



# ESPN Country Profile

## Liechtenstein

2017 - 2018

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***European Social Policy Network (ESPN)***

**ESPN Country Profile**

**Liechtenstein**

**2017 - 2018**

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# Contents

HIGHLIGHTS .....	6
1 MAIN SOCIAL OUTCOMES AND CHALLENGES .....	7
1.1 Liechtenstein 2020 strategy (last update 12/2017) .....	7
1.2 Update of the progress of Liechtenstein Agenda 2020 (last update 12/2017) .....	7
1.2.1 Preserve ability to act on fiscal policies (last update 12/2017) .....	8
1.2.2 Strengthen the country as a centre of finance and commerce (update 12/2017).....	9
1.2.3 Increase the quality of life (last update 12/2017) .....	11
1.2.4 Main challenges for the Liechtenstein government (last update 12/2017) .....	13
2 SYSTEMS AND POLICIES AFFECTING SOCIAL OUTCOMES.....	14
2.1 Social investment and access to services (last update 12/2017) .....	14
2.1.1 Early childhood education and care (last update 12/2017).....	14
2.1.2 Support to the unemployed (last update 12/2017) .....	17
2.1.3 Healthcare (last update 12/2017).....	20
2.1.4 Long-term care (last update 12/2017) .....	22
2.1.5 Housing (last update 12/2017) .....	26
2.1.6 Asylum seekers and refugees (last update 06/2018).....	27
2.1.7 Other social services (last update 12/2017).....	30
2.2 Income support (last update 12/2017) .....	31
2.2.1 Child and family income support (last update 12/2017) .....	32
2.2.2 Unemployment benefits (last update 12/2017) .....	33
2.2.3 Minimum income protection (last update 12/2017).....	35
2.2.3.1 Rights based versus discretionary benefits .....	35
2.2.3.2 Design of minimum income scheme and level of benefit .....	36
2.2.3.3 Eligibility conditions and conditionality rules .....	37
2.2.3.4 Duration and transitions .....	38
2.2.3.5 Components covered by MI schemes.....	38
2.2.3.6 Main findings on minimum income protection .....	38
2.2.4 Sickness benefits (Last updated on 12/2017).....	39
2.2.5 Pensions (Last updated 12/2017).....	40
2.2.5.1 State pension: AHV .....	40
2.2.5.2 Occupational pension: company pension funds .....	41
2.2.5.3 Private pension.....	42
2.2.5.4 Reform trends .....	42
2.2.5.5 Assessment of adequacy indicators and current adequacy.....	43
2.2.5.7 Gender pension gap .....	45
2.2.5.8 Future adequacy and the challenge towards .....	46
2.2.5.12 Recommendations.....	47
2.2.5.13 Impact of the crisis on current pension systems and present pensioners .....	49
2.3 Social impact of other policy areas (Last updated 12/2017).....	51
2.3.1 Education (Last updated 12/2017) .....	52
2.3.2 Taxation and inequality (Last updated 12/2017) .....	53
2.3.3 Anti-discrimination (Last updated 12/2017).....	53
2.3.4 Gender equality (Last updated 12/2017).....	55
2.4 Stakeholder involvement (Last updated 12/2017) .....	56
APPENDIX 1 SUMMARY TABLE ON PROVISION FOR ASYLUM SEEKERS AND REFUGEES (LAST UPDATE ON 06/2018) .....	58
APPENDIX 2 .....	63

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Appendix 2 -1: increasing quality of life - human rights.....	63
Appendix 2-2: social investment and access to service - healthcare .....	63
Appendix 2-3: social investment and access to service – long term care.....	64
Appendix 2-4: Eligibility to rent allowance .....	65
Appendix 2-5: social investment and access to service – minimum income scheme .....	66
Appendix 2-6: pension schema for workers in arduous or hazardous jobs .....	67
3 TABLE OF FIGURES.....	70
4 REFERENCES .....	72
5 ABBREVIATIONS .....	78

## Highlights

The following highlights reflect the current results of the Agenda 2020, which have a strong impact on Liechtenstein's social policy system.

Preserve ability to act on fiscal policies – ensuring an appropriate social policy system:

- The successful restructuring of the state finances has had a significant impact in the financial planning report 2017-2020. Under these premises, it was possible to dispense with drawing up a further package of measures.
- The changes enacted with the 2016/2017 pension reform sought in particular to increase revenue from policy holders as state contributions are lowered. The reform stepped up efforts to increase effective retirement ages and limited the benefits of early retirement by reduced pension-payments.
- State contribution to the statutory health insurance system has been reduced in two steps based on a revision of the Health Insurance Act in 2016. The main change was a freeze of the state health insurance contribution. In 2016, a total of CHF 374.4 million (approx. € 325.5 million) was spent on healthcare (.62.4% by the public sector and mandatory health insurance, 37.6% by patients).<sup>1</sup>
- In 2015 the share of social benefits was 31.8% and in 2016 31.9% of government expenditure. Social benefits amounted to CHF 465.8 million in 2015 and rose by 2.3% to CHF 476.7 million in 2016 (latest available figures).<sup>2</sup>

Strengthen the country as a centre of finance and commerce

- In respect of unemployment, Liechtenstein remains in an excellent position. The average unemployment rate in 2017 was 1.8% compared to 2.3 in 2016. 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 have been implemented.
- The number of people who have an insufficient income despite full time employment is relatively low in relation to the total employment figure. The insurance benefits at the state level are given, but in most cases they are not sufficient to cover the whole costs of living.
- In 2017, after the government elections, the political parties in Liechtenstein have addressed the increasing demand for formal childcare arrangements again. The aim of the government is therefore to increase the availability of affordable childcare services and to extend the public financing of these services.

Increase the quality of life

- The review of the Liechtenstein Agenda 2020 indicators show balanced results regarding the quality of life. This is mainly driven by the areas of living conditions, health, economy as well as energy and climate.
- Since January 2017 the new and independent national Association for Human Rights act independently and brings together various tasks previously performed by different governmental offices and NGOs in Liechtenstein. State-services, which have formerly been provided by other Offices, have been transferred into the new Association.

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<sup>1</sup> This amount includes not only the expenditure of the state, municipalities and social security funds, but also the self-payments of private households and the expenditure of non-profit organisations. See Health care statistics 2017, Statistical Office Liechtenstein, link: <https://www.llv.li/files/as/igv-2017.pdf>

<sup>2</sup> Finance statistic Liechtenstein 2017, Statistical Office, link: <https://www.llv.li/files/as/finanzstatistik-2016.pdf>

- According to a governmental study<sup>3</sup> on the basis of today's utilization of care and nursing services and the current cost structures, total costs in long-term-care will increase by an average of 4.8% per year. Thus, the government has to find solutions for the financial effects of demographic change in relation to the long term care system.<sup>4</sup>

## 1 Main social outcomes and challenges

### 1.1 Liechtenstein 2020 strategy (last update 12/2017)

As a Non-Member State of the EU, Liechtenstein strategic planning is very much influenced by the respective activities of the EU and its Member States (Europe 2020 strategy). For its strategic long-term planning the so-called Agenda 2020 was set out by the government on 5 October 2010. It contains six strategic targets which have a high degree of coverage regarding the European Strategy 2020 goals:

- Make use of small state opportunities in globalisation;
- Increase domestic political effectiveness;
- Preserve ability to act on fiscal policies;
- Strengthen the country as a centre of finance and commerce;
- Secure the natural foundations of life;
- Increase the quality of life.

To ensure a continuous implementation and promotion of the Agenda 2020, the government had set up a monitoring system. For all of the six targets, a series of indicators has been developed.

### 1.2 Update of the progress Agenda 2020 (last update 06/2018)

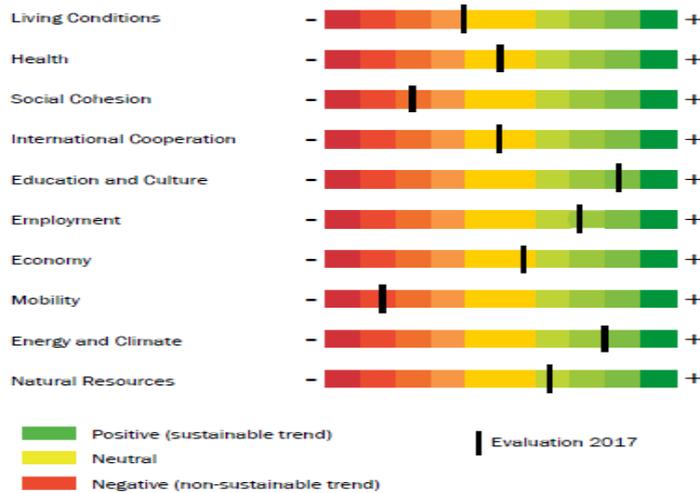
The economic and financial crises have left their mark also in Liechtenstein. From 2010 onwards it became more and more obvious that national income was being highly influenced by the structural problems in state finance. Within the following years clear cost cutting measures were implemented, having their first effect in 2015. The successful restructuring has had a significant impact in the financial planning report 2017-2020. Under these premises, it was possible to dispense with drawing up a further package of measures. The latest review of the Agenda 2020 was made in 2017, with the following results:

**Figure 1: Agenda 2020 evaluation results 2017**

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<sup>3</sup> Statistical Office, link: <https://www.llv.li/files/as/bevolkerungsszenarien-2015-2050-internet.pdf> . The full results can be seen in the appendix.

<sup>4</sup> See: Report on long term care system by the non-profit organisation *Zukunft LI* Foundation, link: <https://www.stiftungzukunft.li/aktuelles/mclaren-reveals-570gt>



Source: Agenda 2020 evaluation results 2017: <https://www.llv.li/#/11744?scrollto=true>

Summarising it can be said, that in the areas of education and culture, employment, energy and climate as well as natural resources the development is positive or at the very least slightly positive. The areas of living conditions, health, international cooperation and economy show no significant changes to last year’s evaluation. However, the development of the areas of social cohesion and mobility is not moving towards sustainability.

In the following chapters we comment on progress in three out of the six main targets of the Agenda 2020 which have a strong impact on Liechtenstein’s social policy system and will create the basis for understanding the systems and policies affecting social outcomes. These are namely: “preserve ability to act on fiscal policies”, “strengthen the country as a centre of finance and commerce”, and “increase the quality of life”.

### 1.2.1 Preserve ability to act on fiscal policies (last update 06/2018)

The overall assessment 2017 recorded a balanced return. Compared to 1998 the fiscal quota has increased, the unemployment rate fell slightly and the number of reported working poor households has decreased since 2001.

In February 2016, the government presented the final report on the restructuring of the state budget, which had the focus on ensuring a sustainable and balanced national budget. The successful restructuring has had a significant impact in the current Financial Planning Report 2017-2020. Under the premises set, all the key parameters of the financial model could be adhered to and a further package of measures could therefore be dispensed.<sup>5</sup>

In relation to individual material well-being, the Liechtenstein social welfare structure distinguishes between direct and indirect financial support. Furthermore, there are financial allowances for all families, regardless of their income (e. g. child allowance), and other benefits which are means tested (e.g. rent allowance). Finally, there is a group of financial support measures which are dedicated to specific individual living circumstances (e.g. the allowance for single parents). Within all families with children, child benefit allowance is the most effective type of social welfare help. For single-parent households, the second most important social benefit in relation to children is the lone parents’ allowance. For families with a contribution from the Old Age and Widow’s/Widower’s Pension insurance, supplementary benefits are paid in cases where the total income (including the family’s savings) is below the minimum income defined by the Regulation on the Old Age and Widow’s Pension Act.<sup>6</sup>

<sup>5</sup> Source: <http://www.regierung.li/sanierung-des-staatshaushalts>

<sup>6</sup> As the supplementary benefits are granted by law and ensure a minimum income up to the defined annual lump sum for the overall cost of living, they do not count as social welfare allowances and therefore do not

Today, Liechtenstein has a universal health care system with decentralized, free market elements through mandated health insurance coverage for all citizens. According to Art. 7 of the **Health Insurance Act**, persons who are domiciled in Liechtenstein under civil law, or who are gainfully employed, must have compulsory health care insurance. Self-employed persons must make their own contributions based on the Health Insurance Act. Dependent family members are covered by the contributions paid by employed family members. The unemployed, old age pensioners and people on long-term sickness benefit or maternity leave do not have to pay healthcare contributions. The healthcare fund covers most medical services including treatment by specialists, hospitalization, prescriptions, pregnancy and childbirth, and rehabilitation. Persons who are health care insured in Liechtenstein can apply for a premium reduction up to 40% of the health insurance under certain conditions. In this context, they are considered to be low-income earners (income including 5% of the net assets of the person may not exceed the income limit, defined as threshold) according to the legal provisions.<sup>7</sup>

### 1.2.2 Strengthen the country as a centre of finance and commerce (update 06/2018)

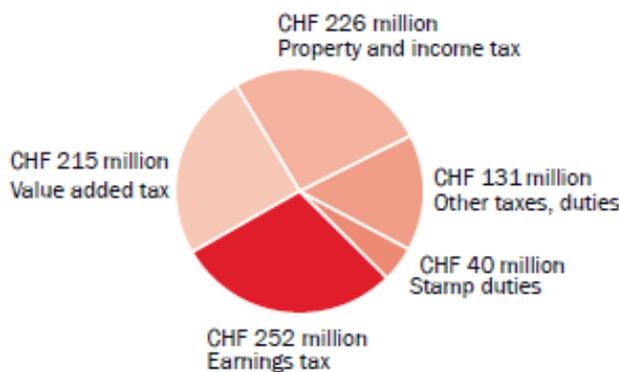
The economic strength of Liechtenstein is based on two main pillars: industry and the financial services sector. Due to the limited size and purchasing power of Liechtenstein, both areas need an economic approach which is highly specialised and part of a strong international network. Liechtenstein, in common with all the EU Member States, is facing the pressure of increasing international competition.

The favourable fiscal framework for individuals and companies is the main factor for the high attractiveness of Liechtenstein’s market place. The revision of Liechtenstein’s tax law by the end of 2010 additionally strengthens the country’s commercial attractiveness through the introduction of a flat rate for operating companies and a scheme of privileged taxation for the private asset structures (PVS).

In 2016, total tax receipts amounted to around CHF 864 million. This represents a decline of CHF 14.3 million or 1.6% compared to the previous year. On average, tax revenues for the years 2012 to 2016 amounted to CHF 822.7 million.

Other sources of revenue include property investment incomes and fees.

**Figure 2: Tax revenues by type of tax in 2016 (latest available figures)**



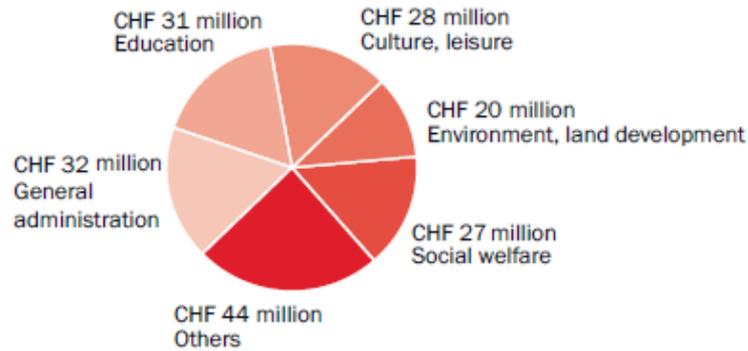
Source: National Tax statistic, link: <https://www.llv.li/#/11254/steuerstatistik?scrollto=true>

On the expenditure side, major expenses are for general administration, social welfare and education.

**Figure 3: Expenditures by purpose in 2016 (latest available figures)**

reduce the entitlement to receive social assistance payments. Consequently, if someone in Liechtenstein achieves an income from employment and/or social transfers (including pensions) which is below the breadlines, this person is generally entitled to social assistance.

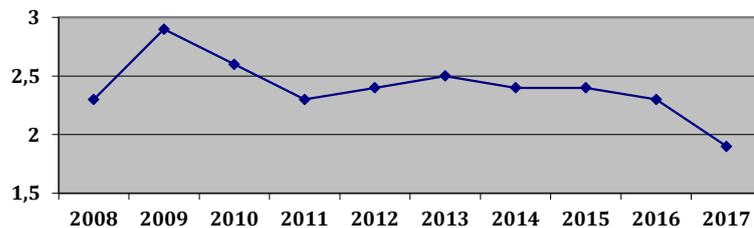
<sup>7</sup> For couples the threshold is currently 54,000 Swiss francs (approx. €51,300) and for singles it is 45,000 Swiss francs (approx. €42,700).



Source: National Tax statistic, link: <https://www.llv.li/#/11254/steuerstatistik?scrollto=true>

The development of the GDP shows only a moderate annual growth rate since 2011. Meanwhile the gross value added stagnated in the financial services sector over the last three years, whereas the industry and good producing sector showed a slightly positive performance. Thus, the high value-added generated can mainly be attributed to a strong industrial sector and to financial service providers. At the same time, the contribution of the public sector to the national economy is comparatively small. The value added by agriculture and households mainly corresponds to the rental activities of real estates and the imputed rental of owner occupied dwellings. In respect of unemployment<sup>8</sup>, Liechtenstein remains in an excellent position. The average unemployment rate in 2017 was 1.8% compared to 2.3 in 2016 and 2.4% in 2015.

**Figure 4: Unemployment rate Liechtenstein from 2008 to 2017**



Source: Liechtenstein unemployment statistic: [https://www.amsfl.li/ams/upload/downloads/entwicklung\\_arbeitslosigkeit\\_1990\\_-\\_2017.pdf](https://www.amsfl.li/ams/upload/downloads/entwicklung_arbeitslosigkeit_1990_-_2017.pdf)

Nevertheless there are still some areas of improvement left. The number of people who have an insufficient income despite full time employment is relatively low in relation to the total employment figure, but remains a problem for Liechtenstein. The insurance benefits at the state level are given, but in most cases they are not sufficient to cover the whole costs of living. As the employer’s contribution to supplementary pension insurance is linked to the employees’ annual level of income, 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. These agreements cover minimum wages, working times and other terms of employment and are designed to prevent social and wage dumping.

The right to work is protected under the Liechtenstein constitution. Those in active employment are obliged to have unemployment insurance. The Employment Service strives to be pro-active – intervening to prevent unemployment before it happens. Compensatory payments for short-time working also help to prevent jobs from being

<sup>8</sup> Unemployed persons are those who are registered at the Office of Economic Affairs (Labour Market Service), live in Liechtenstein and are able to take up employment within two weeks. Due to statistical recording difficulties, persons registered as unemployed that enter a longer-term further education programme or that are on maternity leave are nonetheless counted as unemployed.

automatically cut in times of economic crisis; many workers are enabled to remain connected to the world of work until the economy recovers. If unemployment does occur, a rapid assessment is made and strategies developed for reintegration into the jobs market. A broad range of measures and services, including individual case management are designed to make the period of unemployment as short as possible. The Employment Service Office (AMS FL) is the first port of call for those leaving the world of work and who are thus, at least temporarily, excluded from the marketplace. The collective work programmes offered mean that the unemployed are immediately taken up into the reintegration process.

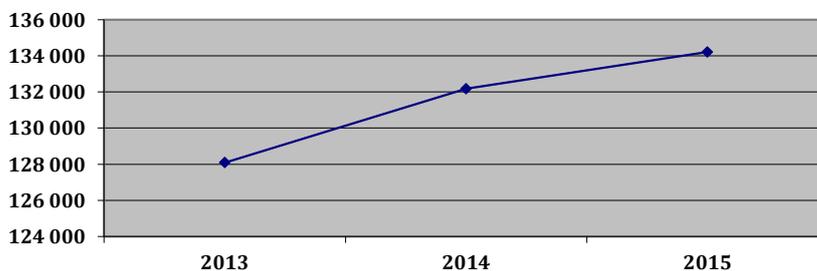
Within the Act on Unemployment Insurance and the bye-law to the Act on Unemployment Insurance regulations the prerequisites for claims are defined and have to be fulfilled to be entitled to the receipt of benefits. The duration of benefits depends on the period of contribution and the age of the unemployed person. The amount of benefit is set at 80% of the latest insured earnings.

**1.2.3 Increase the quality of life (last update 06/2018)**

In creating the economic basis for satisfying individual and global social policy needs, the income and prosperity are major components of the quality of life and have therefore an important impact on attaining the goals of the Agenda 2020. A distinctive feature of Liechtenstein’s national economy is the large number of inward cross-border commuters. In 2016<sup>9</sup>, 54% of Liechtenstein’s work force consisted of this group.

Since GDP is generated by the entire work force, country comparisons of GDP per capita may in the case of Liechtenstein lead to misleading conclusions. Hence, GNI (gross national income) may be a more appropriate figure. The GNI of Liechtenstein increased in 2015, compared to 2014, as shown in the figure below:

**Figure 5: GNI per inhabitant 2013 to 2015**



Source: Liechtenstein in figures, 2017: <https://www.llv.li/#/11443/liechtenstein-in-figures?scrollto=true>

The review of the Liechtenstein Agenda 2020 indicators show balanced results regarding the quality of life. This is mainly driven by the areas of living conditions, health, economy as well as energy and climate, which were unchanged evaluated in 2017 than in the previous year.

The net rental costs for housing per square meter has increased within the last years. The average rose from 10.5 Swiss Francs (approx. € 9.7) in 1980 to 13.3 Swiss Francs (approx. € 12.3) in 2010. This is an increase of more than 25% within three decades.

The field of social activities in Liechtenstein is much diversified, covering activities in the areas of culture and music, sports, environmental projects, care projects, and education. From an official point of view, the government supports – mostly financially – various social activities. For many of these organisations this is the most important source of both income and planning security for future activities.

Over the last several years, the number of households receiving social assistance has increased.

<sup>9</sup> Next publication with 2017 data will be available in September 2018.

The costs of social assistance rose in 2017 by 724,406 Swiss francs (approx. € 629,900) compared to the previous year to a total amount as of 7.8 million Swiss francs (approx. € 6.8). This increase is due to the increase in the number of clients and higher costs in each individual case.

The quality of life is very much depending on the health situation of each individual. Thus, the health insurance fund in Liechtenstein covers treatment by specialists, hospitalisation, prescriptions, pregnancy and childbirth and rehabilitation. Regular health check-ups with general practitioners are covered completely, with no out-of-pocket expenses.<sup>10</sup> The accident insurance provides for entitlement to additional funds to compensate for bodily injury or loss of a function. The Accident Insurance Act<sup>11</sup> covers the cost of medical treatment for rehabilitation measures by hospital departments or other health services approved by the competent authorities or bodies. The Act on Invalidity Insurance states that early recognition and intervention for the purpose of preventing any kind of disability is part of the duties of the disability insurance. The Invalidity Insurance covers measures regarding socio-professional rehabilitation which means, that they provide for remittance of additional funds to insured persons for the purpose of gainful employment, performing their usual work, learning a trade, or functional rehabilitation.

The changes enacted with the 2016/2017 pension reform sought in particular to increase revenue from policy holders as state contributions are lowered. The reform stepped up efforts to increase effective retirement ages and limited the benefits of early retirement by reduced pension-payments. The rationale behind this is to encourage more people to work longer before retirement so that larger revenue from contributions would be collected, while employers also created better pension entitlements.

In Liechtenstein the long-term care issue can be subsumed under the topic "increase quality of live" as part of the Agenda 2020. Care work within the family is the predominantly form of long-term care. It is mostly provided on a voluntary basis, in particular by relatives, and has not yet been legally regulated. Further, commercial carers and the family assistance association<sup>12</sup> provide care at home. The main State aid regarding long-term care are the helplessness allowance (Hilflosenentschädigung) and the care allowance (Pflegegeld). Helplessness allowance is granted irrespectively of the applicant's economic circumstances and is additionally to the care allowance. The helplessness allowance is financed by the general State budget; the care allowance is financed by half from the State and half by the communes. Based on governmental analyses in 2015 which came to the result that Liechtenstein will face an increasing demand of long-term care facilities, an additional financial investment was granted by the parliament in 2016 for a new long-term care centre. This new facility will be opened in 2018.

The human rights situation in Liechtenstein is good. Regarding discrimination, the national law includes different legal acts which cover most aspects of the relevant international Directives (details can be found in the appendix 2-1). Since January 2017 the new and independent national Association for Human Rights act independently and brings together various tasks previously performed by different governmental offices and NGOs in Liechtenstein. The status of this association and the relevant legal provisions had been laid down in a new law, the Act on the Association for Human Rights in Liechtenstein (Gesetz über den Verein für Menschenrechte in Liechtenstein; VMLG).<sup>13</sup>

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<sup>10</sup> Verordnung zum Gesetz über die Krankenversicherung (KVV), LGBl. 2000, no. 74:

<https://www.gesetze.li/Seite2.jsp?LGBl=2000074.xml&Searchstring=null&showLGBl=true&suchart=lgblaktuell>

<sup>11</sup> Gesetz über die obligatorische Unfallversicherung (UVerG), 28.11.1989, LGBl. 1990, no. 46. Source:

[https://www.gesetze.li/get\\_pdf.jsp?PDF=1990046.pdf](https://www.gesetze.li/get_pdf.jsp?PDF=1990046.pdf)

<sup>12</sup> Familienhilfe Liechtenstein: <http://www.familienhilfe.li/Organisation.aspx>

<sup>13</sup> Gesetz vom 4. November 2016 über den Verein für Menschenrechte in Liechtenstein (VMRG), LGBl. 2016, no 504; link:

[https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lgblid=2016504000&version=1&search\\_text=Menschenrechte&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&ablesel=0&observe\\_date=26.01.2017](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lgblid=2016504000&version=1&search_text=Menschenrechte&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&ablesel=0&observe_date=26.01.2017)

State-services, which have formerly been provided by other Offices, have been transferred into the new Association.

