditure policy and the new tax system. This difficult state budget situation led to cost cutting measures and investment changes in many areas, including the social policy area.
- The benefit system has basically remained unchanged, while the main focus is on fiscal consolidation since 2010.
- Promising investments in modern family policy (e.g. enlargement and flexible structures of child care facilities), installed under the previous government, have not been prolonged or have been superseded due to state cost cutting measures and lower tax income. This lack of state support most severely hit families with children and single parent households. So basically in Liechtenstein women who try to manage both job and family are most affected.
- Child care is still costly in Liechtenstein, and the increasing demand cannot therefore be covered by profit oriented private organisations.
- Currently there are some specific policies under discussion which are of a social investment type. In particular, the resumption of financial support in order to enlarge the offer of early childhood education and child care, and to enable parents, especially women, to re-enter the job market.
- Social welfare benefits have been unchanged since 2010, therefore they are still on a high level, leading to a low percentage of poor households in Liechtenstein.
- State contribution to the statutory health insurance system has been reduced in two steps with the effect of higher premium payments for individual contributors. However, the social benefit for persons with insufficient income has not been adjusted.
- Education spending has been protected and the investment structure remained unchanged.
- Labour market policy has no specific focus on social investment or on new or enlarged supportive activities.
- Even in 2014 the government focus was on cost cutting measures and within this, the first debate in Liechtenstein's state parliament regarding the termination of the state subvention to unemployment insurance took place. This would lead to an increase of the contribution of employees to the unemployment insurance funds – and it would certainly be contrary to social investment.
- It can be clearly stated, that since 2010 social investment has no priority on the policy agenda of Liechtenstein. Overall, fiscal consolidation rather than social investment has been the dominant issue since 2010.

## 1 Assessment of overall approach to social investment

This report reviews whether and if so how social policies in Liechtenstein since 2010 have followed the aspirations set out in the 2013 European Commission's Social Investment Package (SIP), even though Liechtenstein is not part of the European Union. Social investment policies are understood as those designed to improve human capital and to support people's participation in economic and social life, as well as preventative policies to confront social risks, including poverty. In examining the overall extent to which there is a social investment approach to tackling key social challenges in the Principality of Liechtenstein, it is helpful to understand the specific situation of a very small country, economically well established, and extremely dependent on foreign markets. Liechtenstein's economy is heavily export-oriented due to its small domestic market. Consequently, the framework given by the government seeks to enable companies to succeed internationally in highly competitive markets. The strong economic growth in technology-driven and knowledge-based industries over the past decades and the small size of the country require an increasing input of foreign labour forces, mainly from neighbouring countries.

Taking the impact of the economic crisis into consideration, the financial forecast 2013 to 2016 for the state financial income (without external borrowings) will not be sufficient to finance the net investments for even one year of the above mentioned time period. This effect is basically the result of the estimated excess spending. These figures lead to a clear consolidation and cost-cutting policy with a strong impact on Liechtenstein's social policy system. Nevertheless the publication of the 2012 national accounts shows that Liechtenstein is now one of the few countries in the world to have achieved the international target for official development assistance (ODA). For the purpose of comparing ODA across countries the ODA/Gross National Income (GNI) indicator is used, with an international target of 0.7%. Liechtenstein has achieved an ODI/GNI of 0.75% and is now in an excellent fifth place worldwide. Despite its massive austerity measures, Liechtenstein has thus exceeded the international target for the first time. Based on the latest available GDP data, the GDP per capita average annual growth rate is about 2.9% over a time period from 1990 to 2012. As only a stable and sustainable financial budget is the driver for continually high social investments the Liechtenstein government started a restructuring process in 2010 followed by two cost-cutting programmes and a reduction of 2% of the operating expenses per year. These measures are expected to improve the current financial situation and to consolidate the national accounts figures, to ensure an appropriate ODA/GNI indicator, and to reflect the requirements of the Stability and Growth Pact.

