



ESPN Thematic Report on integrated support for the long-term unemployed

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Contact: Valdis ZAGORSKIS

E-mail: Valdis.ZAGORSKIS@ec.europa.eu

European Commission
B-1049 Brussels

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1. Summary

The principality of Liechtenstein's social security system covers all persons residing or working in the country.

State pension's fund, corporate pensions funds (a mandatory occupational scheme for employees) and private pensions funds are the three main pillars that form Liechtenstein's social insurance system. This system makes it possible for workers to cover the risk of unemployment among others. State and corporate pensions are mandatory, while private pensions are voluntary. The state pension fund is financially supported by state subvention on an annual basis. The Ministry for Social Affairs is responsible for the country's social welfare and social insurance. The Ministry coordinates most of Liechtenstein's social security system, including unemployment.

The global financial crisis has not had much of an impact on unemployment. The total unemployment rate in March 2015 remains unchanged at 2.4% in Liechtenstein, which is one third of the OECD average of 7.1% (prognostic for 2015). As Liechtenstein faces no real problems with unemployment, no specific focus was given to these issues when setting up the general cost-cutting measures from the Agenda 2020 in Liechtenstein from 2009 onward. In 2014 the government focus was still on cost-cutting measures and within these, the first debate in Liechtenstein's state parliament regarding the termination of the state subvention to the unemployment insurance took place. This would lead to an increase of the contribution of employees to the unemployment insurance funds (as part of the state pensions fund) to ensure that current and future benefits can still be funded-.

Liechtenstein's exceptionally strong performance in respect of its low unemployment rate is mainly attributable to persons under 60 and with university degrees. Concerning long-term unemployed, the latest available statistic refers to 2013. In 2013 there had been 153 persons classified as long-term unemployed. Within this group every third person was above the age of 45 years. Taking one more year into consideration, Liechtenstein was facing 81 persons of long-term unemployment, meaning without an active employment income for more than 3 years. Within this group the number of persons above the age of 45 is increasing.

However, the inability of older workers, once unemployed, to get back into work is a source of concern. Specific supportive measures for partly longer work models for elder people are slowly becoming part of the discussion and could be future instruments to keep the unemployment rate of elder 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 realised the additional need for state action. The aim of this report is to provide an overview of the current situation of unemployment – especially long-term unemployed persons – in Liechtenstein.

The role of the public authorities is to encourage the social partners to increase their investment to reintegrate long-term unemployed into the labour market

2. Benefits and services supporting the long-term unemployed

2.1. Unemployment and insufficient income

2.1.1. Insufficient income

State pensions, corporate pensions and private pensions are the three main pillars that form Liechtenstein's social insurance system. This system makes it possible for workers to cover the risk of unemployment among others (e. g. illness, accidents, disability and to prepare financially for retirement). The contribution to the unemployment insurance (ALV) is 0.5% of the salary for both employers and employees, whereas no contribution is due for earnings over 126,000 Swiss francs (approx. €120,000) per year. The insured must have at least 12 months of coverage in the last two years before claiming unemployment benefits, be available for work, and satisfy any other necessary requirements. 80% of the insured's covered earnings is paid as unemployment benefit for up to 260 days to an insured person up to age 49 with at least 24 months of contributions, 400 days for 1.5 years if aged 50 to 59 and 500 days for 22 months if aged 60 to 64. It may be reduced to 70% in case 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.

When exceeding the maximum days of unemployment insurance payments as defined above, long-term unemployed persons can request for social welfare benefits at the Office for Social Services. The payments are very much suited to the individual situation and can consist out of the following different types of public social welfare benefits:

- social assistance (representing the most relevant one)
- supplementary social benefits
- rent allowance
- child benefit
- allowance for single parents
- helplessness allowance
- health insurance premium reduction

The public social benefits are legally defined as a minimum income guarantee to live in the economic environment of Liechtenstein. If the long-term unemployed reaches the age for pension entitlement (currently at the age of 64), the calculation of the individual income has to take these pension payments into consideration. If the total income (now including the pension payments) is above the defined minimum income by law, the right to receive social benefits has ceased.

The number of people who have an insufficient income and are long-term unemployed is relatively low based on interview statements of the Labour Market Service Centre. Unfortunately there is no detailed current statistical data available regarding recipients of unemployment allowance and the related household members. Based on the data of 2008, 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. These data were presented in the second poverty report, initiated by the Liechtenstein government. The first one was published in 1997, while a third poverty report will most likely be drafted in 2016.

