



ESPN Country Profile

Liechtenstein

2016 - 2017

*Patricia Hornich, Liechtenstein Institute
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Contact: Giulia Pagliani

E-mail: Giulia.PAGLIANI@ec.europa.eu

*European Commission
B-1049 Brussels*

European Social Policy Network (ESPN)

ESPN Country Profile

Liechtenstein

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The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

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Highlights

The Agenda 2020 was launched with the main focus on budget consolidation. From the authors' point of view the following highlights reflect the current results, 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 package of measures to get the state finances back under control showed success in 2016 (95% degree of achievement of savings were realised).¹ As the current situation shows a surplus in the state budget, the government decided not to propose further cost-cutting packages of measures for 2017.²
- Since 2010 social investment has no priority on the policy agenda of Liechtenstein. Fiscal consolidation rather than social investment has been the dominant issue, but social welfare benefits have remained unchanged. They are still on a high level, leading to a low percentage of poor households in Liechtenstein. Never the less, the number of households that have received social benefit has increased since 1995. In 2016, 630 households in Liechtenstein claimed social benefits, compared to 286 households in 1995.
- State contribution to the statutory health insurance system has been reduced in two steps based on a revision of the Health Insurance Act was passed by the Liechtenstein parliament in 2016. The main changes of the adopted Act are a freeze of the state health insurance contribution and a so called basic premium contribution system with individual selectable levels of franchise and fixed amount of self-payments. The premium reductions of the state contribution had a significant effect on the individual's premium, which increased by 12% and therefore created an additional burden on a family's budget.
- The social cohesion, the benefit system and state contribution to all kind of support measures targeting child well-being have been maintained unchanged. As these supportive instruments have been on a high level compared to other European countries in 2013, their positive effect remained unchanged with regard to the situation of Liechtenstein's families.
- The Liechtenstein government has a system for providing temporary protection to individuals who may not qualify as refugees. The number of asylum-seekers in Liechtenstein has risen in recent years. In 2012, 74 persons applied for asylum, whereas in 2016 the number of asylum-seekers climbed up to 83.

Strengthen the country as a centre of finance and commerce

- The average unemployment rate in 2016 was 2.3% - compared to 2.4% in 2015 and 2014. 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. There is room for future measures to keep the unemployment rate of elder people and their need for social benefits low.
- Within the Agenda 2020 supportive measures have been launched with respect to getting young people ready and fit for a job. In 2015, the Liechtenstein Employment Service (AMS) established a variety of measures with good results from the first year onward.
- 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). Meanwhile, based on the Liechtenstein Agenda 2020, this minimum amount of corporation income tax for PVS was increased by law from

¹ Source: <http://www.regierung.li/ministerien/ministerium-fuer-praesidiales-und-finanzen/sanierung-des-staatshaushalts/>

² National income statement Liechtenstein 2015: <http://www.regierung.li/news1.aspx?id=108194&nid=7209>

1'200 to 1'800 Swiss francs (approx. € 1'100 to € 1'700) in 2016, valid from 2017 onwards.

- In Liechtenstein no legal entitlement exists for part-time work or flexible working arrangements vis-à-vis the employer. Another weak factor within the current legislation is the missing legal right to work from home or remotely, either temporarily or on request. Changing this legislation would give employees the possibility to part-time or flexible working time arrangements and would enable parents to reconcile family and work in a sustainable way.

Increase the quality of life

- The review of the Liechtenstein Agenda 2020 indicators show a balanced result regarding the quality of life in 2016. This is mainly driven by the areas of living conditions, health, economy as well as energy and climate.
- A growing concern within the population of Liechtenstein are the increased net rental costs per square meter for housing. The average net rental costs for housing in Liechtenstein increased by more than 25% within three decades. This makes it increasingly difficult for Liechtenstein families to finance own homes.
- Since January 2017, the new and independent national Association for Human Rights promotes human rights and works towards a comprehensive national anti-discrimination act. It brings together various tasks previously performed by different governmental offices, NGOs in Liechtenstein and the Office for Equal Opportunities, which was dissolved at the same time.
- A governmental study in 2016 showed that from 2019 onward additional places in care homes will be needed. Therefore, the parliament decided to support a new project of the Liechtenstein Foundation for the Care of the Elderly and Sick with a 50% subvention of the total estimated costs.³

1 Main social outcomes and challenges

1.1 Liechtenstein 2020 strategy (last update 12/2016)

As a Non-Member State of the EU, Liechtenstein was not obliged to adopt the Europe 2020 strategy, including a National Reform Programme or National Social Report as the EU Member States had to. Nonetheless, strategic planning in Liechtenstein is very much influenced by the respective activities of the EU and its Member States.

For its strategic long-term planning the so-called Agenda 2020 was set out by the government on 5 October 2010. The Agenda 2020 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 an effective system of monitoring the Agenda 2020 progress by an independent institution. For all of the six targets, a series of indicators has been developed.

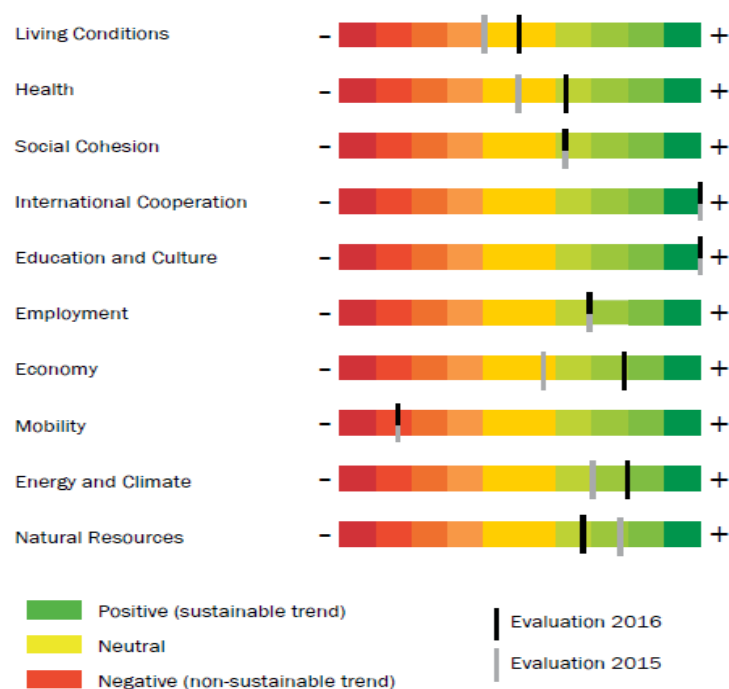
³ Government decision for approval by the parliament, link:
<http://bua.gmg.biz/BuA/default.aspx?year=2015&nr=87&content=45594635>

1.2 Update of the progress of Liechtenstein Agenda 2020 (last update 12/2016)

The economic and financial crises have left their mark also in Liechtenstein. In 2008 the financial result of the profit and loss account showed an expenditure surplus of 126 million Swiss francs (approx. €120 Mio.) after a clear revenue surplus in 2007. 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, when the national income statement closed with a surplus as of 39 million Swiss francs (approx. € 35 million).

The latest review of the Agenda 2020 was made in 2016. The following chart shows an overview of the evaluation for each indicator in comparison to the results of 2015:

Figure 1: Agenda 2020 evaluation results 2016 in comparison to the 2015 results



Source: Agenda 2020 evaluation results 2016: <http://www.llv.li/files/as/indikatorenen-2016-internet.pdf>

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 12/2016)

The overall assessment 2016 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. By mid-2016 in total 220 million Swiss francs (approx. €204 Mio.) and a 95% degree of achievement of savings were realised.⁴ As before, the government focus for the upcoming financial period 2017 – 2020 is to ensure sound government finances and to achieve and maintain a balanced state budget. As the current situation shows a surplus in the state budget and a turn-around has been reached, the government decided to do without further cost-cutting packages of measures in 2017.

⁴ Source: <http://www.regierung.li/ministerien/ministerium-fuer-praesidiales-und-finanzen/sanierung-des-staatshaushalts/>

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. 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 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.

Today, Liechtenstein has a universal health care system with decentralized, free market elements through mandated health insurance coverage for all citizens. Thus all residents must contribute to their own private health insurance. 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. Self-employed persons must make their own contributions. The healthcare fund covers most medical services including treatment by specialists, hospitalization, prescriptions, pregnancy and childbirth, and rehabilitation. Regular health check-ups with general practitioners are covered completely, with no out-of-pocket expenses.

1.2.2 Strengthen the country as a centre of finance and commerce (update 06/2017)

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. As the average tax rates on company profits decreased between 2004 and 2007 within the EU due to the accession of 12 new Member States, Liechtenstein could not protect itself against deep structural changes. Furthermore, the transformation process in the financial sector led directly to strengthened cooperation with third countries on tax issues.

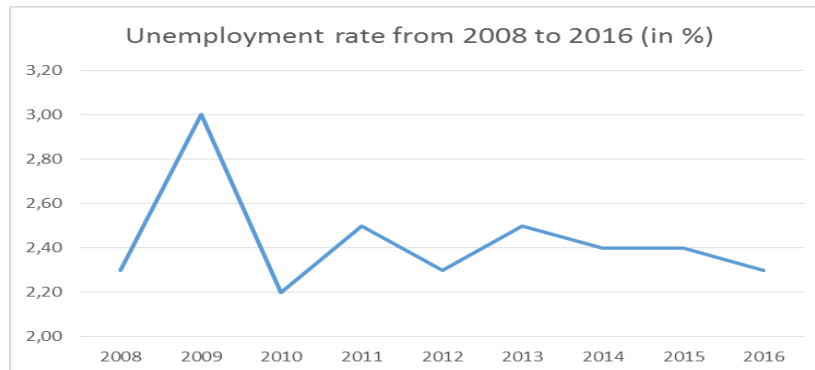
The favourable fiscal framework for individuals and companies is the main factor for the high attractiveness of Liechtenstein's market place. The revision of Liechtenstein's tax law by the end of 2010 additionally strengthens the country's commercial attractiveness through the introduction of a flat rate for operating companies and a scheme of privileged taxation for the private asset structures (PVS). The last included the exemption from the duty to submit a tax return and limit taxation to the minimum amount of corporation income tax. Meanwhile this minimum amount of corporation income tax for PVS, the flat rate, was evaluated and increased by law from CHF 1'200 (tax revision in 2010) to 1'800 in 2016, valid from 2017 onwards.

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.

Nevertheless the latest figures indicate a slight decreasing trend in the labour productivity.

In respect of unemployment⁵, Liechtenstein remains in an excellent position. The average unemployment rate in 2016 was 2.3% (as of May 2017 2.0%), compared to 2.4% in 2015 and 2014.

Figure 2: Unemployment rate Liechtenstein from 2008 to 2016



Source: Liechtenstein employment and education 2017: <http://www.llv.li/files/as/fliz-employment-and-education-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 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 – but also including commitments made by the unemployed person – 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.

The web portal launched in 2010 has made the job search process significantly more efficient. Jobseekers are making good use of this online option, which increases the ease of access to the services. In addition to an active job search, professional training and further education are major elements in combating unemployment. The structures necessary to achieve these goals are well developed in Liechtenstein. In addition, international contacts are cultivated – for example via the Agency for International

⁵ 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.

Education Affairs, and the EU's "Lifelong Learning" project (Comenius, Erasmus, Leonardo da Vinci, Grundtvig). The office for vocational training and advice⁶ and the adult education office⁷ are also active in the area of professional training and further education.

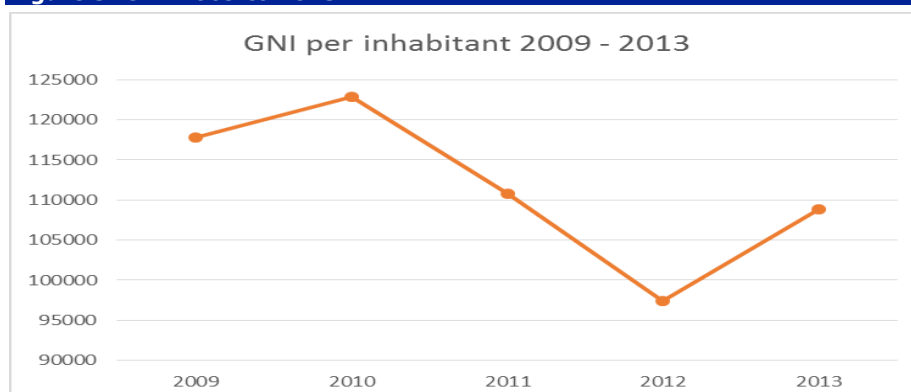
Within the Act on Unemployment Insurance and the bye-law to the Act on Unemployment Insurance regulations the prerequisites for claims are defined and have to be fulfilled to be entitled to the receipt of benefits. The duration of benefits depends on the period of contribution and the age of the unemployed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

1.2.3 Increase the quality of life (last update 06/2017)

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 2015⁸, 54% of Liechtenstein's work force consisted of this group. Thus, it is more appropriate to use the GNI (gross national income) because this indicator concentrates on the resident population of a country, instead of the gross domestic product (GDP) which includes the significant contribution of the commuters. The GNI of Liechtenstein increased in 2013, compared to 2012, which is shown by the latest available data in the figure below⁹:

Figure 3: GNI 2009 to 2013



Source: Liechtenstein in figures, 2017: <http://www.llv.li/files/as/fliz-national-economy-2017a.pdf>

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 evaluated higher in 2016 than in the previous year. The number of police-reported crime figures (comprising violence against the person, robbery and sexual offences) has not essentially changed since 2004. An exception within these categories was the increased net rental costs for housing per square meter. The average rose from 10.5 Swiss Francs (approx. € 9.72) 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. The number of officially registered social organisations is continuously increasing. 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. In the

⁶ Link: <http://www.llv.li/#/12554/amt-fur-berufsbildung-und-berufsberatung>

⁷ Link: <http://www.erwachsenenbildung.li/index.asp>

⁸ Next publication with 2016 data will be available in October 2017.