An analysis of the social-financial impact of the Agenda 2020 is only possible for the time period 2010 to 2012, due to relevant published statistical data. The real living standard in Liechtenstein has not fallen as the Income Growth indicator shows an increase of 2% during the period 2010 to 2012, whereas the Consumer Prices Index reflects a decrease of 0.5% during the same time period.<sup>1</sup> Relevant measures during this time period are as follows. The child benefit was frozen and a new tax system, with some sustainable changes in the bases of taxation resulting in lower tax earnings for the government, came into force in 2011. This new tax system was revised in 2012 to cope at least to some extent with the partly unexpected results it achieved after the first year. Reforms to the housing benefits were implemented based on the cost cutting measures of the Agenda 2020, which are more relevant for families with low household income. Basically it can be said that the effect of these reforms is positive for households with low income. Nevertheless no official comparison is available of the results of the state cost cutting measurements and the positive effects of housing benefits in total for households with low income.

The necessary actions that would enable Liechtenstein to cope with the target of a stable financial budget in the future require a trade-off judgement between the need for cost-cutting measures on the one hand, and installing income increasing

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<sup>1</sup> Source: <http://www.llv.li/files/as/landesindex-november-2014.pdf>

instruments and any social policy measures to avoid counterproductive effects in terms of social welfare, stable labour market conditions and a low unemployment rate on the other. To cope with the industry demand of a well-educated and trained labour force and the current problem of incompatibility between family and job, the government is working on instruments forcing employers to set up company-based/in-house child care centres and offering flexible working schemes for parents by means of flexible legal frameworks, attractive social insurance and tax models, etc. Specific supportive measures for partly longer work models for elder people are slowly becoming part of the discussion and could be further instruments to keep the unemployment rate for 50+ people and their need for social benefits low. To improve long-term services and support for the increasing numbers of people with physical or mental disorders, the government recognised the additional need for state action. The difficulty is coping with the increased financial costs additional services would engender.

The sections below report on specific policy areas. In summary it can be said that whilst social investment is sometimes highlighted by the government, it is not a consistent issue; the priority is on fiscal consolidation. The impact favours creating a sustainable future pension scheme by minimising the intensification of the current pensioners and creating more state budget.

## **2 Assessment of specific policy areas and measures/instruments**

### **2.1 Support for early childhood development**

Within the Agenda 2020, the Liechtenstein government has promoted an action plan for a modern family policy including the promotion of child and youth welfare. Until now, children living in Liechtenstein are not legally entitled to early childhood education and care up to the age of attending primary school (exception is made for children with an immigrant background for kindergarten attendance). Modern family policy has also failed to set up such an obligation until now.<sup>2</sup> The official statement by the government points out that a sustainable development of Liechtenstein can only be successful within a framework which gives young persons the possibility of combining family life and working life. From this follows the necessity of setting up an action plan which combines the interaction between families, the labour market and government policy. Until now such an action plan and its implementation has not been realised in all aspects.

#### **2.1.1 Early childhood education and care (ECEC)**

Liechtenstein's legal framework provides a definition of children and young persons, especially in Art. 2 of the Youth Court Act<sup>3</sup>. This definition is important since some acts of the social welfare structure are explicitly limited to a maximum age. Besides the given legal definition, some social welfare benefits are tied to different limits (e.g. the contribution deduction from health insurance). Even within the discussion of state cost savings, the social benefits concerning children and young people were untouched within health care. Thus, children and young persons up to the age of 16 are exempt by law from the state health insurance premium, and at the same time they have access to the insurance services when living in Liechtenstein.

Liechtenstein does not offer any part-time free early education for all 3 and 4 year olds. Even though there is a continuously rising number of parents who want a part-time early education for their children, in times of fiscal consolidation the government has refrained from any kind of measures to cope with this demand. Parents with good

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<sup>2</sup> For Liechtenstein the discussion about ECEC affects, based on figures from the beginning of 2013, approximately 2,200 children under 6 years old.