#### **1.2.4 Main challenges for the Liechtenstein government (last update 06/2018)**

The financial sustainability of the pension system is still an issue as the ageing population needs to be provided with a secure source of income for a longer retirement period than in the past. The traditional pay-as-you-go pension systems based on intergenerational solidarity might not function anymore in future, even if the current reform measures work efficiently. At the same time, the rates of enrolment in second or third-pillar pension schemes are too low to fully compensate for the decrease in the replacement rate of the first pillar. It is currently uncertain, whether the current pension reform measures are sufficiently sustainable to offset the current gap and to ensure pension adequacy in the coming years. It remains to be seen how effective the recent reform measures are in improving incentives for later retirement and increasing entitlements by higher contribution rates. In order to cope with these challenges and to ensure the sustainability of the statutory pension scheme in future, the authors deem it necessary for further approaches to be devised and implemented. Such could be new pay-out calculations that account for longer life expectancies, structural changes in the contribution mechanism to avoid any decline in the replacement rate of the statutory pension scheme, and amendments to the institutional arrangements, since the pension fund play an important role in channelling savings to long-term investment. The adopted guidelines for the basis of the pension fund in terms of investment returns versus employer and employee contributions will be a main issue as the AHV is currently mainly funded by employer and employee contributions

On the basis of today's utilization of care and nursing services and the current cost structures, total costs will increase by an average of 4.8% per year until 2030 due to the aging population. An increase in costs of 1% per year means that average cost growth - together with demographic changes - will increase to 5.8%, which means the total costs will double by 2030. Accordingly, the financial burdens on today's financing institutions - primarily the public sector - are also rising sharply. The share of care costs financed by health insurance premiums is expected to double by 2030. On the basis of tax revenues in 2016, VAT would have to be increased by around three percentage points or wealth and income tax would have to be increased by 40% for the state and municipalities in order to finance the additional expenses. The need for action is obvious. However, the government has not yet made any concrete proposals for reforms. In 2017, a study by an independent and non-profit organisation, *Zukunft LI* Foundation<sup>14</sup>, has published a recommendation on how to handle the effects of demographic change in the future. In order to ease the burden on future taxpayers and health insurance premiums, it proposes the introduction of a "hereditary foster capital".

During the last years, Liechtenstein has produced an oversupply of housing and commercial real estate. Based on the economic situation, real estate and rent prices are extremely high. Hence, a growing concern are the increasing net rental costs per square meter for housing. On one hand, these high prices make it more and more difficult for Liechtenstein families to finance own homes. On the other hand, if the demand falls, and more and more real estate objects cannot be sold or rented, this would have a negative effect on construction companies and banks' loan portfolios.

There is a labour market gap resulting from the departure of the baby boom generation, not as significant as in other states, but still an issue which has to be watched carefully in Liechtenstein. This could be filled, as one of many possible solutions, with mothers who want to work. Within the area of reconciliation of family and working life, a change in thinking is necessary. When young mothers of today want to work, they consider it important to work in a team with social contacts at work. The current school time table

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<sup>14</sup> Non-profit organisation *Zukunft LI* Foundation, link: <https://www.stiftungzukunft.li/aktuelles/mclaren-reveals-570gt>

has to be revised and adapted to the standard working hours for employees. Currently the approach of core times including lunch break at school is discussed to integrate childcare between the standard teaching lessons in the morning and afternoon.

## **2 Systems and policies affecting social outcomes**

### **2.1 Social investment and access to services (last update 06/2018)**

The social investment agenda Liechtenstein's has a focus on a better work and family life balance and on strengthening the capacity of all, children and adults alike, to learn and constantly renew their skills. But a wedge may be emerging between the shift to more sustainable lifestyles (work-live balance) on the one hand, and, on the other, the individual need to deliver wellbeing through work and employment-based social integration.

The Liechtenstein Childcare Contribution Regulation (KBBV) governs family benefits for families relying on childcare outside their homes for employment-related reasons. The regulations are silent about the subsidy process and eligible institutions. In September 2017 members of the Liechtenstein parliament demanded changes in the law in order to guarantee equal treatment for all forms of external childcare. Thus the government was asked to work out solutions and present them in 2018.

Within the Agenda 2020, the Liechtenstein government has followed the aspirations set out in the 2013 European Commission's Social Investment Package (SIP), even though Liechtenstein is not part of the European Community. Liechtenstein's understanding of social investment policies is to improve human capital and to support people's participation in economic and social life, as well as establishing 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, it is helpful to understand the specific situation of Liechtenstein. 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. Hence, the strong economic growth in technology-driven and knowledge-based industries requires an increasing input of foreign labour forces, mainly from neighbouring countries.

The social security system (for details see appendix 3) covers all persons residing or working in the country, the public benefits are given as add-ons to the insurance benefits to persons residing in the principality of Liechtenstein. Within the social security system, the 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 employees 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.

Based on the impact of the economic crisis the Liechtenstein government started a restructuring process in 2010, two cost-cutting programmes and a reduction of 2% of the operating expenses per year.

In 2016 the government pointed out, that the launched cost cutting measures were successful and therefore no further actions within the financial state budget 2017 to 2020 had to be taken.<sup>15</sup> The sections below report on specific policy areas.

#### **2.1.1 Early childhood education and care (last update 12/2017)**

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

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<sup>15</sup> Source: <http://www.regierung.li/ministerien/ministerium-fuer-praesidiales-und-finanzen/sanierung-des-staatshaushalts/>

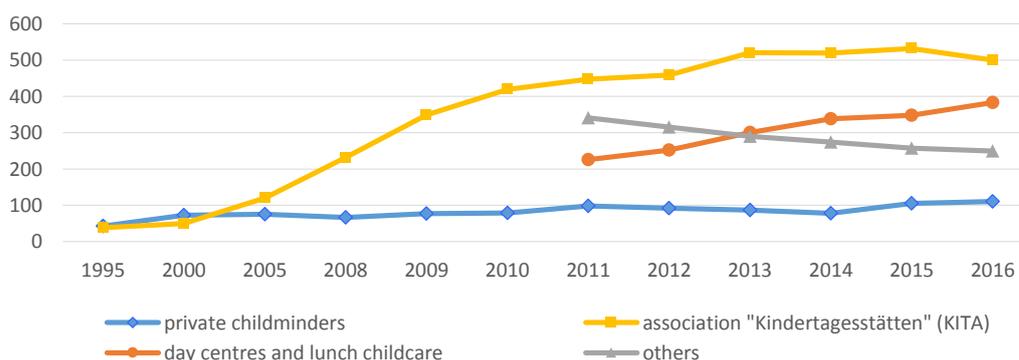
observing and evaluating the baby’s development on a regular basis. Health visiting services are very much appreciated by Liechtenstein’s families and are seen as an essential resource for families, and it frees up paediatricians to a certain degree. Additionally there are private institutions which 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>16</sup>

Children living in Liechtenstein are not legally entitled to early childhood education and care up to the age of attending primary school. Child care is still costly in Liechtenstein, and the increasing demand therefore cannot be covered by profit oriented private organisations. Parents with good 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. As a first step, the family policy as part of the Liechtenstein Agenda 2020 implemented a financial support to out-of-house childcare facilities. This has extended in a moderate way the number and the offer of child care facilities in Liechtenstein, but it did not include the setup of professional childcare facilities operated directly by the government. The Childcare Contribution Regulation (KBBV), based on the Children and Young Persons Act (Kinder- und Jugendgesetz, KJG), governs public subsidies to professional childcare facilities. However, the law says nothing about the subsidy process and eligible institutions. To address this issue, on 11 September 2017, the Liechtenstein Parliament approved a “postulate” (i.e. a form of request requiring the government to examine and report on whether an act or decree needs to be drafted or changed) aimed at ensuring that public subsidies are granted to childcare on an equal basis, and handed it over to the government to comment on it. The government was asked to work out solutions concerning the following main issues:<sup>17</sup>

- equal treatment of all families in Liechtenstein which rely on external childcare;
- equal treatment of all external childcare facilities operating in Liechtenstein;
- establishment of additional public subsidy criteria which take into account the financial situation of families (higher support for low-income households);
- if childcare is necessary for employment-related reasons, public subsidies should be paid directly to the families.

The development of child care facilities over time in Liechtenstein is shown below.

**Figure 6: Development of child care facilities in Liechtenstein**



Source: Wilfried Marxer, Patricia Hornich, „Menschenrechtsbericht Liechtenstein 2018“, 2017

In Liechtenstein the possible starting age for early childhood education in a private child-care facility is at around 6 months. It is clear from looking at the paid maternity leave period (which ends 5 months after birth) and the starting age for early childhood education, that there is a time gap which can only be closed by taking unpaid leave or holiday from work. Depending on the individual situation of the family there is still a

<sup>16</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>17</sup> Source: Patricia Hornich, flash report “Liechtenstein’s parliament passed a draft law for equal treatment of childcare facilities with regard to public subsidies”, November 2017, European Social Policy Network.

high number of mothers who do not return to their work place after the paid maternity for this reason. Compared to the starting age for early childhood education in most EU countries, which in practice is around 3 months, Liechtenstein is facing a lack of modern early childhood education.

Beyond the age of five, 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>18</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 six and thence continuously for nine 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.

In recent times the acknowledgement that the foundations of educational success are laid down before formal education begins, raises the question as to how good the actual education system in Liechtenstein is and how the need for child care structures might be combined with pre-school education.

Additionally to the acknowledged positive impacts of early childhood education, it is clear that without more child care facilities, the need to secure employment cannot be met and this might result in more financial difficulties for various households. The development of new employment patterns, especially in the knowledge economy and the growing need of highly qualified employees, shows that there is a need for further progress in early childhood care. Liechtenstein's industry has a real interest to improve their access to the full talent pool by ensuring reconciliation of family and working life for men and women. Thus, in 2017 the Liechtenstein Banking Association opened an early child care facility for employees of their member banks. After 2016, in which two main companies enlarged respectively founded a new private day care facility to grant its employees a possibility of adequate child care during business hours, and the initiative of the Liechtenstein chamber of commerce proposing additional governmental investment in early childhood education/facilities, this was a further signal to politicians in Liechtenstein that changes in the current system are necessary. While bigger companies in Liechtenstein have a better availability of financial means and resources to set up more family friendly part time working models and private child care facilities, smaller and especially small commercial enterprises are facing handicaps without state support.<sup>19</sup>

In 2017, after the government elections, the political parties in Liechtenstein have addressed the increasing demand for formal childcare arrangements again. The aim of the government is therefore to increase the availability of affordable childcare services and to extend the public financing of these services. Further requested measures are:<sup>20</sup>

- Increase the monthly child allowance (benefit paid by the Old Age and Widow's/Widower's Pension system in Liechtenstein, AHV-IV-FAK)<sup>21</sup>.
- Women who try to manage both job and family are still most affected by lower household income due to part time work engagement in order to combine childcare and work. Governmental enforcement to employers to set up company-based/in-

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<sup>18</sup> Schulgesetz (SchulG) vom 15.12.1971, LLGB 7, 1972:

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

<sup>19</sup> In 2016 the Liechtenstein chamber of commerce launched an initiative for further family support. This brought about a long and controversial discussion on discrimination of the traditional family model with only one breadwinner. Source: [http://www.liechtenstein-institut.li/Portals/0/docs/Presseberichte/2016/2016\\_10\\_20\\_VB\\_LI\\_Aktuell\\_FZG.pdf](http://www.liechtenstein-institut.li/Portals/0/docs/Presseberichte/2016/2016_10_20_VB_LI_Aktuell_FZG.pdf)

<sup>20</sup> Source: <http://www.vaterland.li/liechtenstein/politik/Postulat-zur-Vereinbarkeit-von-Familie-und-Beruf;art169,266956>

<sup>21</sup> The monthly child allowance amounts to 280 Swiss francs (approx. €260) per child if the family has one or two children, and it increases to 330 Swiss francs (approx. €307) 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.

house child care centres, offer flexible working structures by means of flexible legal frameworks, attractive social insurance and tax models, etc. are requested.

- A wide availability of low-cost childcare for families in social need (granted and eventually free of charge childcare facility).
- Change the structure of childcare facilities in a way that part-time work in a regular half-day engagement is possible (child care facilities should be open from 07:30 – 12:30).

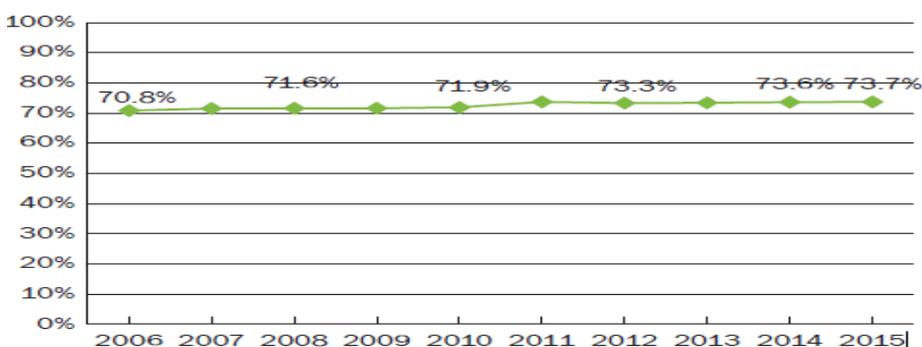
As the general political and social context implies no additional public spending, objective criteria are needed to evaluate which facilities are entitled to public spending. The increase in the employment rate for women (the share of women in gainful employment increased from 10,445 to 11,229 from 2010 to 2016), changes in family structure, and the desire for flexible working arrangements have all driven up the demand for childcare provided outside of the home. Thus, Liechtenstein’s family policy – including the structure of financial support of childcare facilities – must address these recent developments.

Since no legal entitlement exists in Liechtenstein for part-time work vis-à-vis the employer, national law lacks any regulation to grant workers the legal right to reduce their working time on request.<sup>22</sup> Another weak factor within the current legislation is the fact that there is no legal right to work from home or remotely, either temporarily or on request. It is left up to the employer and the employee to find an arrangement in which the interests of both parties are respected.

### 2.1.2 Support to the unemployed (last update 06/2018)

One of the aims of the 2020 government agenda is to promote sustainable development and economic performance. For a decent life, it is important to work in order to be able to satisfy individual needs with the wages earned. Employment also leads to social integration of the individual into society. In terms of the employment rate, the figure below shows no significantly changes since 2006.

**Figure 7: Labour force share aged 15 – 64 years old in the population of the same age group**



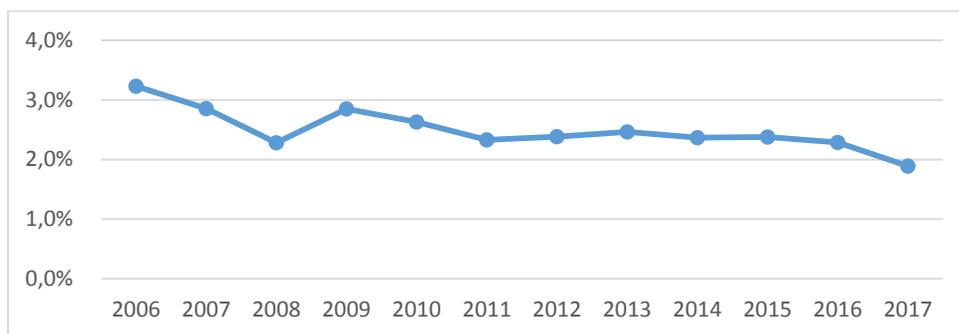
Source: Agenda 2020 Assessment 2017, Link: <https://www.llv.li/files/as/indikatoren-2017-internet.pdf>

Fortunately, the employment rate of older workers has increased since 2006. While in 2016 the share of unemployed over 50 years of age in the total number of unemployed was 27.3%, the figure increased slightly to 27.4% in 2017.

The figure below shows the average unemployment rate from 2006 to 2017. Compared to Europe or even most of the rest of the world, Liechtenstein has a very low unemployment rate. The average unemployment rate in recent years was between 2.5 to 2.3 percent, with a minimum of 1.6% in October 2017 and a maximum of 3.4% in January 2007.

**Figure 8: Average unemployment rate in Liechtenstein (in per cent)**

<sup>22</sup> Paragraph 1173(a) Article 36(a) of the Common Civil Code states that the employer is supposed to inform employees regarding part-time and fixed-term employment contracts. The employer shall consider requests from full-time workers who want to change to a part-time position, as far as possible. The employer is to inform his employees and the trade union about the availability of part-time work.



Source: Central Statistical Office of Liechtenstein, link: <https://www.llv.li/files/as/arbeitslosenstatistik-2017.pdf>

The Labour Market Service Centre (AMS) operates under the Office of Economic Affairs<sup>23</sup> and is organised at national level. The legally defined tasks of this organisation include the implementation of labour market policy targets of the Ministry for Home Affairs, Justice and Economic Affairs, the preparation of proposals for designing labour market policies, and the development of and adherence to quality standards in service provision. They provide support in the career choice process, professional reorientation and job searching (collective activation programmes and individual supportive services). Preconditions for receiving such help are entitlements to benefits under the unemployment insurance based on Art. 8 of the Unemployment Insurance Act (Arbeitslosenversicherungsgesetz, ALVG).<sup>24</sup> The collective activation programmes<sup>25</sup> 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 services<sup>26</sup> is wide, including individual coaching, development of soft skills and of the personality. From the given 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. Therefore 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. These activities certainly have a place in service delivery but their impact is limited especially in the case of long-term unemployed.

The unemployment details in respect to age and nationality can be seen by the figure below.

**Figure 9: Unemployment statistic 2015 – 2016 of Liechtenstein**

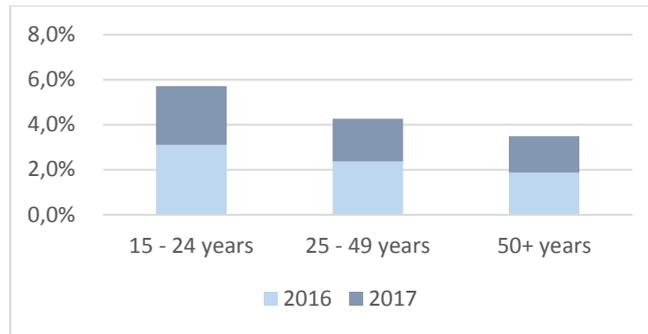
<sup>23</sup> Amt für Volkswirtschaft.

<sup>24</sup> Arbeitslosenversicherungsgesetz vom 24. November 2010, LGBl. 2010, no. 452, source: [https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lgblid=2010452000&version=6&search\\_text=Arbeitslose&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tablesel=0&observe\\_date=09.03.2017](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lgblid=2010452000&version=6&search_text=Arbeitslose&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=09.03.2017)

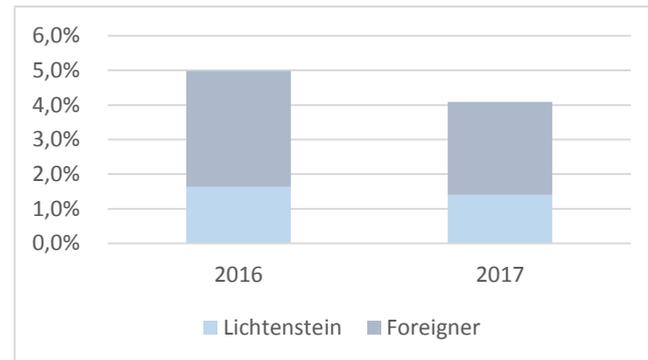
<sup>25</sup> Link: Collective activation programmes: [http://www.amsfl.li/ams/upload/downloads/Kollektive\\_Aktivierungsprogramme\\_AMS\\_FL\\_Uebersicht.pdf](http://www.amsfl.li/ams/upload/downloads/Kollektive_Aktivierungsprogramme_AMS_FL_Uebersicht.pdf)

<sup>26</sup> Link: [http://www.amsfl.li/ams/upload/downloads/informationsblatt\\_unterstuetzende\\_programme.pdf](http://www.amsfl.li/ams/upload/downloads/informationsblatt_unterstuetzende_programme.pdf)

Unemployment rate by age



Unemployment rate by nationality

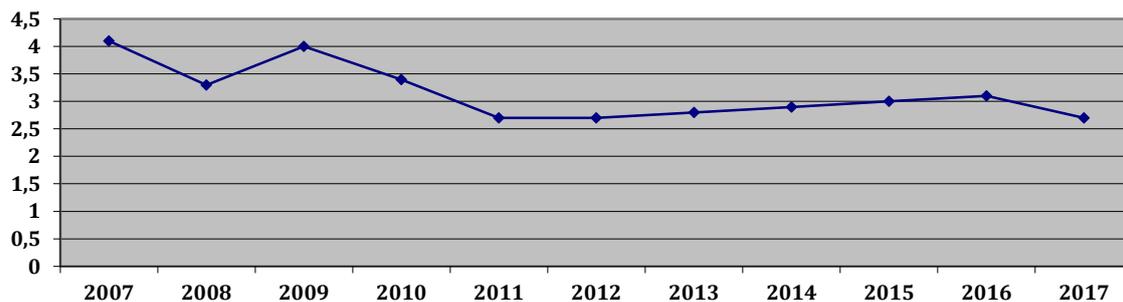


Source: *Unemployment statistic 2007 – 2017 of Liechtenstein by age and by nationality*; Link: <https://www.llv.li/files/as/arbeitslosenstatistik-2017.pdf>

Nevertheless, within the Agenda 2020 supportive measures have been launched with respect to get young people ready and fit into a job and integrate older people for a longer time period into the labour market.

Based on a continuous slight increase in the youth unemployment rate from 2012 to 2017, the Liechtenstein Employment Service established a variety of measures and programmes to get young people ready and fit into a job as quickly as possible. The development can be seen by the following figure.

**Figure 10: Youth unemployment rate 2007 – 2017 of Liechtenstein**



Source: *Youth unemployment statistic, AMS*, Link: <https://www.amsfl.li/ams/presse-statistik/index.html?a=29&level=1>

Another very important activity for the Liechtenstein Employment Service is to assist young people to navigate the vocational education system and to avoid being churned through training courses that do not lead to jobs. This is done by supporting young people to identify, plan and work towards their career aspirations in a realistic way. Work Experience Access to real workplace experience is critical to building work readiness. Therefore the Liechtenstein Employment Service Office connects unemployed persons to real-life opportunities to get a taste of varied workplace environments and obtain meaningful work experience and volunteering placements. This was started in 2014 by a specific cooperation with the Liechtenstein Chamber of Commerce called

"100pro!"<sup>27</sup> and various internship arrangements as well as by foreign internships and apprenticeships within the MOJA project of the EU.

In 2011 the "45plus – using your talents for Liechtenstein" project was launched by organisations dealing with adult education and learning provision.<sup>28</sup> In 2014 a special initiative for "50+" was launched to integrate older people better into the work life.<sup>29</sup> The "Arbeitsleben.li" competence centre<sup>30</sup> has a website on which it presents information and courses on generation management, personnel management, occupational work and capacity management. The focus here is on generating greater awareness of the potential of older citizens in the world of work. Concerning the possibility of unemployed persons to get quickly one foot in the door of the working world the AMS launched the "job-speed-dating"<sup>31</sup> program. With this programme the AMS setup a model of bringing long-term-unemployed in direct contact to employers. After the unemployed had an individualised support program, the AMS arranges a couple of "job-speed-dating" – interviews with local employers. If the first impression was very good, the job application documents will be handed over to the employer and the recruiting process starts.

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 personal debt and specific common mental disorders has been scientifically proven (Meltzer et al., 2012)<sup>32</sup>. To prevent long-term unemployed from this risk, the AMS launched various programmes 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 to the government for 2018 and within the Agenda 2020.

### 2.1.3 Healthcare (last update 06/2018)

The Liechtenstein health care system encompasses health and accident insurance. Liechtenstein's healthcare system is based on the Health Insurance Act (*Gesetz über die Krankenversicherung, KVG*)<sup>33</sup> and the Accident Insurance Act (*Gesetz über die obligatorische Unfallversicherung, UVersG*)<sup>34</sup>. (for further details see appendix 2-2). The healthcare system is decentralized in Liechtenstein, with free market elements and mandated health insurance providers. According to Art. 1 and Art. 2 of the Health Insurance Act and Art. 57 and Art. 62 of the Accident Insurance Act, health / accident insurance providers in Liechtenstein must be recognised by the Liechtenstein government. Thus, residents of Liechtenstein individually arrange their health insurance, known as "obligatorische Krankenpflegeversicherung" (OKP)<sup>35</sup>, with a mandated health insurance company which suits best to their individual needs. Employees receive (through the employer) special accident insurance for occupational accidents, occupational diseases, and also accidents occurring during leisure time. The accident insurance pays the costs of medical care necessitated by an accident and also pays accident benefits or accident pensions and indemnities for severe disablement as a result of an accident.

