

MUTUAL LEARNING PROGRAMME:
PEER COUNTRY COMMENTS PAPER – CYPRUS

Active Inclusion Measures for Lone Parents: One Size Fits All?

Peer Review on “Pathways to Work for Lone Parents”
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1 LABOUR MARKET SITUATION IN THE PEER COUNTRY

This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on Cyprus's comments on the policy example of the Host Country for the Peer Review. For information on the policy example, please refer to the Host Country Discussion Paper.

Lone parents in Cyprus face a very high poverty risk despite the fact the majority (77% with children 0-6 and 85% with children over 6) are in full time employment. The risk of poverty for lone parents is gender specific: 9 in 10 lone parents are women (in the Census of Population of 2001, 12,832 lone parents were enumerated, the majority of which, that is, 11,284 or 88% were women) and 4.5% of women aged 15 years and over are lone parents, a proportion much greater than that of men (0.7%)¹.

However, a significant proportion of female lone parents are inactive (21% with children 0-6 years and 11% with children over 6 years), while in contrast the employment rate for male lone parents is 100% (the data available for unemployed and inactive male lone parents with children 0-6 is uncertain). This points to the need for targeted active inclusion policies that are tailored to the needs of lone parents and that incorporate a gender perspective in their formulation and implementation.

If child poverty risk is analyzed taking into consideration family structure, the image that there is no child poverty in Cyprus appears to be called into question. One in two children who live in lone parent [mother] families are below the poverty line² and child poverty appears to have increased over time as the number of single parent families also increases³. It should be noted that child benefit is a flat rate benefit which is the same for all children and for all kinds of families. Thus child benefit does not contribute to the elimination of differences in family poverty risk because children who live in lone-mother households face higher poverty risk.

According to EU-SILC data, indicators on housing costs per household type show that lone parents (the majority of whom are women) share the highest burden related to housing costs than any other household type with dependent children (23% as compared to 13% for households with 2 adults and 1 or 2 children). These figures are consistent with the share of housing costs in the total income net of housing allowances that also indicate a higher burden for lone parents and single households without dependent children (20% and 25% respectively).

Childcare as a formal social welfare provision is a relatively new concept in Cyprus, although it is a major concern for most employed as well as unemployed women. Formal childcare facilities for the youngest children (0-3 years), and in particular day care nurseries, are in very short supply and not easily accessible. For this reason, many parents opt out of formal child care for this age group. For example, there are only 12 public day care nurseries and most are in urban areas. Although community nurseries have a better geographical coverage, they are still few (46 in total) and far between. Private care options are more readily available but the high cost of this option renders it inaccessible for low-income families.

¹ Cyprus Statistical Services, (2004), Census of Population 2001, Housing and Household Units

² Economic Studies Centre, University of Cyprus, Newsletter 13, February 2008
www.erc.ucy.ac.cy/greek/Newsletter/newsletter_Feb_2008.pdf

³ The total divorce rate has increased sharply in the last decade from 7,3 (1990) to 23,3 (2005). For every 100 marriages, 23,3 are expected to end in divorce. Ministry of Labour and Social Insurance (2007) Report on National Follow-up to the UNECE Regional Implementation Strategy (RIS) of the Madrid International Plan of Action on Ageing (MIPAA) April 2007

2 ASSESSMENT OF THE POLICY MEASURE

A range of policy measures and schemes are available in Cyprus to tackle the risk of poverty among single parents and promote their integration in the labour market. In contrast to the host country, however, single parents are not specifically targeted in active inclusion measures. Rather, single parents fall within the framework of measures targeting 'vulnerable population groups' which are considered to be at higher risk of poverty and social exclusion.

Employment Counsellors

Those policy measures that have similar elements to the example of the host country include the appointment of employment counsellors within the Public Employment Services that aims to provide a more personalized service for unemployed persons belonging to 'vulnerable population groups that meet one's individual needs.

Employment Counsellors (EC) provide services in all regional and local employment offices and are trained to guide their clients through an evaluation of their abilities and qualifications, the identification of relevant further training and/or work experience, job placement according to their skills and qualifications, and the provision of continuing monitoring and support. Similar to the host country example of Personal Advisers, employment counsellors provide one-to-one support from a single adviser from the time of making a claim to job entry and receiving in-work support. The ECs also assist in the development of job-seeking skills, CV development, may escort the candidate to job interviews, and generally prepare the candidate for transition to work. ECs provide information and place clients in the various programmes and schemes available for the unemployed including those offering vocational training, on-the-job training, and job placements (see below). The services of ECs are available to unemployed newcomers aged 15-24 years, young secondary school graduates, female long-term unemployed, unemployed belonging to vulnerable population groups (including lone parents), persons with disabilities, and recipients of public assistance. Unfortunately, there is no available data on the ratio between ECs and clients, or on the rate of use of this service by lone parents as compared to persons belonging to other population groups. It is also unclear as to what types of support are most likely to be offered to lone parents given their specificities (for example, lone parents may need more support in finding flexible forms of employment due to care responsibilities). Further, it is not possible to evaluate the effectiveness of this type of support in integrating lone parents into the labour market, as no formal evaluation has been carried out to date.