⁹ Liechtenstein in figures, 2017: Source: <http://www.llv.li/files/as/fliz-national-economy-2017a.pdf>

context of the current state of public finances, voluntary and unpaid activities will need to be promoted and supported more strongly in the future if the current levels of social activity in Liechtenstein are to be maintained. In October 2014 a new website based on these developments was installed in order to activate more people supporting various social organisations on a voluntary basis.¹⁰

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.¹¹ The accident insurance provides for entitlement to additional funds to compensate for bodily injury or loss of a function. The Accident Insurance Act¹² 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 by-law to the Act on Invalidity Insurance covers measures regarding socio-professional rehabilitation which means, that the Invalidity Insurance provides for remittance of additional funds to insured persons for the purpose of gainful employment, performing their usual work, learning a trade, or functional rehabilitation. Lastly, the federal Old-Age and Survivors' Insurance Act provides for award of additional funds to old-age pensioners requiring expensive equipment to move around, to communicate with the people round them or to ensure their independence.

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 association¹³ 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. The problem of long-term care was first addressed in 2008 with no further initiatives. In 2010 the Liechtenstein government initiated a reform of its long-term care system which was followed by the National Dementia Strategy in 2012. Long-term care is provided in Liechtenstein in five care homes¹⁴ and organised through one point of information¹⁵. This structure was set up as a result of the initiative to ensure more effective support to the affected families. 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). The latest Directive signed by Liechtenstein on 10 November 2016 was the Council of Europe Convention

¹⁰ Source: <http://www.freiwillig.li/>

¹¹ 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>

¹² Gesetz über die obligatorische Unfallversicherung (UVersG), 28.11.1989, LGBl. 1990, no. 46. Source: https://www.gesetze.li/get_pdf.jsp?PDF=1990046.pdf

¹³ Familienhilfe Liechtenstein: <http://www.familienhilfe.li/Organisation.aspx>

¹⁴ Liechtenstein Foundation for the Care of the Elderly and Sick (LAK), link: <http://www.lak.li/>. Rhe old people's home in Balzers (Alters- und Pflegeheim Schlossgarten), link: <http://www.aph-schlossgarten.li/>

¹⁵ The one point of information is managed by the Liechtenstein Foundation for the Care of the Elderly and Sick (LAK) and is called Kontakt- und Beratung Alterspflege (KBA). See link: <http://www.familienportal.li/index.php?id=70> or <http://www.lak.li/pflegen-und-betreuen/beratung-und-anmeldung/>

on Preventing and Combating Violence against Women and Domestic Violence.¹⁶ 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 of the Association for Human Rights in Liechtenstein (Gesetz über den Verein für Menschenrechte in Liechtenstein; VMLG).¹⁷ 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 06/2017)

Liechtenstein is continuously facing bigger challenges in the area of social benefits and health insurance. Over the long term, Liechtenstein will have to confront the complex problems that come with an aging population. In addition to medical challenges, such as an increase in age-related diseases like dementia, the most pressing problems are financial. Financial promises, whether they concern state retirement provisions, private pensions or healthcare, will have to be adjusted to reflect demographic realities. Based on the public budget results in 2016 which showed a surplus in the national accounts, no further cost cutting measures within the health insurance system were launched by the government for 2017. But looking forward it can be forecasted with high certainty that within the period of financial planning onwards some parameters will not be fulfilled due to a decrease in company profits, increasing social and healthcare costs, and the demographic changes. Thus, the challenges will remain.

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. A growing concern within the population of Liechtenstein and the government is 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, most affected would be the developers of such projects and perhaps construction companies. This in turn would affect 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. Thus, the government has to provide more flexible child care facilities on an affordable basis. Furthermore, the current given school time table 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.

¹⁶ 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>

¹⁷ 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&lglid=2016504000&version=1&search_text=Menschenrechte&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_ggebiet=0&menu=0&ablesel=0&observe_date=26.01.2017

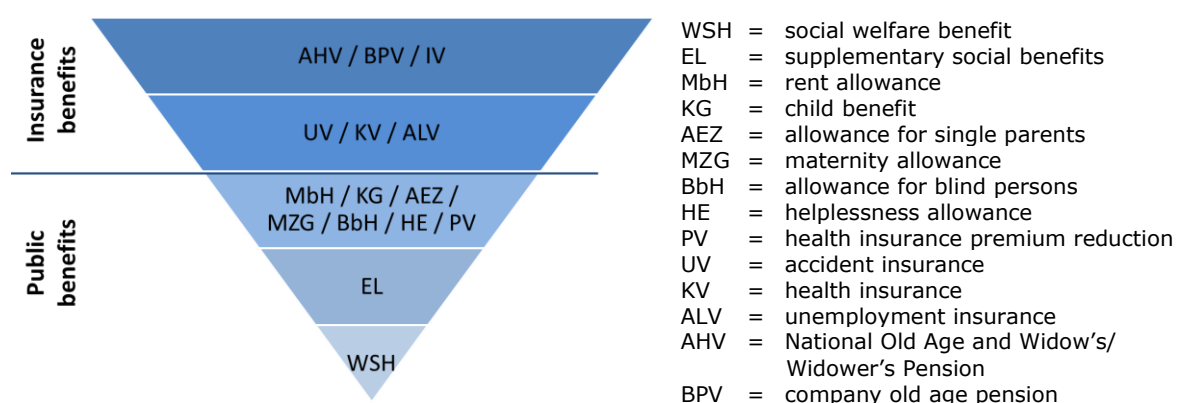
2 Systems and policies affecting social outcomes

2.1 Social investment and access to services (last update 06/2017)

Within the Agenda 2020, the Liechtenstein government has also 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. The strong economic growth in technology-driven and knowledge-based industries over the past decades and the small size of the country require an increasing input of foreign labour forces, mainly from neighbouring countries.

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

Figure 4: Overview of the social welfare system in Liechtenstein



The social security system (insurance benefits) 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, followed by two cost-cutting programmes and a reduction of 2% of the operating expenses per year. In September 2014 the state contribution to the unemployment insurance was abolished. In 2016 the government pointed out, that the launched cost cutting measures were successful and therefore it is currently not necessary to address further actions within the financial state budget 2017 to 2020.¹⁸

The sections below report on specific policy areas.

¹⁸ Source: <http://www.regierung.li/ministerien/ministerium-fuer-praesidiales-und-finanzen/sanierung-des-staatshaushalts/>

2.1.1 Early childhood education and care (last update 06/2017)

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 observing and evaluating the baby's development on a regular basis. Parents have the possibility to discuss an individual nutrition plan for the child, to receive support in caring for a healthy or sick child, and to discuss everyday parenting matters with the parenting counsellor. Health visiting services are very much appreciated by Liechtenstein's families and are seen as an essential resource for families, and it frees up paediatricians to a certain degree.¹⁹ 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.²⁰

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 public early childhood education facilities. This lack of state support most severely hits families with children and single parent households, and needs further development and structural changes.

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 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)²¹ 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. As a first step in acknowledging these facts, the family policy as part of the Liechtenstein Agenda 2020 implemented specific

¹⁹ Source:

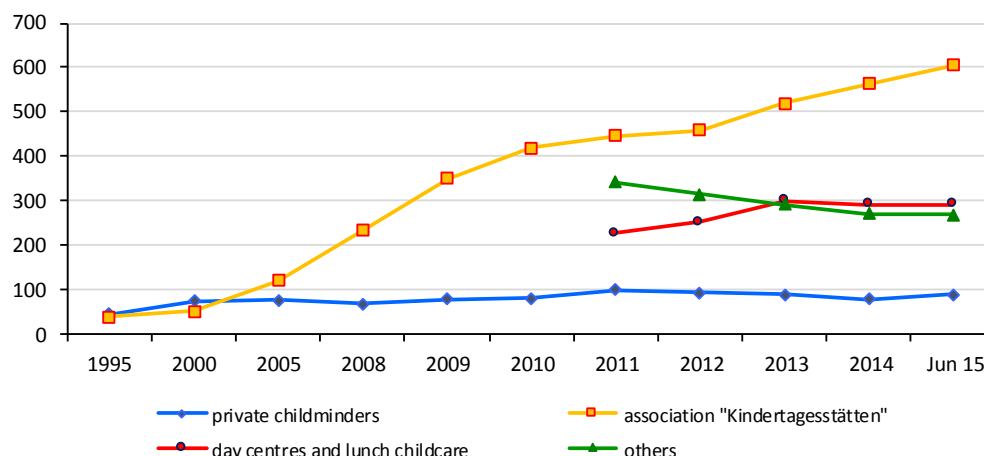
http://www.rotekreuz.li/index.php?submenu=Muetter_und_Vaeterberatung&src=gendocs&ref=MuetterundVaeterberatung&category=MundV

²⁰ Main private institution are the «Eltern Kind Forum»: <http://www.elternkindforum.li/> ; the «schwanger.li»: <http://schweiz.schwanger.li/wir-informieren/eltern-werden>

²¹ Schulgesetz (SchulG) vom 15.12.1971, LLGB 7, 1972: <https://www.gesetze.li/Seite1.jsp?LGBI=1972007.xml&Searchstring=Schulgesetz&showLGBI=true>

measures to promote efforts to reconcile work and family life for men and women.²² These efforts resulted in financial support to out-of-house childcare facilities which extended the amount and offer of child care facilities in Liechtenstein, but did not include the setup of public early childhood education facilities. The development of child care facilities over time in Liechtenstein is shown below.

Figure 5: Development of child care facilities in Liechtenstein



Source: Development of child care facilities in Liechtenstein;

http://www.liechtenstein-institut.li/de-ch/news/newsdetail.aspx?shmid=453&shact=443112816&shmiid=CUfoZU_sls_aGek_eql

Access to early learning opportunities and pre-primary provision for children are important factors in preparing children for school, minimising school dropout rates, and maximising their future earnings and economic potential.

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 2016 two main companies in Liechtenstein enlarged respectively founded a new private day care facility to grant its employees a possibility of adequate child care during business hours. In addition, the Liechtenstein chamber of commerce launched a popular initiative, proposing additional governmental investment in early childhood education/facilities. Main arguments of those who supported the initiative were that through a higher degree of women participation in the labour market a higher household-income for these families would be generated. In addition this would lead to a higher use of the potential of well-educated mothers. This situation brought about a long and controversial discussion on discrimination of the traditional family model with only one breadwinner. Despite voters' rejection of the initiative, which was very much based on a very emotional public discussion, there was substantive and broad consensus about the need of more child care facilities in Liechtenstein.²³ In 2017, after the government elections, the political parties in Liechtenstein have addressed very recently the increasing demand for formal childcare arrangements again. The aim of the government is therefore to

²² Source: https://www.familienportal.li/wp-content/uploads/2014/12/Familienfoerderung_AS_D_Oktober_2014_web.pdf

²³ Source: http://www.liechtenstein-institut.li/Portals/0/docs/Presseberichte/2016/2016_10_20_VB_LI_Aktuell_FZG.pdf

increase the availability of affordable childcare services and to extend the public financing of these services. Further requested measures are:²⁴

- Increase the monthly child allowance (benefit paid by the Old Age and Widow's/Widower's Pension system in Liechtenstein, AHV-IV-FAK)²⁵.
- 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-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).

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.²⁶

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.²⁷ Another weak factor within the current legislation is the fact that, as far as the authors know, 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..

Based on early learning opportunities and pre-primary provisions a successful passage through the years of compulsory schooling is also associated with a wider range of opportunities at the beginning of adult life. At this stage Liechtenstein is facing a challenge to find solutions for closing the gap between children with an immigration background or special needs and those without, in terms of their educational development. Therefore Liechtenstein still needs additional measures and the question about an adequate school system is still under discussion.

2.1.2 Support to the unemployed (last update 06/2017)

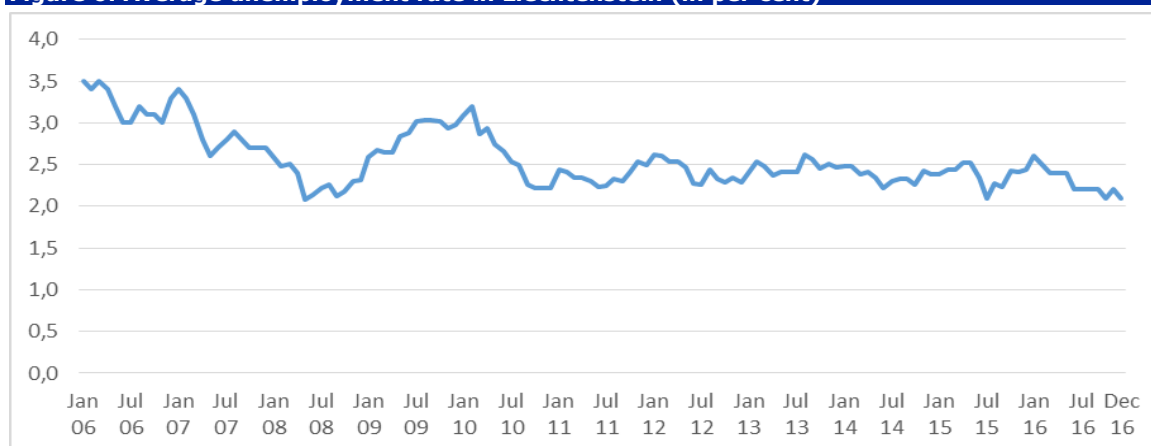
The Liechtenstein economy has been able to somewhat withstand the recession of 2009. Liechtenstein made progress in its budget consolidation, has outstandingly high wealth levels, debt-free public accounts and consensus-based prudent financial policies. Liechtenstein is in many ways an atypical European country, and this includes its economy. The figure below shows the average unemployment rate from 2006 to 2016. 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 2.1% in May 2008 and a maximum of 3.4% in January 2007.