Liechtenstein supports a system of social welfare assistance which 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 unemployment payments) which is below the minimum income defined by law, this person is generally entitled to social assistance. In 2013 the total number of all persons who received social assistance due

to unemployment (long-term unemployed and no-long-term unemployed) was in total 252, categorized by age as follows:

Numbers in percent	18 – 25 years	26 – 35 years	36 – 45 years	46 – 55 years	above 55 years
Unemployed persons	20%	27%	19%	21%	13%

(Source: Labour Market Service Centre - 2013: http://www.llv.li/files/asd/ASD_print.pdf)

The amount of paid social assistance to these unemployed persons in 2013 was about 2.4 million Swiss Francs, which reflects 33% of the total paid social assistance in Liechtenstein.

Within the group of long-term unemployed Liechtenstein is facing an increase in the number of persons receiving social benefit. From 2012 to 2013 the number of long-term unemployed persons increased by 3.3%, whereas the amount of social benefit paid increased (in the same time period) by 26.3%.

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 total amount of benefits, nor through implementing tax credits for working age claimants etc.

2.1.2. Labour market policies and minimum income

The Liechtenstein labour market policies set up a system which includes mandatory social benefits, the unemployment insurance system and the labour legislation (law on minimum wage, employment protection legislation, and the enforcement of the legislation), etc. On the other hand it comprises various labour market integration measures available to unemployed or those threatened by unemployment. Liechtenstein has an adequate and reliable minimum income system in place. Additionally Liechtenstein's labour market policy has installed a modern employment office, the Liechtenstein Labour Market Service Centre (AMS)¹, which provides employment services for all regions within Liechtenstein. The AMS offers high quality employment services such as job placement, consultations to vocational education and training programs, support to entrepreneurs in conducting feasibility studies and accessing funds, etc.

Concerning the current situation of unemployment in Liechtenstein, Liechtenstein remains in an excellent position. The average unemployment rate by March 2015 was 2.4% and it has not changed dramatically within the last five years. A minor weakness might be seen in the fact that Liechtenstein still faces the problem of a higher unemployment rate in the group of non-German speaking foreigners, which is approx. two times higher than the one of Liechtenstein nationals. As around one-third of the inhabitants are foreigners, more attention and priority should be paid to the labour market integration of non-German speaking foreigners by the government and the administration. Concerning long-term unemployed, the given figures for Liechtenstein are based on the definition of long-term meaning unemployed for more than a year. In 2013 there had been 153 persons classified as long-term unemployed. Within this group every third person was above the age of 45 years. Taking one more year into consideration, Liechtenstein was facing 81 persons of long-term unemployment,

¹ Link: <http://www.amsfl.li>

meaning without an active employment income for more than 3 years. Within this group the number of persons above the age of 45 is increasing. This can be seen by the following table.

Long-term unemployed persons in %	18 – 25 years	26 – 35 years	36 – 45 years	Above 45 years
Unemployed since 2012 (n = 153)	15%	32%	20%	33%
Unemployed since 2011 (n = 81)	7%	31%	21%	41%

(Source: Labour Market Service Centre - 2013: http://www.llv.li/files/asd/ASD_print.pdf)

Regarding the financial situation of these long-term unemployed, no official data is available in Liechtenstein.

2.2. Unemployment benefits

Liechtenstein's unemployment benefits, based on the Act on Unemployment Insurance, consist of contributory and means-tested elements in one benefit. 80% of the insured's covered earnings is paid as unemployment benefit for up to 200 days if the person is under the age of 25 and has no maintenance obligation; 260 days to an insured person up to age 49 with at least 24 months of contributions, 400 days if the person is over 50 years of age and has a contribution period of more than 18 months and 500 days for persons whose contribution period exceeds 22 months and who are in receipt of an invalidity pension of at least 40%.

It may be reduced to 70% in case 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. Older unemployed persons, who are above 50 years old, are entitled to a longer period of unemployment benefits (basically 400 days instead of 130 / 260 days, depending on the age, on the individual contribution period and other factors). Benefits are calculated according to the last salary (in certain cases according to the average salary in the last six to 12 months).

Liechtenstein's unemployment benefits are generous, but conditions are rather strict compared to international standards. Claimants must accept any appropriate job offered by the public Labour Market Service (AMS), unless it pays less than 70% of the previous salary.