Financial Incentives

Under the Public Assistance and Services Laws 1991-2003, a person legally residing in Cyprus whose resources are not sufficient to meet his/her basic and special needs, may be entitled to financial assistance and/or social services. In the past, the function of the law on public assistance was restricted to poverty alleviation and did not include financial and non-financial incentives to work. This changed with the new Public Assistance and Services Law of 2006, which introduced incentives to work and gives more attention to connecting employment, active inclusion and adequacy of minimum resource (i.e. basic and special needs).

Single parents who are recipients of public assistance are eligible for additional benefits which can be described as financial incentives to work. A beneficiary can work and receive these benefits, subject to belonging to specific vulnerable groups as defined by the law. These include single parents, disabled individuals, families with four or more children, and persons that due to serious family circumstances need financial assistance in order to prevent the separation or dissolution of the family. If a recipient finds a job after being

unemployed for at least 6 months, the minimum resource is not withdrawn immediately but continues to be paid for 4 months, then 2/3 for the subsequent 4 months and, finally, 1/3 for the last 4 months of the year⁴. This is somewhat comparable to the Return to Work *Credit for Lone Parents* scheme implemented in the host country by providing additional financial incentives to return to work. Furthermore, within the framework of social cohesion measures, for single-parent families 50% of the net income from employment, (or €256 per month, whichever is the largest) is not taken into account when determining the right to and the amount of public assistance. Child benefit is also not taken into account. Single parents are also eligible for an additional monthly allowance, including additional amounts for each dependent child. Although it is considered that lone parents are among those that benefit most from the amended law, as well as from the additional provisions specifically for lone parents, there are no data available in order to evaluate the effectiveness of such in-work benefits in encouraging single parents to return to work. Another factor to consider is that these benefits are available only to those lone parents that are public assistance recipients and are not available for those lone parents who do not qualify for public assistance but still face significant barriers in entering or returning to the labour market.

Training Programmes

The Human Resource Development Authority offers a number of training programmes for the unemployed or inactive population in cooperation with the Ministry of Labour, and with the support of the European Social Fund on subjects such as computer literacy, basic accounting, professional behaviour and communication skills, entrepreneurship and managerial skills for graduates, among others. Candidates must be unemployed and can access the training programmes through their Employment Counsellor. Participants are paid €8 per hour less social security and the programme runs for 160 hours.

The Social Welfare Services (SWS) implemented the project “Vocational Training and Promotion of Public Assistance Recipients in the Labour Market” from 2005 to 2008 which aimed to contribute to the activation of public assistance recipients, by helping participants upgrade existing skills or acquiring new ones to match labour market needs⁵. Following skills training, participants were placed in subsidized jobs in the private sector. During the project 260 recipients were placed in subsidized jobs. Incentives for employers to participate included a 40% subsidy on the gross annual income paid for each participant hired. The employers were also monitored and offered guidance in overcoming difficulties pertaining to hiring public assistance recipients with a view to rendering the employment of these persons permanent. One cannot make an evaluation of the impact of the programme on lone parents as disaggregated data in relation to population groups benefiting from the programme is not available. According to the SWS assessment of the results however, only 26% of employers continued to employ the participants after completion of the project and stated problems related to reconciliation of work and family life among others⁶.

Financial Incentive Programmes for Employers

Other measures that target inactive women include the programme Promotion of Flexible Forms of Employment (FFE) for the programming period 2004-2006 and 2007-2013. During the period 2004-2006 the aim of the programme was the integration of inactive women into the labour market by offering more flexible forms of employment. The main criterion for participation was absence from the labour for at least a 12 month period. The criteria for participation was more relaxed for women under 25, over 50, and lone parents. Through the scheme, businesses were subsidized for a 12 month period with the 50% of

⁴ Public Assistance and Services Law 1991-2003 www.mlsi.gov.cy

⁵ *Vocational Training and Promotion of Public Assistance Recipients in the Labour Market*. Social Welfare Services, Ministry of Labour and Social Insurance, , http://www.mlsi.gov.cy/mlsi/sws/sws13.nsf/dmlindex_en/dmlindex_en?OpenDocument

⁶ Pashardes, Panos, Cyprus – Minimum Income Schemes: A study of National Policies, Peer Review in Social Protection and Social Inclusion and Assessment in Social Inclusion, April 2009.