<sup>3</sup> Jugendgerichtsgesetz (JGG) vom 20. Mai 1987, LGBl 1988 no. 39:

<https://www.gesetze.li/Seite1.jsp?LGBl=1988039.xml&Searchstring=jugend&showLGBl=true>

financial background are able to use one of the private early child-care facilities. Families with low income face difficulties in reconciling work and family life for men and women. Unfortunately no official data is available to illustrate the relation between family income, parents' educational background and household work. Given statistics show only the number of children attending private early education institutions. The starting age for ECEC provision varies widely across Europe. In most EU countries the ECEC is available from birth (in practice from around 3 months), whereas in Liechtenstein the possible starting age is at around 6 months. It is clear from looking at the paid maternity leave period and the starting age for early childhood education, that there is a time gap which can be closed by taking unpaid leave or holiday from work. Depending on the individual situation of the family there is still a high number of mothers who do not return to their work place after the paid maternity for this reason.

Beyond the age of 5, Liechtenstein offers a kindergarten education. Kindergarten attendance is voluntary as long as the child is not a non-German speaker. If so, Art 23 of the school law (Schulgesetz)<sup>4</sup> states that kindergarten attendance is mandatory for at least one year before compulsory school starts. This measure was set up to prepare children with a migration background for school. After that, the current legal situation in Liechtenstein obliges children domiciled in Liechtenstein to participate in the state school system from the age of 6 and thence continuously for 9 school years. This is mostly done in public schools, but private schools are admitted as well. Kindergarten and the attendance in the state school system are free of cost for all children living in Liechtenstein.

Access to ECEC, early learning opportunities and pre-primary provision for children are important factors in preparing children for school, minimising school dropout rates, and maximising their future earnings and economic potential. As Liechtenstein faced no real problems with any of these aspects (Liechtenstein had a general unemployment rate of 2.5% in 2013 and a youth unemployment rate - persons from 15 to 24 years of age - of 2.8%), no specific focus was given to these issues when setting up the general cost cutting measures from the Agenda 2020 in Liechtenstein in 2009. Nevertheless, the development of new employment patterns, especially in the knowledge economy and the growing need of highly qualified employees, combined with the fact that 53% of the employees in Liechtenstein were commuters by the end of 2013, shows that there is a need for further progress in early childhood care. Investment in ECEC supports the participation of parents, especially women, in the labour market and would lead to a higher use of the potential of well-educated mothers who are mainly the ones staying at home and taking care of their children. The Liechtenstein government has to address this aspect through additional measures. A first step was taken by stopping the cost cutting measures to the financial support given to child care facilities in 2013. A working group was established in parallel to come up with new solutions for financing such facilities and to enlarge the offering. Results are expected within 2015.

### **2.1.2 Family financial benefits**

A key focus of the government's modern family policy is to grant the relevant minimum of financial support to prevent children from growing up in poverty. Thus, the basic family benefits directly related to children comprise:<sup>5</sup>

- a lump-sum birth allowance (also for the adoption of children under the age of 5);
- a monthly child allowance (payable until the child reaches the age of 18);
- a monthly single-parent's allowance (payable until the child reaches the age of 18).

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<sup>4</sup> Schulgesetz (SchulG) vom 15.12.1971, LLGB 7, 1972:

<https://www.gesetze.li/Seite1.jsp?LGBl=1972007.xml&Searchstring=Schulgesetz&showLGBl=true>

<sup>5</sup> Source: <http://www.familienportal.li/index.php?id=71>

The amount of the monthly child allowance (*Kinderzulage*) depends on the number and the age of the children. It amounts to 280 Swiss francs (approx. €265) per child if the family has one or two children, and it increases to 330 Swiss francs (approx. €315) per child in the case of multiple births, if there are three or more children in the family, or for every child over the age of 10 years. Birth grants (*Geburtszulagen*) are provided at childbirth and the adoption of a child younger than 5. Birth grants are slightly higher in case of multiple births. For single-parent households, the second most important social benefit after the child benefit is the lone parents' allowance (approx. €92) which is paid on top. These benefits have been unchanged during the fiscal consolidation policy since 2010.