Liechtenstein health care system is closely linked to the country's economic and social situation and the funding of the sickness insurance occurs by state, employee and employer contributions. Statutory benefits are subject to compulsory insurance fee in

<sup>27</sup> Source: <http://www.100pro.li/news/aktuelles/>

<sup>28</sup> Source: <http://bua.gmg.biz/BuA/default.aspx?nr=145&year=2008&content=ges>

<sup>29</sup> Source: [http://www.arbeitsleben.li/Wissenswertes/Newsdetail/tabid/75/Default.aspx?shmid=400&shact=424789243&shmiid=FuYN34Dm8Fw\\_\\_eql\\_\\_](http://www.arbeitsleben.li/Wissenswertes/Newsdetail/tabid/75/Default.aspx?shmid=400&shact=424789243&shmiid=FuYN34Dm8Fw__eql__)

<sup>30</sup> Source: [www.arbeitsleben.li](http://www.arbeitsleben.li)

<sup>31</sup> Source: <http://www.amsfl.li/unternehmen/job-speed-dating/index.html?a=117&level=1>

<sup>32</sup> Source: <http://www.ncbi.nlm.nih.gov/pubmed/22434207>

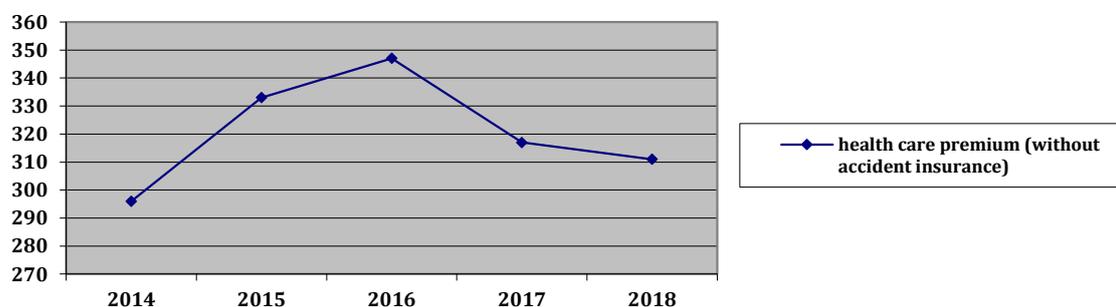
<sup>33</sup> Link to the Health Insurance Act (KVG): <https://www.gesetze.li/konso/pdf/1971050000?version=16>

<sup>34</sup> Link to the Accident Insurance Act (UVersG): <https://www.gesetze.li/konso/pdf/1990046000?version=7>

<sup>35</sup> Also called compulsory health care insurance.

pursuance of the Health Insurance Act. There are two different types of the mandatory health care insurance in Liechtenstein. First, health care insurance with a limited choice of outpatient benefit providers. The development of health insurance premiums in recent years was as follows:

**Figure 11: Development of health insurance premiums for adults ( Swiss francs)**



Source: Premium structure: <https://www.llv.li/files/srk/rb17-ii-03-gesellschaft.pdf> Following the tariff cuts in 2015, premium income from accident insurance remained stable. On average, the premium covering work-related accidents is 0.52 % in 2018 (previous year 0.54 %) of the wage total. In the area of non-occupational accidents, the premium amounts to 1.41 % (previous year 1.43 %).

The unemployed, old age pensioners and people on long-term sickness benefit or maternity leave do not have to pay healthcare contributions. Self-employed persons must make their own contributions based on the Act on Sickness Insurance of 24 November 1971 (Gesetz über die Krankenversicherung, KVG)<sup>36</sup>. The contributions are not calculated as a percentage of income, but per capita. Persons under a certain threshold of annual income may profit from a reduction up to 40% of the amount of the contributions.<sup>37</sup> Second, health care insurance which covers the free choice of outpatient benefit providers and the assumption of costs up to a specific tariff, which varies from provider to provider. An example is provided in Appendix 2-2.

The State finances health care in particular via three instruments, accounting for about 25% of State subsidies in the health care sector:

- Co-financing of health insurance funds by general reduction of contributions for children
- Replacement of contributions for economically weak persons by special reduction of contributions
- Support for hospitals to reduce costs for health insurance funds.

The remaining 75% are located to the health insurance funds.

The amount of State subsidies is fixed for every year based on Article 24(a) Health Insurance Act. Based on the short cut in national financial income, the government decided a reduction of the financial state contribution from 2010 onwards. The reduction of the state contribution to the sickness insurance was followed by an increase of the corresponding sickness benefit allowances. These premium reductions of the state contribution do have a significant effect on the premium amount paid by the residents, meaning that the individual premium contribution was increasing by 12% and was therefore an additional burden to the family's budget. Based on the figures for 2015, the unchanged state contribution to the healthcare insurance led to an average premium increase of about 4.3% for all insurance holders. This led to an increasing number of households who applied for the sickness benefit allowance in 2015, of which slightly

<sup>36</sup> Link to the Health Insurance Law (KVG):

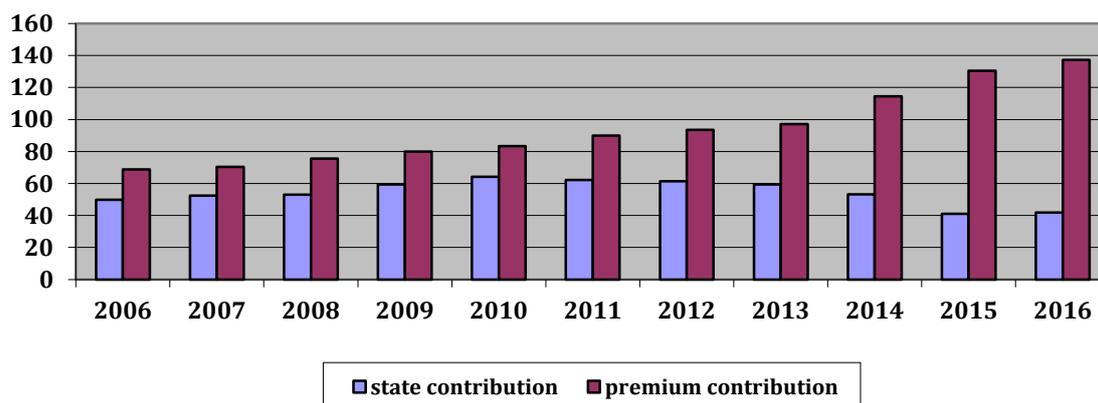
[https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1971050000&version=13&search\\_text=KVG&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tablesel=0&observe\\_date=20.10.2016](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1971050000&version=13&search_text=KVG&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=20.10.2016)

<sup>37</sup> For couples the threshold is currently 54,000 Swiss francs (approx. €51,299) and for singles it is 45,000 Swiss francs (approx. €42,749).

more than 50% were single households or single parent households with a relevant income below the breadline of 30,000 Swiss francs (approx. €28,486) per year. To alleviate the effects of additional expenses for healthcare insurance for Liechtenstein’s families, the reduction of state contribution of about 9 million Swiss francs (approx. €8.6) in total excludes non-adults (e. g. children). In May 2017, the government approved to set the state contribution to the costs of compulsory health insurance for other insured persons for the year 2018 at CHF 29 million (approx. €25 Mio). Compared to 2017, the overall constant state contribution is neutral in terms of the premium.

The development of the state and the premium contribution to the healthcare insurance can be seen at the following chart:

**Figure 12: State contribution to health care insurance 2006 to 2016 (million Swiss francs)**



Source: Central Statistical Office 2016 (latest data from 2016), link: <https://www.llv.li/files/as/ikk-2016.pdf>

To cope with the increasing healthcare costs and due to persistent issues with the system, the parliament approved a revision of the healthcare act in October 2015. (For details to the adopted reinforcement of the Economic Efficiency/Expedience and Effectiveness-Assessment please see appendix 2-2). The adopted Act entered into force on 1 January 2016.

The aim of the revision of the Health Insurance Act was to freeze the state health insurance contribution, to change the tariff system and to create more transparency in billing, in order to keep the steadily increasing healthcare costs under control. The intention was to have a premium system in place which rules that patients, who are using medical advice and help more often than others, will have to pay more for the medical service. This led to an intensive discussion between the medical association (Liechtensteinische Ärztekammer) and the government, and finally to a referendum in 2016. Liechtenstein’s electorate supported the revision and the new regulations entered into force on 1 January 2017. The current system reflects the individual responsibility of medical care costs by a basic premium contribution on the one hand and an additional, mandatory, but individually selectable level of franchise and fix amount of self-payment of the insured person on the other.

Non-consolidated government expenditure increased by 1.9%, or CHF 27.3 million (approx. €18.2 million), in 2016 compared to the previous year. This includes health care expenditure of 2.1%. In 2016, the Liechtenstein government deficit (consolidated government balance as a share of GDP) decreased compared to 2015. Liechtenstein generated a public surplus of +3.8%. Thus, no further cost cutting measures within the health insurance system were launched by the government for 2018.

**2.1.4 Long-term care (last update 06/2018)**

Liechtenstein always had a high standard of service provision concerning institutionalised care. Already in 2007, Liechtenstein has initiated a major reform of its

long-term care system. In recent years this reform has been implemented step by step. In 2010, the government of Liechtenstein initiated a reform of its long-term care system which was followed by the National Dementia Strategy in 2012. The government and parliament agreed on additional measures to be conducted in order to ensure an adequate infrastructure for home care. Hence, the government decided a sustainable system of preventive, home and institutionalised care.

Long-term care is provided in Liechtenstein either in care institutions (inpatient approach) or at home (outpatient approach). In the **inpatient sector**, two public-sector organisations (the *Alters- und Pflegeheim Schlossgarten* and the Foundation for Old-age and Invalidity Assistance, LAK)<sup>38</sup> operate six inpatient facilities in Liechtenstein where people in need of care can find a new home. These six inpatient facilities are mainly funded by the municipalities and the government and by billable services towards insurance carriers. State and communes support the budget with 30% each. The remaining 40% self-financing part is accomplished via billable services towards insurance carriers, membership fees or donations.

In addition to operating care institutions, the LAK serves as central contact point for consultation and execution of tasks in relation to long-term care.

In Liechtenstein, the **outpatient approach** is strongly developed. Three companies provide the main part of this offer through their own services or the placement of care migrants. Commercial carers in many cases originate from outside Europe. Sometimes the legal status of these migrant workers is not clarified, which pushes them to the verge of illegality. In many cases care work is still provided on a voluntary basis, in particular by relatives, and has not yet been legally regulated. The outpatient nursing service (Spitex) is used as a professional supplementary service for home care.

The institutions for Care of the Elderly enlarged the offering to enable home based carers to take scheduled holidays or breaks throughout the year. The short-term or short-stay care may be required for a number of reasons such as:

- Respite care enables home based carers the opportunity to take scheduled holidays or breaks throughout the year. During the limited period the patient is in 24-hour care service.<sup>39</sup>
- Emergency respite/short stay when the normal package of care in a person's usual place of care breaks down either because the carer becomes ill or the person receiving care develops a short term illness that requires clinical intervention that cannot be managed or provided at home but does not require hospital admission.

Additionally, the Liechtenstein Family Assistance association (*Familienhilfe Liechtenstein*)<sup>40</sup> provide care services. This organisation was founded in 2013 as a merger of the individual family support associations, organised at community level. This was realised through a joint-project between the government and the community associations to improve the assistance level for whole Liechtenstein, to have one contact point for advice in the field of home care and to have a central coordination of all services. Finally all regional organisations, with the exception of one institution which still works on its own, had been integrated into one central association.

Liechtenstein has two different types of supplementary benefits regarding long term care. First, the **helpless allowance** for inhabitants over 65 years who need regularly and to a considerable extent support in their everyday life. Second, the **care and**

<sup>38</sup> In autumn 2012, the Liechtenstein Foundation for the Care of the Elderly and Sick (LAK) has been set up a new as a foundation with participation of the Liechtenstein government. The LAK has to review the need of care places on a regular basis and provide the government with information about this. The LAK is providing training for care personal.

<sup>39</sup> For reference pls. see the protocol of the community in Schaan:

[https://www.google.li/?qws\\_rd=cr&ei=6ifRUum\\_MaS6yA0tqICQCw#](https://www.google.li/?qws_rd=cr&ei=6ifRUum_MaS6yA0tqICQCw#)

<sup>40</sup> Familienhilfe Liechtenstein: <http://www.familienhilfe.li/Organisation.aspx>

**nursing allowance** for inhabitants who need third-party assistance for care services at home. With the state care and nursing allowance, people in need of care can live at home for as long as possible. The care and nursing allowance was effectively introduced by the government as of 1 January 2010, replacing the home care benefit. The amount of the care and nursing allowance depends on the degree of care needed and is paid in addition to any helplessness allowance. However, it may affect the amount of the supplementary benefit paid. Precondition for financial support are legally defined and the clarification of any individual case is carried out by a specialist office determined by the government.

Eligibility to both allowances<sup>41</sup> depends on physical or mental disorder and the associated need for support to perform daily tasks. Both allowances are granted without means testing against income or assets and are not connected to any age criterion. Details are listed in appendix 2-3.

With the implementation of the care and nursing allowance the 24-hour care model with care migrants established itself in Liechtenstein. The costs for such an inpatient services range from CHF 5'000 to CHF 6'300 per month (approx. € 4'500 to 5'700). Care migrants fill a gap created by insufficient nursing staff and inadequate services for everyday help provided by the outpatient organizations. In Liechtenstein, care work within the family is still a very important form of long-term care. As a result of the rising employment rate of women, who have often taken over the care of relatives in the past, the availability of caring relatives is decreasing. The proportion of voluntary and thus unpaid benefits in care for the elderly is therefore very likely to decrease.

The care and nursing allowance is financed from general taxation, so no specific contributions are levied. Half of it is financed by the State and half by the communes, whereas the helplessness allowance is financed by the general State budget.

The helplessness allowance equal 40%, 60% and 80% of the minimum retirement pension level depending on the level of helplessness. The allowance is financed from the general budget. The helplessness allowance is not supplementing any other social benefit, meaning that the allowance is awarded irrespectively of whether the recipient is entitled to a sickness benefit or a pension on any other basis. It is administered by the Old-Age and Survivors' Insurance institute (AHV institute). The following table represents an overview about financial allowances in relation to long-term care:

**Figure 13: Overview of financial benefits to long term care**

Services	domicile	economic needs test	financing
Helplessness allowance	Not Residence-based	No	State
Specific medical measures	Foreign treatment possible	No	State
Care and nursing allowance	Residence-based	No	State and communities
Supplementary benefits	Residence-based	yes	State and communities

It was undisputed by all long-term care affected parties, that Liechtenstein lacks sufficient, qualified care personnel in this specific area.<sup>42</sup> Instead of a national education

<sup>41</sup> Both allowances have their legal basis in the act: Gesetz vom 10. Dezember 1965 über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung (Act on Supplementary Benefits), (LGBl. 1965, No. 46); Ordinance to the Supplementary Benefits Act, Article 41 bis (Verordnung vom 1. Dezember 1981 zum Gesetz über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung, LGBl. 1982, No. 5).

<sup>42</sup> Instead of a national education programme, which was not supported by the government, the long-term care facility of the LAK in Schaan set up an individual program and received the "Quality in Palliative Care" label in 2013. An internationally recognised title sponsored by the Swiss Quality Association in Palliative Care (palliative.ch) and audited by the Swiss Foundation for Quality Assurance in the health care services.

programme, which was not supported by the government, one of the long-term care facilities in Liechtenstein, the LAK<sup>43</sup> set up an individual program and received the "Quality in Palliative Care" label in 2013. An internationally recognised title sponsored by the Swiss Quality Association in Palliative Care (palliative.ch) and audited by the Swiss Foundation for Quality Assurance in the health care services. This label grants that the LAK fulfils 65 quality criteria's in the area of palliative care and long-term care, including well-training care specialists. There is no further data regarding the quality of jobs available.

Proposals in the area of softening the immigration law for physician assistants and nursing specialists from abroad to obtain legal residence and working permission in Liechtenstein, did not find support within the government. This statement of the government was then criticised in parliament, as the problem of illegal employment of foreigners in the area of home care was commonly known.<sup>44</sup> Up to now, there had not been any softening of the immigration law or special immigration law status for physician assistants and nursing specialists from abroad who start working in the long-term care in Liechtenstein. Thus, the legal situation for home-care personnel is still in some areas not clarified.

As in any other European State the demographic situation is pointing towards an increase of the older population for which potential care facilities and human resources have to be foreseen. The expected development of long-term-care need from 2019 onward shows that the current given long-term-care facilities will not be sufficient anymore. In 2025 an additional demand on care places of about 25 up to 125 will be given.<sup>45</sup> This trend was also verified by an extrapolation by the Statistical Office<sup>46</sup>. They came to the result that in 2050 there will be about 20 persons aged 80+ per 100 employed persons. A relevant portion of these elder persons will require care or nursing services. For the neighbouring country of Switzerland, an additional 45% inpatient and 57% outpatient jobs are expected by 2030. A similar development for Liechtenstein can be assumed due to the largely analogous health care system in Liechtenstein. In order to ensure that sufficient skilled personnel are available in the long term, it is important to maintain or increase the attractiveness of the care and nursing professions. In contrast to other sectors, in the future Liechtenstein will not be able to rely exclusively on its favourable regional location and hope to meet demand with people from the border region. Neighbouring countries themselves face the same task and must also take appropriate measures.

On the basis of this forecast the government and the parliament decided to support a project of a new LAK care home by a 50% subvention of the total estimated costs (12'950'000 Swiss francs, approx. €12 million) in 2015.<sup>47</sup> By the end of 2018, after completion of the new care home, the capacity of inpatient facilities will increase to 2936 beds and the number of beds per 1,000 inhabitants over 64 years will rise to 47.6.

On the basis of today's utilization of care and nursing services and the current cost structures, total costs will increase by an average of 4.8% per year until 2030. In the long run up to 2050, the annual rate of increase decreases due to smaller vintages, but is still 3.6%. The increased demand for skilled personnel is also likely to have an impact on wage costs. An increase in costs of 1% per year means that average cost growth -

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This label grants that the LAK fulfils 65 quality criteria's in the area of palliative care and long-term care, including well-training care specialists.

<sup>43</sup> The long-term care facility LAK, link: <https://www.lak.li/arbeiten-und-lernen/downloads-fort-und-weiterbildung/>

<sup>44</sup> An example of the political discussion can be found in the annual statement of one of the political parties in Liechtenstein for the year 2011: <http://www.fbp.li/assets/dateien/6-Punkte%20Programme/6-Punkte-Programm%20Sommer%202010.pdf>

<sup>45</sup> Source: Expected development of long-term care needs in Liechtenstein; Raffelhüschen et al. – Generationenbilanz 2012, S 59;

[http://www.regierung.li/files/attachments/Generationenbilanz\\_FL\\_2012.pdf?t=635690219928587979](http://www.regierung.li/files/attachments/Generationenbilanz_FL_2012.pdf?t=635690219928587979)

<sup>46</sup> Statistical Office, link: <https://www.liv.li/files/as/bevolkerungsszenarien-2015-2050-internet.pdf>. The full results can be seen in the appendix.

<sup>47</sup> Government decision for approval by the parliament, link: <http://buu.gmg.biz/BuA/default.aspx?year=2015&nr=87&content=45594635>

together with demographic changes - will increase to 5.8% by 2030 and to 4.6% by 2050. As a result, total costs will double by 2030. Accordingly, the financial burdens on today's financing institutions - primarily the public sector - are also rising sharply. The share of care costs financed by health insurance premiums is expected to double by 2030 and increase fourfold by 2050. In 2017, a study by an independent and non-profit organisation, *Zukunft LI* Foundation<sup>48</sup>, has published a recommendation on how to handle the effects of demographic change on the financing of the costs of care for the elderly in the future. In order to ease the burden on future taxpayers and health insurance premiums, it proposes the introduction of a "hereditary foster capital".

Since an independent care insurance law is lacking in Liechtenstein, the government discussed the idea to introduce a new type of social insurance to cope with the increasing costs of financing long-term care and the related services and infrastructure measures.

Along with the discussion of a new care insurance, the question about a sufficient legal basis for social protection in the case of need for care, which is primarily guaranteed by the laws regarding sickness insurance and accident insurance, was also defined as an area of improvement.

In 2017 the government stated that the idea is still there but such a complex matter would have considerable impact on Liechtenstein's social insurance structure. Thus, no implementation plan or proposal is in place so far.

Apart from long-term care cash benefits and formal services no specific instruments are in place to support relatives of working age providing care services to people in need. Liechtenstein has no specific leave schemes legally defined. Even in the case of dying family members or seriously ill children, in which a longer care-period is requested, Liechtenstein's law does not provide a protection of an employment contract leave. It all depends on the results of the individual negotiation between the employee and the employer.

In order to make the best possible use of the necessary human resources for the future care and nursing services of elderly people, the current funding structure should be adjusted and the service obligations of the two state-financed old people's / nursing home organisations should be compensated more transparently. Thus, the nursing and care market in the outpatient sector should be opened and organisations that are subsidised with public funds should receive transparent compensation for their obligation to provide care.

To compensate with the increasing demand for skilled care and nursing workers, efforts to train skilled workers and make the nursing profession more attractive are therefore becoming increasingly important. The government and employers are called upon to offer flexible working time models that allow for the highest possible compatibility of family and work life, and thus to appeal to women returning to work who have already been trained.

All the actions from the Liechtenstein government reform of the long-term care system and from the National Dementia Strategy have not solved the challenge to extend institutionalised care, especially in the form of home care. Thus, Liechtenstein's policymakers are required to consider more options to improve long-term services and supports for the soaring numbers of people with physical or mental disorder and the associated need for support to perform daily tasks. Beside this, the funding of the increasing financial costs has to be ensured permanently.

### **2.1.5 Housing (last update 12/2017)**

Individuals and households with low levels of income can be offset by government housing benefit as part of the housing subsidy system in Liechtenstein. This system

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<sup>48</sup> Non-profit organisation *Zukunft LI* Foundation, link: <https://www.stiftungzukunft.li/aktuelles/mclaren-reveals-570qt>

protects against poverty and homelessness and covers all residents. Beside the housing benefit system, Liechtenstein has a rent allowance in place.

The **rent allowance**, legally defined in the Act on Rent Allowance for Families (ARAF)<sup>49</sup>, is intended to help low-income families of the high housing costs. Entitled to claim are families with children dependent on maintenance (including of parents living in the same household and maintenance-dependent persons) who live in rent and have their civil residence for at least one year in Liechtenstein. Single parents with dependent children are regarded as a family. The amount of the rent allowance depends on income and the size of the household.

The rent allowance paid in 2016<sup>50</sup> was 1.89 million Swiss francs (approx. €1.8), which shows an increase of approx. 1% compared to 2015. Compared to the figures for previous years, the rent allowance shows a relatively constant number of recipients and amounts paid. Nevertheless it is a trend in Liechtenstein that the share of single parent households receiving rent allowance is high. Beside the state granted housing benefit, no public funded social housing for individuals exists in Liechtenstein. Sheltered and semi-sheltered accommodation is organized by two private associations, the Special Education Centre and the Association for Sheltered Housing, both financially supported by the State. These non-profit associations run several sheltered residential homes.

Based on the background of rising public expenditures and reduced public income, the government in Liechtenstein raises the question whether all benefit instruments of the housing policy can be regarded as efficient. Housing allowances are to be restricted to those households which even under the aforementioned condition are unable to meet their housing needs. The government is of the opinion that the promotion of the housing allowances, which is granted for each minor child in the total household income is below the maximum permissible income, is not in line with the originally set outcome goal of the Housing Construction Act, as it reflects much more a measure of family support for a specific group. Furthermore, in 2014 a private initiative, supported by the biggest community in Liechtenstein, Vaduz, founded for the first time a non-profit housing cooperative to ensure that everyone can have effective access to housing which is adequate, appropriate and affordable in Liechtenstein. The initial developers are convinced that the initiative leads to a lower amount of rent allowance and serves therefore as an additional contribution to the cost saving measures of Liechtenstein's Agenda 2020. By 2017 the first project was realised and handed over to the owners.

### 2.1.6 Asylum seekers and refugees (last update 06/2018)

The Asylum Act of 14 December 2011 (AsylG, LGBl. 2012 No. 29) was revised in 2016. The amendments entered into force on 1 January 2017. The aim of the revision was to accelerate procedures and thus shorten waiting periods for decisions on asylum and inadmissibility, accelerate repatriation and, as a result, speed up the start of integration measures for persons who are in actual need of protection and recognised refugees. At the same time, these measures are able to relieve the asylum system, so that the capacities can be used for people who are in actual need of protection. The main elements of the new rules are the acceleration of proceedings through various procedural measures and the introduction of new grounds of inadmissibility. The Asylum Act continues to be based on the principles of the 1951 Refugee Convention.<sup>51</sup>

The Law on Asylum defines in Art. 2 the term "**refugee**"<sup>52</sup> as a foreign person who is outside the State of which he/she is national and who cannot claim protection or who do not wish to claim it for fear of persecution on grounds of race, religion, nationality, membership of a particular social group or sex or political opinion, or a person who is

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<sup>49</sup> This act defines the breadline for eligibility to rent allowance on the basis of chargeable income with respect to the Liechtenstein tax law (for details see Appendix 2-4).

<sup>50</sup> Source: <http://www.llv.li/files/srk/rb16-rechenschaftsbericht-2016.pdf>

<sup>51</sup> Third national report Liechtenstein under the mechanism of the universal periodic review of the UN Human Rights Council, link: <https://www.llv.li/files/aaa/3-upr-staatenbericht-2017-en-final.pdf>

<sup>52</sup> Law on Asylum, link: <https://www.gesetze.li/konso/pdf/2012029000?version=3>

stateless, is outside the state of their habitual residence as a result of the above circumstances and is unable to return there or do not wish to return because of the aforementioned fears.<sup>53</sup> In addition to the definition of refugees, the Asylum Act also includes in Art. 2<sup>54</sup> the terms **"asylum seeker"** (a foreign person whose declaration in written or oral form, in which he/she indicates that he/she is seeking asylum in Liechtenstein, has not yet been legally decided and the term **"temporarily admitted person"** (a foreign person who is not granted asylum in Liechtenstein, but for whom the execution of the expulsion is not possible, not admissible or not reasonable. Finally the term **"person in need of protection"** is defined as a foreign persons who, as a result of a decision of the government, is entitled to temporary protection for the duration of a serious general danger, e.g. war.

Since the end of 2011, Liechtenstein has been an associated member of the Schengen/Dublin Acquis and has therefore applied the relevant criteria and procedures to define the Member State, which is in charge for the examination of an application for asylum.

Between 2012 and 2016, an average of 95 asylum applications was submitted each year (ranging from 73 to 154). For most of the 477 asylum applications filed between 2012 and 2016, the applicants could not prove or substantiate refugee status in accordance with Liechtenstein legislation and the criteria of the 1951 Refugee Convention, or another European country was responsible for implementing the asylum and removal procedure in accordance with Dublin provisions.