²⁴ Source: <http://www.vaterland.li/liechtenstein/politik/Postulat-zur-Vereinbarkeit-von-Familie-und-Beruf;art169,266956>

²⁵ 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.

²⁶ 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

²⁷ 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.

Figure 6: Average unemployment rate in Liechtenstein (in per cent)

Source: Central Statistical Office of Liechtenstein, link: <http://www.llv.li/files/as/arbeitslosenstatistik-2016.pdf>

The Labour Market Service Centre (AMS) operates under the Office of Economic Affairs²⁸ 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).²⁹ The collective activation programmes³⁰ 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 services³¹ is wide, including individual coaching, development of soft skills and of the personality. Currently the AMS offers supportive service programmes as follows:

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

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

²⁸ Amt für Volkswirtschaft.

²⁹ Arbeitslosenversicherungsgesetz vom 24. November 2010, LGBl. 2010, no. 452, source: https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=2010452000&version=6&search_text=Arbeitslose&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_ggebiet=0&menu=0&tablesel=0&observe_date=09.03.2017

³⁰ Link: Collective activation programmes:

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

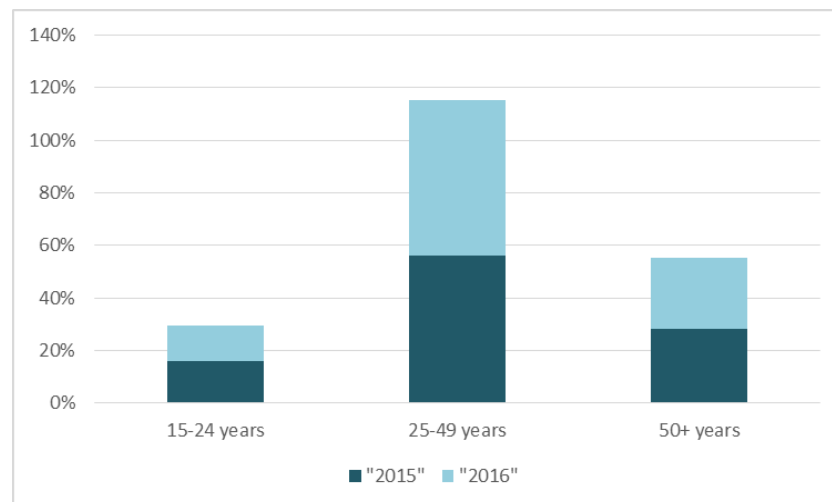
³¹ Link: http://www.amsfl.li/ams/upload/downloads/informationsblatt_unterstuetzende_programme.pdf

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. On the other side, the AMS finds out in interviews with their clients what their strengths and weaknesses are, what they really brought to unemployment, evaluate the given job experience and sets up an individualised training plan.

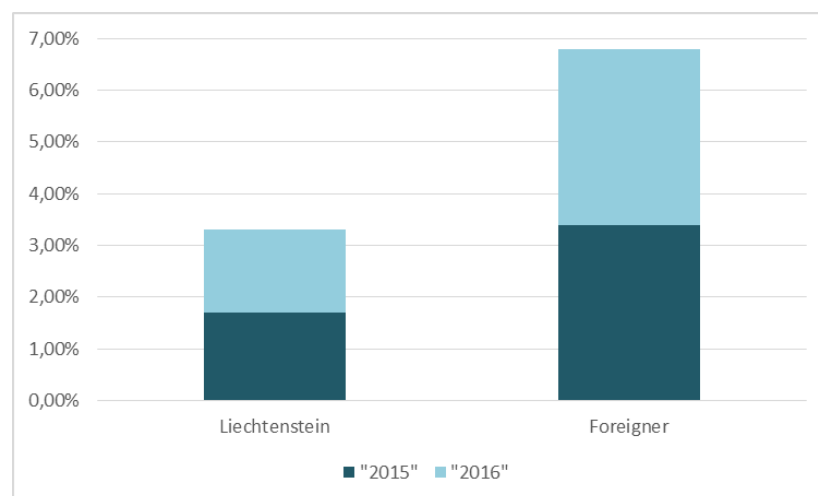
The unemployment details in respect to unemployment by age and nationality can be seen by the figure below.

Figure 7: Unemployment statistic 2015 – 2016 of Liechtenstein

Unemployment
rate by age



Unemployment
rate by
nationality



Source: *Unemployment statistic 2007 – 2015 of Liechtenstein by age and by nationality;*
<http://www.llv.li/files/as/arbeitslosenstatistik-2015.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.

In 2015 the significant gap between the unemployment rate regarding age as well as nationality required state action. Feedback received from employers have identified that young job seekers are often not job-ready. They need employees who are reliable, willing to learn and able to fit into the workplace. The Liechtenstein Employment Service therefore established a variety of measures and programmes to get young people ready and fit into a job as quickly as possible.

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. The average unemployment rate in 2016 for young people (age 15 to 24) is 3.3% and it shows a slight increase compared to the previous year. The installed measures seem to be not sufficient to integrate young unemployed into the job market.

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 done in 2014 by a specific cooperation with the Liechtenstein Chamber of Commerce called "*100pro!*"³² 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.³³ In 2014 a special initiative for "50+" was launched to integrated older people better into the work life.³⁴ The "*Arbeitsleben.li*" competence centre³⁵ 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. The average unemployment rate during the last two years for persons with age 50+ was 2.1% shows that the established measures are helpful.

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*"³⁶ 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)³⁷. 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 in 2016 and within the Agenda 2020.

2.1.3 Healthcare (last update 12/2016)

Liechtenstein's healthcare system meets the healthcare standards of a modern state and is based on the Health Insurance Act of 2007³⁸ (for further details see appendix 2 -2). The healthcare system is decentralized in Liechtenstein, with free market elements and mandated health insurance. Thus, residents of Liechtenstein individually arrange their health insurance, known as "obligatorische Krankenpflegeversicherung" (OKP), with a mandated health insurance company which suits best to their individual

³² Source: <http://www.100pro.li/news/aktuelles/>

³³ Source: <http://bua.gmg.biz/BuA/default.aspx?nr=145&year=2008&content=ges>

³⁴ Source: http://www.arbeitsleben.li/Wissenswertes/Newsdetail/tabid/75/Default.aspx?shmid=400&shact=424789243&shmiid=FuYN34Dm8Fw__eq1__

³⁵ Source: www.arbeitsleben.li

³⁶ Source: <http://www.amsfl.li/unternehmen/job-speed-dating/index.html?a=117&level=1>

³⁷ Source: <http://www.ncbi.nlm.nih.gov/pubmed/22434207>

³⁸ Source:

<https://www.gesetze.li/Seite1.jsp?LGBI=2008030.xml&Searchstring=Gesundheitsgesetz&showLGBI=true>

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.

Statutory benefits are subject to compulsory insurance fee in 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 monthly contribution system is shown in the below figure as an example from one of the three official health insurance companies:³⁹

Figure 8: Premium system of the standard mandatory health care insurance

Age bracket	Monthly premium with accident cover	Monthly premium without accident cover
Children up to age 16	no premium	no premium
Age 17 – 20	174.70 Swiss francs	166.90 Swiss francs
Age 21 and above ^{40*}	349.40 Swiss francs	333.70 Swiss francs

Source: Premium system of the standard mandatory health care insurance;

<https://www.concordia.li/content/concordiali/de/private/produkte0/OKP/basic.html>

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.

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. 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)⁴¹. The contributions are not calculated as a percentage of income, but per capita. Children up to the age of 16 are exempted from this rule; persons until the age of 20 pay only 50%. Persons under a certain threshold of annual income may profit from a reduction up to 40% of the amount of the contributions.⁴² For persons in full employment the employer contribution corresponding to 173.50 Swiss francs (approx. €162) per month, which is 50% of the average total healthcare contribution of an insured person in Liechtenstein.

Additionally the state contribution to the health insurance is the third essential, financial pillar of the health insurance. 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.

³⁹ The numbers in € are about 5 per cent lower than the Swiss francs quotation.

⁴⁰ Premium amount is without additional franchise and excess costs which are between 500 and 900 Swiss francs per year, depending on the contract type chosen.

⁴¹ Link to the Health Insurance Law (KVG):

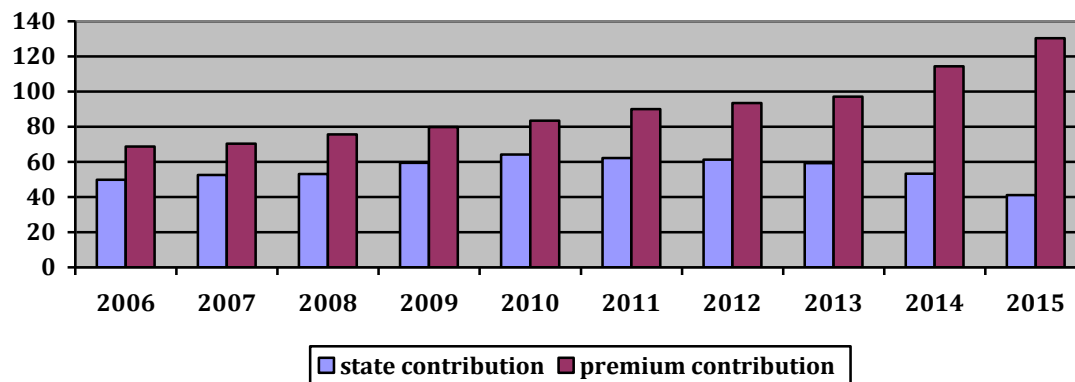
https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1971050000&version=13&search_text=KVG&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=20.10.2016

⁴² 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).

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 in 2010, 2013 and in 2014 to reduce the state contribution to the health insurance. In 2015 the Liechtenstein parliament decided a further reduction of the annual state contribution to the healthcare insurance to 33 million Swiss francs (approx. €31 Mio). The contribution remained unchanged in 2016. 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 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). This means, the premium for children's health care was not increase based on the state contribution reduction. The decision was taken knowing that the costs of the mandatory health care insurance, reflected in the presented budgets of the insurance companies, have increased during the last years.

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

Figure 9: State contribution to the health care insurance from 2006 to 2015 (million Swiss francs)



Source: Central Statistical Office 2016 (latest data from 2015), link: <http://www.llv.li/files/as/ikrankenkassen-2015.pdf>

Any reductions in the state contribution to health insurance have a knock-on effect on the individual monthly health insurance premiums, as well as on the level of the insurance excess which those insured have to pay. One has to keep in mind that up to now around half of the health care insurance costs are borne by the state. The exemption from health insurance for children, lower insurance premiums, and either no or reduced excesses for young people and the retired are made possible by the state subsidies.

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 (for details to the adopted reinforcement of the Economic Efficiency/Expedience and Effectiveness-Assessment please see appendix 2-2). Bases on the fact that substantial parts of the health care reform had been rejected in December 2012 by the parliament, the government established a strategy on how to

distribute the burden equally or in a fair manner over the insured persons, doctors, and insurance funds. As the substantial decrease of the state subsidies took effect in 2015, a revision of the Health Insurance Act was passed by the Liechtenstein parliament in October 2015. A referendum initiative followed, but the revision of the health Insurance Act was accepted by 53.2% of the Liechtenstein voters at the ballot. Thus 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 and 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 is implemented by the current system of 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.

Based on the public budget results in 2016, which showed a surplus in the national accounts, no further cost cutting measures within the health insurance system were launched by the government for 2017. If this result will lead to a further increase in the health care insurance premiums and in the number of households applying for sickness benefit allowance, will be seen in 2017 onwards.

2.1.4 Long-term care (last update 12/2016)

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. Within the first step of the 2010 reform, the government decided a sustainable system of preventive, home and institutionalised care. To cover the most urgent needs, namely the financing of home care as the predominantly form of long-term care in Liechtenstein, the government has effectively introduced a new care allowance as of 1 January 2010, replacing the home care benefit, in addition to the helplessness allowance, as second main element of the long-term care system. Eligibility to both allowances⁴³ 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.

The care 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.

In 2015, the helplessness allowance amounts to 464 Swiss francs (approx. €441), 696 Swiss francs (approx. €661) and 928 Swiss francs (approx. €881) per month depending on the level of helplessness.⁴⁴ These amounts equal 40%, 60% and 80% of the minimum retirement pension level respectively. 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:

⁴³ 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).