In summarising, it can be said that Liechtenstein's way of financially supporting families is by giving the benefits directly to the individual children/families, mainly through the Office of Social Services (*Amt für Soziale Dienste, ASD*) which is a multifaceted body generally accessible to children, young persons and adults who face personal or economic difficulties. It provides individual assistance in the form of counselling, care and treatment, financial support, and other benefits. The ASD provides no funding to schools, e.g. for free school meals. Since 2011 the main reason for consulting the ASD was to request financial support as a result of insufficient household income. For families with insufficient household income there are additional benefits to ensure an adequate standard of living, e. g. social welfare benefit, supplementary social benefits, rent allowance etc.

### 2.1.3 Parenting services

In Liechtenstein the widespread opinion that mothers ought to be the primary caregivers for their children determines the use of extra-familial services. To combine this parents' convictions with the well-known fact that the social and behavioural environment within the family is one important variable that influences children's school careers and well-being, Liechtenstein's government and various private social agencies offer different parenting services targeted in particular to mothers.

After the birth, parenting counsellors from the Red Cross organisation in Liechtenstein can advise parents at their request on the task of parenting an infant, as well as observing and evaluating the baby's development on a regular basis. Parents have the possibility to discuss an individual nutrition plan for the child, to receive support in caring for a healthy or sick child, and to discuss everyday parenting matters with the parenting counsellor. Health visiting services are very much appreciated by Liechtenstein's families and are seen as an essential resource for families, and it frees up paediatricians to a certain degree.<sup>6</sup> Depending on the social insurance of the mother, some insurance companies reward mothers' breastfeeding for a determined period. Since no legal obligation exists, the criteria and the amount of financial support varies from one social insurance agency to another.

Additionally there are private institutions which are financially supported by the government and offer parental services which focus on giving parents a platform for sharing their concerns, finding support by professionals, and learning new approaches for supporting children and their wellbeing.<sup>7</sup>

## 2.2 Supporting parents' labour market participation

Liechtenstein offers two main types of child care facilities. One is out-of-house childcare (especially for children below the age of 4 years), the other extracurricular care facilities for pupils (age 4 to 12 years) which are offered by private organisations in addition to the official school schedules.<sup>8</sup> These child care facilities were

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<sup>6</sup> Source: <http://www.rotekreuz.li/index.php>

<sup>7</sup> Main private institution are the «Eltern Kind Forum»: <http://www.elternkindforum.li/>; the «schwanger.li»: <http://schweiz.schwanger.li/wir-informieren/eltern-werden>

<sup>8</sup> Source: <http://bua.gmg.biz/BuA/default.aspx?year=2008&nr=110&content=172486467&erweitert=true>

restructured in 2007 in order to serve the need of working parents for a more flexible child care system. Currently there are five different care models offered, from early morning child care mainly for parents who are working in an industrial, round the clock operation, to a supervised lunch model mainly for parents with school-aged children, right up to whole day care for full time employed parents with young children below the official kindergarten attendance age.

Financially the system is based on a wage related tariff system. Thus, the contribution of the parents and the financial subsidisation by the government varies.

### **2.2.1 Child care**

Affordable quality childcare is important not only to raise the fertility rate but also to make this goal compatible with that of encouraging higher female employment and investing in children. Until 2009 there was no specific focus on enlarging ECEC activities in Liechtenstein. In 2009 the government decided specific cost cutting measures within the financial support of early child care. The modern family policy of the Liechtenstein Agenda 2020 implemented specific measures to promote efforts to reconcile work and family life for men and women.<sup>9</sup> These efforts resulted in a denser network of out-of-house childcare, but it is still not sufficient against a background of long child-care waiting lists by the end of 2014. In Liechtenstein child care is costly and dominated by private/voluntary sector providers. In 2010 the government launched a pilot project for 3 years to support 190 new care places for children with an estimated total cost of 2.8 Million Swiss Francs (approx. €2.7 Million). Additionally, in 2008 a pilot day-school in one primary school in Liechtenstein started which was partly extended into 2010. Given situation in Liechtenstein, the official financial support for extracurricular day-care facilities, offered by three different institutions, was prolonged via a pilot project in 2013. The government established a working group to come up with new models of financing early child care / child care facilities. Results are expected within 2015.