In 2016 the number of asylum-seekers was 83, whereof 62 asylum seekers had to be refused for lack of legal conditions. Additionally, in 2016 (latest available official figures) 14 persons received the status of temporarily admitted persons in Liechtenstein due to humanitarian reasons.<sup>55</sup> In addition to the regular asylum procedure, Liechtenstein accepted 24 persons as recognised refugees from third countries in the period between 2012 and 2016 as part of the UNHCR resettlement programme. Beyond this, Liechtenstein voluntarily participates in the EU relocation measures adopted in 2016 and has undertaken to take on 43 asylum seekers from Italy and/or Greece. The first 10 Syrian asylum-seekers from Greece arrived in Liechtenstein in January 2017.<sup>56</sup>

Liechtenstein has neither an airport nor a seaport and can only be reached by land, i.e. via Switzerland or Austria. This circumstance as well as the fact that most applications are submitted on economic or personal reasons, and not on the basis of the Geneva Refugee Convention, explain the relatively low number of recognised refugees in Liechtenstein.<sup>57</sup>

Persons seeking asylum in Liechtenstein are first housed in the central reception centres in Vaduz (families and women travelling alone) and Triesen (men travelling alone). These are run by the Liechtenstein Refugee Assistance association pursuant to Article 59 of the Asylum Act and the performance agreement between the Government and the association. Once an application is submitted, the Migration and Passport Office determines the grounds for the asylum application and the identity of the asylum-seeker as well as their travel route. When questioning asylum seekers, the Migration and Passport Office involves a qualified translator where necessary. The Asylum Act provides

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<sup>53</sup> Refugees are people who are recognized as refugees under the 1951 Convention Relating to the Status of Refugees or its 1967 Protocol, the 1969 Organization of African Unity Convention Governing the Specific Aspects of Refugee Problems in Africa, people recognized as refugees in accordance with the UNHCR statute, people granted refugee-like humanitarian status, and people provided temporary protection. Asylum seekers-people who have applied but not yet been granted the status of "beneficiary of international protection" -are excluded.

<sup>54</sup> Law on Asylum, link: <https://www.gesetze.li/konso/pdf/2012029000?version=3>

<sup>55</sup> Migrations statistic 2017, Statistical Office, link: <https://www.llv.li/files/as/migrationsstatistik-2016.pdf>

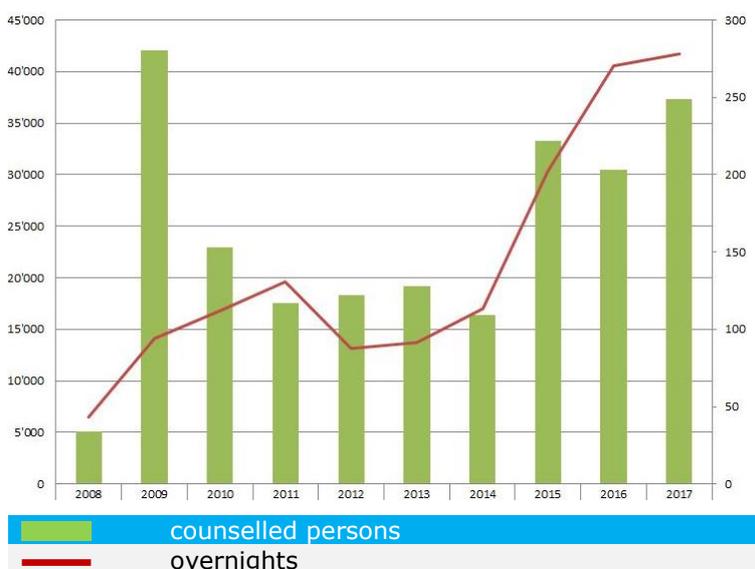
<sup>56</sup> Statement on irregular migrants in the Mediterranean, with a focus on Syrian asylum seekers, Government Principality of Liechtenstein: [http://www.regierung.li/media/medienarchiv/zivilisten/2017-04-07\\_Debate\\_on\\_item\\_131\\_Irregular\\_refugees\\_in\\_Mediterranean\\_basin\\_specific\\_focus\\_on\\_Syrian\\_asylum\\_seekers\\_final\\_papersmart.pdf?t=636343241645844039](http://www.regierung.li/media/medienarchiv/zivilisten/2017-04-07_Debate_on_item_131_Irregular_refugees_in_Mediterranean_basin_specific_focus_on_Syrian_asylum_seekers_final_papersmart.pdf?t=636343241645844039)

<sup>57</sup> Liechtenstein National Report, link: <http://www.llv.li/files/aaa/pdf-llv-aaa-menschenrechte-rahmengl14en.pdf>

that during questioning, a representative of the aid organisations is present to observe respect for the rights of the applicant, unless the person refuses.

The figure below shows the number of persons with the status “asylum seeker”, “refugee” or “subsidiary protection” which are counselled by the official refugee aid Liechtenstein (Flüchtlingshilfe Liechtenstein) as mandated by the government. It can be seen from the figure, that the number of persons counselled is relative low compared to Liechtenstein’s citizens and that the number of overnights (nights these persons spent within the Liechtenstein refugee centre taking advantage of various social and legal services) has strongly increased over the last years.

**Figure 14: Number of persons counselled in the refugee centre including their overnights**



Source: Liechtenstein Refugee Assistance association: <https://www.fluechtlingshilfe.li/>

The high number of persons counselled by the refugee centre Liechtenstein in 2009 relates to the “African wave” which was the most intensive period to cope with.

Asylum seekers, temporarily admitted persons in accordance with the Law on Asylum and recipients of subsidiary protection who are in an employment, receive financial care benefits as stated in Art. 54 Abs. 2 of the Law on Asylum (AsylG) and Art. 30 of the Regulation to the Law on Asylum (AsylG). The financial care benefits can be paid out in the form of food vouchers.<sup>58</sup> In addition to the financial care benefits a pocket money in cash can be paid after a waiting period of six weeks after application-submission.

Based on Art. 59 of the Act on Asylum, the Government shall ensure the care, including in particular the provision of economic, medical and psychosocial care, of persons falling within the scope of this Act. Thus, healthcare is available to Asylum seekers, temporary admitted persons in accordance with the Law on Asylum and recipients of subsidiary protection at the same level as for nationals based on the compulsory health insurance system in Liechtenstein. Additionally, under certain conditions, the costs for additional dental treatments, which are not covered by the compulsory health insurance, are paid (Art. 31 of the Regulation to the Law on Asylum).

For unaccompanied minor asylum seekers, the Migration and Passport Office immediately applies to the Court for the appointment of an authorised representative, who has to take care about the legal interests of the asylum seekers and at the same time act as their legal assistant (Art. 12 of the Law of Asylum). In addition to this, the Migration and Passport Office informs the Office for Social Services immediately about

<sup>58</sup> Exception exists in the case that the person in question is engaged in an employment which ensures livelihood and has an own flat (rent or property). In such cases, up to 75% of the salary is paid to the person in question directly after deduction of the rent if applicable.

unaccompanied minor asylum seekers. The Office for Social Services appoints a person of trust for minors under 16 years of age for the duration of the asylum procedure, but at the latest until the appointment of an authorised representative or until they reach the age of majority. The trusted third party accompanies and supports the unaccompanied minors during the asylum procedure. Their support and assistance do not include any legal matters in connection with the asylum procedure.

Art. 30 of Law on Asylum rules family reunification. Family members of refugees are also granted asylum if the family has been separated during their course and wants to unite in Liechtenstein. Family members of persons of subsidiary protection are also granted temporary protection if the family has been separated by events on the basis of which the government has granted temporary protection. In case of family members of a temporarily admitted person who wish to reunify, the admittance cannot be given before three years after provisional admission was ordered to be. Excluded are family members where the admitted person received admittance based on Art. 36. 40 and 41 (which rule reasons of a disclosure from asylum status with reference to the UNHCR, Art. 1 Best. D as of 28.07.1951). In the other cases, the government decides on family reunification.

The Liechtenstein Refugee Assistance association offers on the basis of a service agreement with the Liechtenstein Government integration programmes including compulsory education, language courses on various levels, employment integration etc. Temporarily admitted persons will be allowed access to appropriate training and further education if this promotes integration or increases their ability to return.

Based on Art. 12 of the Law on Asylum, minor children of asylum seekers and unaccompanied minors are required to attend kindergarten, primary and secondary schools in the state as part of compulsory school system. The Liechtenstein Refugee Assistance association in accordance with the Education Authority takes care about specific integration measures. Primarily minors have to participate in specific German-courses within the compulsory education system. After reaching a certain level of language knowledge, they are integrated into regular school classes.

With an innovative program called "LieLa" (Liechtenstein Languages), developed in Liechtenstein, refugees and migrants can learn the basics of the German language to find their way around society faster and better, through an innovative approach. This allows them to quickly interact with the local population and the public administration. The method is strongly aimed at the learner's ability to speak and is tailored to the specific circumstances and environment of refugees and asylum seekers. Due to the local success of this training program, it was enlarged to a train-the-trainer courses beyond the borders of Liechtenstein. The Liechtenstein association "New Learning" now trains language trainers in Germany, Austria, Switzerland, and Liechtenstein. Since the beginning of 2016, around 150 trainers have been trained in Germany and Austria. By the end of 2017, about 3000 asylum seekers have participated in a German course using the "New Learning" method.

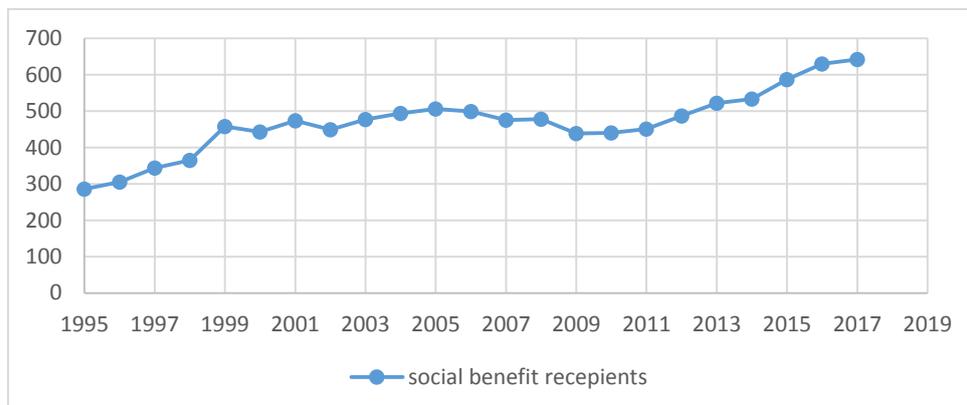
Another important aspects is the fact, that organized crime often targets and exploits refugees and migrants, and in particular women and children. Liechtenstein pursues innovative approaches to encounter such activities by means of financial transactions. Therefore, Liechtenstein has organized a workshop with UN University on this topic in the first quarter of 2017 and presented the results in the framework of the High-level Political Forum of the UN.

### **2.1.7 Other social services (last update 06/2018)**

In 2017 642 households received social welfare benefits compared to 630 in 2016, which reflect a social welfare recipient's ratio of approx. 2.7% of the total population. The total amount of social welfare paid was 7.86 million Swiss francs (approx. €5.6 Mio.) in 2017. There are a variety of reasons for the increase of social welfare benefits in 2017 compared to 2016. The main issues are unemployment, insufficient income and an

increased timely need of financial support. Figure 11 shows the development of social welfare benefit from 1995 to 7

**Figure 15: Development of social welfare benefits from 1995 – 2017 in Liechtenstein**



Source: <http://www.llv.li/#/16345/bezieher-wirtschaftlicher-sozialhilfe>

There are various additional means-tested benefits that support working-age people at risk of poverty. Some relevant are the supplementary social benefits and the helplessness allowance. Both are additional financial assistances, which are not included in the social welfare benefits. Thus, if a person is in specific financial need, he or she has to apply for the financial benefit separately.

Liechtenstein's social system includes also some non-means-tested benefits, which – at the end – act not only as a safety rope to retrieve a minimum income – instead these benefits have to be seen more as general social benefits to all residents in Liechtenstein who have specific needs, e. g. persons with a disability who can apply for the allowance for people with disabilities.

## 2.2 Income support (last update 12/2017)

Since 2011 the main reason for requesting financial support was 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. (see chapter 2.1.7 "Other social services").

In the area of child and family income support no changes of the given financial benefits have been made. The evaluation results of 2016<sup>59</sup> showed a very good level of target achievement. Social cohesion, the benefit system, and state contribution to all kinds of support measures targeting child well-being have been held up and remained unchanged.

Based on the favourable financial situation of the unemployment insurance (unemployment rate in Liechtenstein is very low), the average unemployment allowance is nearly 4 times higher than the lump sum payment for a 1-person household based on the Law on Social Assistance.

All persons who are residents or who are engaged in economic activity in Liechtenstein (as employed or self-employed persons) must take out sickness insurance (national law guarantee the right to access healthcare for all persons on an equal basis).

The state pension system is based on obligatory contributions from all self-employed, employed and unemployed residents over the age of 20. The contributions are not limited, but the maximum monthly pension is limited, regardless of how much an individual has contributed.

<sup>59</sup> Source: <http://www.llv.li/#/11744/indikatoren-nachhaltige-entwicklung>

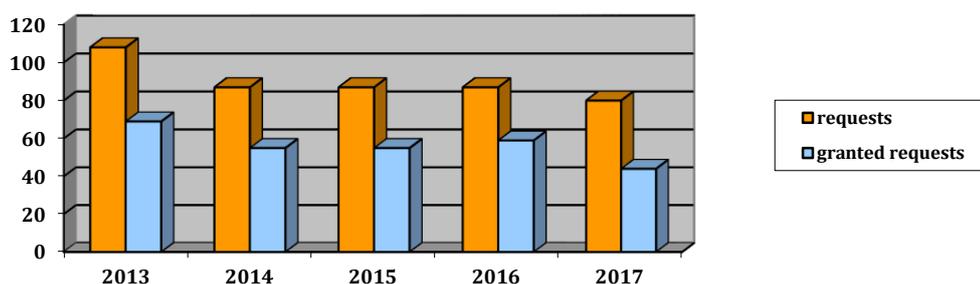
### 2.2.1 Child and family income support (last update 06/2018)

Liechtenstein’s way of financially supporting families is by giving the benefits directly to the individual families, mainly through the Office of Social Services (Amt für Soziale Dienste, ASD)<sup>60</sup>, 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. Thus, the basic family benefits, which are not means-tested and given to all resident families with children, comprise:<sup>61</sup>

- maternity allowance with a fixed minimum level
- 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).

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 lost 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. €434), the maximum 4,500 Swiss francs (approx. €3,913). The maternity allowance is one-time, tax free paid. The development over the last years shows a decrease in the number of requests as presented in figure blow.<sup>62</sup>

**Figure 16: Development of maternity allowance from 2000 – 2017 in Liechtenstein<sup>63</sup>**



Source: Development of maternity allowance from 2013 – 2017 in Liechtenstein: <https://www.llv.li/files/srk/rb17-gesamtbericht.pdf>

In 2017 80 applications for maternity allowance were handed in, whereas 44 persons received a corresponding commitment with a total amount paid of 129'000 Swiss francs (approx. € 92'200). 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 employment period has been existing for more than one year.<sup>64</sup> Fathers can only request this supplementary unpaid parental leave if mothers have not done so.

At the birth of a child, a family in Liechtenstein receives a one-time **birth allowance** of CHF 2,300 Swiss francs (approx. €2,000). In the case of multiple births the respective allowance is increased to 2,800 Swiss francs (approx. €2,434) per child. These amounts

<sup>60</sup> Source: <http://www.llv.li/files/asd/pdf-llv-asd-familienfoerderung-3.pdf>

<sup>61</sup> Source: <http://www.familienportal.li/index.php?id=71>

<sup>62</sup> Liechtenstein Government, link:

<http://www.llv.li/files/ag/Bericht%20%20Mutterschaftszulagen%202013.doc1.pdf>

<sup>63</sup> Unfortunately the statistical data for 2015 was not published at the time of writing the report.

<sup>64</sup> Paternity leave: source: <http://www.schwanger.li/wir-informieren/arbeit-und-recht>

of lump-sums have been unchanged since 2007. Birth grants (*Geburtszulagen*) are also provided at the adoption of a child younger than 5.

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. €243) per child and 330 (approx. €286) for three or more children. The amount of child allowance has been unchanged since 2007. From a state budget assessment, child allowance is the most costly social benefit.<sup>65</sup> In 2017 the total amount was 48.04 million Swiss francs (approx. €41.8) whereas in 2016 the total amount was 48.3 million Swiss francs (approx. €42).

Single mothers and fathers who are entitled to child allowances can additionally apply for a **single-parent allowance** of CHF 110 (approx. €96) per month for each child. This amount is paid on top. These benefits have been unchanged during the fiscal consolidation policy since 2010. The amount of single-parents' allowance has been unchanged since 2007.

It is very clear to the government that the social welfare structure is notably strongly developed in Liechtenstein, but also necessary as about 29% of all families with 2 or more children would be affected by poverty without the social welfare system. Based on the given situation, the government's position in 2017 and 2018 did not lead to any specific policy measures to deal with child poverty in Liechtenstein due to the very low number of concerned persons and the existing social benefit structure.

### 2.2.2 Unemployment benefits (last update 06/2018)

The purpose of the **unemployment insurance** (ALV) is to protect insured employees against the economic consequences of unemployment and compensation in the event of the employer's insolvency. 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. The Unemployment Insurance Act was enacted in 1969. A total revision took place in 2010 and will take effect from 1 January 2011.

The unemployment fund is financed by contributions from employers and employees as well as government subsidies. 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. €109,565). 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. €122) is received, and the recipient is not a person with disability. Regarding these financial benefits, the verification and payment is the responsibility of the Office of Economic Affairs (AVW)<sup>66</sup>. Applicants have to register in person with the Office of Economic Affairs for a check on the first day from which they are claiming unemployment benefit. 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.

By May 2018 Liechtenstein faced an average unemployment rate of 1.5%<sup>67</sup> which is 0.5% lower than in May 2017. The amount paid by the ALV to unemployed persons in 2017 was 9.7 million Swiss francs (approx. €8.4 Mio.), compared to 12.4 million Swiss francs (approx. €10.8 Mio.) in 2016.<sup>68</sup> This development reflects the expected

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<sup>65</sup> As the amount of child benefit or single parent allowance has not been adjusted since 2007 based on the fact that the financial state budget remained under pressure, the real value of child benefit or single parent allowance has fallen as inflation has risen over time.

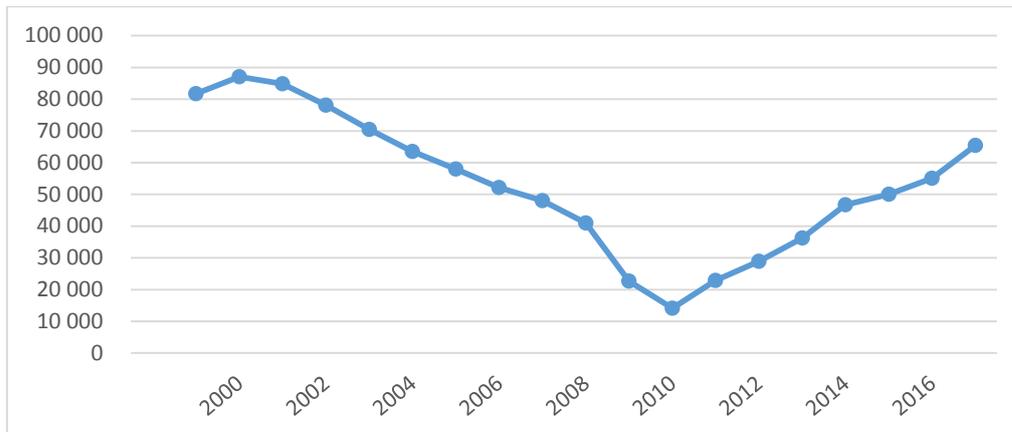
<sup>66</sup> Source: <http://www.llv.li/#/139/arbeitslosenversicherung-alv>

<sup>67</sup> Source: <https://www.amsfl.li/ams/presse-statistik/index.html?a=29&level=1>

<sup>68</sup> Source: <https://www.llv.li/files/as/arbeitslosenstatistik-2017.pdf>

correlation between the unemployment allowance sum and the unemployment rate. The development of the unemployment insurance capital from 1999 to 2017 is shown in the figure below (in million Swiss francs).

**Figure 17: Development of the unemployment insurance capital from 1999 – 2017**



Source: Development of the unemployment insurance from 1999 – 2016 in Liechtenstein; <https://www.llv.li/files/as/arbeitslosenstatistik-2017.pdf>

Comparing the average unemployment allowance with the lump sum payment for a 1-person household based on the Law on Social Assistance, the average unemployment allowance is nearly 4 times higher, i.e. a very high level of unemployment allowance which enables the affected persons to continue living without any deep impact on their position in society. This very favourable situation is based on the financial situation of the unemployment insurance. As per end of 2017, the financial balance sheet of the unemployment insurance showed a revenue surplus of 10.5 million Swiss francs (approx. €9.13 Mio.) and an equity capital as of 65.5 million Swiss francs (approx. €57.0 Mio.) compared to 55 million Swiss francs (approx. €48 Mio.) in 2016.

The state contribution to the unemployment insurance was terminated in 2015 which was part of the cost cutting measures of the government based on the Agenda 2020. By the end of 2017, the financial situation of the unemployment insurance was still positive and efforts are mainly taken in the area of re-entry in the labour market and in the avoidance of unemployment.

When exceeding the maximum days of unemployment help (long-term unemployed) and the unemployed person is in the situation of minimum resources, he/she may be entitled to **social assistance** (for details please see chapter 2.2.3). The public social benefits are legally defined as a guaranteed basic income. If the long-term unemployed reaches the age for pension entitlement (until 20167 it had been at the age of 64, from 2017 onwards it was increase to 65), 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 breadline, the right to receive social benefits has ceased.

In 2017 the total number of all persons who received social assistance due to unemployment (unemployed and long-term unemployed) counted 261 (300 unemployed persons in 2016) which is a decrease of approx. 13% within one year. The number of persons being unemployed varies between the different age groups, as shown in the figure below.<sup>69</sup>

**Figure 18: Unemployed persons receiving social assistance – by age – in 2016**

Numbers in percent	18 – 25 years	26 – 35 years	36 – 45 years	46 - 55 years	above 55 years
Unemployed persons	40	83	63	52	23

<sup>69</sup> Source: <http://www.llv.li/files/srk/rb15-rechenschaftsbericht-2015.pdf>

Source: *Unemployed persons receiving social assistance in 2017*;  
<https://www.llv.li/files/srk/rb17-gesamtbericht.pdf>

Compared to 2016, the group of long-term unemployed (persons who have been without work for more than 12 months) has increased by 11.5% in 2017 by the end of the year.

### 2.2.3 Minimum income protection (last update 12/2017)

Liechtenstein's minimum income protection regime (MI) is a system of social welfare provision that guarantees that all citizens / families have an income sufficient to live on, provided they meet certain conditions. The primary goal of the minimum income protection is to avoid and reduce poverty. So, social welfare benefit is by all means the bottom in the Liechtenstein welfare state. The basic idea is, however, that the general income maintenance system (sickness insurance, unemployment insurance, pensions etc.) should guarantee everyone an income without being dependent on social welfare benefit.

In Liechtenstein the MI scheme is set up as granted financial benefits under condition of exhausting the rights to other social protection benefits on one hand and on the other as personal help for individuals in terms of counselling. The alleviation of poverty through an adequate MI scheme has been seen as a fundamental social right by the government of Liechtenstein and therefore found its legal basis in the national Law on Social Assistance (Sozialhilfegesetz, LGBl. 1987 no. 18)<sup>70</sup>. The social welfare benefit is granted on this basis and financed through taxation at state level. Details about how the MI scheme is implemented on a national level in Liechtenstein can be seen in the Appendix 2–5.

The total MI benefit costs are primarily covered by the state but to a certain extent passed on to the communities through the equalization proceeding.

#### 2.2.3.1 Rights based versus discretionary benefits

When every other financial resource has been exhausted, the MI system has to step in. The individual always has a responsibility to support itself, which basically means that a person only can get social welfare benefit if he or she is working but still cannot support living or, if unemployed, is actively looking for a job or participating in the job market service activities to find an engagement.

In Liechtenstein the MI benefits are granted social rights under condition that other social protection benefits are not sufficient or not applicable. The regulations on MI schemes, e.g. on eligibility, amount, conditions etc. are provided at national level. As stated in Art. 3 of the Law on Social Assistance (Sozialhilfegesetz, LGBl. 1987 no. 18, Art. 12a<sup>71</sup>) a person is eligible to MI benefits under certain eligibility criteria's (please see section 2.2.3.3).

The subsistence level for social welfare benefit is laid down in Art. 12a of the Regulation to the Law on Social Assistance (Verordnung vom 7. April 1987 zum Sozialhilfegesetz, LGBl. 1987 no. 18, Art. 12a).

The definition is based on four factors: minimum subsistence level; cost of living; premium on compulsory health insurance; and occupational extra costs. For each of these factors the regulation contains additional criteria. Art. 20a of the Regulation to the Law on Social Assistance defines the amount of lump sums per household and month to meet the basic needs mentioned above.

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<sup>70</sup> Source:

<https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=1985017000&gueltigdate=21012016>

<sup>71</sup> Sozialhilfegesetz vom 15. November 1984, LGBl 1985 no. 17.:source:

<https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=1985017000&gueltigdate=21012016>

If a person fulfils the given legally defined criteria for MI benefits as stated in Art. 3 of the Law on Social Assistance (Sozialhilfegesetz) and makes an application for social support, the evaluation process by the responsible public administration office has to be transparent and documented. Nevertheless there is a certain degree of discretion associated with the implementation of the MI scheme as staff members of the administrative office are deciding on the applications for social benefits. This fact, combined with the shame of revealing the personal financial situation, is resulting in lower take-ups. Some people think they are not eligible or do not want to let anybody know about their precarious financial situation.

### **2.2.3.2 Design of minimum income scheme and level of benefit**

The MI scheme in Liechtenstein follows the two common principles as follows:

- The “principle of individuality” means that social assistance entitlements are dependent on the claimant’s specific individual circumstances, e.g. characteristics of the individual’s indigence, individual physical and mental capabilities, etc.;
- The “principle of subsidiarity” implies that social welfare benefit, representing the second social safety net, only applies if entitlements to other social security schemes are not given or have expired.

Thus, the MI scheme is designed to connect cash benefits and social services. The receipt of financial MI benefits depends on a mechanism based on a set of clearly specified indicators for establishing the level of payments. These are basically the living expenses in Liechtenstein and the individual’s income to cover these costs.