⁴⁴ Source: http://www.ahv.li/fileadmin/user_upload/Dokumente/Online-Schalter/MB/AHV-IV-FAK-MB-6-01--HE.pdf

Figure 10: Overview of financial benefits to LTC

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

There is no official statistical data about **care work at home** available. 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 association⁴⁵ provide care at home. Commercial carers usually come from outside Europe, in particular from Brazil. However, more and more care nurses originate from the new EU Member States. Sometimes the legal status of these migrant workers is not clarified, which pushes them to the verge of illegality.⁴⁶

The efforts of Liechtenstein's government in the field of care to set up a system on three pillars must be appreciated. One area of concern, however, is the availability of sufficient, qualified care personnel, in particular for home care. To this end, a project had been started together with the family assistance associations, to find a way to create a more efficient and effective framework for home care, with the following main targets:

- one family assistance association for whole Liechtenstein;
- one contact point for advice in the field of home care;
- central coordination of all services;
- provision of services on the weekends and during night-time.

It was undisputed by all long-term care affected parties, that Liechtenstein lacks sufficient, qualified care personnel in this specific area. 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. Regarding this problem the government referred to its objective to create one single family assistance association. With this measure, the government argued, sufficient physician assistants and nursing specialists would be available to cover the given need in Liechtenstein in the long-term care area. Thus, there exists no need to ease immigration laws for foreign nursing specialists. 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.⁴⁷ 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. Up to now, the availability of care personnel had so far not been tackled with the same urgency and attention as the introduction of the care allowance. Thus, the legal situation for home-care personnel is still in some areas not clarified.

Instead a national education programme within the organisation of the LAK was set up by the management of the LAK. The long-term care facility of the LAK in *Schaan*

⁴⁵ Familienhilfe Liechtenstein: <http://www.familienhilfe.li/Organisation.aspx>

⁴⁶ Annual National Report 2012 "Pension, Health Care and Long-term Care", Bernhard Zaglmayer. See link: http://socialprotection.eu/files_db/1252/asisp_ANR12_LIECHTENSTEIN.pdf

⁴⁷ 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>

received the "Quality in Palliative Care" label in 2013.⁴⁸ 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.

Long-term care is also provided in Liechtenstein in **care institutions**. These institutions are organised on regional level, mainly funded by the municipalities and the government and depending to a large part on honorary participation and donations. 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. There are five care homes and one point of information⁴⁹. All these institutions – except for the *Alters- und Pflegeheim Schlossgarten* – are run by the Foundation for Old-age and Invalidity Assistance (*Liechtensteinische Alters- und Krankenhilfe – LAK*⁵⁰). 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. It is mainly funded by the municipalities and the government.

The institutions for Care of the Elderly enlarged the offering for people who do not require long stay or permanent admission to a care home in 2012 (e.g. to enable home based careers 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.⁵¹
- 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.

Since July 2013, the 5 family assistance associations and 10 local communities work together to create a care personal pool, where specific service provisions has been agreed on. The family assistance of *Balzers* however decided to go a different route and teamed up with the care home *Schlossgarten*, to coordinate their services and human resources.

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 Liechtenstein Government has launched a study in 2011 to evaluate the estimated care-places in Liechtenstein over the upcoming next decades. The figure below shows the expected development of long-term care needs in Liechtenstein.

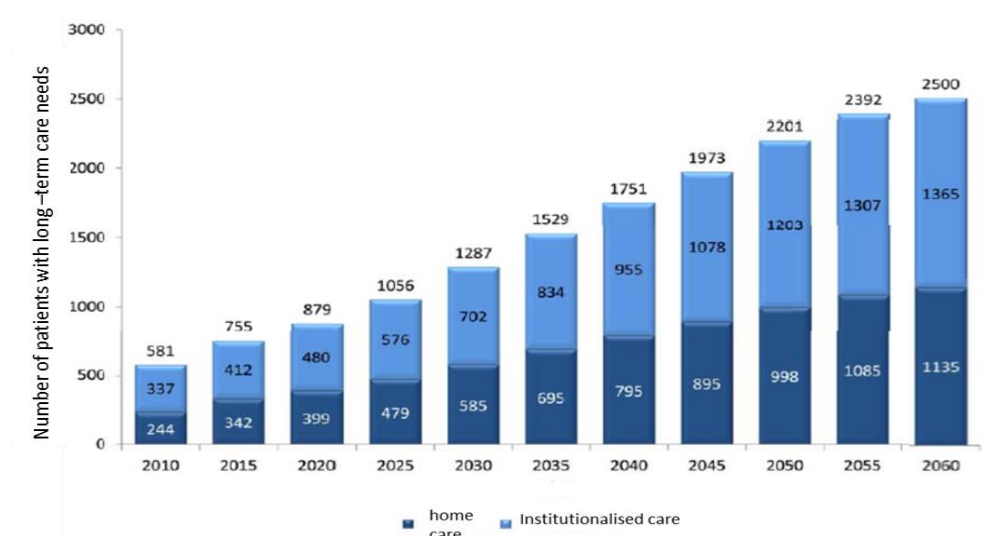
Figure 11: Expected development of long-term care needs in Liechtenstein

⁴⁸ 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.

⁴⁹ The one point of information is managed by the Liechtenstein Foundation for the Care of the Elderly and Sick (LAK) and is called Kontakt- und Beratung Alterspflege (KBA). See link: <http://www.familienportal.li/index.php?id=70> or <http://www.lak.li/pflegen-und-betreuen/beratung-und-anmeldung/>

⁵⁰ 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.

⁵¹ For reference pls. see the protocol of the community in Schaan: https://www.google.li/?gws_rd=cr&ei=6ifRUum_MaS6yAOtqICQCw#



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

The results of the study show, that even if there are currently sufficient places in care homes in Liechtenstein, it is estimated that this will be only the case until 2018. From 2019 onward more places are necessary. Thus, it is expected that in 2025 an additional demand on care places of about 25 up to 125 will be given.

On the basis of this forecast the government and the parliament decided to support the project of a new care home by the Liechtenstein Foundation for the Care of the Elderly and Sick (LAK) by a 50% subvention of the total estimated costs (12'950'000 Swiss francs, approx. €12 million).⁵² This new care home will offer 60 new long term care places, which is an economically viable project, and, moreover, will cover the estimated demand for care places. The project is expected to be realised by 2018.

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.

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. Currently the government stated that the idea is still there but such a complex matter would have considerable impact on Liechtenstein's social insurance structure. This is why there is no further implementation plan or timeframe in place so far.

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. These topics could not be solved during the last legislation period of the government. It is still an open issue that new legislation or changes to existing regulations may be needed to link together long-term care requirements and health insurance, and to solve logistical challenges.

⁵² Government decision for approval by the parliament, link: <http://bua.gmg.biz/BuA/default.aspx?year=2015&nr=87&content=45594635>

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 06/2017)

Liechtenstein housing policy focuses primarily on supply-side subsidies for new construction and the upgrading of existing dwellings. 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 protects against poverty and homelessness and covers all residents. Beside the housing benefit system, Liechtenstein has a rent allowance in place.

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 (for details see Appendix 2-4). The rent allowance paid in 2016⁵³ 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. This is also reflected in the amounts paid per household. 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 06/2017)

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.

⁵³ Source: <http://www.llv.li/files/srk/rb16-rechenschaftsbericht-2016.pdf>

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. In this context, a new Asylum Law entered into force by the beginning of 2012 replacing the former Refugees Law. By participating in UNHCR's resettlement program as well as in the EU's relocation scheme Liechtenstein contributes to joint international efforts to address mass displacement (e.g. from Syria). In addition, Liechtenstein has provided more than 2.5 Million Swiss Francs (approx. € 2.3), or close to 70 USD per capita, in humanitarian and development aid for projects supporting Syrian refugees. They also contribute to the implementation of the 2030 Agenda for Sustainable Development, which enhances the resilience and stability of societies.⁵⁴

In its national policy Liechtenstein pays particular attention to early integration of refugees and migrants. 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. Another important aspects is the fact, that organized crime often targets and exploits refugees and migrants, and in particular women and children. Many of them end up in modern slavery (e.g. forced prostitution, forced labour). States are under a clear legal obligation to criminalize, investigate, prosecute and punish slavery where it occurs. Thus, Liechtenstein pursues innovative approaches to encounter such activities by means of financial transactions. These include involving financial institutions. 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.

According to the law, persons entering Liechtenstein from another safe country are not eligible for "refugee status". In practice, the government provides protection against the expulsion or return of refugees to countries where their lives or freedom would be threatened on grounds of their race, religion, nationality, membership in a particular social group, or political opinion. The Liechtenstein government has a system for providing temporary protection to individuals who may not qualify as refugees. The number of asylum-seekers in Liechtenstein has risen in recent years. In 2012, 74 persons applied for asylum, whereas in 2016 the number of asylum-seekers climbed up to 83. Compared to 2015 approx.⁵⁵ The main applicant's origin was as follows:

- 16 asylum applications were made by persons from Serbia
- 12 applicants were from Ukraine.

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)⁵⁶ as mandated by the government. It can be seen from the figure, that beside the number of persons counselled is relative low compared to Liechtenstein's citizens, 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.

Based on the 2015 EU member states agreement to resettle 18,415 refugees over two years, Liechtenstein, as a one of the four Schengen-associated countries, pledged to resettle refugees in addition to this. Thus, from mid-2015 until the beginning of 2017 Liechtenstein welcomed 20 refugees from Turkey within this resettlement program.

⁵⁴ 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

⁵⁵ Source: <http://www.volksblatt.li/nachricht.aspx?p1=fl&id=130306&src=vb>

⁵⁶ Flüchtlingshilfe Liechtenstein: <https://www.fluechtlingshilfe.li/>

Relocations from Greece and Italy, during the same timeframe, brought up 10 additional persons.⁵⁷

Figure 12: Number of persons counselled in the refugee centre including their overnights



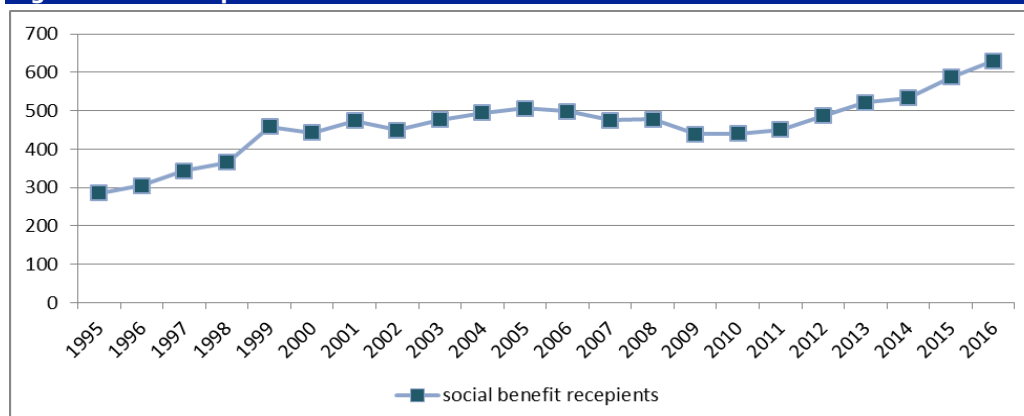
The high number of persons counselled by the refugee centre Liechtenstein in 2009 relates to the “African wave” which was the most intensive period for Liechtenstein to cope with.

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.⁵⁸

2.1.7 Other social services (last update 06/2017)

In 2016 630 households received social welfare benefits compared to 587 in 2015, which reflect a social welfare recipient’s ratio of approx. 1.7% of the total population. The total amount of social welfare paid was 8.86 million Swiss francs (approx. €8.2 Mio.) in 2016 showing an increase of about 16% compared to the previous year. There are a variety of reasons for this increase of social welfare benefits in 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 2016:

Figure 13: Development of social welfare benefits from 1995 – 2016 in Liechtenstein



⁵⁷ Source: <http://www.esiweb.org/pdf/ESI%20-%20The%20refugee%20crisis%20through%20statistics%20-%2030%20Jan%202017.pdf>

⁵⁸ Liechtenstein National Report, link: <http://www.llv.li/files/aaa/pdf-llv-aaa-menschenrechte-rahmengl14en.pdf>

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 12/2016)

Since 2010 fiscal consolidation rather than social investment has been the dominant issue on the political agenda of Liechtenstein. As a result out of this, the state contribution to the Health Insurance was substantially decreased which had a significant effect on the individual's premium, which increased by 12% and therefore created an additional burden on a family's budget.

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. The public social benefits are legally defined as a guaranteed basic income. Since 2011 the main reason for consulting the ASD was to request financial support as a result of insufficient household income. For families with insufficient household income there are additional benefits to ensure an adequate standard of living, e. g. **social welfare benefit, supplementary social benefits, rent allowance** etc. (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 2016⁵⁹ 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.