the employment cost of the hired women. Respectively, every woman was subsidized for the travelling cost to and from her work place. This programme is thought to benefit lone parents in particular as it facilitates the reconciliation of work and family life in the absence of low cost, high quality, and easily accessible child care provision. One hundred and ninety five women benefited from this programme and were placed in 145 businesses. Following a post-project evaluation, it was found that out of the 195 women, 153 (78%) had remained in the labour market (104 in the same position). Thirteen percent of the women who applied were lone parents and 13% of those women employed in subsidized position were lone parents⁷. The women participating in the project mostly preferred morning based part-time or full time work. Fifty eight percent of participants worked part time and the remaining 42% worked full-time. Of those women whose employment was morning based, 66% worked until 15:00 at the latest. Some women combined flexible work forms such as part-time work with flexible hours, or mixed office and home-based work either with fixed or flexible hours, as well as part-time work for less than five days per week.

On the basis of the project results of the previous period, the scheme will continue for the period 2007-2013 although this will no longer be targeting women but both women and men from 'socially vulnerable groups'⁸.

A number of new schemes targeting vulnerable population groups, including lone parents are now being implemented largely to offset the effects of the financial crisis and the increase in unemployment. These involve financial incentives to businesses and other organisations for the employment of unemployed persons and persons from vulnerable population groups as defined above. These include a scheme for on-the-job-training implemented by the Human Resource Development Authority in collaboration with the Department of Labour, the Cyprus Productivity Centre, and the Higher Hotel Institute of Cyprus. The scheme provides targeted provision of incentives for employers, in the form of cash grants and guidance, for the employment and individualized training of the unemployed. The cash grant to employers amounts to €1600 per month⁹. Other schemes co-funded by the European Social Fund include the scheme for the provision of incentives for the hiring of unemployed persons and the scheme for the provision of incentives for the hiring of persons belonging to vulnerable groups. The first involves the provision of financial incentives to employers for hiring the unemployed by subsidizing 65% of the annual salary for the first 12 months of employment to a maximum of 13,000 Euros as well as the transportation costs for the employee for travel to and from work. The second involves the subsidization of 60% of an individual's annual salary to a maximum of 1200 Euros per month for the first six months of employment.

Schemes to reconcile work and family life

Limited childcare availability and affordability remains a significant issue for lone parents and a barrier to their successful integration in the labour market. The Social Welfare Services have funded childcare services and programmes offered by community organisations and NGOs through the Grants-in-Aid Programme and the "Expansion and Improvement of Care Services for the Children, the Elderly, the Disabled and other Dependants" with this objective in mind. The Social Welfare Services are also responsible for the implementation of the project "Expansion and Improvement of Care Services for the Children, the Elderly, the Disabled and other Dependants" under the Single Programming

⁷ *Promotion of Flexible Forms of Employment*, Cyprus Productivity Centre, Ministry of Labour and Social Insurance, [http://www.eveliktes.kepa.mlsi.gov.cy/public/mlsi/pffe/iwebsr.nsf/Lookup/work-doc5.pdf/\\$file/work-doc5.pdf](http://www.eveliktes.kepa.mlsi.gov.cy/public/mlsi/pffe/iwebsr.nsf/Lookup/work-doc5.pdf/$file/work-doc5.pdf). This project is co financed by the ESF and the Republic of Cyprus.

⁸ The project will be co financed by the ESF and the Republic of Cyprus. The FFE budget for 2004-2006 was €1.218.000 whereas for 2007-2013 it is estimated to rise to €4.000.000.

⁹ Human Resource Development Authority, *Emergency Scheme for On-the-job Training for the Unemployed*, <http://www.hrdauth.org.cy/lpiresies/EktaktoSxedioKatartisisAnergwn/EktaktoSxedioKatartisis.htm>

Document, Objective 3, “Human Resources” and co-financed by the European Social Fund and the Government of Cyprus. The main aim of the project is provision of low cost social care services on the local level and it supports the integration of women to the labour market and the reconciliation of professional and family life, implemented by local authorities and NGOs. The programme currently funds 18 childcare programmes for children of all age groups although there is not data as to type of beneficiary, impact, and/or continuity of programmes once the funding period ends.

In the absence of a formal evaluation of most of the programmes and schemes on offer, it is not clear if and how lone parents benefit. It is also unclear as to whether there is coordination between the schemes and programmes on offer, often by different departments of the Ministry of Labour. For example, are lone parents participating in the above mentioned programmes for integration in the labour market offered child-care assistance? Given the dependence on informal child-care arrangements in Cyprus due to absence or poor provision of formal child care, financial assistance for child-care costs as described in the Host Country Discussion Paper would be particularly beneficial for lone parents in Cyprus.

3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

The Northern Ireland programme offers a successful package of measures that help lone parents integrate or reintegrate into the labour market. The most successful components of the programme as identified in the Host Country Discussion Paper included the Dedicated Personal Adviser and the Return to Work Credit. These are elements that are comparable to the Employment Counsellors in Cyprus as well as the new public assistance law that foresees the continued provision of public assistance after the participant enters the labour force.