Nevertheless it must be said that the positive results from the official family programme are still not sufficient to support all parents' needs for childcare facilities. By mid-2014 nearly 18% of the total number of supervised children was registered on the waiting list for a care place for children. It is clear that without more child care facilities, employment needs cannot be met, and this might result in more financial difficulties for various households. A key challenge will be the answer to the question of how households with low or insufficient income can receive special consideration for increasing their possibility of securing full time employment – or increasing their part-time employment – to avoid poverty and inadequate child well-being. Based on these facts the government resolution from the end of 2011, which declared to give no further financial support to new child care facilities due to the overall financial situation, was discarded at the beginning of 2014. The government set up an interdisciplinary project group, including business representatives, to work out a plan for an efficient and fair state funding of child care facilities. The last debate in the parliament had focused on more flexible and affordable child care facilities. But since then, no changes have been implemented, and the focus of the authorities' funding role for pre-school education and child care facilities has been reduced.

Unlike school education costs, child care expenses and pre-school education are not tax-deductible and therefore they are a real burden for family budgets.

### **2.2.2 Long-term care**

An increasing number of Liechtenstein residents struggle to help family members with long-term care at home. Since 2010 there has been pressure to extend institutionalised care, especially in the form of home care, as the increasing costs for commercial carers with specific social and medical infrastructure are no longer

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<sup>9</sup> Updated brochure:

[http://www.familienportal.li/fileadmin/user/Dokumente/Familienfoerderung\\_ASD\\_Oktober\\_2014\\_web.pdf](http://www.familienportal.li/fileadmin/user/Dokumente/Familienfoerderung_ASD_Oktober_2014_web.pdf)

fundable by the state under the present system. At present few people are financially prepared to cover these expenses privately, and many will rely on existing health insurance. Continuing the current system will lead to perceptible premium increases for Liechtenstein's inhabitants. Thus, the focus lies on an extended system of specific social and medical infrastructure to increase home care. In Liechtenstein, care work within the family is the predominant form of long-term care. It is mostly provided on a voluntary basis, in particular by female relatives, and has not yet been legally regulated. There is support by the family assistance association<sup>10</sup> and, nowadays, for part-time care by professional (commercial) long-term carers. But given the fact that women take on caring tasks especially when longer and more intensive care is necessary, the given situation particularly jeopardizes women's participation in the labour market. To avoid this effect, the Liechtenstein government launched a 'social time card' (volunteer work certificate) for those who work on a voluntary basis. Volunteers were able to use the volunteer work certificate to record their activities and how much time they spent on them. The idea was that evidence of volunteer work and corresponding training could be important in particular for re-entering the workforce. However, the 'social time card' did not by far satisfy the needs of the volunteers. As the model was only in place for a short period of time, no official data regarding the number of participants in the social time card project is available. In particular statistics on involuntary part-time work due to care responsibilities, broken down by gender, are not collected. Thus, Liechtenstein's policymakers must consider a better system for accepting certificates of volunteer work in the private sector and in respect of pension entitlement, e. g. one which takes account of years spent caring. They must also find measures to improve long-term services to support family members' labour market participation, and to avoid, in particular, women's skills being squandered.