The social services assistance results from the individual assessment by the competent authorities based on the personal circumstances (including his/her physical and mental state) of the person in need, his/her behaviour and environment.

Job searchers, whose entitlement to unemployment insurance benefits has expired, may be entitled to MI benefit. The main purpose of MI benefit is the provision of a minimum level of income, other than the insurance against lost earnings. As a result, MI benefit levels tend to be significantly lower and less directly dependent on previous earnings. The administration of social assistance is 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 the income, assets and expenditures of that person. The payments are very much suited to the individual situation and range from social assistance (representing the most relevant one), the supplementary social benefits to rent allowance and helplessness allowance. There is additionally the possibility to request a health insurance premium reduction. Regarding the definition of the social assistance norm in Liechtenstein see Appendix 2-5.

The current method for setting levels within the social welfare benefit system is basically guided by the average wages in the economy. This approach ensures that each generation can obtain MI benefits that reflect the living standard of its times. Thus, if cost of living, as measured by the Consumer Price Index, increases, social welfare benefits are adjusted to keep pace with the cost of living in Liechtenstein. Nevertheless the law is silent regarding any clear mechanism for periodic review of the social assistance norm which is the basis for MI payment levels.

Consequently, if someone in Liechtenstein achieves an income from employment and/or social transfers (including pensions) which is below the above-mentioned breadlines, this person is generally entitled to social welfare benefit. It follows from the above-mentioned definitions that the overall model of social help in Liechtenstein is very much suited to the individual situation of the person involved and contains step-up options in addition to the given lump sums of social welfare benefit.

### 2.2.3.3 Eligibility conditions and conditionality rules

The eligibility conditions for social welfare benefit in Liechtenstein are basically determined by

- the existence of indigence or need for a Liechtenstein citizen, meaning that the person claiming MI benefits is unable to cover one's subsistence or livelihood either out of one's own strength and means (income, property and use of labour) or out of maintenance from within the family, or out of entitlements under social insurance law or other entitlements;
- resident in Liechtenstein but not being a citizen and unable to support oneself and
  - the eligibility of MI benefits is laid down in the according state treaty (state treaty between Liechtenstein and the citizen country of the resident);
  - the home country of the resident grants MI benefits reciprocally (treats Liechtenstein citizen who are residents of this country equally as citizen of this country);
  - where it is necessary, in the common interest or in the interest of the person in need, to prevent that person from becoming derelict.

Hence, the person in question must be resident in Liechtenstein and experiencing a personal distress or being unable to earn his/her own living or the living of his/her family. The social assistance norm, defined as minimum annual disposable income to be able to live from, is laid down in the Regulation to the Law on Social Assistance. Thus, a basically eligible person with a household income less than the social assistance norm has the right to social assistance.

The MI scheme therefore makes no differentiation regarding the employment status of the person. Thus, applicants of social welfare benefits are expected to realize savings and assets before they are eligible to receive social assistance.<sup>72</sup> All granted benefits, such as pensions, unemployment benefit, rent allowance, child benefits and transfers count as income under the Law on Social Assistance and are part of the definition of an annual disposable income. However, in order to avoid harmful disincentives, children's incomes from work, for example during school breaks, are excluded from the calculation of the household income. Same is valid for the single parent allowance. Other transfers and benefits, e. g. rent allowance or child benefits, are granted without taking the household income into consideration for eligibility conditions.

Anyone who claims social welfare must provide truthful information on their personal situation, their income and fortune. Liechtenstein's responsible authority treats omissions or untruthful declarations with great severity and can terminate support. Applicants must actively collaborate with the assessment of their needs and must inform the authorities of any relevant change in their situation.

Persons receiving social welfare benefit are furthermore obliged to use their best efforts to earn one's own living. Insufficient efforts to find and keep a job, the refusal to participate in a work project or the nonfulfillment / disregard of instructions by the person receiving social welfare benefit can be sanctioned by a right of social welfare benefit deduction through the responsible public office.

On the other side the MI scheme includes financial incentives to recipients who are very engaged in improving their occupational and social integration or who do voluntary work. Such persons can receive an additional amount of social welfare benefit up to 300 Swiss francs (approx. 260 €) per month.

If a person claiming social welfare benefits carries out any gainful activity, an additional amount to the minimum annual disposable income can be added by the responsible public office. This ad-on amount depends on the degree of employment.

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<sup>72</sup> The extent of this is clearly limited. Hence it is not necessary for house owners to sell their house in order to realize assets, if they inhabit the house or need it as rental object in order to support themselves.

#### 2.2.3.4 Duration and transitions

The social welfare benefits in Liechtenstein are open as long as the eligibility conditions are met. There is no general time limit or maximum duration of the aid measure in place. Once the maximum number of days of unemployment insurance payments (as defined above) is exceeded, the long-term unemployed can request social welfare benefits at the Office for Social Services. Once the long-term unemployed person reaches pensionable age, pension payments must be taken into consideration in the calculation of individual income. If the total income (now including pension payments) exceeds the legally defined minimum income, the right to social benefits ceases.

In case that an individual is not available for the labour market because of mental or physical illness, she or he has to refer to other social security schemes such as health insurance, invalidity pensions or supplementary social benefits.

On the other hand, if a person can re-enter the working environment and has a new engagement, no special arrangements are in place when moving from unemployment and receiving social welfare benefit to employment with regular income. As a general clause, based on Art. 17 of the Law on Social Assistance<sup>73</sup>, social welfare benefits have to be refunded if they had been unduly received or in case of substantial change in the social welfare benefit recipient's situation (e. g. large inheritance or winnings, high income etc.).

#### 2.2.3.5 Components covered by MI schemes

The social welfare benefit is the last anchor in the social system of Liechtenstein. There are no specific components included in the social welfare benefit. Generally spoken, the social system in Liechtenstein consists out of specific benefits, which are solely granted to persons with specific needs and come into place first to avoid poverty. But when it comes to social welfare benefit, all the different social allowances paid are taken into calculation of the household income to determine if a person is eligible to social welfare benefit. Thus, the social welfare benefit is top-up awarded to the above listed financial social assistances.

The Liechtenstein social welfare benefit includes components to cover the following costs regardless if specific social benefits have been requested and might not cover the individual needs:

- basic living costs (food, clothes, travel, household costs);
- housing costs (rent);
- health insurance.

#### 2.2.3.6 Main findings on minimum income protection

Liechtenstein has a relatively simple and comprehensive social – MI - scheme which is open to those with insufficient means to support themselves. The public social benefits are legally defined as a minimum income guarantee to live in the economic environment of Liechtenstein.

Insurance benefits are in first place within the social system. This means, that unemployment benefits are the main support measure for job losers and other individuals without employment. Liechtenstein's unemployment insurance is mandatory and it offers compensation for lost earnings subject to work-related conditions. Whenever the insurance benefits are exhausted or insufficient, the MI benefits come into place. If the income of a concerned person, including the total income of the household the person is living in, lies below a minimum (threshold), defined in Article 1 paragraph 1, the Act on Social Assistance (Sozialhilfegesetz, LGBI. 1987 no. 18, Art. 12a) provides minimum income benefits. Thus, the main purpose of MI benefit is the

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<sup>73</sup> Source:

<https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lgbid=1985017000&gueltigdate=21012016>

provision of a minimum level of income, other than the insurance benefits against lost earnings.

Beside the insurance and the MI benefits, non-means-tested benefits can be obtained, based on the individual situation of the person in question (e.g. helplessness allowance is granted irrespectively of the applicant's economic circumstances for claimants who require the help of a third person to perform day-to-day tasks)

Summing up the strengths and weaknesses of the MI benefits system in Liechtenstein, we can conclude the following strengths:

- MI benefits are granted social rights under condition that other social protection benefits are not sufficient or not applicable;
- MI scheme is designed to connect cash benefits and social services;
- The model of social help in Liechtenstein is very much suited to the individual situation of the person involved and contains step-up options in addition to the given lump sums of social welfare benefit;
- The evaluation process by the responsible public administration office is transparent and documented;
- MI scheme includes financial incentives to recipients who are very engaged in improving their occupational and social integration or who do voluntary work.

To the contrary, the challenges of MI benefits system are the following:

- MI benefit levels tend to be significantly lower and less directly dependent on previous earnings as the insurance benefits;
- There is a certain degree of discretion associated with the implementation of the MI scheme as staff members of the administrative office are deciding on the applications for social benefits. This fact, combined with the shame of revealing the personal financial situation, is resulting in lower take-ups.

#### **2.2.4 Sickness benefits (Last updated on 12/2017)**

The compulsory health insurance covers in accordance with the statutory regulations (Health Act), the costs of diagnosis or treatment of illness, maternity and accident and their consequences, if not otherwise covered by statutory accident insurance exists. Thus, national law guarantees the right to access healthcare for all persons living or/and working in Liechtenstein on an equal basis. The national healthcare "obligatorische Krankenpflegeversicherung" (OKP, healthcare fund) covers most medical services including treatment by specialists, hospitalisation, prescriptions, pregnancy and childbirth, and rehabilitation. Regular health check-ups with general practitioners are covered completely, with no out-of-pocket expenses.<sup>74</sup> Additional add-on private healthcare insurances for self-employed persons cover in general accommodation and treatment in an agreed-upon ward (private or semi-private), including physician and hospital costs. Under specific conditions also costs for emergency transport, rescue and recovery costs up to an agreed maximum amount are covered. Additionally, self-employed persons in Liechtenstein can enter into an optional daily sickness benefits insurance contract in the event of short-term inability to work.

Regarding cash benefits from a sickness insurance which derive from incapacity to work due to sickness, the eligibility conditions are: person must be an employee over 15 years of age who works in Liechtenstein under a standard- or non-standard contract for an employer with a head office or branch in Liechtenstein and a contractual based weekly working time of more than 8 hours. These persons are mandatorily insured for sickness cash benefits. Beside the minimum working hour clause for cash benefits under the sickness insurance, no further limitation exists.

Concerning wages paid on sick leave out of the sickness insurance, the legal minimum amount is 80% of the last paid salary. The maximum salary amount per year which can

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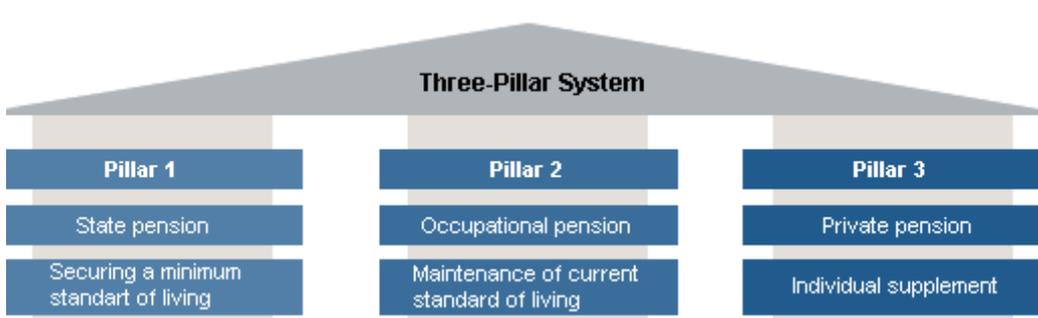
<sup>74</sup>Earnings-related state maternity benefits for women who are not entitled to daily sickness benefits during maternity, apply to the Office of the National Economy.

be covered by the insurance is 148'200 Swiss francs (approx. € 128'870). In case of incapacity to work, the employee receives cash benefits from the first day onward. Additionally, there is the possibility for employers to pay – on a voluntary basis – a full 100% salary in case of incapacity to work. If incapacity turns into permanent incapacity (disability) the Invalidity Insurance replaces the benefits from the Sickness Insurance.<sup>75</sup> Beside the general state contribution to the health insurance, Liechtenstein has with the health insurance premium reduction another important benefit to avoid poverty or insufficient social security, in place.

### 2.2.5 Pensions (Last updated 06/2018)

Liechtenstein’s pension system is a three-pillar system with a clear definition of the pension schemes included in each pillar: the statutory, the occupational and the personal pension scheme as shown in the below figure.

**Figure 19: Pension system in Liechtenstein**



Source: Pension system in Liechtenstein; <http://www.regierung.li/news1.aspx?id=86269&nid=7218>

For details to the Pension schema for workers in arduous or hazardous jobs please see Appendix 2-6.

#### 2.2.5.1 State pension: AHV

The first pillar of Liechtenstein pensions is the old-age and survivors insurance scheme (*Alters- und Hinterlassenversicherung, or AHV*)<sup>76</sup>. Pillar I is heavily based on the idea of solidarity, as contributions which are obligatory for all self-employed, employed and unemployed over the age of 20, are not limited, but the maximum monthly pension is limited, regardless of how much an individual has contributed. It is composed of the Old Age and Widow’s/Widower’s Pension Fund /Insurance (OASI, DI and IC), defined by the following act and regulation:

- Old Age and Widow’s/Widower’s Pension Act, 14.12.1952 (AHVG)
- By-law on the Old Age and Widow’s Pension Act, 30.11.2010 (AHVV)

The OASI, DI and IC schemes cover insured persons from the loss of income due to retirement or invalidity, and aim to ensure a basic lifestyle and provide financial benefits in case of invalidity.

Persons with an employment contract have to pay a rate of 3.8% for old-age and survivors’ insurance and 0.75% for invalidity insurance, directly deducted from the employees’ salaries. The contribution basis is given by the salary (under a specific addition and subtraction formula), and in the case of residents who are without employment, a certain fixed sum has to be contributed. There are no obligations for contributions to the family allowance and the administration fee as they are fully paid by the employer. Compared to the self-employed persons, who pays in total 11,2% for old-age and survivors insurance (including invalidity insurance and family allowance)

<sup>75</sup> Link to Liechtenstein Marketing:

<http://www.liechtenstein-business.li/fuer-arbeitnehmende/sozialversicherungssystem/>

<sup>76</sup> Old Age and Widow’s/Widower’s Pension; source:

<http://www.ahv.li/home.html?F=0print%2Fprint%2Fprint.html>

the contribution of the standard-employed (equal to non-standard-employed) person is only 4.55% as the employer has to pay the differ amount up to 11,2%. Since 2017, men and women who have reached the age of 64 or 65, depending on vintage, are entitled to draw a statutory pension (ordinary retirement age for men and women).<sup>77</sup>

In contrast to many other systems, the first pillar also encompasses legally mandated contributions by non-employed persons; in particular, all non-employed spouses of employed insured persons must make contributions, without exception. This is less for purposes of creating an additional funding source, but rather to implement the principle of insurance; whoever is entitled to a pension should also be required to make contributions.<sup>78</sup>

Comparing the guaranteed minimum annuity with the amount of lump sum per 1-person household<sup>79</sup>, the pension amount is only slightly higher than the defined breadline. Taking into consideration that the minimum annuity reflects the main income for a household of more than one person, additional income would seem to be necessary to meet the basic needs of living. This shows very clearly the need of additional pension payments from occupational or private pension funds or a second income from another family member.

The total amount paid out by the AHV in 2017 was 288.68 million Swiss francs (approx. €251.03) showing a significant increase of approx. 3.3% compared to the year 2016.<sup>80</sup> Within the same period the number of entitled persons to receive an old age and widow's/widower's pensions increased of approx. 3.9%.

### 2.2.5.2 Occupational pension: company pension funds

Company pension funds are the basis of the **occupational pension** plan (second pillar), designed for gainfully employed persons in Liechtenstein. The contribution system is not based on redistribution from workers to pensioners; instead, each worker pays contributions towards his own personal pension fund. These contributions are split equally between employer and employee. The accumulated old-age capital is paid out to the employee upon retirement either as a monthly pension or as a lump-sum payment. Ideally, AHV and the Company Pension Fund combined should correspond to 60% of the last salary before retirement. The regulation is laid down in the following act and by-law:

- Act on Occupational Retirement, 20.10.1987 (BPVG)<sup>81</sup>
- By-law on Occupational Retirement, 20.12.2005 (BPVV)<sup>82</sup>

Pension funds, which are subject to the Law on the Supervision of Institutions for Occupational Retirement Provision (Pension Funds Act; PFA), require a license from the

<sup>77</sup> The guaranteed pension amount for a regular pension was fixed in 2011 (minimum of 1,160 Swiss francs (approx. €1,101) up to a upper limit of CHF 2,320 per month (approx. €2,140) per calendar month, the prerequisite is an uninterrupted contribution period), being paid 13 times a year. The widow's/widower's pension allowance has been set at a minimum of 928 Swiss francs (approx. €881) per month under the same regulations as the regular pension allowance.

<sup>78</sup> Persons who have reached statutory retirement age but remain gainfully employed still have to pay contributions to the OASI, DI and IC schemes. However, they can benefit from a personal allowance (threshold). Contributions are only due on that portion of the income which exceeds this threshold.

<sup>79</sup> Lump sum is based on the Law on Social Assistance.

<sup>80</sup> Source: [https://www.ahv.li/fileadmin/user\\_upload/Dokumente/Ueber/Jahresberichte/AHV-IV-FAK-Jahresbericht--2017.pdf](https://www.ahv.li/fileadmin/user_upload/Dokumente/Ueber/Jahresberichte/AHV-IV-FAK-Jahresbericht--2017.pdf)

<sup>81</sup> Act on Occupational Retirement, Source: [https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1988012000&version=5&search\\_text=betriebliche Altersvorsorge&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tablesel=0&observe\\_date=21.01.2016](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1988012000&version=5&search_text=betriebliche Altersvorsorge&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=21.01.2016)

<sup>82</sup> By-law on the Act on Occupational Retirement, Source: [https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=2005288000&version=6&search\\_text=betriebliche Altersvorsorge&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tablesel=0&observe\\_date=21.01.2016](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=2005288000&version=6&search_text=betriebliche Altersvorsorge&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=21.01.2016)

Financial Market Authority of Liechtenstein (FMA) before they can take up their business activities. The FMA supervises all the business activities of the pensions funds and requires them to comply with appropriate internal monitoring procedures.

The contribution system is not based on a redistributing from workers to pensioners, instead each worker pays contributions towards his personal pension fund. There is no compulsory insurance for the self-employed in the second pillar. The self-employed may opt for voluntary insurance at their own request, insofar as this is provided by the pension fund regulations. In this case they have to pay the full contribution rates themselves.

### 2.2.5.3 Private pension

The third pillar, the **private pension**, was designed to further increase benefits at retirement. The so-called individual occupational pension scheme is made up of private savings and/or private and voluntary old-age insurance policies. The idea behind the third pillar is to supplement the state pension and occupational retirement provisions with additional, individual means to provide for an ultimately comfortable retirement.

The individual occupational pension scheme allows the individual to decide how to invest his or her money. Nevertheless, the third pillar is not a supported pension scheme and does not include state or employer contributions. However, the impact of the private pension system on the level of future pensions is likely to be rather limited.

### 2.2.5.4 Reform trends

As part of a "Budget consolidation package – Agenda 2020", the Liechtenstein government announced reforms and cost cutting measures in the **statutory pension system**. All of them – inter alia – aimed at making relative cuts in public spending or increasing social insurance contributions. With regard to pensions, the Liechtenstein parliament decided to continue the federal subvention to the statutory pension until 2017, but with a fixed subvention amount instead of subsidising the statutory pension regime with 20% of its annual expenditure as has been done in previous years.<sup>83</sup>

As compensation for the loss of subsidy income of the statutory pension system, the parliament approved amending legislation for the statutory pension system in 2016. The amendments include:

- cutting state subsidies to 30 million Swiss francs (approx. €27.5 Mio.);
- increasing of the general pension age for men and women from 64 to 65 years;
- higher reduction rates for early retirement pensions;
- the adaptation of the indexation mechanism;
- higher contribution rates (approx. 0.15 percentage points);
- new procedures for a technical actuarial audit every 5 years.

The annual state subsidy will be reduced by more than 50% to an amount of 30 million Swiss francs from 2018 onwards and the contributions will rise from a total contribution of 11.48% to 11.79% for employed persons. In addition, the regulation regarding pension age has changed. From 2018 on, the general retirement age will be increased from 64 to 65 for both sexes. The early retirement arrangement with reduced pension payments for persons entitled to a statutory pension remains unchanged. In respect of the early retirement arrangement, the age at which early retirement can be taken remains unchanged, but the corresponding reduced benefits will be increased from the range of 4.5% to 26.1% up to 5.22% to 40.71%, depending on the age and duration of early retirement.

The first stage of the reductions in state support for pensioners (AHV) has no direct effect on those insured. In any event, transitional grace periods are in place so that

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<sup>83</sup> The fixed subvention amount is about 50 million Swiss francs (approx. €42.8 Mio.) plus indexation).

those who are about to retire are guaranteed their legal rights and can plan securely for their future.

With reference to the invalidity pensions insurance (IC), state support was completely cancelled in 2015. Due to the stable financial position of the IC insurance, the lack of state support has had no impact on the payments made by the IC insurance so far.

Regarding the **occupational pension** many politicians have been very reluctant to argue in favour of funded schemes since the economic crises. Thus, from 2018 onwards, the amendments to the Act on Occupational Retirement will be in force with the following main reforms:

- the legal entrance threshold will be lowered significantly. People with a low income or working part-time will also have to contribute to the occupational pension;
- no contribution free allowance anymore;
- contribution to insurance coverage starts at the age of 20 at the latest;
- pension age will be increased from 64 to 65 for both sexes;
- contributions have been increased to a minimum of 8% of the relevant statutory pension income.

No detailed assessments are available on how unemployment and changes in the scheme of old-age pensions have affected the take-up of early retirement pensions. There is no empirical evidence as to whether the changes in circumstances in respect of these two points have made the possibility to opt for early retirement less attractive compared to remaining active in the labour market and then heading for the regular old-age pension. The amount of persons who made use of early retirement agreements was 51.3 percent in 2017. In 2016 this figure was slightly higher (51.5 percent). Whether the attractiveness of the early retirement scheme stays unchanged under the adopted regulations will be seen in the next 2 to 3 years.

#### **2.2.5.5 Assessment of adequacy indicators and current adequacy**

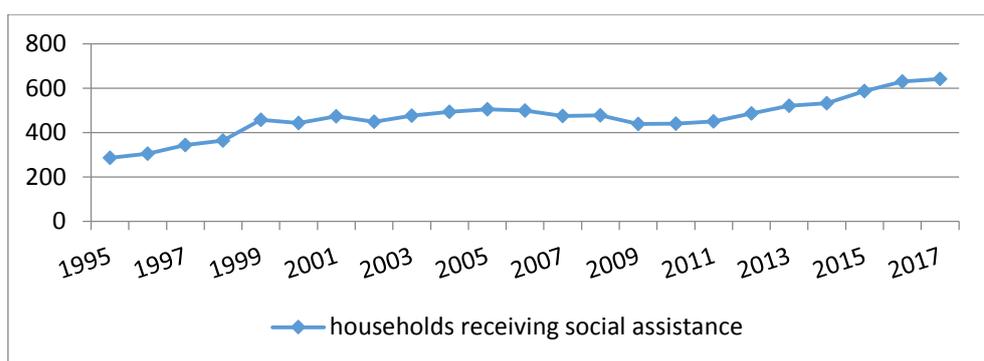
There are no specific adequacy indicators to measure the level and the recent evolution in the area of risk of poverty or social exclusion. Within the Agenda 2020, Liechtenstein's government realized that there is need to support the development of statistical tools and methods. Nevertheless, up to now adequacy indicators are still not in place and statistical data for any long term comparison is not available.

The changes enacted with the current pension reform sought in particular to increase revenue from policy holders as state contributions are lowered. The reform stepped up efforts to increase effective retirement ages and limited the benefits of early retirement by reduced pension-payments. The rationale behind this is to encourage more people to work longer before retirement so that a larger revenue from contributions would be collected, while employers also created better pension entitlements.

The state pension funds, *AHV*, established a linear system related to contributed pension-payments and paid pension benefits based on the insured remuneration and the time period of contribution to the *AHV*. Nevertheless the system is guided by a minimum and a maximum retirement's pension. Based on these guidelines, an average yearly income of 83,520 Swiss francs (approx. € 72,626) and more leads to the maximum retirement's pension of 2,320 Swiss francs (approx. €2,017) per month. Thus, the state pension funds, *AHV*, acts as a redistribution mechanism as top earners contribute more into the *AHV* than they will later receive in the form of pension payments. For low-wage earners the *AHV* functions vice-versa.

Therefore it can be said that one of the main duties of the *AHV* and related social benefits which are granted is to **prevent people from sliding into material poverty** by the end of their active working life. Over the last several years, the number of households receiving social assistance has increased. The statistical data does not differentiate between households with an income from employment and those whose income come from pensions. Thus, no detailed analysis in terms of poverty prevention within the pension system can be made.

**Figure 20: Households in Liechtenstein receiving social assistance**



Source: Office for Social Services, link: <http://www.llv.li/#/16345?scrollto=true>

When looking deeper into the current structure of the AHV, it can be observed that **women and low-wage earners generally are in a less favourable position** than other contributing groups. Based on the traditional role model, women stay for a longer period at home, bringing up children and taking care of elderly relatives. The fact that younger women tend to be better educated will reduce the currently given gap between pension payments for men and women in the future. Nevertheless, Liechtenstein still faces room for improvement to give women equal opportunities in the labour market. This includes the mostly common issues as, for example, a denser and affordable net of child care facilities, part time working conditions, etc. The impact on these gender issues can be seen in figure below, showing that the percentage of employed women is still significantly below 50% of the total employed persons in Liechtenstein (no more current data available).

