



'Establishment and operation of the Welfare Benefit Management Service (YDEP of the Ministry of Labour, Welfare and Social Insurance)'

**Case study of Cypriot ESF project under the study
'Progress Assessment of the ESF Support to
Public Administration' (PAPA)**

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PROJECT BACKGROUND

ESTABLISHMENT AND OPERATION OF THE WELFARE BENEFIT MANAGEMENT SERVICE (YDEP OF THE MINISTRY OF LABOUR, WELFARE AND SOCIAL INSURANCE)

Operational Programme	Employment, Human Resources and Social Cohesion
Beneficiary organisation	Welfare Benefits Management Service (YDEP) at the Ministry of Labour, Welfare and Social Insurance
Target groups	Recipients of welfare benefits (which are generally the most vulnerable groups of the population)
Project duration	01/07/2014 – 31/12/2020
Budget	EUR 12,139,739
Project manager (email address)	Ms Vathoula Antoniadou, Head of Central Welfare Benefits Management Service, Minister of Labor, Welfare and Social Insurance (eantoniadou@kepa.mlsi.gov.cy)
Partners	-
Project/organisation website	http://www.mlsi.gov.cy/mlsi/mlsi.nsf/index_gr/index_gr?OpenDocument

This case study was produced during the 'Progress Assessment of the ESF Support to Public Administration - PAPA' project that was contracted by DG Employment, Social Affairs and Inclusion of the European Commission. The purpose of this project was to present specific cases of ESF-funded public administration reform and capacity building initiatives, as well as to show the role of ESF financial support to public administration for accountability purposes. This report provides a story on the project '**Establishment and operation of the Welfare Benefit Management Service (YDEP of the Ministry of Labour, Welfare and Social Insurance)**'. The case discusses the characteristics of the team implementing it; main challenges faced and difficulties encountered during implementation; key developments during the implementation process; results and impacts achieved; as well as lessons learnt and the contribution of ESF.

ESTABLISHMENT AND OPERATION OF THE WELFARE BENEFIT

MANAGEMENT SERVICE

Introduction: the context of the project

The Crisis

In the period 2008 - 2013, the economy of Cyprus experienced two separate, but inter-related crises. The first shock in 2008-2009 was external and its impact on economic and employment growth was not as severe as that experienced by other European Union countries. By the end of 2009, output had declined by less than 2% of GDP and the unemployment rate had increased to 5.5% of the working-age population (from 3.8% in 2008), well below the 9% average recorded in the European Union. The second crisis, specific to Cyprus, was triggered by the over-exposure of the banking and financial sector in foreign markets and increasing shares of non-performing loans. The restructuring of the banking sector and the extensive fiscal consolidation pursued to restore public finances caused a contraction of the real economy and a severe deterioration of the labour market. By the second quarter of 2013, the overall unemployment rate had reached 15.7%, while for young people (aged 15-24) in the labour force it had skyrocketed to 40.3%. Job losses affected mostly young workers with low educational attainment, young women, young workers in the manufacturing and construction sectors, young people on temporary, casual and seasonal jobs, and new labour market entrants.

A Remedy – YDEP Project

This reform anticipated that all public social benefits would be managed by the Ministry of Labour, Welfare and Social Insurance (MLWSI). As a result of that, the immediate and pressing need for the creation and operation of the new Welfare Management Service (YDEP) derived. Due to the size of the project, the MLWSI decided to ask for ESF funding. Mrs Maria Pieridou, YDEP Supervisor, and Mr. Phanos Kouroufexis, Minister's associate, were asked to prepare and submit a proposal for funding to the EU for this reform. In this context, they had the full support and personal involvement of the Minister of Labor, Welfare and Social Insurance as well as the Director General of the Ministry.

The reform was one of the pre-election commitments of the President of the Republic of Cyprus, as well as a prerequisite of the Memorandum of Understanding signed between Cyprus and its international lenders.

In 2014, Cyprus established the Guaranteed Minimum Income (GMI) scheme by adopting the Guaranteed Minimum Income and Social Benefits Law of 2014, which replaced the Public Assistance and Services Law of 2006–2013, with the target to replace and centralise all other fragmented benefits. According to Phanos Kouroufexis, 'a rational and productive social welfare system must be characterised by direct and effective support to the citizens who are in need, especially in conditions of high unemployment. With the previous , Public Assistance (PA) scheme, state intervention was limited. Furthermore, many social welfare benefits were provided independently and without information from various departments, agencies and ministries'.

YDEP Objectives

The reform had three main objectives:

- to introduce a system that will provide minimum protection to people who were becoming increasingly more exposed to the risk of poverty;

- to ensure the fundamental human right of every citizen for dignified living; and
- to guarantee a minimum income for every person who does not have sufficient financial resources.

