

# The Social economy perspective of active inclusion: employment opportunities for people far from the labour market

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## Current Situation in Cyprus

The Cypriot labour market is characterized by conditions of near full employment and, comparatively to other EU member states, high participation (73.9% in 2007) and employment rates (71% in 2007). The risk at poverty rate is at the same level as the EU25 but, discrepancies do exist among groups at risk of poverty. For example, older persons (65+ years of age) face a very high risk at poverty (51%) as well as single parent families (35%). However, pockets of exclusion do exist amongst, people with disabilities and families whose head has low educational qualifications. It must be noted that the numbers of public assistance recipients (PARs) showed a sharp upward trend (from 14.884 in 2000 to 21.335 in 2007) in the last decade and there was a shift in the multiplicity and complexity of the problems characterising this group.

## Cyprus Policy Perspectives

The welfare system of Cyprus has been characterised by a passive benefit system, where people in financial need were entitled to a benefit. Recently, active labour market policies were introduced through work incentives. For example, new provisions in the Public Assistance and Services legislation, included the gradual reduction of the assistance granted as well as the continuation of supplementary benefit even after employment for certain groups of the population (e.g. persons with disabilities, lone parent families).

Cyprus, also, has a long tradition of partnership with the government and the third sector in the provision of social care services on a local level. Through technical and financial assistance (Grants in Aid Scheme), the Social Welfare Services encourage the development of social services such as child care, care for the elderly and persons with disabilities. The aim of this financial assistance, besides supporting vulnerable groups of the population, is to facilitate the reconciliation of family and work life and to facilitate inactive women in entering / re-entering the labour market. Also, one of the aims is the development and mobilisation of human and other resources on a local level, which indirectly can lead to an increase in employment.

During 2004-2006 (extended to 2008), Social Welfare Services were the financial beneficiary of two pilot Projects co-funded by the European Union, through the European Social Fund. The first Project aimed at the activation of public assistance recipients (PARs) and their integration to the labour market. The second Project aimed at the activation of local authorities and NGOs in developing social care services.

*Transferability*

Through the implementation of the Project aiming at the integration of PARs, it emerged that they could not be easily absorbed in the private profit-making sector economy. On the one hand, characteristics of inactivity culture and poverty trap were found among the target group. On the other hand, corporate social responsibility did not prove enough of an incentive for companies to employ the target group.

Acknowledging the multiplicity of the needs of the PARs, which posed a problem in their integration to the labour market, it is believed that the promotion of social economy will greatly contribute to their employability aiming at their active inclusion.

The third sector in Cyprus provides social care services to vulnerable groups of society. These services are subsidised by the government as long as they meet social needs that are not met by state services. These proximity services have not developed initiatives (besides some sporadic sheltered workshops) in the area of labour market integration.

The broadening of the third sector to social economy is a challenge ahead. The main issues raised through the Peer Review is how the government can activate the organizations in the area of integration of vulnerable groups. Furthermore, are there any specific successful fields of activation or can social economy measures be applied to all economic activities? In the case of Belgium, how were labour market needs taken into consideration?

Another issue is the legislative framework appropriate for social economy to develop. The legal entity of social enterprises may differ from country to country. How did Belgium address this issue?

Furthermore, it would be of great interest to see whether disadvantaged groups themselves showed resistance to participation in social economy measures. For example, how did they perceive this notion and were they willing to participate in such a measure?

Cyprus is at the early stages of a discussion on social economy. A relevant study is planned in 2008, which will investigate the existing legal framework and ways of activating co-operatives, mutual societies, foundations, non-profit organisations and social enterprises in the social economy. The study will also determine the strategy for developing a social economy sector through active labour market programmes.

Belgium has a system of cooperation between the federal level, the Regions (Flemish, Walloon and Brussels-Capital) and the German speaking Community, which aims at the organisation of collaboration and the transfer of financial means from the Federal State to the other entities on a co-financing system. The regions have different programmes to promote social economy either through co-operation with non-profit organisations, corporate social responsibility and other initiatives etc.

Due to the small size of Cyprus, the central government could take the responsibility to set the framework for implementing active inclusion measures and policies in social economy. The government has an existing instrument (grants in aid scheme), which could be extended to cover

areas of integration of disadvantaged groups. Also, a subsidization system for employees' salary could be used as an incentive.

In our experience, the development of a Scheme approved by the Ministerial Council is very helpful. The Scheme could include eligibility criteria (e.g. actions to be promoted, legal entity of the organisation etc), the form of cooperation between the government and the social economy enterprises and the financing system.

The setting up of a support system will also be very helpful both to the government officials as well as to the organisations.

In the case of Cyprus measurement of success for social economy seems to have multiple pillars. Below is an indicative list of factors:

- Participation of organisations in social economy measures
- Participation of the target group in social economy measures
- Success of integration of disadvantaged people in longitudinal terms.
- Viability of enterprises
- Achievement of the goals / objectives for each organisation