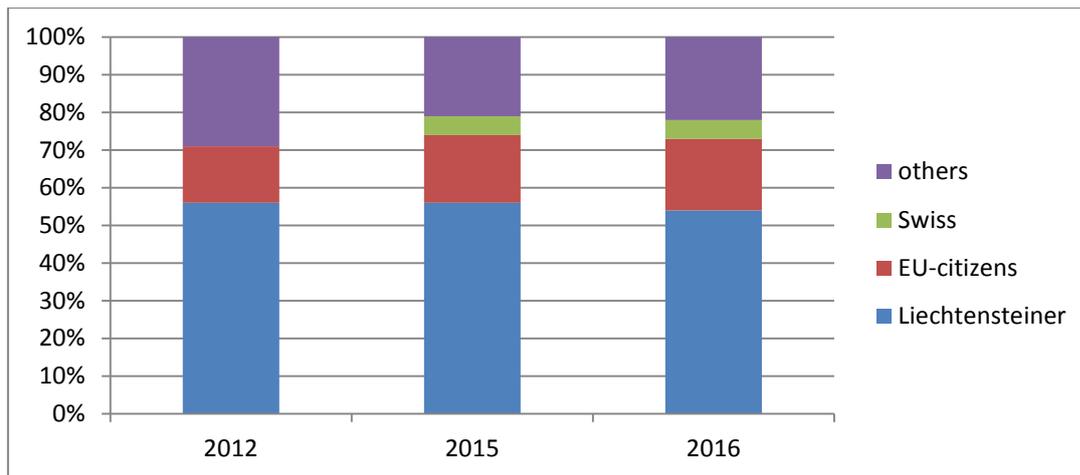
**Figure 21: Employed persons in Liechtenstein**

Year	2000	2008	2010	2013	2014	2015	2016
Total employed persons	26'797	33'415	34'334	36'224	36'680	36'755	37'453
Employed women	10'216	13'122	13'809	14'537	14'717	14'849	15'133
Employed women in % of total employed persons	38%	39%	40%	40%	40%	40.4%	40.4%

Source: Employment statistic, link: <https://www.llv.li/files/as/beschaeftigungsstatistik-2016.pdf>

Concentrating on the situation of foreigners in Liechtenstein we have two main groups. Foreigners with a high level of education, mainly from German speaking countries (neighbouring countries to Liechtenstein), on the one hand, and people from non-German speaking countries, with – on average – lower level of education and job qualification skills, often from regions as for example Southern Europe, Turkey and Eastern Europe who are mainly employed as semi or unskilled workers, on the other hand. In 2016, 22% of the households claiming social welfare help were foreigners from countries outside the EEA and were thus clearly overrepresented. In many cases such households exhibit a lower level of education and job qualification skills which has a significant influence on their employment prospects. This effect can be seen at the proportion of social benefits of residents in Liechtenstein by nationality as laid down in the below figure.

**Figure 22: Percentage of social benefit recipients in 2008 and 2016**



Source: <http://www.llv.li/files/asd/asd-jahresbericht-2012.pdf> ; <http://www.llv.li/files/asd/asd-jahresbericht-2015-mit-inhaltsverzeichnis.pdf>; <http://www.llv.li/#/117850/>

The future prospects of unskilled workers will depend largely on the education system and on the willingness of the government to continue providing income supplementation to low-skill workers and their families. Liechtenstein's policymakers should focus on preparing young adults to enter the labour market. Reducing the flow into the low-skilled market both improves the job opportunities of young, better-trained workers, and lowers the overall supply of low-skilled workers, which makes low-skilled adults scarcer.

Looking at the demographic composition of the Liechtenstein population, it can be said that both genders of **the foreign population** are over-represented in the working age group. This high relative percentage of people who are within the labour force age is predominantly due to immigration into Liechtenstein. The foreign segment differs significantly from that part of the population with Liechtenstein nationality, with foreigners living in Liechtenstein being strongly over-represented within the labour force age group. When they reach pension age, some of the foreigners prefer to go back to their country of origin to spend the last part of their life there. Another important factor is the clearly cheaper cost of living in most of these countries of origin compared to that in Liechtenstein.

A very specific effect of the high share of foreigners in Liechtenstein, and of commuters to Liechtenstein, is the number (and of course the amount) of pensions paid to persons abroad. In 2016, 63.6% of the total of pensions paid out by the AHV, not the sum of monetary value - were transferred abroad.

Contributions by the current working population are certainly insufficient to cover the needs of pensioners in the future. Additionally the falling birth rate and the ageing of the population in general (based on better medical treatment, social help, etc.) will boost the impact on financial difficulties within the state pension funds (*AHV*).

### 2.2.5.7 Gender pension gap

The before mentioned inequalities between women and men regarding employment, full and part time work, and respective contributions to the *AHV* due to child education time found – at least – partially consideration in the *AHV* structure of pension payments. Persons who are charged with looking after children below the age of 16 years are eligible for care credits, which are divided equally between the spouses. Here, the number of years, and not the number of children, is decisive. The education credit is granted not in the year of the birth of a child but in the year in which the youngest child turns 16. The compensation fund applies education credits automatically when calculating pensions. These credits constitute supplements to the pensionable income, but are not direct cash benefits. Thus, education credits increase the relevant average annual income, and this leads to a larger pension.

Persons, who look after relatives are eligible for care credits, provided the following requirements are met: The relatives require assistance and receive care allowance for a moderate or severe disability from the *AHV*, Disability and Accident Insurance. The decisive factor is the number of years during which care is provided, not the number of persons. While no credit applies in the year when care starts, the year in which care ends will receive the full amount in credits. An application for the care credits must be filed each year with the cantonal compensation fund of the *AHV*.

As women are in most cases the ones who take care after children / elderly people who need care, these measures at least partially cover their home-based work for the time period when they cannot actively participate in the labour market. Further, the gender pension gap problem received an early regulation within the *AHV* systematic, saying that the earned income of the spouses is split if both are entitled to a pension. As long as only one spouse is eligible for a pension, the pension will be calculated without the split. The splitting is also applicable in the case of divorcees and widowed persons. In case of divorcees the earned income is divided either at the time of the divorce, according to the request of the spouse (joint or individual application by the spouses) or by virtue of the office when a pension case starts. But facing the fact that the majority of older people are women and that the amount of pension households in Liechtenstein who receive social benefits increased from 2010 onwards, more attention has to be paid to reforms concerning women and their future old-age income. Thus, when reforming social protection systems and labour market conditions it is absolutely essential to take account of the gender impact. Currently, no specific gender issues are discussed in the content of the *AHV* in Liechtenstein.

#### **2.2.5.8 Future adequacy and the challenge towards**

The financial sustainability of the pension system is still an issue as the ageing population needs to be provided with a secure source of income for a longer retirement period than in the past. The traditional pay-as-you-go pension systems based on intergenerational solidarity might not function anymore in future, even if the current reform measures work efficiently. At the same time, the rates of enrolment in second or third-pillar pension schemes are too low to fully compensate for the decrease in the replacement rate of the first pillar. It is currently uncertain, whether the the current pension reform measures are sufficiently sustainable to offset the current gap and to ensure pension adequacy in the coming years. It remains to be seen how effective the recent reform measures are in improving incentives for later retirement and increasing entitlements by higher contribution rates.

The three-pillar pension system in Liechtenstein has already laid the foundations to strengthen the link between contributions and entitlements. But there is still urgent need for changes. Some of the implemented structures do not scope with the given challenges (e.g. increase in the elderly population) or may give rise to further gender imbalances (e.g. rising amount of home care primarily done by women with the result that they stay away longer away from the active labour market and individual contributions to the pension system).

Liechtenstein faces various challenges, of the major one's are the financial stabilisation measures concerning the Old Age and Survivor's Insurance (*AHV*) and the reform of the Company Pension Scheme. In respect of the *AHV* the main reasons for this result are the weaker fiscal position, the 2012 newly introduced care allowance, and the income decrease due to a not completely revenue neutral total revision of the tax system. The respective figures were published in a study by independent experts, ending with the conclusion that the existing financial reserves were not sufficient to grant actual and future pension benefit claims. Further measures to increase *AHV* income (e.g. increase of the contribution payments) and/or reducing costs (e.g. years needed for a full pension, raise of pension age) are necessary to ensure long term sustainability.<sup>84</sup>

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<sup>84</sup> Source: Erste Ergebnisse der Generationenbilanz 2012, Stabstelle für Finanzen.  
<http://www.regierung.li/index.php?id=158&uid=1206>

To summarise, there are different ways and modes to face the demographic challenges to pension systems by generating additional fiscal revenue to cover pension deficits, and increasing the number of contributors to the system. Expanding the number of contributors in prime-age (35–45) is hardly possible. With an unemployment rate of only 1.8% (December 2017), most people in prime-age are already working. Space to expand the labour force, apart from immigration, is given at the older population and women. This can be reached either by longer vesting periods or by reducing the attractiveness of the early retirement attractively. It will be necessary to provide more long-lasting measures for gradual retirement, which link the part-time work with collecting a partial pension in a more effective way as today. Additionally, an increasing retirement age will lead to positive effects regarding the contribution period in total.

Another challenge which has not been covered yet is to bring in informal workers into the state pension system. There is still a certain number of people with a lower level of education and job qualification skills working in Liechtenstein, for whom no social security payments are being made. No research and data exists regarding this issue, though. These illegal workers should be brought into the regular labour market.

The government has to commission an actuarial examination of the old-age insurance at least every 5 years. The report must be submitted to the state parliament within 3 months of receipt and, should the report show a drop in reserves to below 5 annual expenditures over 20 years into the future, proposals for measures must be submitted within a further 12 months in order to be able to maintain the target figure (5 annual expenditures in reserve). The next actuarial report must be commissioned by the government by 31 December 2018 at the latest (on the basis of the current legal situation and, of course, on the basis of the current data).

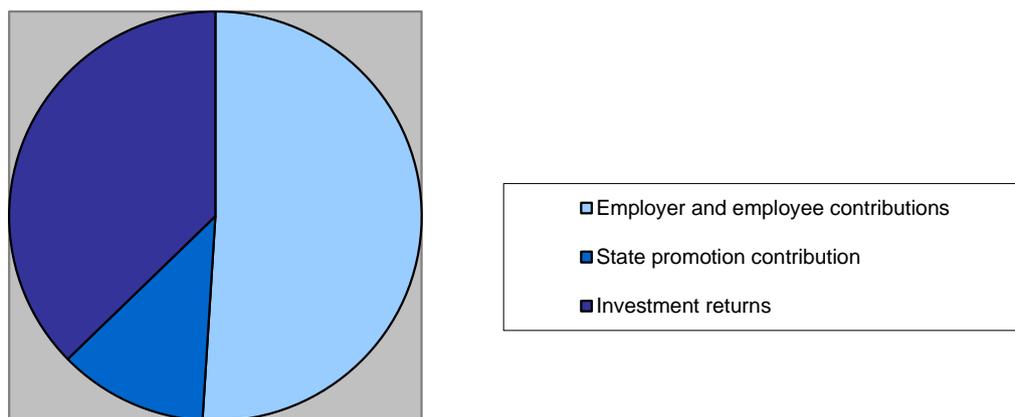
#### **2.2.5.12 Recommendations**

To bring contributions to the pensions system in balance with the continuously higher life expectancy, thus ensuring financial sustainability is the most urgent issue for the AHV in Liechtenstein.

According to pension insurance, it is expected that pension insurance income from insurance contributions and state contributions will no longer be able to cover expenditure by the end of 2018. From this point in time, investment income (or the substance in the event of a negative investment result) be used to cover pensions.

Further approaches have to be devised and implemented. Such could be new pay-out calculations that account for longer life expectancies, structural changes in the contribution mechanism to avoid any decline in the replacement rate of the statutory pension scheme, and amendments to the institutional arrangements, since the pension fund play an important role in channelling savings to long-term investment. The adopted guidelines for the basis of the pension fund in terms of investment returns versus employer and employee contributions will be a main issue as the AHV is currently mainly funded by employer and employee contributions, as shown by the total contribution system in the figure below for the year 2017.

**Figure 23: Contribution system to the AHV in Liechtenstein**



Source: Contribution system to the AHV in Liechtenstein;  
[https://www.ahv.li/fileadmin/user\\_upload/Dokumente/Ueber/Jahresberichte/AHV-IV-FAK-Jahresbericht--2017.pdf](https://www.ahv.li/fileadmin/user_upload/Dokumente/Ueber/Jahresberichte/AHV-IV-FAK-Jahresbericht--2017.pdf)

Although investment returns are just one instrument for attaining financial sustainability of the system, they are an interesting aspect as they raise numerous questions regarding the funding structure. Thus, questions arise such as “How much risk should a pension plan take to achieve its assumed rate of return?” or “Who should pay if the plan investments do not perform as assumed the employee or the taxpayers, current employees or future employees?” These aspects could also be taken into consideration by the government when making the Liechtenstein AHV fit for future challenges. The same issues and possible improvement measures also apply to the Company Pension Scheme. All this, of course, requires public and political decisions, and it has to be taken into account that the Liechtenstein constitution provides for the direct influence of the people by means of referendums and popular initiatives.

Another option might be a shifting of benefits to defined contribution plans, a cash balance, or hybrid plans. These new plans typically offer less generous benefits than the existing AHV system, which they would replace, but they would make the whole AHV system more affordable in the long term. This includes the annuity calculation, meaning the way in which pension accumulations are converted into an income stream. Such a defined benefit plan would be an extensive approach to pension reform and would come with increased legacy costs, but could it be an option for better managing the long-term liabilities of the state pension system. It has also to be stated, of course, that there must be guarantees that solutions do not widen the wealth and income gap between different social groups, and that the risk of poverty should be reduced by any future measures rather than being increased.

Another challenge, which has not been addressed yet, is to bring informal workers into the state pension system. There is still a certain number of people with a lower level of education and job qualification skills working in Liechtenstein, for whom no social security payments are being made. However, no research and data exists regarding this issue. These illegal workers should be brought into the regular labour market.

To summarise, there are different ways and modes of facing the demographic challenges to pension systems by generating additional fiscal revenue to cover pension deficits and by increasing the number of contributors to the system. Expanding the number of contributors in the prime-age group (35–45) is hardly possible. With an unemployment rate of only 2.3% in 2016 and an even lower percentage-forecast for 2017 (1.6% in September 2017), most people in the prime-age group are already working. Some space for expanding the labour force, apart from immigration, exists within the older population and women. Thus, it will be necessary to provide more long-lasting measures for gradual retirement which link part-time work with collecting a partial pension in a more effective way than today. Additionally, we can expect a further increase in the retirement age that will lead to positive effects in relation to the total contribution period.

The same issues and possible improvement measures are valid for the Company pension Scheme.

### 2.2.5.13 Impact of the crisis on current pension systems and present pensioners

The main reasons, which made a revision of the pension systems necessary, are:

- increasing life expectancy, hence the longer duration of pension benefits, and
- insufficient returns on the capital markets, resulting in lower interest rates on the retirement capital of the insured persons and the pension fund provisions for pension payments.

These developments mean that, on the one hand, insured persons are able to build up less retirement capital because of the lower interest rates and, on the other hand, higher provisions for pension payments are required for pension funds. This in turn means for the insured persons that their retirement capital is converted into a pension at a lower conversion rate. In a nutshell, the insured persons receive less high retirement benefits. The revision of the *AHV (Alters- und Hinterlassenenversicherung)* law was intended to counteract this.

The first of these two legislative packages reduced the state contribution to the AHV from 2015 onwards (from almost 60 million Swiss francs in 2014 (approx. €52 million) to 54 million Swiss francs (approx. €47) in 2017, with the outlook of a state contribution as of 30 million Swiss francs (approx. €26 million) from 2018 onwards.

To compensate this loss of income, the Parliament decided about the following corrections on the performance side:

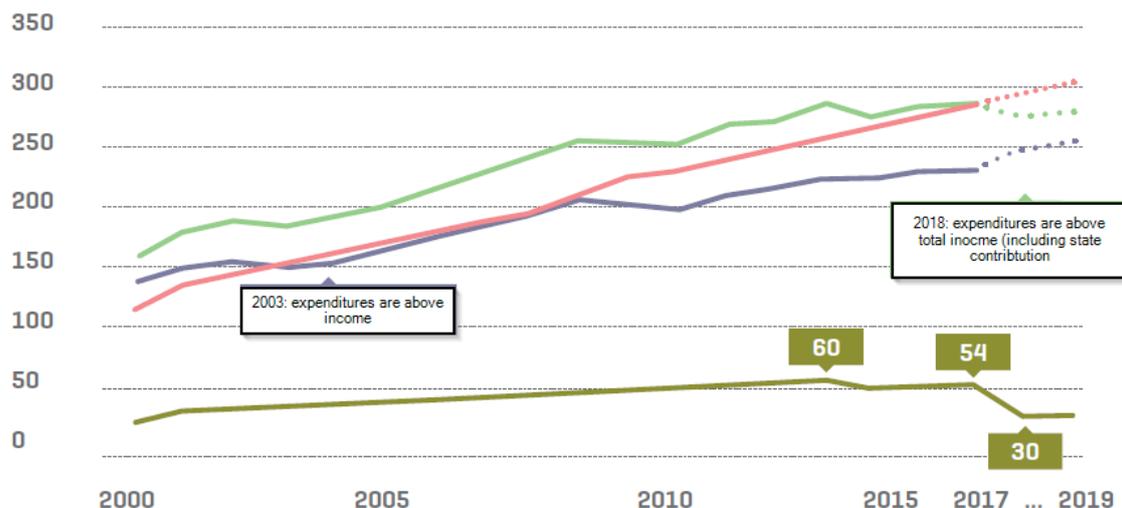
- Return to actuarial reduction rates for pension advances for the years 1956 and younger;
- Price adjustment of pensions exclusively to the price index instead of the previous "average between wage and price index" mode;
- the AHV contribution rate will be increased by 0.3 percent as of 2018 (each 0.15 percent for employers and employees);
- the normal retirement age for those born in 1958 and younger is increased from 64 to 65;
- the flexible retirement age between 60 and 70 years of age is retained (reduction ratios/additional premiums are calculated from the "reference age 65").

To ensure that the benefits of the second pillar will continue to be provided at largely the same level in the future the following amendments of the Act on Occupational Pension Plans (BPVG) have been made:

- Reduction of the entry threshold (Art. 4 para. 1). The entry threshold or minimum wage limit will be lowered from 1 January 2018. This measure is particularly important for part-time workers and people who have several employers. (For details see page 4, point 1)
- The normal retirement age is increased to 65 for those born in 1958 and younger.
- The start of compulsory insurance for retirement benefits (savings contributions) will be brought forward from 1 January 2018.
- Wages to be insured - abolition of exemption (Art. 6 para. 1)
- A deduction of a tax-free allowance is no longer possible in the statutory or obligatory pension plan as of 1 January 2018.
- As of 1 January 2018, the savings contribution (contribution to old-age pension insurance) of the company pension scheme amounts to at least 8 % of the pension fundable salary.

The following chart simulates the effects of pension insurance expenditure and income for the years 2018 and 2019. The following values are used as assumptions:

- The state contribution for both years is CHF 30 million,
- Pension contribution rate is 8.1 % in both years
- Contributory payroll increases by 2% per year from 2017 to 2018 and 2019.

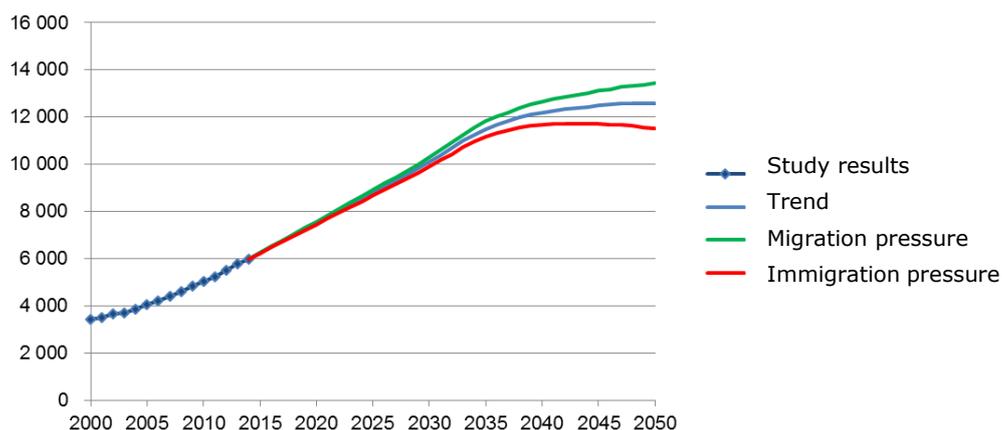


The first discussion about an upward adjustment of the pensionable age rose in 2010, when Prince Hans-Adam II proposed to raise the regular retirement age from 64 to 70, and when the European Commission’s Green Paper towards adequate, sustainable and safe European pension systems was presented.<sup>85</sup> In 2015 a consultation proposal for a long term financial security within the pension system ended and the reform results entered into force with January 2018. In practise the early retirement schema was very attractive until 2017. While the overall number of pensioners increased in 2016 by 3.8% compared to 2015, the number of early pensioners increased by 6.8% in the same time period. However, the higher reduction rates for early retirement pensions came already into force in 2012, the changed reduction rates are only applicable to insured people born in 1956 or later, they will only become effective as from 1 January 2016 on. This delayed coming into force was chosen on purpose in order to maintain the current situation for people being currently in the early retirement pension structure and to grant some kind of transitional period.

In the light of the expected demographic development, the challenges won’t let up after 2032. In particular, the challenge will arise from the fact that after 2045 disproportionately many people will enter retirement age and that the given life expectancy for these people is approx. 85 years. This demographic development is shown by the following chart and reflects the high financial burden which is arising for Liechtenstein:

**Figure 25: Scenario analyses of population age in Liechtenstein**

<sup>85</sup> Liechtensteiner Vaterland, Auszug aus Geburtstags-Interview mit Fürst Hans-Adam II von und zu Liechtenstein – “Wir sollten das Rentenalter schrittweise hinaufsetzen”, 13 February 2010, Source: [http://www.fuerstenhaus.li/de/presse/interviews/dok\\_archiv-2010/2010\\_02\\_13\\_Vaterland\\_Interview\\_SDF.pdf](http://www.fuerstenhaus.li/de/presse/interviews/dok_archiv-2010/2010_02_13_Vaterland_Interview_SDF.pdf) ; Liechtensteiner Volksblatt, Diskussion neu entfacht: EU hält Rente mit 70 für notwendig, 15 July 2010, Source: [http://www.ahv.li/fileadmin/user\\_upload/Dokumente/Medien/Presse/2010/07/2010-07-15--Volksblatt--1.pdf](http://www.ahv.li/fileadmin/user_upload/Dokumente/Medien/Presse/2010/07/2010-07-15--Volksblatt--1.pdf) .



Source: *Scenario analyses of population age in Liechtenstein*; link: <http://www.llv.li/#/12377/bevolkerungsszenarien>

The number of residents being older than 65 years will increase dramatically based on the above shown scenarios within the next decades. Based on scenario "Trend" the population share of persons being 65 years and older will be 28.6% in 2050, whereas the same population share has been 16.0% in 2014.

The AHV fund's savings due to higher reduction rates will depend on the early retirement behaviour of the insured. The government acknowledged that it is not possible to reliably predict to what extent these new early retirement rules may influence the retirement behaviour of the insured. If the early retirement behaviour of the insured does not change, the savings will be 0.24 million Swiss francs (approx. €0.2 million) in 2016. If the higher reduction rates prevent people from early retirement, the savings will obviously be higher. For instance, if there are 5% less early retirements, it is estimated that savings will amount to 1.34 million Swiss francs (approx. €1.2 Mio.) in 2016. The amendments, i.e. cutting state subsidies and introducing compensation measures, have triggered a fierce debate amongst the political parties. For the junior partner in government the reform does not go far enough. Instead of pure budget consolidation, the party wants to discuss reform measures in order to secure the AHV's long-term financial stability. The senior partner in the government acknowledges this, but sees no need to take immediate action.

If there arises additional need for further action, the government made clear that it is willing to take it.

### 2.3 Social impact of other policy areas (Last updated 12/2017)

Access to state school system from the age of six and thence continuously for 9 school years, is guaranteed for all children and young people domiciled in Liechtenstein by law. The school education is financed by the state. The state contribution remained unchanged during the last years, including the time period with cost-cutting measures. Thus, the education area was not part of the savings package of the Agenda 2020.

The UN Convention on the Rights of Persons with Disabilities (UNCPRD) has not yet been signed and ratified by Liechtenstein.

Repeated demands from many non-governmental organisations for a comprehensive national anti-discrimination act and more efforts to strengthen the credibility of Liechtenstein's human rights policies, forced the Liechtenstein Government to set up a new organisation. Since January 2017 the new and independent national Association for Human Rights act independently and brings together various tasks previously performed by different governmental offices and NGOs in Liechtenstein. The status of this association and the relevant legal provisions had been laid down in a new law, the Act on the Association for Human Rights in Liechtenstein (Gesetz über den Verein für

Menschenrechte in Liechtenstein; VMLG).<sup>86</sup> As a result out of the new organisation, the former Office for Equal Opportunities was dissolved by the beginning of 2017 and its responsibilities integrated into the new Association for Human Rights.<sup>87</sup> The Ombudsman's Office for Children and Young Persons, based on the Act on Children and Youth (ACY)<sup>88</sup> continues to exist within the new Association for Human Rights.

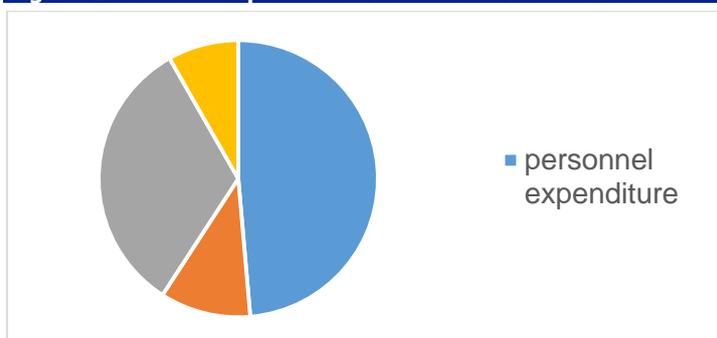
### 2.3.1 Education (Last updated 06/2018)

The current legal situation in Liechtenstein gives the right and the obligation for children, based on the Act on School Education (Schulgesetz, SchulG)<sup>89</sup>, to participate in the state school system from the age of six and thence continuously for 9 school years. A voluntary tenth year is available for students to prepare for career opportunities and select professional choices. Access is guaranteed for all children and young people domiciled in Liechtenstein, regardless of origin, religious affiliation, sex or a possible disability. At the end of the primary school each child is assessed by his/her performance and, based on this result, selected to one of the three lower secondary school types. These three secondary school types differ by the scope of education and training given, which leads to clearly different certificates at the end of secondary school and therefore to restricted or non-restricted admittance to higher education, e.g. university.