2.2.1 Child and family income support (last update 06/2017)

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)⁶⁰, 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

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

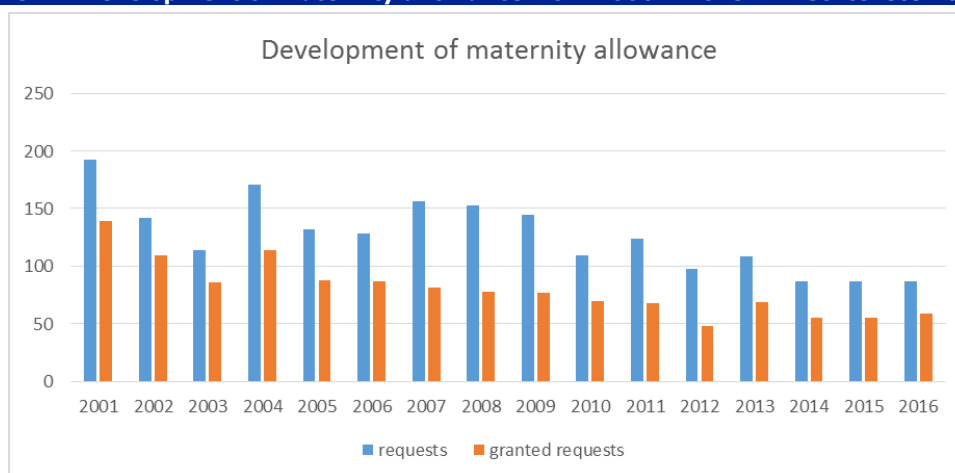
⁶⁰ Source: <http://www.llv.li/files/asd/pdf-llv-asd-familienfoerderung-3.pdf>

benefits. Thus, the basic family benefits, which are not means-tested and given to all resident families with children, comprise:⁶¹

- 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. €475), the maximum 4,500 Swiss francs (approx. €4,300). The maternity allowance is one-time, tax free paid. The development over the last 30 years shows for the last 10 years a decrease in the number of requests and a slight increase in 2016 compared to 2015, as presented in figure below.⁶²

Figure 14: Development of maternity allowance from 2000 – 2015 in Liechtenstein⁶³



Source: Development of maternity allowance from 2000 – 2016 in Liechtenstein:

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

In 2016 87 applications for maternity allowance were handed in, whereas 59 persons received a corresponding commitment with a total amount paid of 196'400 Swiss francs (approx. € 181'500). 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.⁶⁴ Fathers can only request this supplementary unpaid parental leave if mothers have not done so.

The **birth allowance** is paid to every mother, resident in Liechtenstein with the birth of her child as a lump sum of 2,300 Swiss francs (approx. €2,140). In the case of multiple births the respective allowance is increased to 2,800 Swiss francs (approx. €2,604) per child. These amounts of lump-sums have been unchanged since 2007.

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. €260) per child if

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

⁶² Liechtenstein Government, link:

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

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

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

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. Birth grants (*Geburtszulagen*) are provided at childbirth and the adoption of a child younger than 5. Birth grants are slightly higher in case of multiple births. The amount of child allowance has been unchanged since 2007. From a state budget assessment, child allowance is the most costly social benefit.⁶⁵ In 2016 the total amount was 48.3 million Swiss francs (approx. €44.7) whereas in 2015 the total amount was 48.6 million Swiss francs (approx. €44.2).

For single-parent households, the second most important social benefit after the child benefit is the monthly **single-parents' allowance** (approx. €90) which 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.

Up to now, there had been no signs ahead that cost cutting measures are evaluated in the area of child and family income support beside the child housing promotion. 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 2016 and 2017 up to now 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 06/2017)

State pensions, corporate pensions and private pensions are the three main pillars that form Liechtenstein's social insurance system. This system makes it possible for workers to cover the risk of unemployment among others. 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. €117,210). The insured must have at least 12 months of coverage in the last two years before claiming unemployment benefits, be available for work, and satisfy any other necessary requirements. 80% of the insured's covered earnings is paid as unemployment benefit for up to 260 days to an insured person up to age 49 with at least 24 months of contributions, 400 days for 1.5 years if aged 50 to 59 and 500 days for 22 months if aged 60 to 64. It may be reduced to 70% in case there are no dependent children, full daily cash benefit over 140 Swiss francs (approx. €130) 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)⁶⁶. 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 2017 Liechtenstein faced an average unemployment rate of 2.0%⁶⁷ which is 0.3% lower than by the end of 2016. The amount paid by the ALV to unemployed persons in 2016 was 12.4 million Swiss francs (approx. €10.4 Mio.), compared to 11.5 million Swiss francs (approx. €10.6 Mio.) in 2015.⁶⁸ This development reflects the expected correlation between the unemployment allowance sum and the

⁶⁵ 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.

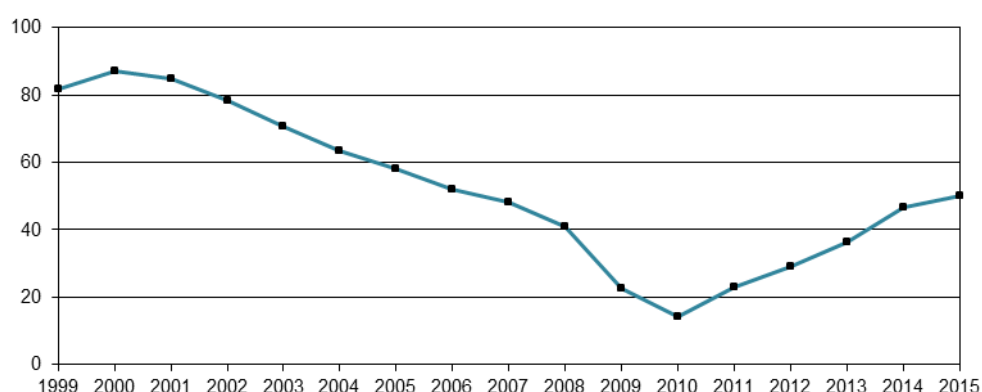
⁶⁶ Source: <http://www.llv.li/#/139/arbeitslosenversicherung-alv>

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

⁶⁸ Source: <http://www.llv.li/files/as/arbeitslosenstatistik-2016.pdf>

unemployment rate. The development of the unemployment insurance capital from 1999 to 2016 is shown in figure 13 (in Mio. Swiss francs).⁶⁹

Figure 15: Development of the unemployment insurance capital from 1999 – 2016



Source: *Development of the unemployment insurance from 1999 – 2015 in Liechtenstein*; <http://www.llv.li/files/as/arbeitslosenstatistik-2016.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 2016, the financial balance sheet of the unemployment insurance showed a revenue surplus of 5.0 million Swiss francs (approx. €4.6 Mio.) and an equity capital as of 55 million Swiss francs (approx. €50.9 Mio.) compared to 50 million Swiss francs (approx. €46.3 Mio.) in 2015. 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.

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 (currently at the age of 64), the calculation of the individual income has to take these pension payments into consideration. If the total income (now including the pension payments) is above the breadline, the right to receive social benefits has ceased.

In 2016 the total number of all persons who received social assistance due to unemployment (unemployed and long-term unemployed) counted 300 (256 unemployed persons in 2015) which is an increase of approx. 17% within one year. The number of persons being unemployed varies between the different age groups, as shown in the figure below.⁷⁰

Figure 16: 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	54	94	62	64	26

Source: *Unemployed persons receiving social assistance in 2016*; <http://www.llv.li/files/srk/rb16-rechenschaftsbericht-2016.pdf>

⁶⁹ The numbers in € are about 5 per cent lower than the Swiss francs quotation.

⁷⁰ Source: <http://www.llv.li/files/srk/rb15-rechenschaftsbericht-2015.pdf>

The amount of paid social assistance to these unemployed persons in 2016 was about 3.1 million Swiss Francs (approx. €2.9 Mio.), an increase compared to the previous year and which reflects approx. 35% of the total paid social assistance. Compared to 2015, the group of long-term unemployed (persons who have been without work for more than 12 months) has decreased by 18% in 2016, i.e. from 122 to 100 persons by the end of the year. In 2016 45% of the long term unemployed persons received social help, which also reflects a slight increase.

Currently, the financial situation of the unemployment insurance is still positive and efforts are mainly taken in the area of re-entry in the labour market and in the avoidance of unemployment.

2.2.3 Minimum income protection (last update 12/2016)

Liechtenstein's minimum income protection regime 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. Those who cannot support themselves are eligible to social assistance. 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. Social welfare benefit should in principle only be a temporary last social assistance.

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. If a resident achieves an income from employment and/or social transfers (including pensions) which is below the minimum income defined by the law, this person is generally entitled to social assistance. 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, LGBI. 1987 no. 18)⁷¹. 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, LGBI. 1987 no. 18, Art. 12a⁷²) a person is eligible to MI benefits under certain eligibility criteria's (please see section 2.2.3.3).

⁷¹ Source:

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

⁷² Sozialhilfegesetz vom 15. November 1984, LGBI 1985 no. 17.:source:

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

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, LGBI. 1987 no. 18, Art. 12a⁷³).

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.

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

⁷³ Sozialhilfegesetz vom 15. November 1984, LGBI 1985 no. 17, source: <https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=1985017000&gueltigdate=21012016>

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.⁷⁴ 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

⁷⁴ 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.

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. 272 €) 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.

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 (currently 64), 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 Assistance⁷⁵, 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.

⁷⁵ Source:

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

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, LGBl. 1987 no. 18, Art. 12a) provides minimum income benefits. Thus, the main purpose of MI benefit is the 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.

For in-depth-analysis more evidence-based data is required.

2.2.4 Sickness benefits (Last updated on 12/2016)

National law in Liechtenstein does guarantee the right to access healthcare for all persons on an equal basis. Based on Art. 4 of the Health Act the compulsory health insurance guarantees protection in the event of sickness, accident and maternity. 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.⁷⁶ Additional add-on private healthcare insurances for self-employed persons cover in general accommodation and treatment in an agreed-upon ward (private or semi-

⁷⁶ 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.

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.

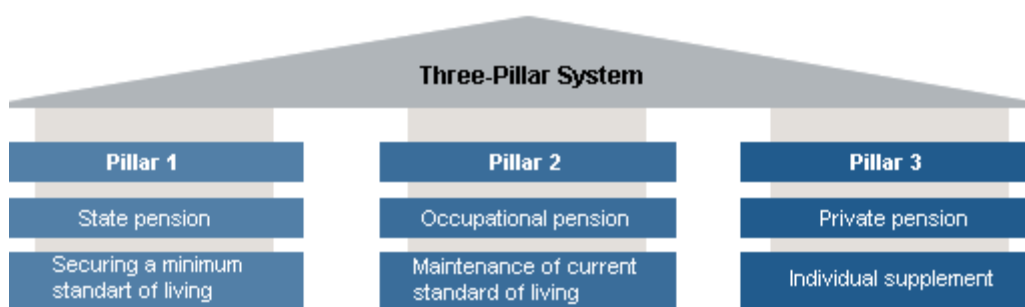
Regarding cash benefits from a sickness insurance which derive from incapacity to work due to sickness, the eligibility conditions are: person must be an employee over 15 years of age who works in Liechtenstein under a standard- or non-standard contract for an employer with a head office or branch in 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 be covered by the insurance is 148'200 Swiss francs (approx. € 137'200). 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.⁷⁷ 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 12/2016)

The concept of not putting all your eggs in one basket was taken very seriously by the designers of the Liechtenstein pension system. Instead, they decided to divide the eggs between three baskets and developed a pension system that is based on three pillars as shown in the below figure.

Figure 17: 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*)⁷⁸. 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

⁷⁷ Link to Liechtenstein Marketing:

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

⁷⁸ Old Age and Widow's/Widower's Pension; source:

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

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. In the case of the self-employed, the OASI schemes contributions are calculated on the basis of the gross income, generally applying a rate of 7.8% for old-age and survivors insurance, 1.5% for invalidity insurance and 1.9% for family allowance. Additionally, 4.2% of the income has to be paid as an administration fee to the Pension Fund. This leads in total to a contribution of exactly 11.6704% for self-employed persons to the Old Age and Widow's/Widower's Pension Fund.⁷⁹ 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 employees' salaries. The contribution basis is given by the salary (under a specific adding and deduction mechanism) 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, the contribution of the standard-employed (equal to non-standard-employed) person is 4.55%.

At present, men and women who have reached the age of 64 are entitled to draw an *AHV* pension (ordinary retirement age for men and women). The resulting pension is meant to cover basic needs. The guaranteed pension amount for a regular pension was fixed in 2011 and stands since then at a minimum of 1,160 Swiss francs (approx. €1,101) up to a upper limit of CHF 2,320 per month (approx. €2,140) per fixed 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. 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.⁸⁰

Comparing the guaranteed minimum annuity with the amount of lump sum per 1-person household based on the Law on Social Assistance, 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 seems to be necessary to meet the basic needs of living. This is provided to some extent by the additional child allowance added to the regular pension allowance.⁸¹ The guaranteed minimum child annuity is paid 13 times a year for each child below the age of 18 (up to the age of 20 if the child is in education). Thus, in cases where there is only one household income, consisting of the guaranteed minimum annuity and including the additional child allowance, the total income remains below the given breadline definition of the Law on Social Assistance. This shows very clearly that without any further company pension income or a second income from another family member, supplementary benefits are necessary to meet the cost-of-living expenses. The total amount paid out by the *AHV* in 2015 was 270.98

⁷⁹ Old Age and Widow's/Widower's Pension Fund, link:

http://www.ahv.li/fileadmin/user_upload/Dokumente/Online-Schalter/Beitrags-Skriptum/Beitragsskriptum-2016.pdf#page=28&zoom=auto,54,760

⁸⁰ 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.

⁸¹ There are no official figures available regarding the amount of regular pension allowance and additional child allowance recipients.

million Swiss francs (approx. €246.34) showing a significant increase of approx. 3.4% compared to the year 2014.⁸² Within the same period the number of entitled persons to receive an old age and widow's/widower's pensions increased of approx. 3.8%.