The new policy is intended to correct the distortions of the previous system, specifically¹:

- Management of allowances by many different agencies;
- Lack of proper targeting;
- Overlapping of benefits;
- Time-consuming procedures for submission and processing of applications;
- Provision of benefits to citizens who are not in need of them; and
- Failure to provide enough assistance to those really in need of it.

Public Assistance (PA) Scheme Vs Guaranteed Minimum Income (GMI) Scheme

Main provisions of the PA Scheme – Old Scheme

Any person legally residing in the government-controlled areas of Cyprus with income and other economic resources not enough for her/his basic and special needs was eligible for public assistance benefit, subject to the following conditions:

- for adult Cypriot citizens residence period of at least one year;
- for adult EU citizens employee or self-employed status (those searching for a job are excluded) or proof of adequate economic means for herself/himself and her/his family in the previous three months;
- for adult third country citizens long stay, refugee or asylum seeker status or temporary stay for humanitarian reasons; and
- for under aged persons being victims of trafficking or sexual exploitation.

Irrespective of the conditions above, the following persons were also eligible for public assistance benefit:

- persons with disability and medically confirmed patients treated abroad for a period not exceeding six months;
- persons with disability studying in an educational institution in Cyprus or abroad (for a period not exceeding by more than one year the normal period of their course) to obtain qualifications that will help them become independent of public assistance; and
- persons under the care of the director of the Social Welfare Services (SWS) when they become 18 years old and enrol in an educational institution in Cyprus or abroad in order to obtain qualifications that will help them become independent of public assistance. Moreover, the director of the SWS has the discretion to grant public assistance entitlement to persons in urgent need due to unexpected circumstances.

The public assistance benefit was calculated as a residual payment to guarantee a minimum income for all legal residents, subject to the conditions outlined above. Thus, income from government pension, old age pension, widowed pension, social pension, unemployment benefit, sickness allowance, orphan allowance, rent allowance and other social benefits is subtracted from the public assistance benefit.

At the same time, however, the public assistance benefit was cumulated with other benefits, in the sense that recipients were entitled to additional benefits to satisfy their 'special needs' including:

- special care, clothing or housing equipment for the public assistance recipient or family members she/he is obliged to support;

¹ Soumeli E. (2014), *Cyprus: Guaranteed minimum income*. Available at: <https://www.eurofound.europa.eu/it/publications/article/2014/cyprus-guaranteed-minimum-income>.

- rent for public assistance recipients without access to free accommodation, subject to a limit of 50% of the amount required for their basic needs or up to EUR 600 per month;
- expenses for house repairs (up to EUR 1,700) and the monthly mortgage instalment for owner occupiers, as long as the mortgage loan was taken at least one year before eligibility to public assistance;
- rent for staying in the same rented accommodation for at least five years and expected to stay there for a period longer than one year - up to EUR 1,280;
- professional training or tools or equipment for recipients or their dependents to make them fully or partly independent of public assistance– up to EUR 1,700
- heating - up to EUR 170 euro per annum;
- half the benefit paid for basic needs for personal needs for public assistance recipients with disability;
- contributions to the Social Insurance Fund not paid due to a serious reason – subject to helping partial or complete independence from public assistance; and
- municipality and similar taxes.

Furthermore, the director of the Social Welfare Service (SWS) could provide residence and care services to persons of advanced ageing, disability or in need of care not accessible to them, in addition to medical or hospital care. The SWS paid the difference between the amount agreed with the provider of the residence/care and the amount that the recipient could afford, based on an evaluation by SWS. The director of SWS could also make payments to non-profit organisations or persons for the provision of social welfare services to persons in need. Other payments at the discretionary of the director of the SWS could be made for:

- the repatriation of third country citizens unable to cover its cost;
- the burial of a person receiving public assistance benefit before his/her death and not eligible for this benefit through Social Security Law (up to EUR 340); and
- the birth of a child by a public assistance recipient not eligible for this benefit through the Social Security Law (up to EUR 256).

Main provisions of the GMI Scheme – New System

Entitlement to the GMI benefit is based on a set of eligibility conditions:

- **Age:** The applicant must be at least 28 years old. However, this restriction does not apply to married persons, single parents, orphans, disabled persons and persons who are under the legal care of the Director of Social Welfare.
- **Nationality:** Eligible recipients should be Cypriots, EU citizens and third country nationals only if they are (i) “long-term residents” as defined by the Aliens and Immigration Law or (ii) refugees, as defined by the Cyprus Refugee Law.
- **Residence:** All eligible recipients should have been legally residing in the government-controlled area of the Republic of Cyprus continuously for at least 5 years before the date of the application.
- **Employment:** Unemployed and low-paid employees are eligible for the benefit, but a set of conditions should be fulfilled. In particular, the recipients should register with Public Employment Services (PES), be willing to accept employment provided that they have the required skills for the particular job, not have resigned six months before the date of their application, not resign after submitting their application, not resign while being GMI recipients, participate in vocational/educational seminars, participate in special schemes of community service (in case they’re asked to participate), accept the provision of personal tutoring from vocational counsellors, participate in seminars of personal/social development and finally accept in-house visits from welfare officers if this is deemed necessary
- **Movable property:** Deposits, bonds and shares cannot exceed EUR 5,000 (plus EUR 1,000 for each dependant). This threshold may increase by EUR 20,000 if the movable property (i) is blocked to secure a loan, or (ii) is deposited in the name of a

minor child prior the adoption of the new legislation or (iii) belongs to disabled persons or to elder parents of the applicant whom he/she serves.

- **Immovable property:** The recipient should not have immovable property that exceeds EUR 100,000 (immovable property valued up to EUR 100,000 that is already blocked/secured prior the adoption of the new legislation is excluded). However, home ownership is not taken into account in the means-testing when the house does not exceed 300 square meters.

The rates of the benefits paid to eligible GMI recipients mostly follow fixed criteria, which are clearly set by the relevant legislation. Thus, the scope for discretionary benefits is quite limited in the context of the GMI. This institutional characteristic represents a discernible difference from the previous PA scheme.

The GMI is a top-up benefit calculated as the difference between a prespecified minimum threshold set by the law and the actual income of the recipient. This minimum threshold varies with the structure of the recipient unit and is objectively determined through reference budget methods that are aimed at ensuring that the recipients will enjoy, at least, a minimum acceptable standard of living. The recipients are also entitled to a housing allowance, several cash allowances (which subsidise the care needs of certain categories of recipients) and other minor in-kind benefits.

The current value of the basic income is equal to EUR 480 for a single individual and increases with the size of the recipient unit in accordance with the standard equivalence scales used by Eurostat. The family income is defined as the sum of the monetary incomes of all the members of the family unit; however, certain incomes are excluded. Most importantly, income from employment is partly excluded from the definition of family income.

The housing allowance is aimed at reducing the housing costs of deprived households. Eligible for the housing allowance are GMI recipients who either live in rented accommodation or are homeowners experiencing difficulties in repaying their mortgage loan. The allowance varies according to regional location and the size/structure of the recipient unit.

The particular needs of certain categories of recipients (e.g. families with children, elderly with limited capacity to care for themselves) can be subsidised through a series of specialised allowances:

- Home care includes the provision of assistance with normal daily tasks (e.g. bathing, dressing, personal hygiene). The value of the subsidy cannot exceed EUR 400 per month except in special occasions where the needs exceed the above-mentioned amount. In these occasions the value of the subsidy is higher.
- Day care is provided by adult day care centres and is subsidised by a cash benefit of up to EUR 137 per month plus EUR 50 per month for transportation.
- Residential care is offered by approved residential homes and is subsidised via a cash benefit that varies from EUR 625 to EUR 745 per month plus VAT depending on the needs of the beneficiary.
- Respite care is a temporary/short-term type of care enabling GMI recipients with caring responsibilities to take a break from their daily tasks.
- Child care is also subsidised by a maximum monthly amount of EUR 102.

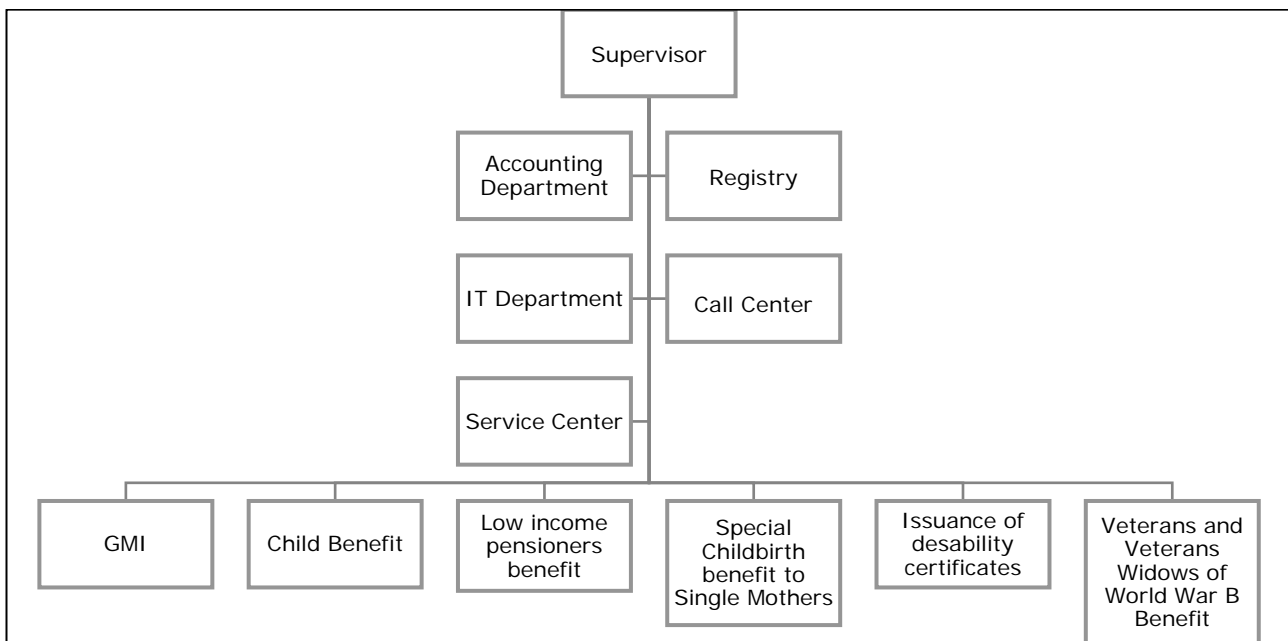
Beneficiaries are required to actively search for work and participate in labour market re-integration measures. A system of in-work incentives is included for all beneficiaries to increase available income of the household when they enter the labour market². Payment of the GMI is on a monthly basis.