2.3. Supportive services for Unemployed

The Liechtenstein Labour Market Service (AMS) offers a range of support services for unemployed individuals to get back into work. Independently of the length of time being unemployed and claiming unemployment benefit the AMS helps to break down the barriers and move into sustainable work through a number of programs. The AMS is the official office from the government department providing services to enable and reintegrate long-term unemployed persons into the labour market. The offer consists out of two different types of services:

- Collective activation programs and
- Individual supportive services.

The collective activation programmes² offer classes to enlarge the individuals knowledge portfolio from communication technics to practical IT-application usage, to activate the motivation to hand in application forms, set up internships and expand professional networks. There are no complaints or dissatisfaction with the extent and type of activation services known to the authors. As a minor weakness it could be mentioned, that additional focus might be given to specific employment schemes and to the political support to encourage the private-sector employers to integrate long-term unemployed with more effort (e.g. state contributions to the social security payments, financial promotion of employment, set up internships etc.).

The range of supportive services³ is wide, including individual coaching, development of soft skills and of the personality. Currently the AMS offers supportive service programs as follows:

- analysis of the individual situation
- identify the strengths and potential
- motivation
- work-life-balance and health management
- communication: practice interview techniques, practice letter writing
- conflict management
- NLP in daily live
- Building and use of social networks
- Project management
- Professional help to develop labour market and individual applications documents

Individuals with long-term unemployment suffer especially under the additional uncertainty of their situation. This can lead to increased stress and anxiety as individuals take on loans to get them through the time and keep up with a certain life standard to avoid social consequences of less income than before. The correlation between debt and debt as a major risk factor for common mental health conditions has been scientifically proven (Meltzer et al., 2012). To prevent long-term unemployed from this risk, the AMS launched various programs as the health management and NLP in daily live etc.

Nevertheless due to the low unemployment figures and the low long-term unemployed in Liechtenstein, specific labour market policies have not been of high priority for the government within the Agenda 2020.

3. Coordination between services towards a one-stop shop approach

In Liechtenstein the benefit and service system for unemployment fragmented into two and in the event on long-term unemployed, three different institutions.

Regarding financial assistance, the verification and payment of cash benefits in the event of unemployment is in the responsibility of the **Office of Economic Affairs (AVW)**. Applicants of unemployment benefits⁴ have to register in person at the Office

² Link:

Collective activation programmes:

http://www.amsfl.li/ams/upload/downloads/Kollektive_Aktivierungsprogramme_AMS_FL_Uebersicht.pdf

³ Link:

http://www.amsfl.li/ams/upload/downloads/informationsblatt_unterstuetzende_programme.pdf

⁴ Link:

http://www.llv.li/files/avw/arbeitslosenwegweiser_sept_2013_web.pdf

of Economic Affairs for a check at the latest on the first day from which they are claiming unemployment benefit.

When exceeding the maximum days of unemployment benefits (see chapter 1.2), and the unemployed person is in the situation of minimum resources, he/she may be entitled to social assistance⁵. The administration of social assistance lies in the responsibility of the **Liechtenstein Office for Social Services (ASD)**, where a claim for benefits should be lodged. The ASD determines the subjective right of the claimant and calculates the differential amount according to income, assets and expenditures of that person.

The coordination between these two service providers is not formally organised by a one-stop shop approach. As Liechtenstein is a very small country the administration Offices are comparatively to other states well networked. Nevertheless, long-term unemployed have to make their applications individually to each of the mentioned Offices for financial support.

Regarding supportive and reintegrating measures, the Liechtenstein Labour Market Service Centre (AMS) is the agency in charge after a person lost his/her job and is unemployed.⁶ One Stop Shop approach for providing employment services is recognized as one of the best practices to ensure efficient and effective provision of services to job seekers in Liechtenstein. Therefore the government established a modern employment office, the Liechtenstein Labour Market Service Centre (AMS), which provides employment services for all regions within Liechtenstein. The AMS therefore provide access to high quality employment services such as job placement, job matching, carrier guidance, consultations to vocational education and training programs, in addition to help entrepreneurs in conducting feasibility studies and accessing funds.

Ensuring an ongoing enhancement of the quality of the AMS services, the AMS itself has implemented the EFQM model. The management for quality, environment, security and ethics (EFQM model) is a sustainable guarantee for the good functioning of the provided services of the AMS. There are further implemented standards known to the authors, e.g. the European Quality Framework.