2.2.5.2 Occupational pension: company pension funds

Company pension funds are the base of the occupational benefit plan, which is the second pillar of the Liechtenstein pension system. This pillar is designed for gainfully employed persons in Liechtenstein to provide pensioners with a comfortable life, since it is presumed that in most cases the whole cost of living cannot be covered by the first pillar, the AHV. The contribution system is based on payments by the insured person which are usually split equally between employer and employee. In this way, old-age capital is accumulated during employment which may be 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 retiring and therefore the benefits from an occupational benefit plan can be seen as additional allowances above the defined minimum income. The regulation is laid down in the following act and by-law:

- Act on Occupational Retirement, 20.10.1987 (BPVG)⁸³
- By-law on Occupational Retirement, 20.12.2005 (BPVV)⁸⁴

The contribution system is not based on a redistributing from workers to pensioners, instead each worker pays contributions towards his personal pension fund.

Pension funds, which are subject to the Law on the Supervision of Institutions for Occupational Retirement Provision (Pension Funds Act; PFA), require a license by the Financial Market Authority of Liechtenstein (FMA) to take up their business activities. The FMA supervises all business activities of pension's funds and requires them to comply with appropriate internal control procedures.

There exists still the possibility to take an early retirement (based on the state pension and the occupational pension), currently from the age of 60, with reduced benefits.

There is no compulsory insurance for the self-employed in the 2nd 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. Apart from that, they are subject to the same regulations which also apply to standard employees.

2.2.5.3 Private pension

Pillar III works in addition to the first pillar and the occupational retirement insurance 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.

Contributions are under specific constellations deductible from taxable income or fall under specific tax regulations. The individual occupational pension scheme also offer

⁸² Source: http://www.ahv.li/fileadmin/user_upload/Dokumente/Ueber/Jahresberichte/AHV-IV-FAK-Jahresbericht--2015.pdf

⁸³ Act on Occupational Retirement, Source: https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=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

⁸⁴ By-law on the Act on Occupational Retirement, Source: https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=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

individuals more liberty, as the first and second pillars are beyond the control of the individual, whereas the third pillar 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.

2.2.5.4 Reform trends

Within the Agenda 2020, the Liechtenstein government announced reforms and cost cutting measures within the area of the social protection system, mainly with regard to pensions. These measures had been introduced primarily as a reaction to revenue losses from the financial and economic crisis.

With regard to pensions, the Liechtenstein parliament decided to grant the federal subvention until 2017, but with a fix subvention amount instead of subsidising the *AHV* regime with 20% of the *AHV*'s annual expenditure as done in the previous years. This will give the government a higher planning reliability. Thus, from 1 January 2015 on, the annual subsidies will be fixed at 50 million Swiss francs (approx. €45.5 Mio.) - which is slightly lower than the current subsidies - plus indexation, and will thus be below the current subsidies (58.2 million Swiss francs – approx. €52.9 Mio. - in 2013). According to first estimates, this measure will save approximately 15 million Swiss francs of the national budget in 2015, and even more in the following years. As compensation for the loss of income of the *AHV* the following measures have been implemented:

- higher reduction rates for early retirement pensions
- the adaptation of the indexation mechanism and
- increase of certain *AHV* contributions.

The first stage of the proposed reductions in state support for the pensioners, widows and bereaved insurance (*AHV*) would have no direct effect on those insured. In any event, transitional grace periods will be put in place so that those who are about to retire are guaranteed their legal rights and can plan securely for their future. This reform is only time-limited due to different opinions within the government's political parties. Thus, the 50 million Swiss francs (approx. €45.45) rule is only in force between 2015 and 2017. As it is unclear at the moment, if the federal subvention to the *AHV* will be continued from 2018 onwards, all involved parties await with interest on the outcome of the government working group for the future regulatory measures. The amendments, i.e. cutting state subsidies and introducing compensation measures, have triggered a fierce debate amongst the political parties as it is obvious that further measures to increase *AHV* income (e.g. increase of the contribution payments) and reducing costs (e.g. years needed for a full pension, raise of pension age) are necessary to ensure long term sustainability.⁸⁵ Currently, consideration is being given to a change in the age at which early retirement can be taken (currently from the age of 60, with reduced benefits), and also to a possible change in the official retirement age (currently 64 for both sexes).

2.2.5.5 Assessment of adequacy indicators and current adequacy (Last updated on 06/2017)

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 and common indicators. Statistical data in the area of social policy, differentiated by gender and age, would be necessary for that purpose. Nevertheless, up to now adequacy indicators are still not in place and statistical data for any long term comparison is not available.

⁸⁵ Source: Erste Ergebnisse der Generationenbilanz 2012, Stabstelle für Finanzen.
<http://www.regierung.li/index.php?id=158&uid=1206>

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. € 79,304) and more leads to the maximum retirement's pension of 2,320 Swiss francs (approx. €2,203) 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. 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. 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.

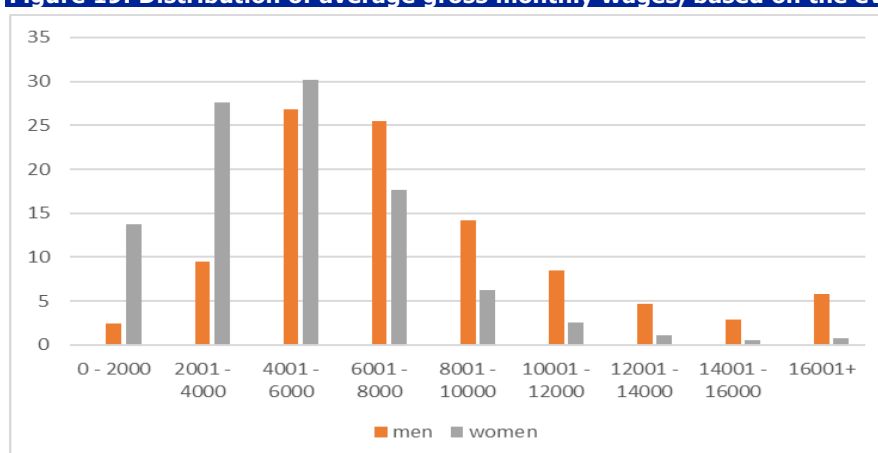
Figure 18: Employed persons in Liechtenstein

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

Source: Employment static, link: <http://www.llv.li/files/as/beschaefigungsstatistik-31-dezember-2015.pdf>

Additionally, the frequency distribution of average gross monthly wages between men and women, as shown below, reflects the above mentioned situation for women:

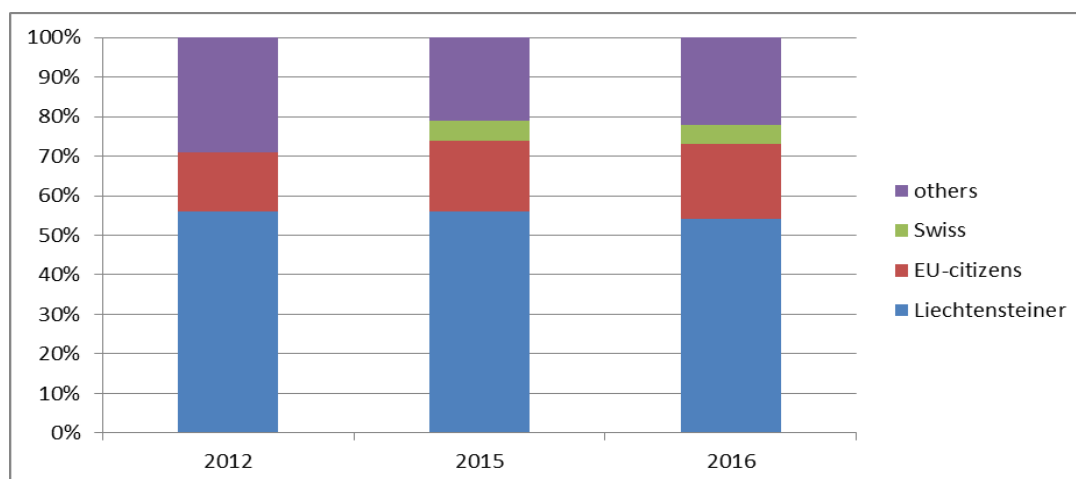
Figure 19: Distribution of average gross monthly wages, based on the evaluation of 2014



Source: Distribution of average gross monthly wages in Liechtenstein; <http://www.llv.li/#/1956/lohnstatistik>

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 20: Percentage of social benefit recipients in 2008 and 2015



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.

Having a look at the demographic composition of the Liechtenstein population, it can be said that both genders of the foreign population are overrepresented in the working age group. The high degree of persons in the labour force age is predominantly caused by immigration into Liechtenstein. The foreign population shows a significant difference to the population with Liechtenstein nationality. Foreigners living in Liechtenstein are strongly overrepresented in the labour force age. When reaching 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 those in Liechtenstein.

A very specific effect of the high share of foreigners in Liechtenstein and commuters to Liechtenstein is the number (and of course the amount) of pensions paid to persons abroad. In 2016 63.6% of all pensions paid out by the AHV – the number, not of the sum of pensions – 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 effect to financial difficulties within the state pension funds (AHV).

Finally, Liechtenstein faces a political discussion regarding the currently given possibility to receive a one-off payment of the total amount of one's individual pension

entitlement with the beginning of the pension. This given system might enforce the risk of later poverty due to misguided behaviour when spending or losing the money too fast and early. As a result, these persons can fall back to be dependents on the state social welfare system and in need of social benefits.

2.2.5.6 Austerity measures or budgetary consolidation impacting current pensions

Generally, within the Agenda 2020, the Liechtenstein government initiated cost cutting projects which included measures concerning the social welfare system. One main challenge had been the public pension fund for civil servants and for employees of several public institutions and enterprises (PVS), which suffered from a financial shortfall of approximately 331 million Swiss francs (approx. €314 Mio.) as per December 31, 2012. This financial shortfall prompted the government to restructure the PVS and to create a new public pension fund to tackle chronic underfunding. Therefor an expert commission was installed by the government. The final report of the investigation made clear that the main deficit has to be taken up by state contribution and therefore, finally, by the tax payers, and that at least some of the deficit could only be reduced by cutting employees' benefits. According to the government's report to the parliament, the main necessary changes were:

- Conversion from a defined benefit to a defined contribution system;
- General reduction of the performance target of approximately 10% of the last eligible salary;
- Restructuring of the financial status and closing the budget gap by liquidating the fund for cost-of-living adjustments (effect on the amount of pension payment for actual pension beneficiaries), reduction of the performance target by up to 5% based on the last eligible salary for all actively insured employees, and a major contribution (nearly 100%) to be made by the employer.

There had been no legal action taken by the government against those responsible for a sizeable funding gap as the government concluded that there was not enough evidence to file individual lawsuits. Liechtenstein's parliament has approved the creation of a new state pension fund, which now operates as an independent foundation. The new fund is set up as a collective, defined contribution scheme, which allows municipalities or state-owned companies to join. This is different from the previous defined benefit plan. The state has to account for most of the funding gap of the old pension plan by making a 206 million Swiss francs (approx. €195.6 Mio.) contribution, increasing the funding level up to 90%. It also grants an interest-free loan covering the final 101 million Swiss francs (approx. €95.9 Mio.), which is to be repaid during years with good returns. The contribution of the employees amounts to around 200 million Swiss francs through cuts in their benefits. Retirees will also have to transfer parts of their benefits into these buffers. The discussed and planned measures have an impact on specific population groups, by far the most frequently mentioned were pensioners and those approaching retirement.

Concerning the *AHV* the discussion includes a restriction of the currently very attractive access to early retirement, the complete elimination of the granting of a thirteenth pension-payment at the end of the year, and the increase of the statutory retirement age (which is equal for both genders, currently at the age of 64). Any cutting of the pension levels (at least in nominal terms, which may be partially offset by falling prices) has not been part of the public considerations so far. In principle, changes in access to the state pensions, such as raising retirement ages in the future, have the advantage from a cyclical point of view that they signal a longer-term commitment to fiscal consolidation without immediately depressing demand. Cuts in current state pension levels, however, unless targeted at those on higher incomes, will be regressive in distributional terms and have a substantial depressing effect on demand, as state pensions are more than proportionately important for those on low incomes.

In Mai 2016 the Liechtenstein parliament approved the suggested restructuring of the second pension pillar, the company pension scheme, which is regulated in the Act on Occupational Retirement (BPVG).⁸⁶ The restructuring measures to improve the company pension scheme have been evaluated as very useful improvements in face of the increasing life expectancy and the low earning on the financial markets. They include increased contributions from employers and employees from currently 6% to 8% as well as the abolition of the insurance free amount, which will both lead to a more stable financial situation in the pension insurance funds. During the controversial debate in the parliament it was clear, that the measures will not be sufficient to cover in future the retirement pension as these are calculated using conversion rates in accordance with actuarial principles which base on the market interest rate. Based on the very low, nowadays negative market interest rate and the demographic change, the approved contribution increase will probably not be sufficient in midterm.

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. However, the credits will raise *AHV/IV* benefits at the most to the maximum pension of 2,320 Swiss francs (approx. €2,203) per month.

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.

⁸⁶ Source: <https://www.fma-li.li/files/fma/fma-betriebliche-personalvorsorge-ausgabe-2016.pdf>

2.2.5.8 Future adequacy and the challenge towards

Pension systems can no longer promise to provide generous benefits to the ever-increasing number of pensioners in Liechtenstein. Increases in life expectancy, sharp declines in fertility, and the ageing of the society have contributed to compromise the affordability of Liechtenstein's pension system. As a pragmatic imperative, it needs continuous periodization and a framework of coherent activities within the social welfare system. To cope with these challenges it seems necessary to the authors to install a series of indicators to monitor the various developments and report on a regular basis in order to reflect influences on work and family life, on the labour market, and on government policy in respect of the material welfare situation in Liechtenstein. Based on the low level of available data regarding widely used definitions when measuring social welfare, especially pension adequacy in Liechtenstein, no long-term comparison with other countries is possible. The advantage of such analyses would be to record the standards achieved, to discuss the results shown by other nations, and to adapt measures that were implemented with success in other highly developed economies to the local level of Liechtenstein.