² Ministry of Labour, Welfare and Social Insurance (Υπουργείο Εργασίας, Πρόνοιας και Κοινωνικών Ασφαλίσεων) (2014), *National Action Plan for Youth Employment 2014-2017*. (Accessed: 30/10/2017).

Establishment and Functioning of Welfare Benefit Management Service (YDEP) funded by ESF

To implement the reform, in the context described above, the Government set up YDEP (Figure 1) in July 2014 as part of the Ministry of Labour, Welfare and Social Insurance (MLWSI) with the responsibility for implementing the Guaranteed Minimum Income (GMI) and Social Benefits Law of 2014, and the management of the various social benefits paid by MLWSI.

Figure 1. YDEP structure



Source: Ministry of Labour, Welfare and Social Insurance, Annual Report (2017)

YDEP's main responsibilities – described in the application submitted to ESF - are seen below:

- Implementation of the government's policy in the field of social and welfare benefits by implementing specific projects and measures;
- Submission of suggestions in the formulation of the above policy, with the aim of improving social policy, based on international developments;
- Continuous monitoring and evaluation of benefits and measures implemented by YDEP;
- Management of the Social Benefits Register, which holds all the data and information on all persons receiving state social welfare benefits, in order to ensure that necessary support is provided to those in need; and
- Provision of incentives to capable of work beneficiaries, to join or re-enter the labour market in order to avoid dependence on benefits.

Following the establishment of YDEP in 2014, and based on the latest available data from the Ministry of Labour, Welfare and Social Insurance³, 95,268 families submitted an application for GMI scheme from July 2014 until the end of 2017. This breaks down as follows:

- 32,384 applications from Cypriot citizens who did not receive any social assistance prior to the introduction of GMI;
- 21,292 from Cypriot citizens who receive public assistance;

³ Ministry of Labour, Welfare and Social Insurance (2017), *Annual Report 2017*. Available at: [http://www.mlsi.gov.cy/mlsi/mlsi.nsf/All/FBDEEA857373E689C225838900436721/\\$file/%CE%95%CF%84%CE%AE%CF%83%CE%B9%CE%B1%20%CE%88%CE%BA%CE%B8%CE%B5%CF%83%CE%B7%202017.pdf](http://www.mlsi.gov.cy/mlsi/mlsi.nsf/All/FBDEEA857373E689C225838900436721/$file/%CE%95%CF%84%CE%AE%CF%83%CE%B9%CE%B1%20%CE%88%CE%BA%CE%B8%CE%B5%CF%83%CE%B7%202017.pdf).

- 31,413 from pensioners with low incomes who were beneficiaries of the Low Income Retirement Aid Plan;
- 6,407 from citizens of other EU Member States; and
- 3,772 from citizens of third countries.

Out of the 95,268 applications submitted, 27,700 were approved, 61,248 were rejected and 6,320 were first rejected and then resubmitted at a later stage. The total expenditure for 2017 was EUR 210,793,181. As this is an on-going process, YDEP continues to receive applications for GMI.