### **2.2.3 Maternal/paternity leave benefits**

Working women, registered with a sickness fund for at least 270 days before the date of birth, are entitled to sickness cash benefit for 20 weeks. Of these, at least 16 weeks must follow the birth. It amounts to at least 80% of last wages, including regular supplementary allowances. Tax financed and income-dependent maternity allowance (Mutterschaftszulage) is provided to those residents who are not gainfully employed. The amount depends on the spouse's income and on the number of children. The minimum amount of maternity allowance is 500 Swiss francs (approx. €475), the maximum 4,500 Swiss francs (approx. €4,300). The right of men for the same compensation payments or to job guarantee after a period of paternity leave are not granted by law in Liechtenstein. Parents are entitled by law to a supplementary unpaid parental leave of a maximum of four months after the birth of a child. A prerequisite for this rule is that the child lives in the same household as the requesting parent and that the parent was employed for more than one year.<sup>11</sup> Fathers can only request this supplementary unpaid parental leave if mothers have not done so.

Measures such as parental leave can encourage men to share parenting and other care responsibilities equally with women. Such fathers' involvement in care while children are young can lead to a more balanced division of responsibilities and improves the career opportunities of mothers. Due to the lack of equal opportunities in Liechtenstein, father parental leaves are very rare. Equal financial compensation is required to increase take-up of fathers' leave, as well as labelling fathers' leave as a positive and supportive measure for the family, and its perception by the employer as an enriching experience.

## **2.3 Policy measures to address social and labour market exclusion**

Insurance benefits at the state level are given, but in most cases they are not sufficient to cover the whole cost of living. As the employer's contribution to supplementary pension insurance is linked to the employees' annual level of income,

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<sup>10</sup> Source: Familienhilfe Liechtenstein: <http://www.familienhilfe.li/Organisation.aspx>

<sup>11</sup> Source: <http://www.schwanger.li/wir-informieren/arbeit-und-recht>

in some cases companies tend to hire and fire workers in order to avoid additional social insurance premiums. Thus, collective bargaining agreements within the framework of the social partnership have been made since 2007 – with a binding effect on an entire sector. The proof of a breach of contract is difficult, though. These agreements cover minimum wages, working times and other terms of employment, and they are designed to prevent social and wage dumping.

### **2.3.1 Unemployment benefits**

All employees and apprentices are covered by compulsory unemployment insurance. There is no possibility for self-employed persons to join the unemployment insurance scheme on a voluntary basis. Liechtenstein's unemployment benefits, based on the Act on Unemployment Insurance, consist of contributory and means-tested elements in one benefit. The amount of benefit is set at 80% of the latest insured earnings. It may be reduced to 70% if there are no dependent children, full daily cash benefit over 140 Swiss francs (approx. €133) is received, and the recipient is not a person with disability. The duration of unemployment benefits depends, among other things, on the age of the applicant. Benefit (per diem) is payable from a minimum of 130 days up to a maximum of 500 days within a two-year period – depending on the age, on the individual contribution period and other factors.<sup>12</sup> Persons responsible for their own unemployment situation are not entitled to daily cash benefits for up to 60 days of unemployment.

The number of people who have an insufficient income despite full time employment is relatively low in relation to the total employment figure, but it nevertheless remains a problem for Liechtenstein. Unfortunately there is no detailed current statistical data available regarding recipients of unemployment allowance and the related household members, as well as the effect on children/young persons living in these households. Based 2008 data of, a clear correlation with a slight time lag can be observed when comparing the unemployment rate and the trend in social welfare benefit. If the unemployment rate falls, a decrease in the number of social welfare recipients in Liechtenstein is registered, and vice versa.

### **2.3.2 Minimum income**

Liechtenstein supports a system of social welfare assistance that guarantees that all citizens or families have an income sufficient to live on, provided they meet certain conditions. Consequently, if a Liechtenstein resident achieves an income from employment and/or social transfers (including pensions) which is below the minimum income defined by the law, this person is generally entitled to social assistance, which is legally defined as a guaranteed basic income. The number of households who have received social benefit has increased between 1995 and 2013. The development is shown in graph 3.2 in the Appendix. The illustrated system is set up as an "add-on" modular structure. This means that the public benefits are given as add-ons to the insurance benefits. The overall model of social protection in Liechtenstein is very much tailored to the individual situation of the person involved and contains supplemental payment options in addition to the given lump sums of social welfare benefit.