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.⁸⁷

Another challenge is still the public pension fund for civil servants and for employees of several public institutions and enterprises (PVS). The National Administration of Liechtenstein as the main policyholder of the PVS is very strongly affected by the measures to restructure the PVS. The new rules entered into force on 1 July 2014. Since then, even unpopular measures have been installed, including a reduction of the conversion rate, which lead to lower pension entitlements.⁸⁸ The political parties are distinctly and unanimously dedicated to achieving a balanced budget, but there is still much to do to reach this goal.

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 2.0% (May 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,

⁸⁷ Source: Erste Ergebnisse der Generationenbilanz 2012, Stabstelle für Finanzen.
<http://www.regierung.li/index.php?id=158&uid=1206>

⁸⁸ Source : <http://www.volksblatt.li/nachricht.aspx?p1=fl&id=113435&src=vb>

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.

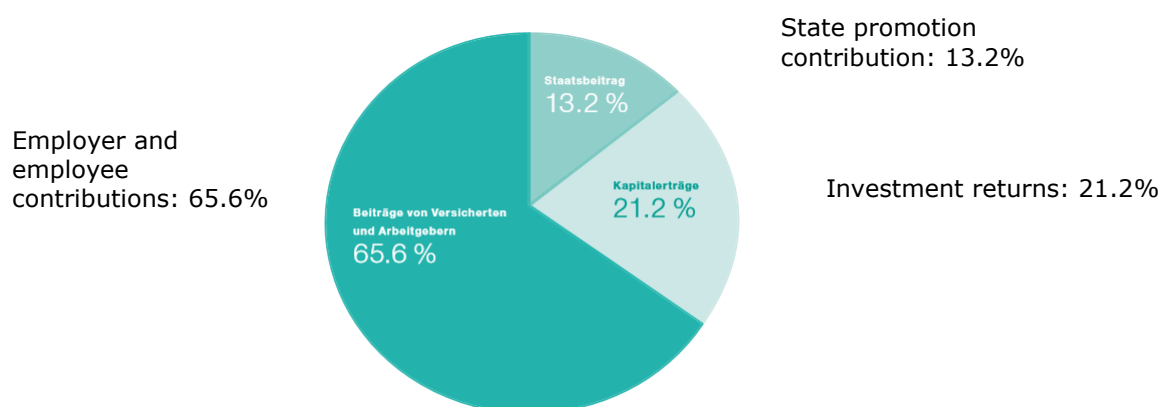
2.2.5.12 Recommendations (Last updated on 06/2017)

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. This will either lead to reduced pension benefits, compared to today's pension scheme. The annuity calculation, meaning the way in which pension accumulations are converted into an income stream, must therefore be revised. Other options are: increasing the share of employed persons (in particular women who often work part time or stop their employment when they have children); reducing the attractiveness of early retirement; increasing the retirement age of currently 64 years for both, men and women. This, of course, needs public debates and political decisions, and it has also to be taken into account that the Liechtenstein constitution provides for direct influence of the people by means of referendum and popular initiatives.

Another possible approach to improve the current state pension system might be to explore new ways to either shift or share more of the risk with their employees. This might be reached by shifting employees from defined benefit to defined contribution plans, cash balance, or hybrid plans. These new plans typically offer less generous benefits than the given AHV system which they would replace, but they would make the whole AHV system more affordable in the long term. Such a defined benefit plan would be a widespread approach for pension reform and will come with increased legacy costs but could be an option to better manage the long-term liabilities of the state pension system. It has also to be stated, of course, that it must be secured 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 instead of increasing that risk.

Currently, the AHV is mainly funded by employer and employee contributions as shown by the total contribution system in the figure below for the year 2015.

Figure 21: 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--2016.pdf

Although investment returns are just one instrument to reach 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 should a pension plan

rely on investment returns versus employer and employee contributions?”, “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 are valid for the Company pension Scheme.

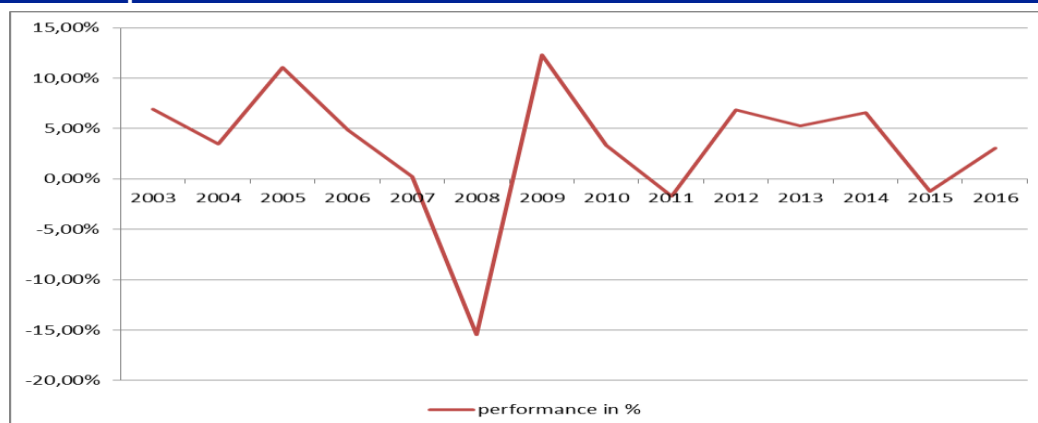
2.2.5.13 Impact of the crisis on current pension systems and present pensioners (Last updated on 06/2017)

The global financial crisis has drawn attention on its potential impact on pension systems and the retirement security of the aging population. Most of this attention has been directed towards the effects of the dramatic decline in the value of the assets in individual retirement savings accounts and the deterioration of the financing of the public pension systems. Within this Annex we show how the crisis has impacted on Liechtenstein's current pension system, especially Liechtenstein's first pillar pension scheme, the *AHV* (*Alters- und Hinterlassenenversicherung*) and the social situation of the present pensioners.

- How has the financial crisis affected the current pension system and influenced the financial situation?

When the financial crisis occurred, it resulted – as with most pension funds – in a devaluation of the accumulated funds of the *AHV*. Though, the extent of the devaluation is depending strongly on the pension scheme which the pension funds may apply, the *AHV* had to realize financial losses and there was a growing recognition among all stakeholders that capital gains can fluctuate significantly. As these investment returns, as shown in chapter 5, are the second largest income generator for the *AHV*, high attention was given to the fact that such investment returns are of high-risk and by far no certain earning-planning data. The performance development of the *AHV* funds returns can be seen in figure below.

Figure 22: Development of the AHV fund in Liechtenstein from 2004 - 2014



Source: Development of the AHV fund in Liechtenstein from 2005 – 2015;
https://www.ahv.li/fileadmin/user_upload/Dokumente/Ueber/Jahresberichte/AHV-IV-FAK-Jahresbericht--2016.pdf

When looking at the effects of the financial crisis, the question about sufficient regulations and supervision rises automatically. As within the *AHV* regulation, no gap regarding an improvement of the given risk management standards was detected, the given legal and risk management regulations did not need to be adjusted. The *AHV*, as a first-pillar pension fund is designed to function over a long time horizon and therefore there is a need that the first-pillar ensures protection for all pensioners vulnerable to this kind of shock. From a political point of view, the reform of the current pension system represents therefore a necessity. The most important lesson learned from the crisis is that the reform

should be driven to completion even when politicians are expected to respond in financial crises to fundamentally critical measures like early retirement or pension guarantees. These actions affect structural reform and have long-term negative effects on the public pension system's sustainability.

- How will upward adjustments of the pensionable age and restrictions in the access to early retirement benefits have affected labour market patterns and social conditions?

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.⁸⁹ In 2012, based on the officially published problems of the Liechtenstein pension system (AHV), the government stated that one of the necessary measures to tackle the basic financial problems of the AHV was to rise the pensionable age to 68. Thus, in 2015 a consultation proposal for a long term financial security within the pension system ended. The main intended measures were:

- o Determination of the state contribution to the pension fund of 20 million Swiss francs (approx. €19 Mio.) p. a., adjustment to the consumer price index
- o Increase the employers and employees contribution by a minimum of 0.15 points for each group to a total of 8.1%
- o Upward adjustment of the pensionable age to 65 years for persons born 1958 and younger.
- o Adopting a contribution system for income earned during pension age
- o Transfer the Christmas bonus, which is an extra monthly pension payment, to the regular pension payments and suspend the adjustment for inflation until the Christmas bonus is compensated.

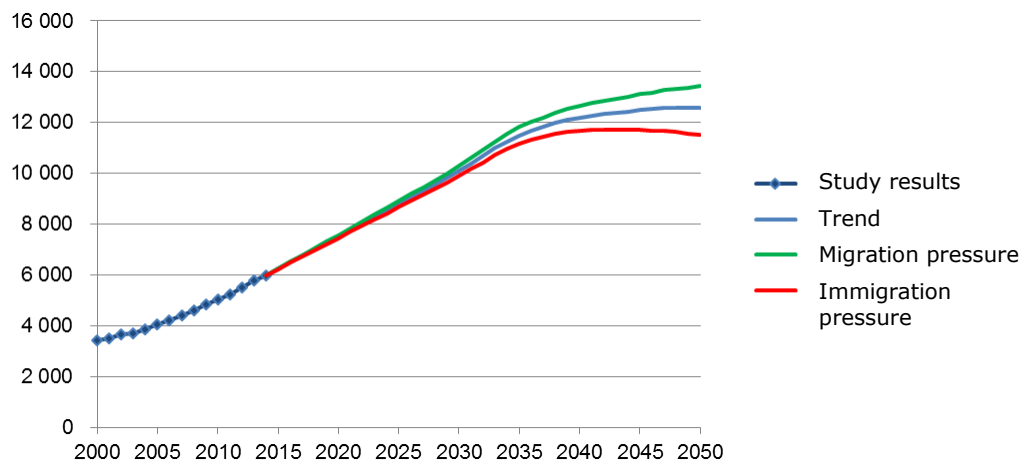
These measures combined with an increase of the employees contribution to the AHV created early retirement as a less attractive option. It is worth mentioning that in 2016 out of all pensioners (20,093 pensioners) 9,792 persons received an early retirement pension, which equals 48.7% of all pensioners⁹⁰. While the overall number of pensioners increased by 3.8% compared to 2015, the number of early pensioners increased by 6.8% in the same time 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 disproportionally 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 23: Scenario analyses of population age in Liechtenstein

⁸⁹ 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 ; 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 .

⁹⁰ Within this figure there are also person who are entitled to a pension but not living in Liechtenstein.



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

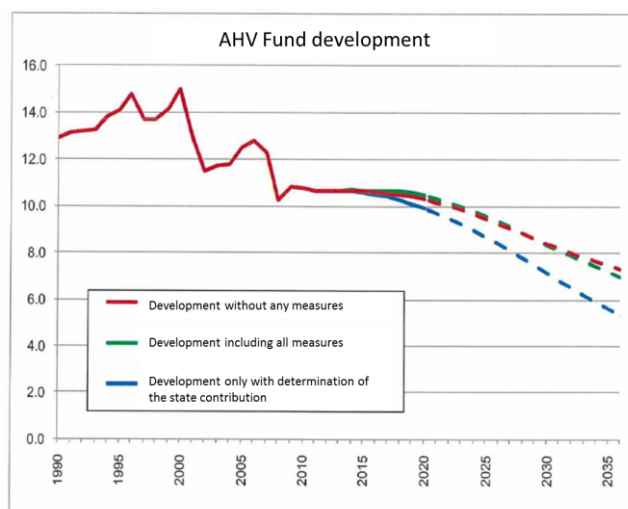
The number of residents being older than 65 years will increase dramatically based on the above shown scenarios within the next decades. Based on scenario "Trend" the population share of persons being 65 years and older will be 28.6% in 2050, whereas the same population share has been 16.0% in 2014.

- How do budget consolidation measures directly influence the pension system and the social situation of older people?

When the Liechtenstein parliament adopted an act to freeze State subsidies to Liechtenstein's first pillar pension scheme (AHV) to relieve the State budget, the AHV, which since 2003 pays out more than it collects from contributions of the insured, faced a significant loss of revenues.

This estimated effect prompted the government to define measures, as it is the declared main objective to preserve the financial reserves and a substantial part of the capital gains of the AHV to cope with the upcoming challenges. To compensate at least partly these losses of revenues, a compensation plan was adopted. The main measures are higher reduction rates for early retirement pensions, the adaptation of the indexation mechanism, and an increase of certain AHV contributions. This analysed situation and evaluated effects of the measures can be seen in the figure below.

Figure 24: Development of the AHV financial resources from including forecast



Source: *Development of the AHV financial resources from 1990 – 2013*; http://www.llv.li/files/srk/pdf-llv-rk_vernehmli_zukunft_ahv.pdf

However, a full compensation for the *AHV*'s loss of income is not expected by these measures. The higher reduction rates for early retirement pensions came into force in 2012 but 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.

The premium contribution was increased by about 0.3 percentage points to 8.1% from 2018 onwards (in 2016 it was 7.8%). The statutory retirement age was fixed at 65 years for all contributors which were born in 1958 or later (up to 2015 the retirement age was 64 years).

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. €1.3 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.