Approved applications are monitored by YDEP on an on-going basis. Monitoring procedures consist of the following actions:

- Automated monthly checks for all new applications and existing beneficiaries prior the monthly payment. (i.e Income checks, Immovable property checks, checks for deposits)
- There is a sample check of the monthly amounts of basic needs, rent, and loan interest of the approved applicants by Independent officials.
- Referring applicants for disability assessment or needs assessment, as applicable;
- Changing/correcting the details of the application on the basis of a declaration by the beneficiary;
- Investigating possible transfer of assets (and property rights) to third parties;
- Ensuring compliance with the obligations of beneficiaries and their referral, where appropriate, for social intervention;
- Social intervention in cooperation with the services/groups/persons designated for this purpose (see below);
- Investigating complaints; and
- Referring GMI beneficiaries to Medical Boards for assessing their ability to work.

Design and execution of the ESF-funded projects

ESF Operational Programmes (OP's)

In Cyprus, the 2007-2013 ESF Operational Programme (OP) 'Human Capital and Social Inclusion' was aligned with the targets and policies set in the National Reform Programme (NRP) throughout the programming period. The objective focused on interventions related to the labour market, as part of the strategic objective: 'Attracting and retaining more people in employment and enhancing social integration'. This objective aims to increase the labour force participation and employment of inactive and unemployed women and young people, to improve the functioning of labour market institutions, and to increase the number of economically active persons from vulnerable social groups.

The OP strategy focused on the integration of vulnerable groups into the labour market through active labour market policies and supporting measures - targeted services by Public Employment Services (PES), promotion of flexible forms of employment, and better care services for children and other dependents. In addition, the OP also supported the strengthening of structures and mechanisms for stakeholders to design and implement social programmes, giving special emphasis to geographical areas experiencing multiple problems.

The implementation of the 2007-2013 OP was marked by the effects of the financial crisis and recession. Between 2008 and 2013, the employment rate had fallen from 71% to 62% and the 'not in education employment, or training' (NEET) rate for young people rose from 9% to 21%. Consequently, the OP identified two emerging vulnerable groups: the unemployed and young people entering the labour market. The challenge was addressed through the creation of training opportunities for young people, increasing lifelong learning for low-skilled workers, unemployed

and other disadvantaged groups, and increasing the participation of women in training and the labour market.

Within the framework of the 2014-2020 ESF OP 'Employment, Human Resources and Social Cohesion' Cyprus has received an additional EUR 33.6 million (EUR 11.3 million from the ESF) to contribute towards social cohesion. The OP has been designed to encourage social cohesion under three priority axes:

- Improving the employment potential of human capital;
- Supporting the employment of youth under 29 years old and easing their entry into the labour market;
- Fighting poverty and social exclusion.

The main tool used to address these issues is encouraging the creation of jobs and internships through financial incentives for employers. Part of the training was designed to match the changing demands of the labour market in the country, by investing in sectors such as the hotel industry. However, 22.1% of those that started their contract left before completing it. This could be due to a lack of capacity to move around the island, as the territorial focus of the programmes was not based on small localities but on the country as a whole, which has a single managing authority.

Additionally, EUR 1 million was allocated to the EURES network (EaSI) to improve private job-seeking services in order to reduce frictions and increase efficiency and transparency in the labour market⁴.

The Youth Employment Initiative (YEI) constitutes part of the programming for the utilisation of ESF resources matched by at least the same amount from the ESF funds for this initiative. For the YEI's implementation, a National Action Plan has been prepared including the revised Action Plan for the implementation of the Recommendation of the 'Youth Guarantee', according to which a quality offer for employment, education or training should be provided for each young person aged 15-24 within a period of four months after the day he or she becomes unemployed or completes/interrupts his/her education.

As regards the overall implementation of EU structural and investment (ESI) funds, by the end of 2018, 50% of ESF funding and around 46% of ERDF funding had been reimbursed to Cyprus. These percentages have rendered Cyprus first among the 28 Member States in terms of absorption for ERDF and ESF funds. As regards the Cohesion Fund, around 33% has been reimbursed, ranking Cyprus third in the EU. For 2018 in particular, a total of EUR 138.3 million from all ESI funds has been certified by the European Commission and reimbursed to Cyprus (an amount that overshoot the target set for 2018 by EUR 11.4 million).

In order to improve the skills of the workforce in Cyprus, the Human Resource Development Authority (HRDA) implemented a variety of measures, including the provision of training opportunities and job placements for unemployed GMI recipients, and the development and implementation of a System of Vocational Qualifications, both of which are co-financed by ESF under the 2014-2020 OP. The design and implementation of the training programmes is based on systematic employment forecasting and the identification of skill gaps. The HRDA provides 10-year employment forecasts on a regular basis every two to three years. The latest study, completed in 2017, covers the period 2017-2027 and provides forecasts for employment needs in 21 main economic sectors and 309 occupations, covering the whole spectrum of the Cyprus labour market. The HRDA also provides annual estimates for the number of persons required for specific occupations and the needs for specific skills. On the basis of these estimates, suggestions

