

Social economy - laying the groundwork for innovative solutions to today's challenges (Paris, 10-11 December 2012)

Comment paper Cyprus¹

Stella Moustaka Playbell
Social Welfare Services (SWS)
Ministry of Labour and Social Insurance²

1. What are the current situation and the recent trends in your country in relation to social economy?

Social economy in Cyprus is not well developed. There is a lack of an integrated theoretical framework, a strategic plan and also awareness. This situation is described in a research commissioned by the Social Welfare Services (SWS), in 2008³. In relation to the issue of Social Economy as it is analysed in the discussion paper, relevant organisations in Cyprus are mainly classified under two pillars: (i) Cooperatives and (ii) non-profit Voluntary Organisations (otherwise called NGOs). Cooperatives mainly focus upon the following sectors: Finance, agriculture, manufacture and services. Their aim and structure are relevant to the principles described in the discussion paper. According to the Cyprus Statistics Department, in 2011, an employment of 2,500 persons has been noted and a contribution to GDP of 386,000,000.

As far as the NGOs are concerned the current situation and trends are described in short below:

- Most of the NGOs are legally registered under the Associations and Foundations Law 57 of 1972 and are run by elected councils. Additionally non profitable institutions may be registered under the Department of Registrar of Companies and Official Receiver. According to the Cyprus Statistics Department, in 2011, all

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² The delegates from Cyprus to the Peer Review on Social Economy come from the Social Welfare Services, Ministry of Labour and Social Insurance. Social Welfare's Services mission is to safeguard social cohesion and social solidarity; to provide social protection, achieve social inclusion and promote equal opportunities for all citizens in the Republic of Cyprus; to combat poverty and social exclusion and to promote the interests of individuals, families and communities.

One of the main aims of the government's policy in the area of social welfare is to strengthen and mobilise voluntary organisations for the provision of quality social care services at a local level and to reinforce the involvement of Local Authorities in the area of social welfare.

The response to the following questions is made from the perspective of Social Welfare Services.

³ The role of NGOs, Social Businesses, cooperatives and other kind of enterprises in Cyprus, in implementing Social Economy programmes, for activating the vulnerable groups of the population (2008), authors "Institute for Social Innovation".



non-profit organisations had 5,707 employees and a contribution to GDP of 150,000,000.

- Currently, there are 185 NGOs registered under the Associations and Foundations Law, that receive an annual grant from the Social Welfare Services through a State Scheme (grant varies between 30% to 50% of their annual budget, while the remaining funds are gathered from charitable activities and from payments received from beneficiaries).
- There is by law a competent agent, the Pan Cyprian Volunteerism Coordinative Council. According to the legislation this agent has a broad role for the coordination and development of the voluntary sector and volunteerism in general and is expected to provide essential support to the Social Welfare Services as a consultant in terms of policy making.

The table below illustrates the type of services that were offered state grant for 2011 from the Social Welfare Services, and the number of beneficiaries.

Grants in Aid Scheme 2011 (Voluntary organisations/NGOs)

Type of programme	Number of programmes	Amount EUR	Beneficiaries
Homes for the elderly	32	1,080,700	713
Pre-school child care centres	59	1,908,150	3,621
After-school care and activity centres	62	982,900	2,675
Home care	32	471,200	Under evaluation
Adult day care centres/Services of the elderly	20	432,500	605
Programmes for people with special needs	52	2,925,650	364
Family support programmes /other programmes	37	675,500	Under evaluation
TOTAL	293	8,373,100	

Overall 293 programmes operated by 185 NGOs

There were approximately 2,000 Employees (data of 2011) working in the previous mentioned programmes.

- Since 2009 an additional Scheme to subsidise Local Authorities for the provision of social care was adopted by the Social Welfare Services: Within the framework of this Scheme, a total of 20 programmes received a total grant of 583,000 EUR in 2011.



Local Authority Subsidisation Scheme 2011

Type of programme	Number of programmes	Amount EUR	Beneficiaries
Homes for the elderly	0	0	0
Pre-school child care centres	4	86,000	93
After-school care and activity centres	14	277,500	527
Home care	3	46,500	71
Adult day care centres/Services of the elderly	4	87,000	84
Programmes for people with special needs	2	76,000	44
Family support programmes /other programmes	1	10,000	Under evaluation
TOTAL	28	583,000	
28 programmes operated by 23 Local Authorities			

- Recently a research has been made by the Social Welfare Services, to update information for the conditions of employees for NGOs (salaries, education, background, experience etc.). Analysis of data will be available in 2013. In addition effort has been made from the Social Welfare Services to improve the criteria that are applied during the distribution of state grant.
- A number of relevant NGOs apply and receive extra grants that are offered from the Ministry of Health. In 2011 the Ministry of Health granted an amount of approximately 2,500,000 EUR to NGOs which focus upon health issues. Also the Ministry of Education and Civilization, provides support to NGOs, relevant to education needs with professional staff.

2. What framework measures and models to encourage social enterprises are applied in your country?

As already noted in Question 1, there is no integrated theoretical framework for social economy. The only relevant model is the State Scheme which is approved by the Council of Ministers in Cyprus and is applied through Social Welfare's Services policy. This Scheme offers grants for running expenses, as well as for capital expenditure. It is essential to provide evidence that the organisation, which applies for the Scheme, is viable and that it satisfies essential needs towards social cohesion.

3. What are the main challenges for the future development of the social economy and social enterprises?

The main issue is to establish an integrated theoretical framework and well defined social economy units, so that social economy will become an "economic player",



that contributes to the GDP and towards the increase of employment and social cohesion.

For the short term, Social Welfare Services will pursue to establish networks with all relevant stakeholders at district level, with an essential role undertaken by local authorities. The target will be to improve funding, coordination and synergies among current NGOs. Within the framework of this network NGOs will receive additional technical support in order to improve their management and quality of services.

It must be noted that all state grants in Cyprus, must now comply with the requirements of Commission Regulation (EU) (No 360/2012) of the Treaty on the functioning of the European Union to de minimis aid, granted to undertakings providing services of general economic interest. Specific contracts must be made with NGOs, whose grant exceeds 500,000 EUR, in a period of 3 consecutive years.

Technical support for establishing an integrated theoretical framework and applying Social Economy will be pursued in Cyprus from the European Structural Funds.

4. A brief assessment of the learning value of the French good practice to your country

The practice of social Economy in France is surprising and impressive, especially the appointment of a Minister. At present there is a long way for Cyprus to reach to this level.

There are several good practices that can apply to Cyprus, such as the national social economy observatory. It would be important to have more information about the "generation contract" and innovative activities in France. Is there any assessment of the social impact for beneficiaries in France?

Given the description of social economy in France, the question arises whether non-profit organisations that are registered under the Department of Registrar of Companies and Official Receiver as companies Ltd, could be eligible for state grant within a well structured framework of social economy in Cyprus.