However, the most effective element of the pilot lies in its focus on lone parents as a target group and the provision of specialist services tailored to their specific needs. Here lies the main difference between the NI and Cyprus case in that Cyprus programmes address ‘vulnerable population groups’ more generally using a ‘one-size-fits-all’ approach. With the economic recession well underway in Cyprus, there is increased demand on public authorities for employment services and thus, as in the host country, it is unlikely that the practice of tailored programmes for particular population groups will become the norm in Cyprus. This can already be seen with the new employment schemes now underway that target persons from ‘vulnerable population groups’ rather than tailoring schemes to address particular groups. Another example of this is the programme Promotion of Flexible Forms of Employment (FFE), which will now be open to all unemployed or inactive persons over 15 years rather than only unemployed women, despite the relative success of the programme in promoting women’s integration in the labour market. Gender, for example, will no longer be a qualifying requirement for participation in the programme. This approach ignores those factors that render people socially vulnerable and risks exacerbating the social exclusion of those furthest from the labour market. The NI case confirms that the pilot’s focused activity was one of the factors that contributed to its success, as compared to mainstream provision.

Another key difference between the two cases is that the NI pilot involved a comprehensive package of services for lone parents whereas in Cyprus, a range of policy measures targeting socially vulnerable groups are offered with little coordination between them. Some coordination exists through the intervention of the Employment Counsellors, but due to the burden of catering to the needs of a number of persons of various categories and with different needs, it is questionable whether the EC is able to cope with these demands. For example, do candidates participating in the training programmes benefit from the

project “Expansion and Improvement of Care Services for the Children, the Elderly, the Disabled and other Dependants” offered by the Social Welfare Services? The NI example of enhanced training for personal advisers could be particularly useful for Cyprus in order for ECs to receive additional training and detailed product knowledge in relation to the schemes and programmes on offer.

Finally, given that public assistance recipients claim reconciliation of work and family life as a main barrier towards employment retention, and other research pointing to the lack of child care provision as a barrier towards the integration of unemployed and inactive women in the labour market, it is clear that the WPPLP provision of financial assistance for child care could successfully be applied and transferred to Cyprus.

4 QUESTIONS

- What were the exact eligibility criteria for participation in the programme apart from being a lone parent on income support?
- Did male lone parents participate in the programme? Did their needs differ from those of lone mothers?
- Was there any evaluation with regard to the effectiveness of coordination between the Department of Social Development, the voluntary community organizations, and external training providers?
- How did the WPPLP interact with other work integration programmes (if any) that lone parents may be eligible for?

ANNEX 1: SUMMARY TABLE

Labour market situation in the Peer Country
<ul style="list-style-type: none"> Lone parents in Cyprus face a very high poverty risk despite the fact the majority (77% with children 0-6 and 85% with children over 6) are in full time employment. The risk of poverty for lone parents is gender specific: 9 in 10 lone parents are women and 4.5% of women aged 15 years and over are lone parents, a proportion much greater than that of men (0.7%). 21% of female lone parents with children 0-6 years are inactive and 11% of female lone parents with children over 6 years are inactive. The employment rate for male lone parents is 100%. One in two children who live in lone parent [mother] families is below the poverty line. Lone parents share the highest burden related to housing costs than any other household type with dependent children.
Assessment of the policy measure
<ul style="list-style-type: none"> The Cyprus Ministry of Labour and Social Insurance offers a range of schemes and programmes for unemployed or inactive persons belonging to 'socially vulnerable groups'. In contrast to the NI pilot, there is a one-size-fits-all approach to service provision and there are no specific schemes targeting lone parents. There is no data available to evaluate the effectiveness of existing schemes in getting lone parents back to work. There seems to be little coordination between the different schemes on offer.
Assessment of success factors and transferability
<ul style="list-style-type: none"> The Northern Ireland programme offers a successful package of measures that help lone parents integrate or reintegrate into the labour market. The most effective element of the pilot lies in its focus on lone parents as a target group and the provision of specialist services tailored to their specific needs. The most successful components of the programme included the Dedicated Personal Adviser and the Return to Work Credit which are elements comparable to the Employment Counsellors in Cyprus as well financial benefits offered to in-work lone parents that are public assistance recipients. Cyprus could benefit from the NI examples of financial assistance for child-care costs and the enhanced training for personal advisers.
Questions
<ul style="list-style-type: none"> What were the exact eligibility criteria for participation in the programme? Did male lone parents participate in the programme? Did their needs differ from those of lone mothers? Was there any evaluation with regard to the effectiveness of coordination between the Department of Social Development, the voluntary community organizations, and external training providers? How did the WPPLP interact with other work integration programmes (if any) that lone parents may be eligible for?