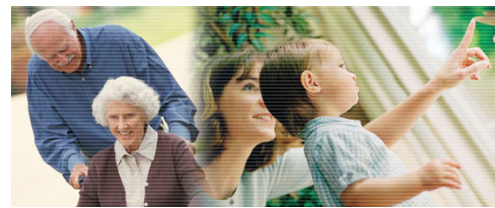
⁴ European Committee of the Regions (2018), *State of play and future challenges of the European Social Fund in promoting social cohesion in Europe's cities and regions*. Available at: <https://www.t33.it/resources/pubblicazioni/198/state-of-play-ESF.pdf>.

are put forward for the implementation of training programmes. In the study for the identification of employment and training needs, the views of social partners, other stakeholders and enterprises are collected and analysed.

ESF-supported project 'Establishment and Functioning of Welfare Benefit Management Service (YDEP)'

The project 'Establishment and Functioning of Welfare Benefit Management Service (YDEP)' is part of the 2014-2020 ESF OP 'Employment, Human Resources and Social Cohesion' for the organisation and operation of the Welfare Benefit Management Service of the MLWSI.

Figure 2. ESF-supported project 'Establishment and Functioning of Welfare Benefit Management Service (YDEP)'



Source: <https://www.structuralfunds.org.cy/en/home>

Source: http://www.mlws.gov.cy/mlsi/sws/sws.nsf/dmlindex_en/dmlindex_en?OpenDocument

The project aims:

- (a) to facilitate the establishment and smooth operation of YDEP.
- (b) to upgrade the level of services offered to citizens by YDEP.
- (c) to achieve the necessary synergy and coordination in the provision of benefits provided to citizens through the creation of a Single Beneficiary Register, which will lead to rationalisation, in terms of social benefits.
- (d) to provide reliable information to the MLWSI for the purpose of formulating the benefit policy of the state.

Mrs Maria Pieridou, YDEP supervisor and project manager during implementation stage mentioned that 'the benefits from the project had immediate effect on the correct and efficient implementation of the Country's benefit policy. Furthermore, the level of services provided to beneficiaries of welfare benefits (which are generally the most vulnerable groups of the population) have been improved'.

Implementation of the ESF-supported project 'Establishment and functioning of Welfare Benefit Management Service (YDEP)': main developments and challenges

Taking over the project and mobilising efforts was no easy task for the project team, and several challenges have occurred along the way. The main difficulties involved the organisation and operation of the services offered by YDEP, including (a) finding premises and securing furniture and equipment, (b) organising staff, (c) recording of procedures within a pressing deadline set by international lenders.

As a result of the above, delivering high-quality outputs required more effort than the project team initially expected, this became especially evident during their work. The Minister of Labour, Welfare and Social Insurance herself devoted a lot of her personal time and political influence for the project to be implemented successfully and on time.

The perseverance shown by the project team has been an important factor in delivering the best possible outputs. Although it was an intense and tiring process, the team's hard work has paid off. Their efforts have resulted in a high-quality input into future project activities and other reform initiatives. One such initiative was the creation for the first time of the Social Beneficiary Register, which will lead to rationalisation, in terms of social benefits. The rationale behind the Social Beneficiary Register, as Maria Pieridou explains it, was 'to create a central register that will keep all the data and information of the persons receiving state assistance. The criteria for someone becoming a beneficiary are actually controlled now through the Register using direct information from all the relevant state agencies and banks. In this way, the State is in a position to know that taxpayers' money is used to substantially support citizens in need'.

From 2014 until now, all benefit recipients have been checked and in thousands of cases, it has been found that these persons should not be beneficiaries of the benefits they have received for years. It should be noted that through this process, the relative allowance budgets not only declined but also gradually increased as part of the implementation of the reform and the introduction of new measures and policies for vulnerable groups of the population. However now it was possible for the Government to provide support for the first time to thousands of citizens and families who really needed this support. For example, approximately 12,000 families who did not receive PA until 2014 were supported by GMI during the crisis, while the retirement allowance for low income pensioners rose by around 50%.

The register now keeps all the data and information of the persons receiving social welfare benefits. The state can finally exercise effective control of the applicants/beneficiaries but also target its social policy where there are real needs.

Furthermore, with the establishment of YDEP the responsibility for managing the GMI and other benefits is assumed by the Ministry. In this way, Social Welfare Officers can now carry out their real work of psychosocial support for families and citizens in need. With the previous PA Scheme, the majority of social welfare staff was used to process payments. As a result, state intervention was limited. The project team also added that by 'rationalising the individual benefits already provided and delegating responsibility for their planning and management to a single body, the MLWSI, necessary improvement in planning, coordination, monitoring and control has been achieved for the whole system'.