And finally a reduction in the state contribution was decided. Thus, in 2015 the state contribution to the *AHV* was 50 Mio. Swiss francs (approx. €43.3 Mio.), in 2016 it was 52 Mio. Swiss francs (approx. €48.1 Mio.) and in 2017 it will be 54 Mio. Swiss francs (approx. €50 Mio.). But from 2018 onwards it will only be 30 Mio. Swiss francs (approx. 27.8 Mio.).

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 06/2017)

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.

Since 2011 taxation of natural persons is based on a combination of a wealth- and personal income tax. Companies based in Liechtenstein are subject to a flat income tax rate of 12.5 %. The 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.

The UN Convention on the Rights of Persons with Disabilities (UNCRPD) 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 of the Association for Human Rights in Liechtenstein (Gesetz über den Verein für

Menschenrechte in Liechtenstein; VMLG).⁹¹ 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.⁹² The Ombudsman's Office for Children and Young Persons, based on the Act on Children and Youth (ACY)⁹³ continues to exist within the new Association for Human Rights.

2.3.1 Education (Last updated 12/2016)

The educational institutions in Liechtenstein offer a wide range of opportunities on primary and lower secondary level. Access is guaranteed for all children and young people domiciled in Liechtenstein, regardless of origin, religious affiliation, sex or a possible disability. This means, the current legal situation in Liechtenstein gives the right and the obligation for children, based on the Act on School Education (Schulgesetz, SchulG)⁹⁴, 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. This compulsory school system guarantees that each child domiciled in Liechtenstein acquires a basic grounding. 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 school education is financed by the state. 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 Liechtenstein which fulfil the state curriculum.⁹⁵ 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 studies⁹⁶ and the conclusions found for Liechtenstein, the main measure to support children from deprived economic backgrounds within the educational system in Liechtenstein, were focused on pupils from an immigrant background.⁹⁷ 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.

⁹¹ Gesetz vom 4. November 2016 über den Verein für Menschenrechte in Liechtenstein (VMRG), LGBI. 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

⁹² As Directive 2000/43 has not been transposed in Liechtenstein, the body has not been officially designated in accordance with Article 13.

⁹³ Kinder- und Jugendgesetz vom 10 Dezember 2008 (KJG), LGBI. 2009, no. 29.

⁹⁴ Schulgesetz (SchulG), 15.12.1971, LGBI. 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

⁹⁵ These private institutions are: Waldorfschule, Schaan: <http://www.waldorfschule.li/> and the Formatio Schule, Triesen: <http://www.formatio.li/>

⁹⁶ Liechtenstein took not place in the PISA studies 2015. Thus no more recent figures are available.

⁹⁷ Forschungsgemeinschaft 2011, S. 20; Konsortium PISA.ch, Source:

https://pisa.educa.ch/sites/default/files/20140923/pisa2012_vertiefende_analysen_0.pdf

Education spending has been protected and the investment structure remained unchanged within the agenda 2020. But in a changing environment with new requirements on the labour market, an adaptation of the current school system with regard to more individual education options seems necessary.

2.3.2 Taxation and inequality (Last updated 06/2017)

On September 23, 2010 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. Research and development activities are also financially supported using an IP Box, which means that 80 % of income through intellectual property rights is tax-free. 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.⁹⁸

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. The number of social assistance cases increased and the total amount spent in 2016 for social assistance rose about 14%.

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 state's goal was to collect as much tax revenue as possible until the end of 2014. 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. In 2015 and 2016 the number of voluntary declarations has declined.

2.3.3 Anti-discrimination (Last updated 06/2017)

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 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).⁹⁹ The UN Convention on the Rights of Persons

⁹⁸ 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&tablesel=0&observe_date=21.01.2016

⁹⁹ 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&tablesel=0&observe_date=27.04.2016

with Disabilities (UNCPRD) has not yet been signed and ratified by Liechtenstein. Nevertheless, the Liechtenstein government declared in 2013, that the recommendations made during its universal periodic review on 30 January 2013 are welcome. 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.¹⁰⁰ 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 2000.¹⁰¹

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, the Liechtensteiner government decided to establish an independent national association for human rights and to reorganise the duties of the governmental Offices by law. Therefore the government proposes to set up a non-profit organisation which serves as an institution acting independently and on its own initiative. The new independent institution promotes human rights which mainly affect the weakest groups in Liechtenstein's society (physically impaired persons, children, single mothers, asylum seekers, undocumented aliens etc.). Furthermore it provides recommendations to the relevant authorities and advise them regarding the implementation of recommended activities or processes.

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 25: Development of officially known racial discrimination cases in Liechtenstein

	2010	2011	2012	2013	2014	2015	2016
racial discrimination and crimes perpetrated with racist or xenophobic	6	1	1	1	2	6	8
• convictions	1	0	0	0	1	4	5

Source: Development of officially known racial discrimination cases in Liechtenstein; Source: <https://www.landespolizei.li/Portals/0/docs/pdf-Files/Statistiken/Jahresbericht2016.pdf>

Nonetheless, Liechtenstein still needs further efforts to challenge discrimination. A comprehensive anti-discrimination act, covering all grounds of discrimination and including provisions regarding an independent ombudsman office would be welcome from the point of view of anti-discrimination. Although the European Convention on Human Rights (ECHR)¹⁰² 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.

¹⁰⁰ 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

¹⁰¹ 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.'

¹⁰² Convention of 4. November 1950 on the Protection of Human Rights and Fundamental Freedoms, LGBl. 1982, no. 60/1.

2.3.4 Gender equality¹⁰³ (Last updated 12/2016)

The Act on Equality between Women and Men (AEWM)¹⁰⁴ 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)¹⁰⁵ states clearly that an employer may not discriminate against an employee for gender reasons, due to the AEWM. Art. 27 of the 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. Based on Art. 19 of the AEWM, the Office for Equal Opportunities was established to act as a Counselling Office for gender related issues. Since 2005 the body was designated to deal with disability, gender, migration and integration (including race and ethnicity), sexual orientation and social disadvantage. The office is assigned to the Ministry of Society based on the By-law of the governmental and administration organization (Regierungs- und Verwaltungsorganisationsverordnung (RVOV), 28.03.2013, LGBl 2013, no. 163). The governmental reorganisation in 2013 has led to a transfer of the governmental tasks of the Office for Equal Opportunities to the Office for Social Services whereas the independent tasks of the Office for Equal Opportunities were transferred to the newly installed national association for human rights in 2016.

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 06/2017)

The involvement of stakeholders in policymaking and suggestions for improvement is mainly realised by the given legal right of the national Association for Human Rights in

¹⁰³ Either men/women or male/female can be used, but please ensure consistency as far as possible.

¹⁰⁴ 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&lglid=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

¹⁰⁵ Allgemeines bürgerliches Gesetzbuch (ABGB), publiziert im ASW, LGBl. 1967, no. 34. Source: https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lglid=1003001000&version=14&search_text=Allgemeines_Bürgerliches_Gesetzbuch&search_loc=text&sel_lawtype=conso&compl_list=1&rechts_gebiet=0&menu=0&tablesel=0&observe_date=21.01.2016

Art. 4 of the Act of the Association for Human Rights in Liechtenstein (Gesetz über den Verein für Menschenrechte in Liechtenstein; VMLG).¹⁰⁶ This new and independent institution provides recommendations and advise to the relevant authorities in the process of policy elaboration and issues of the implementation of recommended activities / measures in all areas affecting human rights. They have the legally defined task to promote human rights, which mainly affect the weakest groups in Liechtenstein's society (physically impaired persons, children, single mothers, asylum seekers, undocumented aliens etc.). Thus, legislative changes and reform programmes in the area of human rights can only be concluded after the new Association for Human Rights has been consulted.

There are two additional bodies whose competence is to represent children's views (ombudsperson for children and adolescents, which is now part of the Association for Human Rights) or the view of people with disabilities (Office for Equality of People with Disabilities¹⁰⁷). They are also engaged in the process of policy elaboration through consultations and working groups by the government.

¹⁰⁶ 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

¹⁰⁷ Liechtensteiner Behinderten-Verband: <http://www.lbv.li/>.

Appendix 1 Summary Table on provision for asylum seekers and refugees (Last update on 06/2017)

Policy area	Asylum Seekers	Refugees	Beneficiaries of subsidiary protection	Undocumented migrants	Other 3 rd 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? ^(a)	Yes	Yes	Yes	Yes ¹⁰⁸	No	Financial care benefits 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). Undocumented migrants are falling under Art. 3a of the by-law to the Law on Asylum. This article rules 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. There is no definition of other 3 rd 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.	Asylum seekers, temporary 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.
2. HOUSING: Is support (in cash or in kind) given for safe and stable housing? ^(b)	Yes	Yes	Yes	Xes ¹¹⁶	No	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. There is no definition of other 3 rd 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.	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.

¹⁰⁸ Undocumented migrants are falling under Art. 3a of the by-law to the Law on Asylum. This article rules 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.

3. INTEGRATION PROGRAMMES:	Yes	Yes	Yes	Yes ¹⁰⁹	No	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.	
a) Are (comprehensive) integration programmes available? What is the average length? ^(c)							
b) Are there flexible arrangements for integration courses, which take account of the individual's situation? ^(d)	Yes	Yes	Yes	Yes ¹¹⁷	No	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.	
c) Is childcare available during integration courses?	Yes	Yes	Yes	Yes ¹¹⁷	No	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.	
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? ^(e)	Yes	Yes	Yes	Yes ¹¹⁷	No	The responsible authority immediately appoints an authorised representative for unaccompanied minor asylum seekers, to take care of the minor's interests for the duration of asylum application process. 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.	
5. INTEGRATION INTO THE EDUCATIONAL SYSTEM: Is there assistance with integration into the educational system for	Yes	Yes	Yes	Yes ¹¹⁷	No	The compulsory education regulation in Liechtenstein also applies to unaccompanied minor asylum seekers. Thus, after reaching a certain level of language knowledge, minors are integrated into regular school classes. During	

¹⁰⁹ Undocumented migrants are falling under Art. 3a of the by-law to the Law on Asylum. This article rules 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.

children? ^(f)						the whole process and until the minor reaches age of majority, a person of trust is responsible for the child. This person is nominated by the Office of Social Services. In certain cases the court appoints a person to take care of the personal interest of the child (Art. 12 of the Law on Asylum).	
6. HEALTH CARE: Is there access to health care? ^(g)	Yes	Yes	Yes	Yes ¹¹ ₈	No	Yes, 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).	
7. MENTAL HEALTH SCREENING: Are psychosocial evaluations of refugees and asylum seekers systematically performed upon their arrival?	Yes	Yes	Yes	Yes ¹¹ ₈	No	Based on 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. Nevertheless, asylum seekers and refugees are asked about any serious health problems of relevance to the asylum and removal procedures 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	Yes ¹¹ ₈	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? ^(h)	Yes	Yes	Yes	Yes ¹¹ ₈	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			Art. 30 of Law on Asylum rules family reunification. The law states that in case of family members of a temporary admitted person who which to reunify, temporary admittance can be given. 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); Family members of recipient of subsidiary protection, who have been separated by the circumstances of their flight and who wish to reunify in Liechtenstein, are given asylum.	
PROMISING/INNOVATIVE PRACTICES ⁽ⁱ⁾	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)¹¹⁰ 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 2016.¹¹¹

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.¹¹² In 1999, the Liechtenstein public health system was changed into an open system of family-doctors ("*Hausarztsystem*"). 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

¹¹⁰ 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>

¹¹¹ 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>

¹¹² 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.

information, the Liechtenstein Health Insurance 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 Health¹¹³ 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 case of an explicit reference to a specialist doctor who has no contractual relation with the Liechtenstein Health Insurance Funds' Association, due to lack of specialist knowledge of doctors within the public health system, the Health insurance fund would also reimburse 100%.

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. An example is provided in Appendix 2-6. the tariff as follows (premium structure from one official health insurance company, the premiums can differ in the category of free choice of outpatient benefit providers as shown below.¹¹⁴

Figure 26: Premium system of the mandatory health care insurance with free choice of outpatient benefit providers

Age bracket	Monthly premium with accident cover	Monthly premium without accident cover
Children up to age 16	10 Swiss francs	10 Swiss francs
Age 17 – 20	194.70 Swiss francs	186.60 Swiss francs
Age 21 and above ^{115*}	389.40 Swiss francs	373.70 Swiss francs

Source: Premium system of the mandatory health care insurance with free choice of outpatient benefit providers; <https://www.concordia.li/content/concordiali/de/private/produkte0/OKP/plus.html>

¹¹³ Source: <http://www.llv.li/#/1908/amt-fur-gesundheit>

¹¹⁴ The numbers in € are about 5 per cent lower than the Swiss francs quotation.

¹¹⁵ Premium amount is without additional franchise and excess costs which are between 500 and 900 Swiss francs per year, depending on the contract type chosen.

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, 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)¹¹⁶ 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 Sozialhilfegesetz¹¹⁷) as follows:¹¹⁸

- 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 francs¹¹⁹ (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 Act¹²⁰, 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

¹¹⁶ <http://www.llv.li/#/12560/beratungs-und-beschwerdestelle>

¹¹⁷ Sozialhilfegesetz vom 15. November 1984, LGBI 1985 no. 17; source: <https://www.gesetze.li/lilexprod/lgsystpage2.jsp?formname=showlaw&lqblid=1985017000&queltiqdate=21012016>

¹¹⁸ 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-houshold as the married couples without children.

¹¹⁹ 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.

¹²⁰ 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)

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.

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.

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