Based on a poverty survey in 2008, Liechtenstein has quite a low rate of households with an equalised income below 60% of the national median. Unfortunately there is no actual data available, but based on the given situation it seems plausible that the situation has not changed dramatically. As shown by the graph 3.3 in the Appendix, the number of registered working-poor households has decreased since between 2001 and 2013.

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<sup>12</sup> Detailed regulation consists of: 130 days in case of periods exempted from contribution payments; 200 days if the person is under the age of 25 and has no maintenance obligation; 260 days if the person is over 25 years of age; 400 days if the person is over 50 years of age and has a contribution period of more than 18 months; 500 days for persons whose contribution period exceeds 22 months and who are in receipt of an invalidity pension of at least 40%.

Without social welfare benefits, the share of poor households would be about 8% of the total of households in Liechtenstein. Based on the statistical data for social welfare benefits, single parent households have been a dominant group within the social welfare benefit category for years in Liechtenstein. Liechtenstein's employment quota shows no major changes since 2010, with a level of 73.7% in 2012. It can be assumed from these figures that there are still not enough actions in place to enable households (in particular single parent households) with children to improve their employment and income situation to overcome their poverty. The development of the employment quota over the past six years can be seen in graph 3.1 in the Appendix.

Correlating the figures of families entitled to social benefit with the number of child care facilities over the time period from 2011 to 2012, shows the positive effect of increasing child care facilities, using the decrease in the number of rent allowance recipients (part of the social welfare provision) in the group of single parent households. The effect of moving in with family members to reduce rent costs cannot be evaluated as no statistical data is available. Nevertheless, the group of young mothers still shows the highest share of part-time employment, combined with small household income which is – among other factors – a result of the difficulty in finding reasonable out-of-house child care arrangements as explained in previous sections.

In the face of increasing pressure on public expenditure, the approach of ensuring a needs-oriented way of granting social help has a high relevance within the social structure. The defined minimum income has not been adjusted since 2008, as the Consumer Prices Index reflects a decrease of 0.5% during the period from 2010 to 2012. Within the last 5 years, no important changes to social protection policy have been made, neither by increasing the amount of benefits, nor through implementing tax credits for working age claimants etc.

### **2.3.3 Active labour market policies**

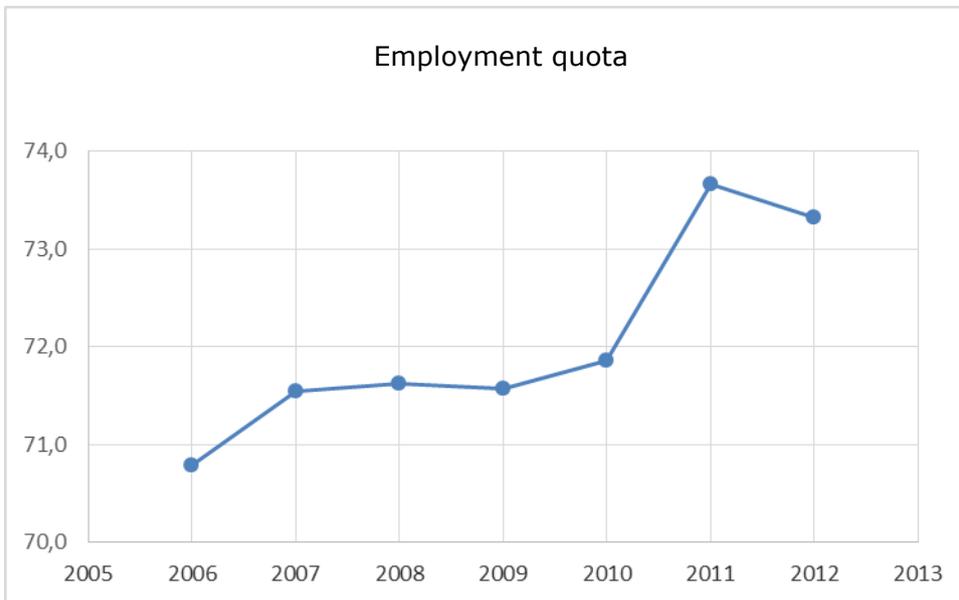
With regards to unemployment, Liechtenstein remains in an excellent position. The average unemployment rate by the end of 2013 was 2.5% and it has not changed dramatically within the last 5 years. Thus, specific labour market policies have not been a high priority for the government within the Agenda 2020. A minor weakness might be seen in the fact that Liechtenstein still faces the problem of a higher unemployment rate amongst non-German speaking foreigners which is approx. 2 times higher than that of Liechtenstein nationals. As around one-third of inhabitants are foreigners, more attention and priority should be given to the labour market integration of foreigners by the government and the administration.