In case of non-compliance of the applicant/beneficiary or any member of the family unit with its obligations under the law, the case is sent for social intervention at the Social Welfare Services. The Officer in charge of Social Welfare Services will visit and work with him/her further to handle all the difficulties. The Social Services Officer will inform the Management Benefits Welfare whether that person faces situations, which prevent employment participation. In such cases, the person does not cease to be a GMI beneficiary.

Specific actions also have been taken by the project team to strengthen administrative capacity of the Welfare Benefit Management Service. These actions include the purchase of services such as personnel, IT, accounting support, control and technical support, aiming at a faster and more efficient operation of the Service.

Finally, for any YDEP's decision, citizens for the first time can file a complaint/objection directly to the Minister and YDEP has the obligation to apply Minister's decision on the objection. The Minister has the power to approve or reject the objection or even give specific instructions to YDEP about specific cases, always based on the provisions of the law.

All described above, relate to providing the services to the citizens in need of GMI benefits and indeed these services were necessary to centralize the provision of benefits into a one-stop shop. At the same time, it minimized the exploitation of the previous system by citizens who could claim benefits from different ministries and departments and nobody could spot them. The

established YDEP benefited both the citizens in need and the government (see Mrs Pieridou and Mr Kouroufexis remarks).

Nevertheless, there are still problems with the implementation of YDEP. As at least four of the persons interviewed mentioned, the government failed to recruit the employees budgeted to smoothly operate YDEP. In December 2019 and January 2020 respectively, new positions were announced for supervisor and senior executives and positions for Benefits Management Officers.

YDEP was designed to be headed by a supervisor assisted by two senior executives, and around 100 advisors in order to function properly.

Four years later, there is an acting head – following the retirement of Mrs Pieridou a couple of years ago – and no senior executives have been employed. In addition, only three months ago YDEP managed to hire 30 advisors on a two-year contract. It should be noted that 13 permanent positions have been announced and the hiring process has began.

This creates several serious operational problems, as were indicated by an anonymous recipient of GMI benefit and the two employment advisors. Citizens in need asking for GMI benefits fail to talk in person with YDEP employees to explain to them their economic problems and if they find somebody, tempers rise during the discussion often ending in heated arguments. This led to the seclusion of the YDEP employees from the citizens and the only communication with them is through written letters. As this anonymous recipient of GMI benefit said 'there is no verbal communication between YDEP employees and GMI recipients. All enquiries should be in writing and it takes ages to receive an official response'.

Furthermore, most of the persons interviewed mentioned that YDEP failed to implement Social Intervention to the extent that was expected by all the relevant stakeholders. Social Intervention refers to the activation and social inclusion of GMI recipients. This action includes a wide spectrum of services provided to a person or family unit receiving the GMI that will empower and support them in their social integration. The ultimate purpose of this action is the employment rehabilitation through co-operation with the Public Employment Services.

Despite the fact that specific activation measures were introduced to target GMI beneficiaries involving training and development interventions as well as participation in public work programmes, these programs were not enough to cover the demand. As the anonymous recipient of GMI benefit said: 'The number of development programs/interventions should be increased in order to cover a larger number of GMI recipients'.

It seems that YDEP has a long way to go to become fully functioning and achieve its aims to serve the citizens in need and help them find employment as per ESF's OP objective

Conclusion: results, lessons learned and the role of ESF financial support

Main results

Despite the challenges faced during the implementation stage, the project team considers that they have been successful. The main achievement of the project so far has been the development (for the first time), of a Computerised Social Benefit Register which keeps all the data and information of the persons receiving state benefit.

Furthermore, with the establishment of YDEP Social Welfare Officers can now carry out their real work of psychosocial support for families and citizens in need. With the previous PA Scheme, the majority of social welfare staff was used to process payments. As a result, state intervention was limited.

The project team also added that by 'rationalising the individual benefits already provided and delegating responsibility for their planning and management to a single body, the MLWSI, necessary improvement in planning, coordination, monitoring and control has been achieved for the purpose of formulating the benefit policy of the state.

Centralization of services offered by YDEP and the creation of an infrastructure for serving the citizens, which consists of an operating service centre and a call centre was beneficial and for Social Benefit recipients also, as now they do not have to visit various government departments. Through YDEP ESF's OP objective of enhancing employability is partially fulfilled, as a number of persons in need find employment.