The employer must register any termination of employment to the social authorities in Liechtenstein in order to ensure a correct status of insurance participation (unemployment insurance etc.). This includes also the reporting of any absence of work due to weather conditions, which is handled as temporarily unemployed by the authorities.

The public authorities' information system provides the relevant data which is needed to process the unemployment insurance and their payments to unemployed persons in Liechtenstein as well as any social welfare benefits. This system and the usage of the included data (personal data) are based on the data protection legislation in Liechtenstein (Art. 69 of the by-law of the Unemployment Insurance and Insolvency Payments Act).⁷

⁵ Link:

http://www.llv.li/files/asd/pdf-llv-asd-wirtschaftliche_sozialhilfe-4.pdf

⁶ Links:

Office of Economic Affairs (unemployment insurance): <http://www.llv.li/#/139/arbeitslosenversicherung-alv>

Office for Social Services (social welfare benefits): <http://www.llv.li/#/16430/sozialhilfe>

Liechtenstein Labour Market Service Centre:

<http://www.amsfl.li/stellensuchende/anmeldung/index.html?a=98&level=1>

⁷ Links:

By-law of Unemployment Insurance and Insolvency Payments Act:

http://www.amsfl.li/ams/upload/downloads/ALV_Verordnung_2010_nr._465_14.12.2010.pdf

Data Protection Act:

<https://www.gesetze.li/Seite1.jsp?LGBl=2002055.xml&Searchstring=Datenschutzgesetz&showLGBl=true>

4. Individualised approaches

The Liechtenstein Labour Market Service Centre (AMS) provides different activation support as described in chapter 1.3.

The various programmes are tailored to different groups and needs of unemployed persons (e.g. people with a low educational level, non-German speaking persons, women, etc.). There are no requirements regarding the time period of being unemployed to become eligible for a specific programme.

Within these programs the AMS rely on one side on standardised approaches like enrolment in a work preparation course, mandatory attendance at group job search activities, etc. These activities certainly have a place in service delivery but their impact is limited especially in the case of long-term unemployed. On the other side, the AMS finds out in interviews with their clients what their strengths and weaknesses are, what they really brought to unemployment, evaluate the given job experience and sets up an individualised training plan. The main goal is to give the unemployed the possibility in learning how to interview, how to improve their resumes, meet with mental-health counselor and receive counseling about improving their self-confidence.

Official statements regarding a specific concentration of the efforts of the AMS are not known to the authors. But from the given unemployment figures and the job market activities, i.e. the different activation programmes, it can be assumed that great emphasis is given on the beginning phase of an unemployment with the focus on a very quick reintegration into the labour market, and – if applicable and useful – vocational training and individual support to improve the chances of a reintegration into the labour market as soon as possible. Concerning the long-term unemployed the “job-speed-dating” program of the AMS can be mentioned. With the program “job-speed-dating” the AMS launched a model of bringing long-term-unemployed in direct contact to employers. The concept is very simple on the basis of the motto “the first impressions count”. After the unemployed had an individualised support program, the AMS arranges a couple of “job-speed-dating” – interviews with local employers. The employer and the AMS client have each 5 Minutes to present them self and to get a first impression of each other. If the first impression was very good, the job application documents will be handed over to the employer and the recruiting process starts. The “job-speed dating” participation is not binding for both sides, but the feedback from the employer side after the first sessions had been held, was very positive and the AMS was able to find a new workplace for some of their clients.⁸

⁸ Link: <http://www.amsfl.li/stellensuchende/job-speed-dating/index.html?a=116&level=1>

5. Overview table

		Please put an X in the column that best represents the situation in your country			Please summarise in a few words and in order of priority the 3 key gaps that need to be addressed to improve effectiveness (if only one gap just complete one column)		
		Very good	Medium	Weak	Gap 1	Gap 2	Gap 3
Effectiveness of benefits & services supporting the long-term unemployed	Income benefits	x					
	Social services		x		Minor weakness: group of non-German speaking foreigners show a higher unemployment rate than others – thus specific measurements could be considered	Within the group of long-term unemployed persons the psychological problems are increasing (social isolation and illness).	
	Activation services		x		There are no complaints or dissatisfaction with the extent and type of activation services known to the authors. As a minor weakness it could be mentioned, that more focus might be given to specific employment schemes and to the political support to encourage the private-sector employers to integrate long-term unemployed with more effort (e.g. state contributions to the social security payments, financial promotion of employment, etc.).		

Effectiveness of coordination between employment, social assistance and social services	x					
Extent of individualised support	x					