It is well known to political representatives in Liechtenstein that the lower level of vocational qualification leads to worse labour market opportunities. Thus, immigrants with a low education level are more at risk of poverty than Liechtenstein nationals or immigrants with a high education level, namely the ones from German speaking countries. This development can also be observed in the higher share of early school leavers among foreigners, compared to nationals, and the lower share of foreigners attending grammar school. Nevertheless, these results are not sufficient to justify talk of economic poverty among immigrants or a higher percentage of social welfare recipients among immigrants, although, in this context, a higher risk of low income within the group of non-German speaking immigrants seems very likely. Currently there are no specific policies promoting participation in Life Long Learning for this group in place.

## Appendix

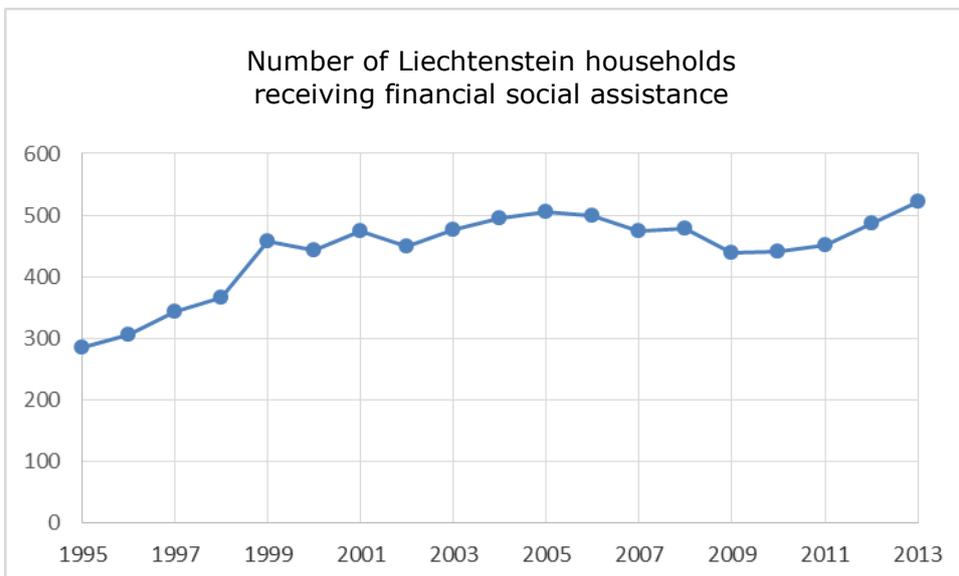
**Figure 1: Supporting parents' labour market participation**

The employment quota remained stable since 2006 (70.8% in 2006 and 73.3% in 2012). Based on the close relationship to Switzerland a comparison of the employment quota with the neighbouring state is interesting. It shows that in 2012 the Swiss employment quota was 83.0% - compared to 73.3 % in Liechtenstein.



**Figure 2: Minimum income**

The number of households who have received social benefit has increased since 1995. In 2013, 533 households in Liechtenstein claimed social benefits, compared to 286 households in 1995.



**Figure 3: Active labour market policies**

The number of registered working-poor households has decreased since 2001. In 2001 the total number of working-poor households in Liechtenstein was 59, compared to 34 households in 2013.