Lessons learned

All parties involved recognise that the implementation process of this project has been enriching, and that there are important lessons to hold. Below are the key lessons reported by interviewees:

1. As Maria Pieridou and Phanos Kouroufexis (project team members) stated that '*The state now, can exercise effective control and provide financial and other support to the applicants / beneficiaries by centralizing all social benefits under one stop shop. That centralization was beneficial and for Social Benefit recipients also, as now they do not have to visit various government departments*'.
2. 'The considerable progress made by Cypriot authorities in the area of welfare benefits has been recognised by European Commission.' (Maria Pieridou)
3. Employment advisors of the Ministry of Labour indicated that 'certain deficiencies exist in the operation of YDEP (e.g. delays in examination of applications, integration of the computerised system, implementation of social intervention, supervision and control of the benefits provided to beneficiaries)'.
4. 'Hiring the necessary staff is crucial for the smooth operation of YDEP' (The anonymous recipient of GMI benefit). As this anonymous recipient of GMI benefit and all the other interviewees mentioned, 'YDEP is understaffed and as a result there are delays in: (a) the examination of application, (b) enquiries processing etc.' Specific steps were taken in order to overcome this problem. Recently 30 new employees were hired.
5. Furthermore this anonymous recipient of GMI benefit mentioned that 'there is no verbal communication between YDEP employees and GMI recipients. All enquiries should be in writing and it takes ages to receive an official response'.
6. Employment advisor of the Ministry of Labour mentioned that 'Continuous Improvement is necessary for the smooth operation of YDEP. Certain actions taken by YDEP in the last couple of years constitute:
 - (a) Improvement of supervision and control of the benefits provided to beneficiaries. Today YDEP's computerised system is linked with all the relevant State agencies (i.e. Social Insurance Services, Department of Lands and Surveys, Civil Registry and Migration Department) and banks.
 - (b) The integration of the computerised system, implementation of social intervention, i.e. in cases of non-compliance of the applicant/beneficiary or any member of the family unit, the case is sent for social intervention at the Social Welfare Services.

The Officer in charge of Social Welfare Services will visit and work with him/her further to handle all the difficulties. [...]

- (c) The creation of an infrastructure for serving the citizens, which consists of an operating service centre and a call centre.
- (d) During 2017, a service contract was secured and awarded to a private company to establish and operate a call centre for all matters pertaining to YDEP's responsibilities.
- (e) In February 2018, a 24-month contract was signed for custody and digitalisation of YDEP's requests.'

Role of ESF support in 'Establishment and operation of the Central Welfare Benefit Management Service (with the YDEP of the Ministry of Labour, Welfare and Social Insurance)'

ESF, through the YDEP project, has given the opportunity to Cyprus at a time of great difficult economic situation and with Cyprus under the 'international lenders' intervention, to put its house in order, by reforming its social welfare system and assisting people in need to find employment as per ESF's OP objective. The previously existing Public Assistance (PA) scheme and other benefit schemes that were scattered among different ministries and government departments and were exploited by the citizens, converted into a Guarantee Minimum Income scheme (GMI), that centralize all social benefits under a one-stop shop.

Thanks to ESF support for YDEP, specific objectives, resources and expected outcomes were set by the project team, with deadlines and milestones, to enable it, within a very short time, to carry it through, in spite of the doubts of the international lenders. This external funding provided value added in the Establishment and operation of the Central Welfare Benefit Management Service and was reflected in the rigorous requirements for planning and control underlying any ESF-funded projects. Furthermore, the fact that this was an ESF-funded project reinforced the need of evaluating and communicating results that allowed further dissemination of the project.

The project has shown itself to be crucial, for the fulfilment of the relevant law. The support provided by the ESF in the establishment and smooth operation of the Central Welfare Benefit Management Service (YDEP) has been instrumental. According to Mrs. Pieridou and Mr. Kouroufexis, 'ESF support has been decisive in improving Country's new social benefit policy. Furthermore, the level of services provided to beneficiaries of welfare benefits (which are generally the most vulnerable groups of the population) have been improved. ESF support has also contributed to strengthening the administrative capacity of YDEP, thus increasing the quality of services provided to beneficiaries.'

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LIST OF INTERVIEWEES

NO.	NAME AND SURNAME OF INTERVIEWEE	INSTITUTION	POSITION OF INTERVIEWEE	TYPE OF INTERVIEWEE	DATE INTERVIEWED	INTERVIEW TYPE
1	Phanos Kouroufexis	Ministry of Labour, Welfare and Social Insurance	Minister's Associate	Project Participant	12/07/2019	Face to face
2	Maria Pieridou	Ministry of Labour, Welfare and Social Insurance	YDEP Supervisor	Project Participant	18/07/2019	Face to face
3	Government Official	Ministry of Labour, Welfare and Social Insurance	Manger MLWSI	Project Participant	11/07/2019	Telephone Interview
4	GMI recipient	N/A	GMI recipient	GMI recipient	14/09/2019	Face to face
5	Employment advisor	Ministry of Labour, Welfare and Social Insurance	Advisor	Advisor	14/09/2019	Face to face
6	Employment advisor	Ministry of Labour, Welfare and Social Insurance	Advisor	Advisor	14/09/2019	Face to face

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