The educational institutions in Liechtenstein offer a wide range of opportunities on primary and lower secondary level. On upper secondary and tertiary level, the domestic institutions only partially cover the educational needs of the population. Therefore, a lot of students go abroad for tertiary education.

The school education is financed by the state. The state contribution remained unchanged during the last years, including the time period with cost-cutting measures. Thus, the education area was not part of the savings package of the Agenda 2020. There had not been dramatic changes in the expenditure structure over the last 5 years. The following figure will give an overview about the situation in 2017:

**Figure 26: Public expenditure in million Swiss francs on education in 2017**



Source: Education statistic 2017; link: <https://www.llv.li/files/as/ibildungsstatistik-2017.pdf>

Optionally there exists the possibility to attend private institutions which are appropriate for meeting the statutory requirements of compulsory schooling. Currently Liechtenstein's government supports financially two private institutions domiciled in

<sup>86</sup> Gesetz vom 4. November 2016 über den Verein für Menschenrechte in Liechtenstein (VMRG), LGBl. 2016, no 504; link:

[https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=2016504000&version=1&search\\_text=Menschenrechte&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tablesel=0&observe\\_date=26.01.2017](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=2016504000&version=1&search_text=Menschenrechte&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=26.01.2017)

<sup>87</sup> As Directive 2000/43 has not been transposed in Liechtenstein, the body has not been officially designated in accordance with Article 13.

<sup>88</sup> Kinder- und Jugendgesetz vom 10 Dezember 2008 (KJG), LGBl. 2009, no. 29.

<sup>89</sup> Schulgesetz (SchulG), 15.12.1971, LGBl. 1972 no. 7. Source:

[https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1972007000&version=8&search\\_text=Schulgesetz&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tablesel=0&observe\\_date=25.01.2017](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1972007000&version=8&search_text=Schulgesetz&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=25.01.2017)

Liechtenstein which fulfil the state curriculum.<sup>90</sup> The access to such private school institutions is mainly only given to pupils from families with good financial background, as school fees have to be paid privately. An exception is given by the Waldorf School as the school fee depends on the financial income of the family and therefore the school system relies on additional private donations.

Based on the 2011 and 2012 Pisa studies<sup>91</sup> it was found that the weakness in performance is less closely related to the school than the performance of the pupils. One of the OECD's recommendations was to identify weaker students and develop specific strategies for them. Hence the government's main measure within the educational system was to support children from deprived economic backgrounds, specially focusing on pupils from an immigrant background.<sup>92</sup> In particular, children from immigrant families – where the parents have a non-German mother tongue and are often of lower social status – are at a disadvantage in terms of equality of opportunity. To counter these disadvantages, the government implemented special remedial lessons in German as a second language for children of such families, and there are other educational, socially remedial and school support measures in place.

### **2.3.2 Taxation and inequality (Last updated 12/2017)**

On 1 January 2011 the Liechtenstein parliament approved a new Law on National and Municipal Taxes (Tax Act), which entered into force on 1 January 2011. For the taxation of natural persons, the new Tax Act continues to provide a combination of a wealth tax and personal income tax with a now wider approach to the taxation of wealth (e.g. dividends and other income on capital are not taxed separately). Companies based in Liechtenstein are subject to a flat income tax rate of 12.5 % which covers everything (e. g. there is no capital tax, no coupon tax, etc.). Under the new Tax Act, previous tax types, e. g. taxes on inheritance and gift taxes etc. have been abolished. A surcharge is levied as a municipal tax in addition to the national wealth tax and personal income tax. The rate of this surcharge is determined by the municipal council each year as a percentage of the national tax, but it may be neither lower than 150% nor higher than 250%. The surcharge is levied along with the national tax.<sup>93</sup>

The goal of the country's modern new fiscal system was to reduce the burden for entrepreneurs and private individuals and to make the taxation process as simple as possible. Thus, positive effects on the labour market and the social situation for individuals were expected by the government. At the time when the new tax system was set up in Liechtenstein, the increasingly visible effects of the financial market crisis on the overall economy overlapped the planned positive effects of the new tax system and therefore did not lead to a reduction in the burden for private individuals at the short end. Thus, in 2014 the Liechtenstein government declared a second tax amnesty programme, which was designed to allow taxpayers to come forward and pay their taxes with reduced penalties. The tax amnesty programme was implemented within the tax law and can be used by all Liechtenstein taxpayers only once in their life. The effect of the given tax amnesty programme was far beyond the expected tax revenue income and did not lead to the calculated additional tax income as predicted by the government.

### **2.3.3 Anti-discrimination (Last updated 06/2018)**

There is no specific discrimination law in Liechtenstein. The basic principle of equality in terms of nationality, ethnic or social origin, language and religion of all Liechtenstein

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<sup>90</sup> These private institutions are: Waldorfschule, Schaan: <http://www.waldorfschule.li/> and the Formatio Schule, Triesen: <http://www.formatio.li/>

<sup>91</sup> Liechtenstein took not place in the PISA studies 2015. Thus no more recent figures are available.

<sup>92</sup> Forschungsgemeinschaft 2011, S. 20; Konsortium PISA.ch, Source: [https://pisa.educa.ch/sites/default/files/20140923/pisa2012\\_vertiefende\\_analysen\\_0.pdf](https://pisa.educa.ch/sites/default/files/20140923/pisa2012_vertiefende_analysen_0.pdf)

<sup>93</sup> Source: [https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=2010340000&version=16&search\\_text=Steuergesetz&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tabl\\_esel=0&observe\\_date=21.01.2016](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=2010340000&version=16&search_text=Steuergesetz&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tabl_esel=0&observe_date=21.01.2016)

citizens was granted in the Government's national, political position paper, (published 2007), without giving any further definition or interpretation of the grounds of discrimination. For definitions, a reference was made to the European Convention on Human Rights (ECHR).<sup>94</sup> The UN Convention on the Rights of Persons with Disabilities (UNCPRD) has not yet been signed and ratified by Liechtenstein. Nevertheless, after thorough consideration and consultations, Liechtenstein accepted the recommendation to ratify the Convention on the Rights of Persons with Disabilities until the next UPR review.<sup>95</sup> Additionally, for specific definitions of the grounds of discrimination, reference can be made to the International Convention on the Elimination of All Forms of Racial Discrimination of 4 November 1950, which entered into force in Liechtenstein on 31 March 2000.<sup>96</sup>

The amendment to § 283 of the Criminal Code in 2016 introduced a comprehensive prohibition against discrimination. The offence now includes publicly inciting hatred or discrimination on the grounds of language, nationality, ethnic origin, ideology, gender, disability, age, or sexual orientation and is punishable with imprisonment of up to two years. Nevertheless, discrimination on grounds of race and ethnic origin, religion and belief and age are not explicitly prohibited by separate legal acts, nor is there a general anti-discrimination law in Liechtenstein covering all grounds.

Until 2013 the Office for Equal Opportunity, which coordinated measures to bring about equal opportunity and to protect human rights, and served as the central institution for the further development and implementation of human rights as well as human rights education, was advised and supported by the Equal Opportunity Commission. Due to the governmental reorganization in 2013, the members of the Equal Opportunity Commission stepped down from their function as commissioners with the comment, that their institutional mission of independent and interdepartmental handling could not be continued. The decision taken was received with concern within many non-governmental organisations and some Liechtensteiner politicians. After numerous clarifications and discussions, in 2016 the Liechtensteiner government establish an independent national association for human rights and reorganise the duties of the governmental Offices by law. Therefore a non-profit organisation, promoting human rights which mainly affect the weakest groups in Liechtenstein's society (physically impaired persons, children, single mothers, asylum seekers, undocumented aliens etc acting independently and on its own initiative, was set up. Furthermore it provides recommendations to the relevant authorities and advise them regarding the implementation of recommended activities or processes.

The Association of Human Rights in Liechtenstein (Verein für Menschenrechte, VMR)<sup>97</sup> was founded by 26 non-governmental organisations on 10 December 2016. The former Office of Equal Opportunities was dissolved and its responsibilities were integrated into the new association.<sup>98</sup> The status of this association and the relevant legal provisions had been laid down in a new law, the the Law on the Association for Human Rights in

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<sup>94</sup> EMRK, LGBl. 1982, Nr. 60, Art. 14:

[https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=1982060001&version=2&search\\_loc=text&lglid\\_von=1982060000&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tables\\_el=0&observe\\_date=27.04.2016](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=1982060001&version=2&search_loc=text&lglid_von=1982060000&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tables_el=0&observe_date=27.04.2016).

<sup>95</sup> Source: Statement of the Liechtenstein government regarding the second cycle universal periodic review (UPR): [http://www.llv.li/pdf-llv-aaa-reaktion\\_auf\\_empfehlungen\\_en.pdf](http://www.llv.li/pdf-llv-aaa-reaktion_auf_empfehlungen_en.pdf)

<sup>96</sup> Internationales Übereinkommen zur Beseitigung jeder Form von Rassendiskriminierung, LGBl. 2000, no. 80. Definition: It defines racial discrimination in Article 1 as: 'any distinction, exclusion, restriction or preference based on race, colour, descent, or national or ethnic origin which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms in the political, economic, social, cultural or any other field of public life.'

<sup>97</sup> Verein für Menschenrechte in Liechtenstein: <https://www.menschenrechte.li/category/ueber-uns/>

<sup>98</sup> As Directive 2000/43 has not been transposed in Liechtenstein, the body has not been officially designated in accordance with Article 13.

Liechtenstein (Gesetz über den Verein für Menschenrechte in Liechtenstein; VMLG)<sup>99</sup>. This Act entered into force on 1 January 2017, and the association became operational from that day onward. The Association for Human Rights is the independent national human rights institution of Liechtenstein in accordance with the United Nations Paris Principles of 1932. The association also has the function of an independent ombudsman for children and young people. Thus, the Ombudsman’s Office of Children and Young Persons, based on the Act on Children and Youth (ACY) continues to exist within the new Human Rights Association. The new association brings together various tasks which before had been performed by different governmental offices and NGOs in Liechtenstein.

Based on the latest discrimination-statistic, Liechtenstein faces no real racial discrimination problem. Discrimination on other grounds (e. g. gender) is not reported. The official statistic is reflected in the following figure.

**Figure 27: Development of officially known racial discrimination cases in Liechtenstein**

	2011	2012	2013	2014	2015	2016	2017
racial discrimination and crimes perpetrated with racist or xenophobic	1	1	1	2	6	8	4
• convictions	0	0	0	1	4	5	unknown

Source: Development of officially known racial discrimination cases in Liechtenstein; Source: <https://www.landespolizei.li/Portals/0/docs/pdf-Files/Statistiken/Jahresbericht2017.pdf>

Nonetheless, Liechtenstein still needs further efforts to challenge discrimination. A comprehensive anti-discrimination act, covering all grounds of discrimination would be welcome from the point of view of anti-discrimination. Although the European Convention on Human Rights (ECHR)<sup>100</sup> and other international treaties are binding to the Liechtenstein jurisdiction, clear legal anti-discrimination provisions at the national level covering all grounds of discrimination are missing.

### 2.3.4 Gender equality<sup>101</sup> (Last updated 12/2017)

The Act on Equality between Women and Men (AEWM)<sup>102</sup> postulates gender equality in the workplace as well as in relation to access to goods and services. Nevertheless, the AEWM (Art. 3 §4; Art. 4a §5) allows different treatment on the grounds of sex. This applies first to the calculation of contributions and benefits of the voluntary occupational pension which can differ between women and men if they take into account well-known statistical data, for instance life expectancy. Secondly, the AEWM allows the stipulation of different insurance premiums and benefits for women and men. As an EEA member, the Liechtenstein government does not feel bound by the respective case law of the European Court of Justice, in particular the judgment C-236/09, which declared that using gender as a factor in the assessment of insurance risks is discriminatory.

Art. 8b of the Common Civil Code (CCC)<sup>103</sup> states clearly that an employer may not discriminate against an employee for gender reasons, due to the AEWM. Art. 27 of the

<sup>99</sup> Liechtenstein, Act on the Association for Human Rights in Liechtenstein, 2016, No. 504. Link: [https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=2016504000&version=1&search\\_text=Menschenrechte&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tablesel=0&observe\\_date=26.01.2017](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=2016504000&version=1&search_text=Menschenrechte&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=26.01.2017).

<sup>100</sup> Convention of 4. November 1950 on the Protection of Human Rights and Fundamental Freedoms, LGBl. 1982, no. 60/1.

<sup>101</sup> Either men/women or male/female can be used, but please ensure consistency as far as possible.

<sup>102</sup> Gesetz vom 10. März 1999 über die Gleichstellung von Frau und Mann; Gleichstellungsgesetz; LGBl. 1999, no. 96. Source:

[https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1999096000&version=4&search\\_text=Gleichstellungsgesetz&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tablesel=0&observe\\_date=21.01.2016](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1999096000&version=4&search_text=Gleichstellungsgesetz&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=21.01.2016)

<sup>103</sup> Allgemeines bürgerliches Gesetzbuch (ABGB), publiziert im ASW, LGBl.1967, no. 34. Source: <https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1003001000&version=14&sea>

CCC also states, inter alia, that an employer has to ensure that both female and male employees are not sexually harassed. At the UN level, Liechtenstein witnessed the launch of the “he for she” campaign. With the newly installed national association for human rights in 2016, the independent tasks of the formal Office for Equal Opportunities were transferred to the newly installed national Association for Human Rights, which commenced operations in January 2017.

With regard to gender equality much has been achieved but there is still need for action in order to reach effectively existing gender equality and the elimination of stereotypical societal roles based on gender.

Furthermore at the University of Liechtenstein, the Commission for Gender and Diversity represents women's concerns as well as the topic of diversity, and it issues opinions on gender equality questions. The Commission works toward achieving a balanced representation of women and men in the operations, teaching, and research of the University. Women can turn to the Counselling Office concerning problems relating to their studies, pregnancy, academic careers, scholarships, conflicts in the workplace, and sexual harassment. Persons feeling discriminated on the basis of gender may turn to the Counselling Office in its function as an Ombudsman office. In all cases, the Counselling Office aims to achieve a concrete solution.

## 2.4 Stakeholder involvement (Last updated 06/2018)

The involvement of stakeholders in policymaking and suggestions for improvement is mainly realised by the given legal right to the Office of Equality of People with Disabilities and the Association of Human Rights in Liechtenstein.

The **Office of Equality of People with Disabilities**<sup>104</sup> was set up by the Government according to the AEPD (Article 22). The office is attached to the (private) Association of People with Disabilities and acts independently. The Office has the following tasks based on Article 22(2) of the AEPD:

- Submit recommendations or applications for action to the government;
- Advice public authorities and private individuals;
- Participate in the preparation of relevant legislation;
- Carry out public relations work to raise public awareness;
- Promoting social dialogue between employers and employees;
- Ensure cooperation with public and private institutions.

The **Association of Human Rights in Liechtenstein** (Verein für Menschenrechte, VMR)<sup>105</sup> was founded by 26 non-governmental organisations on 10 December 2016. The former Office of Equal Opportunities was dissolved and its responsibilities were integrated into the new association.<sup>106</sup> The status of this association and the relevant legal provisions had been laid down in a new law, the the Law on the Association for Human Rights in Liechtenstein (Gesetz über den Verein für Menschenrechte in Liechtenstein; VMLG)<sup>107</sup>. This Act entered into force on 1 January 2017, and the association became operational from that day onward. The Association for Human Rights is the independent national human rights institution of Liechtenstein in accordance with

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Gesetzbuch&search\_loc=text&sel\_lawtype=conso&compl\_list=1&rechts\_gebiet=0&menu=0&tablesel=0&observe\_date=21.01.2016

<sup>104</sup> Büro für die Gleichstellung von Menschen mit Behinderung: <http://www.lbv.li/>.

<sup>105</sup> Verein für Menschenrechte in Liechtenstein: <https://www.menschenrechte.li/category/ueber-uns/>

<sup>106</sup> As Directive 2000/43 has not been transposed in Liechtenstein, the body has not been officially designated in accordance with Article 13.

<sup>107</sup> Liechtenstein, Act on the Association for Human Rights in Liechtenstein, 2016, No. 504. Link: [https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=2016504000&version=1&search\\_text=Menschenrechte&search\\_loc=text&sel\\_lawtype=conso&compl\\_list=1&rechts\\_gebiet=0&menu=0&tablesel=0&observe\\_date=26.01.2017](https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=2016504000&version=1&search_text=Menschenrechte&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=26.01.2017).

the United Nations Paris Principles of 1932. The association also has the function of an independent ombudsman for children and young people. Thus, the Ombudsman's Office of Children and Young Persons, based on the Act on Children and Youth (ACY) continues to exist within the new Human Rights Association. The new association brings together various tasks which before had been performed by different governmental offices and NGOs in Liechtenstein. These tasks are:

- Advising authorities and private individuals on human rights issues;
- Counselling people who feel violated in their rights and supporting victims of human rights violations;
- Inform the public about the human rights situation in Liechtenstein;
- Conducting investigations and recommending appropriate measures to authorities and private individuals;
- Giving opinions on draft laws and regulations and on the ratification of international conventions;
- Promoting dialogue and national / international cooperation with human rights bodies.

### Appendix 1 Summary Table on provision for asylum seekers and refugees (Last update on 06/2018)

Policy area	Asylum Seekers	Refugees	Beneficiaries of subsidiary protection	Undocumented migrants	Other 3 <sup>rd</sup> country nationals	Nature of provision	Any major issues/problems with the provision
1. INCOME: Is financial support in the form of cash (minimum income, subsistence allowance etc.) or in kind provided? <sup>(a)</sup>	Yes	Yes	Yes	No	No	<p>Financial care benefits (<i>Fürsorgeleistungen</i>) are granted as stated in Art. 54 Abs. 2 of the Law on Asylum (AsylG) and Art. 30 of the Regulation to the Law on Asylum (AsylG). The financial care benefits can be paid out in the form of food vouchers.</p> <p>In addition to the financial care benefits a pocket money in cash can be paid after a waiting period of six weeks after application-submission.</p> <p>Undocumented migrants are falling under Art. 31 of the Law on Asylum and Art. 23a of the by-law to the Law on Asylum. These articles rule how migrants have to document their identity to be able to request asylum / status of refugee in Liechtenstein. If this is not possible, the person is not able to obtain financial support or in kind benefits under the Law on Asylum.</p> <p>There is no definition of other 3<sup>rd</sup> country nationals in the sense of non-nationals immigrating for reasons other than international protection within the Law on Asylum. Thus, no financial support or in kind benefits under this law can be provided.</p>	<p>Art. 2 of the Law on Asylum defines the term "temporarily admitted person", which means a foreign person who is not granted asylum in Liechtenstein, but for whom the execution of the expulsion is not possible, not admissible or not reasonable. These persons are treated as "other third-country national" in the table.</p> <p>Asylum seekers, temporarily admitted persons in accordance with the Law on Asylum and recipients of subsidiary protection who are in an employment, receive financial care benefits and support (additional to the care benefit) and the paid salary is fully retained by the competent authorities (Art. 32 of the Regulation to the Law on Asylum). Exception exists in the case that the person in question is engaged in an employment which ensures livelihood and has an own flat (rent or property). In such cases, up to 75% of the salary is paid to the person in question directly after deduction of the rent if applicable.</p>
2. HOUSING: Is support (in cash or in kind) given for safe and stable housing? <sup>(b)</sup>	Yes	Yes	Yes	No	No	<p>Art. 59 Abs. 2 of the Law on Asylum (AsylG) states that suitable accommodation has to be provided by the state Liechtenstein to Asylum seekers, temporary admitted persons in accordance with the Law on Asylum and recipients of subsidiary protection.</p> <p>There is no definition of other 3<sup>rd</sup> country nationals in the sense of non-nationals immigrating for reasons other than international protection within the Law on Asylum. Thus, no financial support or in kind benefits under this law can be provided.</p>	<p>Asylum seekers, temporary admitted persons in accordance with the Law on Asylum and recipients of subsidiary protection who are in an employment, have to contribute to the costs of housing. The burden of costs vary, depending on the type of housing etc.</p>
3. INTEGRATION PROGRAMMES: a) Are (comprehensive) integration programmes	Yes	Yes	Yes	NO	No	<p>Based on Art. 59 of the Law on Asylum, the Government shall ensure the care of persons falling within the scope of the Asylum Act. This includes the promotion of integration and the</p>	<p>The Law on Asylum states in Art. 31 that the government can issue a residence permit upon application if:</p>

<p>available? What is the average length?<sup>(c)</sup></p>						<p>ability to return. To this end, it concludes service agreements with independent third parties for the independent provision of support. The law is silence about any general average length of an integrations programm.</p> <p>The Association for Refugees in Liechtenstein, a foundation under private law, offers – on the basis of a service agreement with the Liechtenstein Government –, integration programmes including compulsory education, language courses on various levels, employment integration etc. There is no average length data for each of the integration programmes given. With an innovative program called "Liechtenstein Languages" refugees and migrants can learn the basics of the German language within just a few weeks, allowing them to quickly interact with the local population and the public administration.</p> <p>Temporarily admitted persons will be allowed access to appropriate training and further education if this promotes integration or increases their ability to return.</p>	<ul style="list-style-type: none"> <li>• the asylum seeker has been in Liechtenstein for at least five years since the application for asylum was lodged;</li> <li>• the location of the asylum seeker has always been known to the authorities; and</li> <li>• Integration has progressed (advances integrations status).</li> </ul> <p>An advanced integration status is given in particular then, if the person concerned:</p> <ul style="list-style-type: none"> <li>• has spoken and written knowledge of the German language;</li> <li>• has an apartment (rent or property);</li> <li>• at the time the application is submitted has been in an employment for at least one year or has sufficient financial means for personal subsistence so that no welfare benefits or social assistance must be claimed and</li> <li>• has not been convicted of a crime or offence within the last five years and no such criminal proceedings are pending before the public prosecutor or the court.</li> </ul>
<p>b) Are there flexible arrangements for integration courses, which take account of the individual's situation?<sup>(d)</sup></p>	Yes	Yes	Yes	No	No	<p>The service arrangements for the Association for Refugees operate according to the principles of "help for self-help" applying reciprocity. Personal resources must be claimed and supported accordingly to the individual potentials. Based on the low amount of Asylum Seekers and Refugees most integration programmes are adjusted to the individual needs of the person, nevertheless they follow clear structures.</p>	
<p>c) Is childcare available during integration courses?</p>	Yes	Yes	Yes	No	No	<p>There is no specific legal definition or regulation given in the Law on Asylum, but in practice the Association for Refugees organises childcare during integration courses to enable adults to participate in such courses, especially in language courses for women with under-age children.</p>	
<p>4. UNACCOMPANIED MINORS: Are there specific programmes for unaccompanied minors or are they supported by mainstream services? Can you specify what kinds of support they receive in any case?<sup>(e)</sup></p>	Yes	Yes	Yes	No	No	<p>For unaccompanied minor asylum seekers, the Migration and Passport Office immediately applies to the Court for the appointment of an authorised representative, who has to take care about the legal interests of the asylum seekers and at the same time act as their legal assistant (Art. 12 of the Law of Asylum).</p> <p>In addition to this, the Migration and Passport Office informs the Office for Social Services immediately about unaccompanied minor asylum seekers. The Office for Social Services appoints a person of trust for minors under 16</p>	

						<p>years of age for the duration of the asylum procedure, but at the latest until the appointment of an authorised representative or until they reach the age of majority.</p> <p>The trusted third party accompanies and supports the unaccompanied minors during the asylum procedure. Their support and assistance do not include any legal matters in connection with the asylum procedure.</p> <p>The Association for Refugees in accordance with the Education Authority takes care about integration measures. Primarily such minors have to participate in specific German-courses within the compulsory education system. After reaching a certain level of language knowledge, they are integrated into regular school classes.</p>
5. INTEGRATION INTO THE EDUCATIONAL SYSTEM: Is there assistance with integration into the educational system for children? <sup>(f)</sup>	Yes	Yes	Yes	No	No	<p>Based on Art. 12 of the Law on Asylum, minor children of asylum seekers and unaccompanied minors are required to attend kindergarten, primary and secondary schools in the state as part of compulsory school system. School attendance generally begins no later than 30 days after submission of the asylum application, taking into account the school holidays and in consultation with the school authorities. (Art. 24 of the Law on Asylum).</p>
6. HEALTH CARE: Is there access to health care? <sup>(g)</sup>	Yes	Yes	Yes	No	No	<p>Based on Art. 59 of the Act on Asylum, the Government shall ensure the care of persons falling within the scope of this Act. This includes in particular the provision of economic, medical and psychosocial care.</p> <p>Thus, healthcare is available to Asylum seekers, temporary admitted persons in accordance with the Law on Asylum and recipients of subsidiary protection at the same level as for nationals based on the compulsory health insurance system in Liechtenstein. Additionally, under certain conditions, the costs for additional dental treatments, which are not covered by the compulsory health insurance, are paid (Art. 31 of the Regulation to the Law on Asylum).</p>
7. MENTAL HEALTH SCREENING: Are psychosocial evaluations of refugees and asylum seekers systematically performed upon their arrival?	Yes	Yes	Yes	No	No	<p>Based on Art. 59 of the Law on Asylum and Art. 11a of the by-law of the Law on Asylum, the Public Health Department can order a medical care of asylum seekers. Thus, there is no systematically performed psychosocial evaluation of refugees and asylum seekers in Liechtenstein upon arrival.</p> <p>Nevertheless, asylum seekers and refugees are asked about any serious health problems of relevance to the asylum and removal procedures</p>

						of which they were aware when filing the application for asylum.
8. MENTAL HEALTH SUPPORT: In what circumstances is mental health support readily available?	Yes	Yes	Yes	No	No	The Regulation to the Law on Asylum (AsylG) states in Art. 59 that the government has the obligation to ensure within the taking care services of the refugees, that psychosocial care is granted to Asylum seekers, temporary admitted persons in accordance with the Law on Asylum and recipients of subsidiary protection. The law is silence about any "readily available" mental health support.
9. FREE LEGAL SUPPORT: When is free legal assistance available if needed with asylum applications procedures, including detention? <sup>(h)</sup>	Yes	Yes	Yes	No	No	During the first questioning of the asylum seeker or refugee, the responsible legal department of the government is obliged to inform the person based on Art. 13 and 60 of Law on Asylum state that legal support and legal advice has to be granted to the person in question and all costs in relation to such services have to be taken over from state.
10. FAMILY REUNIFICATION: Is family reunif. allowed for subsidiary protection beneficiaries? [if YES please indicate after how many months]			Yes			<p>Art. 30 of Law on Asylum rules family reunification.</p> <p>Family members of refugees are granted asylum if the family has been separated during their course and wants to unite in Liechtenstein.</p> <p>The law states that in case of family members of a temporarily admitted person who wish to reunify, The admittance cannot be given before three years after provisional admission was ordered to be. Excluded are family members where the admitted person received admittance based on Art. 36. 40 and 41 (which rule reasons of a disclosure from asylum status with reference to the UNHCR, Art. 1 Best. D as of 28.07.1951);</p> <p>Family members of persons of subsidiary protection are also granted temporary protection if the family has been separated by events on the basis of which the government has granted temporary protection and wishes to unite in Liechtenstein.</p> <p>In the other cases, the government decides on family reunification.</p>
PROMISING/INNOVATIVE PRACTICES <sup>(i)</sup>	1. With an innovative program called "Liechtenstein Languages" refugees and migrants can learn the basics of the German language within just a few weeks, allowing them to quickly interact with the local population and the public administration. The program was meanwhile adopted by some Swiss cantons and Austria.					

NB: For all of these policies, it does not have to be a specialised provision (i.e. only available or specially designed for the target group in question). A scheme that is available to all of the population and hence also to the target group also counts (i.e. in that case it should say "Yes")

(a) No need to reflect on unemployment benefits.

- (b) Housing support might either be through direct provision of accommodation or through a bursary
- (c) Comprehensive programmes for adults and families mean (help with) training/retraining, accessing employment, safe and stable housing, language training, mental health support, health and social services support, etc. If some support exists but not all of the things mentioned in the footnote, put "Some" and indicate the limitations in the "Nature of provision box".
- (d) Due to trauma, parental obligations, health issues or work reasons, asylum seekers and refugees may not be able to attend courses at any time or immediately upon arrival/recognition of status. Are efforts made in general to take into account personal circumstances when including them in integration programmes? For example, if a person is employed can they choose to take part in evening classes instead? If they are certified as traumatised can they start with integration courses when deemed to be suitable for their psychological well-being?
- (e) Essentially what this question is about is are there programmes for unaccompanied minors, are they comprehensive and are they specifically for them or mainstream services? Experts should provide a simple yes/no/some answer on provision but should try and answer these questions in the Nature of provision box and Issues box. Thus an "ideal" answer might be along the lines of: "Yes / They receive a specific programme that consists of language courses, foster care and education support which is tailored to unaccompanied migrants in particular / There is no help with educational integration however for those who are older than 16". Comprehensive programmes for unaccompanied minors mean (help with) education, safe and stable housing, support structure that makes up for lack of parental support (e.g. foster families), language training, administrative support (e.g. to regularise their documents), mental health and social integration support (e.g. mediators, social integration workshops to deal with psychological trauma, anxiety due to the lack of contact with family, proximity of maturity, uncertainty). Furthermore, is this immediately discontinued once they reach legal age or are they helped with the transition to adulthood (e.g. labour orientation programmes, economic aid to promote autonomy, independent living flats)? If support is provided for learning the language, integrating into schools and integrating into society, put "Yes". If they are only put into the same system as orphans with no additional integration support then put "No".
- (f) Although to an extent covered by question on unaccompanied minors, this concerns children who came with a parent/parents that are younger than 18. Examples could include intensive language courses, skills/knowledge assessment and tailoring of education to fill in gaps to catch up with the curriculum, educational reinforcement in primary and secondary school (e.g. educational mentor/assistant), access to scholarships, professional qualification programmes for future labour market integration. If only enrolment is provided but with no assistance with integration into the school, put "No".
- (g) Healthcare should be available to refugees and to subsidiary protection beneficiaries at the same level as for nationals according to the EU Qualifications Directive 2004/83/EC. According to the Reception Conditions Directive 2013/33/EU, asylum seekers shall receive the necessary healthcare which shall include, at least, emergency care and essential treatment of illnesses and of serious mental disorders. Is it effectively available to them? Please specify if there is any health care service which is not provided on an equal footing. Please mention in the "Comments" if it is only emergency healthcare or if it differs from what is available to nationals of the country.
- (h) If legal support exists only for refugees who cannot afford it, put "Some".
- (i) This section is optional. Some Member States, regions or NGOs might be undertaking promising and/or innovative approaches to help refugees/asylum seekers/third-country nationals integrate better into society. If you have come across such an example feel free to mention and describe it briefly here.

## Appendix 2

### Appendix 2 -1: increasing quality of life - human rights

Regarding discrimination, the national law includes different legal acts which cover most aspects of the following Directives which Liechtenstein has signed and ratified:

- The international Convention on the Elimination of All Forms of Discrimination against Women, into force since December 1995;
- The Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women, which entered into force on October 2001;
- The international Convention on the Elimination of All Forms of Racial Discrimination in March 2000.
- The European Convention on Human Rights (ECHR)<sup>108</sup> which Liechtenstein signed in 1982 is also applicable. It protects individuals from discrimination on grounds of gender, race, colour, language, religion and belief, political and other opinions, origin, national minority, property, birth and other status.
- The Europe Convention on Preventing and Combating Violence against Women, which was signed by Liechtenstein on 10 November 2016.<sup>109</sup>

### Appendix 2-2: social investment and access to service - healthcare

Liechtenstein's healthcare system is closely linked to the country's economic and social situation.<sup>110</sup> In 1999, the Liechtenstein public health system was changed into an open system of family-doctors ("*Hausarztssystem*"). Within this system a family-doctor is either part of the public system with a higher percentage of cost-reimbursement for the patient (depending on the individual medical insurance contract) or not. This system was introduced after the accession of Liechtenstein to the European Economic Area (EEA), a consequence of which was that doctors from other EEA States were increasingly settling in Liechtenstein. Therefore, since 2004, only a restricted number of health care providers are allowed to be part of the public health care system, which is related to the actual need of health service providers in relation to the population. The Liechtenstein Health Insurance Funds' Association and the Chamber of Doctors decide on the number of doctors under the public system.

To cope with the increasing healthcare costs, the parliament adopted the reinforcement of the Economic Efficiency/Expedience and Effectiveness-Assessment which obliges the health insurance funds to document the auditing control in a yearly report, in May 2012. This controlling-system had been introduced to give national authorities the opportunity to check that this is actually done and to publish the results to show where substantial costs occur. The background for the adoption lays in the steadily increasing healthcare costs, about 30% arising from services provided by doctors. The purpose of this system is that the service providers shall reduce the treatments based on the necessity of each individual patient, which has to be documented. The health insurance companies/funds inform the Liechtenstein Health Insurance Funds' Association about their reimbursements, and based on this information, the Liechtenstein Health Insurance

<sup>108</sup> Konvention vom 4. November 1950 zum Schutze der Menschenrechte und Grundfreiheiten, LGBl. 1982, no. 60/1; Source: <https://www.gesetze.li/Seite3.jsp?LGBIm=1982060a>

<sup>109</sup> Council of Europe Convention on preventing and combating violence against women and domestic violence; Source: <http://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/210/signatures>

<sup>110</sup> The first healthcare law ("*Sanitätsgesetz*") was passed in 1874. The 1921 constitution stipulated that the state is responsible for caring for the sick. The second major healthcare law was passed in 1945 following the introduction of provisions on healthcare in schools (1935) and dental care in schools (1942). Regular check-ups were introduced in 1977, in particular for pregnant women and young children.

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Funds' Association publishes statistics and assess whether the individual service provider was acting in accordance with the principles of this system.

Regarding the need of a hospital stay, the covered health care consists of the costs of a stay in the general ward of a hospital – that is, only at the hospital rate of a contracted hospital partner of Liechtenstein. The possibility of free hospital choice, full coverage and private class has to be covered by additional hospital insurance.

The insurance companies / funds are run by private organizations, underlying the National Insurance Act and subsidized by the public authorities. The Office of Public Health<sup>111</sup> oversees the health service and provides licenses for medical and non-medical healthcare.

An insured person may seek treatment from every health care provider who has a contractual relation with the Liechtenstein Health Insurance Funds' Association. This contract allows the health professionals to provide services subject to agreed tariffs with the insurance funds. All health care providers being connected to the Liechtenstein Health Insurance Funds' Association can directly claim the reimbursement of their services with the health insurance companies. Thus, the patient does not have to pay the treatment in advance (benefit-in-kind system). In case a health professional is not linked with the Liechtenstein Health Insurance Funds' Association (a so called "private doctor"), the insurance funds reimburse something between 50% to 0% of the costs the insured had to pay to the service provider, based on the type of health service. For the rest, the patient has to cover the costs himself or claim a private supplementary insurance.

In Liechtenstein there exists an addition health care insurance beside the mandatory health insurance, which covers the free choice of outpatient benefit providers and the assumption of costs up to a specific tariff, which varies from provider to provider.

### **Appendix 2-3: social investment and access to service – long term care**

Until 2010, there was no complete system in place concerning long-term care at home, thus care was mostly provided informally by family members at home. A major part of the care concept was based on voluntary participation of care providers, in particular within the families, and on services provided by the family support associations (*Familienhilfevereine* and *spitalexterne Dienste (Spitex)*).

Eligibility to **care allowance** depends on residence in Liechtenstein, as well as on physical or mental disorder of at least one month and the associated need for support to perform daily tasks. The attendance allowance is granted in addition and shall not reduce the care allowance.

As the care allowance is granted to cover the costs of care-taking activities, the benefit turns into a wage in accordance with an labour contract with all relevant legal obligations, including insurance payments etc, between the carers and the person in need. The care allowance is not taxable, however, the allowance is to be taxed from the caring person as income and accordingly social contributions have to be paid.

The care allowance can only be used for paying the expenses for carers. To this end, a payment on account is made by the AHV institute, which administers the care allowance. Subsequently, after receiving the invoices, a settlement of accounts is made. The amount of the care allowance depends on the degree of care dependency. At maximum,

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<sup>111</sup> Source: <http://www.llv.li/#/1908/amt-fur-gesundheit>

it equals CHF 180 (approx. €150) per day. This amount will be regularly indexed to prices. The maximum level of the benefit is set at this amount, as it comes close to the costs of institutionalised care. It is envisaged that at that point the limits of possible home care are reached.

Furthermore the amount granted depends also to whether the claimant lives in a residential home or in his/her own house. The helplessness allowance is not covering ailments of birth or invalidity.

The **helplessness allowance** is awarded to claimants with residence in Liechtenstein who require the help of a third person to perform day-to-day tasks or who need permanent care or one-to-one supervision. A person is considered to be helpless if he/she permanently requires a considerable degree of help from a third person or personal surveillance in order to carry out daily tasks, i.e. getting up, getting dressed/undressed, nutrition, personal hygiene and social interaction. The term 'permanently' implies that the state of helplessness has been present without substantial interruptions during the previous three months for persons aged 65 and older, for persons under this age the relevant period is one year.

Three levels of need of care are distinguished for persons below the age of 65, first, second and third degree. Persons above 65 receive the allowance only if they are at least dependent in the second degree, except a first-degree dependency has already existed before reaching the age of 65. A first-degree dependence level is defined as either being unable to perform two daily tasks or being dependent on continuous supervisions or being dependent on special care due to a particular ailment or being able to keep social contacts only with the help of a third person due to a particular ailment. The second degree of dependency is defined as being unable to perform most of the daily tasks or being unable to perform two daily tasks and being dependent on continuous supervisions. A third degree of dependency refers to complete helplessness. This is the case when a person is unable to perform all daily tasks and needs continuous supervision.

In the area of care work taking place within the family provided on a voluntary basis, in particular by relatives, a 'social time card' (volunteer work certificate) was launched for those who work on a voluntary basis in 2003. Volunteers were able to use the volunteer work certificate to record their accomplishments and how much time they have spent. The idea was that evidence of volunteer work and corresponding training could be important in particular for re-entering the workforce. It turned out, that the acceptance of the 'social time card' was very low, the impact as an additional reference for later job seeking activities was over estimated. Therefor the programme was not further prolonged in 2014. It is unclear whether this was due to a lack of interest or due to limited opportunities. Basically the idea of the "social time card" failed.

#### **Appendix 2-4: Eligibility to rent allowance**

The rent allowance, based on a household income below certain thresholds, is legally defined in the Act on Rent Allowance for Families (ARAF). This act defines the breadline for eligibility to rent allowance on the basis of chargeable income with respect to the Liechtenstein tax law. It gives different minimum amounts of household income due to the fact that there must be at least one child without income in the same household (e.g. 2-person-household = single parent plus child):

- 2-person-houshold	Swiss francs	55,000 (approx. 50,000 €)
- 3-person-houshold	Swiss francs	65,000 (approx. 59,500 €)
- 4-person-houshold	Swiss francs	70,000 (approx. 64,000 €)
- 5-person-houshold	Swiss francs	75,000 (approx. 68,500 €)
- 6-person-houshold or more	Swiss francs	80,000 (approx. 73,000 €)

## Appendix 2-5: social investment and access to service – minimum income scheme

The overall model of social protection is very much tailored to the individual situation of the person involved. People with specific financial needs and fulfilment of the eligibility have access to social benefits for their needs with regards to housing, costs to raise children, health care, etc. In cases of minimum income, these persons have the supplemental payment option of social welfare benefit.

Liechtenstein has a relatively simple and comprehensive MI scheme which is open to those with insufficient means to support themselves. The public social benefits are legally defined as a minimum income guarantee to live in the economic environment of Liechtenstein. If the total income of a household is below the minimum income defined by law, the right to receive social benefits is given. Hence, insurance benefits are in first place within the social system. Whenever they are exhausted or insufficient, the MI benefits come into place. Beside the insurance and the MI benefits, non-means-tested benefits can be obtained, based on the individual situation of the person in question.

Minimum income (MI) schemes are ruled by national legislation. The governmental administration, i.e. the Office of Social Services (Amt für Soziale Dienste, ASD), is responsible for the MI benefits. It ensures a fair administration and equal access to the social assistance for all residents in need. The ASD is a multifaceted body, providing individual assistance in the form of counselling, financial support, care and treatment, and other benefits. In Liechtenstein the MI scheme is centralised and handled through the Office of Social Services (Amt für Soziale Dienste, ASD). Thus, the delivery of MI social assistance is done at the level of public state authority through the governmental administration itself.

The ASD has the necessary expertise to ensure a fair administration. The ASD has the duty to decide on the applications as appealable decisions. A monitoring system is in place to ensure equal access to the social assistance in Liechtenstein. A public point for complaints, subordinated to the Cabinet Office (SRK, Stabstelle Regierungskanzlei)<sup>112</sup> deals with external complaints.

Usually, the social welfare benefit is paid by the ASD directly to the applicant. The specific method of payment is defined in each single case in accordance to the applicant's needs.

The coordination between the ASD and other public administration Offices, mainly responsible for various additional, non-means-tested social benefits, is not formally organised by a one-stop shop approach. As Liechtenstein is a very small country the administration Offices are well networked. The link between MI benefits and access to social services and/or other needs-oriented benefits is very well coordinated by the Office of Social Services. Nevertheless, persons in need have to make their applications for each social benefit individually to each of the administration Offices in charge.

According to the Liechtenstein legal regulations for the definition of an annual disposable income (social assistance norm), the subsistence level for social welfare benefit is laid down in Art. 12a of the Regulation to the Law on Social Assistance (Verordnung vom 7. April 1987 zum Sozialhilfegesetz<sup>113</sup>) as follows:<sup>114</sup>

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<sup>112</sup> <http://www.llv.li/#/12560/beratungs-und-beschwerdestelle>

<sup>113</sup> Sozialhilfegesetz vom 15. November 1984, LGBl 1985 no. 17; source: <https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1985017000&queltiqdate=21012016>

<sup>114</sup> When calculating the subsistence level for social welfare benefit there is no differentiation made based on the type of household members. Thus, a divorced single parent with one child falls also in the definition of 2-person-household as the married couples without children.

- 1-person-houshold 1,110 Swiss francs (approx. 1018 €)
- 2-person-houshold 1,700 Swiss francs (approx. 1560 €)
- 3-person-houshold 2,070 Swiss francs (approx. 1900 €)
- 4-person-houshold 2,375 Swiss francs<sup>115</sup> (approx. 2180 €)

These calculated minimum income levels are composed out of the following categories:

- the basic needs for living (minimum living wages);
- the costs of housing;
- the costs of primary health care and
- the minimum insurance contribution of the AHV-IV-FAK foundation.

## **Appendix 2-6: pension schema for workers in arduous or hazardous jobs**

Liechtenstein's pension system covers all population groups and provides benefits for old age, disability, and survivorship without specific rules for certain professions (e.g. heavy and strenuous job-profiles). The definition for arduous or hazardous jobs is given by the by-law to the Labour Law Act<sup>116</sup>, Art. 44. From this definition it can be said that physically demanding work as well as mentally demanding work are considered as arduous or hazardous jobs. In the event of disability (e.g. due to a strenuous work accident) the insured person is entitled to a disability pension. The entitlement to a pension arises if the continuation of medical treatment is not expected to significantly improve the state of health of the insured person and any reintegration measures of Disability Insurance have come to an end. The state pension scheme contains no further exceptions such as lower retirement ages for certain professions considered as particularly painful or dangerous. Within the occupational pension scheme the benefit structure is mainly up to the employer. In Liechtenstein no sector specific occupational pension funds exist.

Regarding the general given possibility to take an early retirement (flexible retirement plan), currently from the age of 60, with reduced benefits, an early retirement will lead to real income-loss for workers in arduous jobs. Reason therefore is that these persons do not enjoy higher wages as a compensation for the "pénible" character of their jobs which would cover the reduced benefits in case of early retirement.

The Ministry of Society considers that special regulations regarding pension schemes for workers in arduous or hazardous jobs are not adequate. This is justified by the argument that the share of persons of work-related physical illness within the group of early retirement pensioners is continuously getting smaller, while the share of persons with psychological diseases rises strongly. As psychological diseases cannot be comprised under a certain category of job-profile or type of work and are affecting all professional fields and the population in general, any specific "arduous or hazardous jobs" special retirement regulations would lead to an inequitable treatment of a certain professional group. Furthermore the demographic trend reflects that people in retirement age are living longer and therefore will receive pension benefits over a longer time period than before. Thus, the current governmental focus lies mainly on the extension of working age (prolonging contributory periods to be entitled to a full pension) and higher reduction rates for early retirement pensions (latest measure effective as from 1 January 2016 on applicable to insured people born in 1956 or later) to address financial sustainability within the pension system.

<sup>115</sup> 5-person-houshold 2,660 Swiss francs, 6-person-houshold 2,940 Swiss francs, 7-person-houshold 3,225 Swiss francs and for each additional person 461 Swiss francs.

<sup>116</sup> Link:

[http://www.lanv.li/Portals/0/Content/Dienstleistungen/Gesetze/Verordnung%20I%20zum%20Arbeitsgesetz%20\(ArGV%20I\).pdf](http://www.lanv.li/Portals/0/Content/Dienstleistungen/Gesetze/Verordnung%20I%20zum%20Arbeitsgesetz%20(ArGV%20I).pdf)

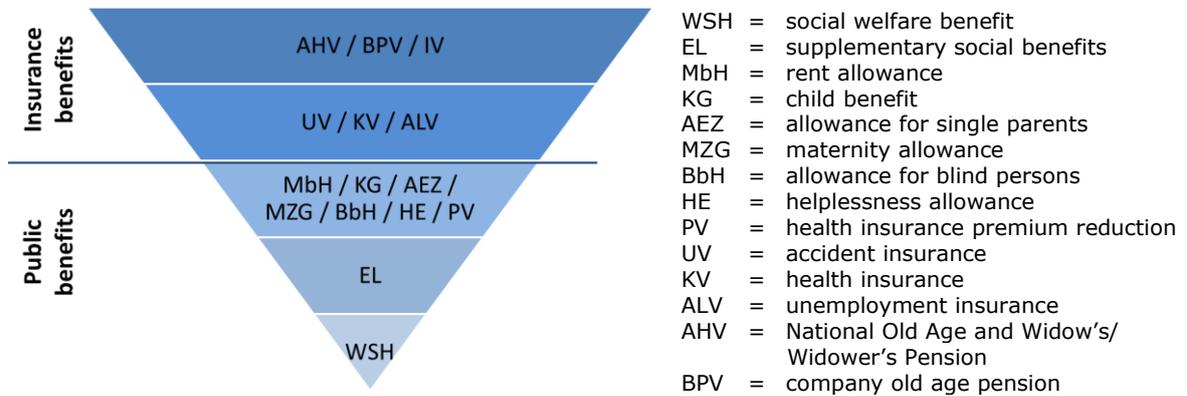
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The Ministry of Society in Liechtenstein concludes, that the given flexible retirement scheme in the state pension as well as in the occupational pensions, is a useful and suitable instrument in respect to arduous or hazardous job-conditions. Thus, no adaptations of the current system are planned.

## Appendix 2

The social welfare system in Liechtenstein consists out of a two-component modular structure as shown below:

**Figure 28: Overview of the social welfare system in Liechtenstein**



### 3 Table of figures

Figure 1: Agenda 2020 evaluation results 2017 .....	7
Figure 2: Tax revenues by type of tax in 2016 (latest available figures) .....	9
Figure 3: Expenditures by purpose in 2016 (latest available figures) .....	9
Figure 4: Unemployment rate Liechtenstein from 2008 to 2017 .....	10
Figure 5: GNI per inhabitant 2013 to 2015 .....	11
Figure 6: Households in Liechtenstein receiving social assistance <b>Fehler! Textmarke nicht definiert.</b>	
Figure 7: Overview of the social welfare system in Liechtenstein.....	69
Figure 8: Development of child care facilities in Liechtenstein.....	15
Figure 9: Share of the labour force aged 15 – 64 years old in the population of the same age group in Liechtenstein .....	17
Figure 10: Average unemployment rate in Liechtenstein (in per cent).....	17
Figure 11: Unemployment statistic 2015 – 2016 of Liechtenstein.....	18
Figure 12: Youth unemployment rate 2007 – 2017 of Liechtenstein.....	19
Figure 13: Premium system of the standard mandatory health care insurance .....	<b>Fehler! Textmarke nicht definiert.</b>
Figure 14: State contribution to health care insurance 2006 to 2016 (million Swiss francs) .....	22
Figure 15: Overview of financial benefits to long term care.....	24
Figure 16: Expected development of long-term care needs in Liechtenstein.....	<b>Fehler! Textmarke nicht definiert.</b>
Figure 17: Number of persons counselled in the refugee centre including their overnights	29
Figure 18: Development of social welfare benefits from 1995 – 2016 in Liechtenstein ....	31
Figure 19: Development of maternity allowance from 2000 – 2015 in Liechtenstein.....	32
Figure 20: Development of the unemployment insurance capital from 1999 – 2016.....	34
Figure 21: Unemployed persons receiving social assistance – by age – in 2016.....	34
Figure 22: Pension system in Liechtenstein .....	40
Figure 23: Households in Liechtenstein receiving social assistance.....	44
Figure 24: Employed persons in Liechtenstein .....	44

---

Figure 25: Percentage of social benefit recipients in 2008 and 2016.....	44
Figure 26: Contribution system to the AHV in Liechtenstein.....	47
Figure 27: Scenario analyses of population age in Liechtenstein .....	50
Figure 28: Students from Liechtenstein at universities <b>.Fehler! Textmarke nicht definiert.</b>	
Figure 29: Public expenditure in million Swiss francs on education by type of expenditure since 2011 .....	52
Figure 30: Development of officially known racial discrimination cases in Liechtenstein	55

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## 5 Abbreviations

ACY	Act on Children and Youth
ADD	Office of Social Services
AEPD	Act on People with Disabilities
AEWM	Act on Equality between Women and Men
AEZ	Allowance for single parents
AHV	Old Age and Widow's/Widower's Pension
AHVG	Old Age and Widow's/Widower's Pension Act
AHVV	By-law on the Old Age and Widow's Pension Act
AIFMD	Alternative Investment Fund Manager Directive
AMS	Labour Market Service
ARAF	Act on Rent Allowance for Families
ASANP	Act on Supplementary Aid to the National Old Age and Widow's/Widower's Pension
ASANP	Supplementary Aid to the National Old Age and Widow's/Widower's Pension
ARAF	Act on Rent Allowance for Families
ASH	Act on Social Help
ASE	Act on School Education
BbH	Allowance for blind persons
BPV	Company old age pension
CCC	Common Civil Code
ECHR	European Convention on Human Rights
EEA	European Economic Area
EL	Supplementary social benefits
GDP	Gross domestic product
GNI	Gross National Income
HE	Helplessness allowance
IV	Invalidity insurance
KG	Child benefit
KV	Health insurance
LAK	Foundation for Old-age and Invalidity Assistance
MbH	Rent allowance
MZG	Maternity allowance
NOWP	National Old Age and Widow's/Widower's Pension
ODA	Official development assistance
PV	Health insurance premium deduction
PVS	Public pension fund for civil servants and for employees of several public institutions and enterprises

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SIP	(European Commission's) Social Investment Package
SNB	Swiss National Bank
UNCPRD	UN Convention on the Rights of Persons with Disabilities
UV	Accident insurance
WSH	Social welfare benefit

