



Cyprus

Minimum Income Schemes

A Study of National Policies

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Disclaimer: This report reflects the views of its author(s) and these are not necessarily those of either the European Commission or the Member States. The original language of the report is English.

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Executive Summary

Institutional design

The public assistance benefit in Cyprus is calculated as a residual payment to guarantee a minimum income for all legal residents. At the same time, however, recipients gain from the fact that incomes from labour and certain benefits (e.g. disability) are excluded from the calculation of the public assistance benefit. Additionally, they are entitled to benefits required to satisfy their 'special needs' including care, personal effects, housing, training, heating etc. Public assistance recipients also have access to benefits addressing vulnerable groups to which they belong, including subsidised electricity and heating, Easter benefit, home improvement aid, subsidies for offering care to elderly or disable family members and subsidised vacations.

Assessment

No information is available about non take-up and false take-up of the public assistance benefit in Cyprus. An attempt to sample opinion about these issues from stakeholders confirmed the widespread ignorance and points to the need for an in depth study on this subject. Not having access to more recent data, we investigated poverty among public assistance recipients using data from the 2003 Family Expenditure Survey (FES). The results show that households with a public assistant recipient head are doing very well when at least one adult is working, while the rest are marginally poor. This is partly a data artefact (most people below the poverty line in Cyprus are pensioners, not qualifying for public assistance) and partly due the extended family phenomenon, combined with generous child and other benefits. Also, using the 2003 FES data, we find that public assistance reduces the depth of poverty among disadvantaged groups, such as families with non-working heads, especially those below 45, with dependent children, women, and low educated. It does this, however, in an inefficient manner, as it also benefits households with income well above the poverty line. It is not clear how far the latter is due to payments made to working recipients in order to facilitate labour market activation. This is also an area in need of further investigation.

Active inclusion

The Social Welfare Services (SWS) are operating several projects to encourage labour market participation. Some of these projects are specifically designed for public assistance recipients while others address inactive persons at large. The projects cover training for new skills to match labour market needs, subsidised salary and attractive employment conditions, guidance and support for active job search and care services for the reconciliation of family and working life. Furthermore, upon entering employment a public assistance recipient continues to receive the benefit for twelve months (in full for the first four months, thereafter declining by a third every four months). A recently completed SWS study shows that rigorous and well designed implemented active inclusion programmes can succeed in encouraging public assistance recipients to enter the labour market, however, their long-run results have not yet been evaluated.

We argue that in order to be more effective incentives for employment among public assistance recipients should be higher for women and the long term ill and increasing with age and low education, as these groups are more distanced from the labour market.

1. Institutional design

1.1 Eligibility

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 is 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 are also eligible for public assistance benefit:

- persons with disability¹ 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.

1.2 Direct links with other benefits

The public assistance benefit in Cyprus is 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

¹ Persons with a disability of known duration can be eligible for disability benefit and not public assistance benefit.

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 is cumulated with other benefits, in the sense that recipients are 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;
- 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 600 euro per month;²
- expenses for house repairs (up to 1700 euro) 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 1280 euro;
- professional training or tools or equipment for recipients or their dependents to make them fully or partly independent of public assistance– up to 1700 euro;
- heating - up to 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.

Thus, public assistance benefit does include components to cover housing costs and costs related to specific circumstances.

Furthermore, the director of the SWS can 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 pays the difference between the amount agreed with the provider of the residence/care and the amount that the recipient can afford, based on an evaluation by SWS. The director of SWS can 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 can be made for:

- (i) the repatriation of third country citizens unable to cover its cost;
- (ii) 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 340 euro); and

² The amount paid is reduced by the amount of (i) any sublease, (ii) rent paid for the applicant from other sources and (iii) rent that should be paid by non dependent children staying with the applicant.

- (iii) the birth of a child by a public assistance recipient not eligible for this benefit through the Social Security Law (up to 256 euro).

1.3 Indirect links with other benefits

In addition to the benefits above, which are specifically designed for them, public assistance recipients can be eligible for other benefits addressing either: (i) all or some of them specifically, along with other vulnerable groups in the population; or (ii) persons in need in the population at large; or (iii) specific population groups that encompass public assistance recipients.

Schemes in the category of benefits addressing specifically all or some of the public assistance recipients, along with other vulnerable groups in the population, include:

- the state run Electricity Authority applies reduced rates to electricity consumption by public assistance recipients – along with families with three or more children; and
- the ‘Subsidisation of Vacations Scheme for the Elderly and People with Disabilities which are Public Assistance Recipients’, a scheme subsidising one vacation per year (up to 6 days) for public assistance recipients with disabilities – along with people above the age of 63.³

The benefits targeting vulnerable groups of the population at large, including public assistance recipients - without specific mention to them - are, in general, designed to help people in poverty and social exclusion by increasing their standard of living through cash payments or access to goods and services. They include:

- the minimum wage for persons in eight occupation categories,⁴ which following a recent increase is currently 743 euro for a new employee and 789 euro for a person working for the same employer for a period of at least six months;
- the Easter benefit, a means tested cash payment paid just before the orthodox Easter holiday;
- the home improvement aid, a means tested benefit available to households for the improvement of their accommodation conditions;
- subsidies for the self-employment of elderly people aimed at helping retired persons to become active in the labour market;
- subsidies for offering care to elderly or disabled family members; and
- reduction in the excise tax on heating oil (10 million euro in 2008).

³ The subsidy covers food and hotel accommodation (up to 256 euro), while an extra amount is paid to persons in need of an accompanying helper.

⁴ These professions are: sellers, clerks, nursing assistants, childcare assistants, infant care assistants, school assistants, security guards and carers. Recently, people working as security guards in private organisations as well as carers in clinics, hospitals and old peoples’ homes have been added to the list of occupations qualifying for minimum wage.

The third category of benefits, i.e. those targeting specific population groups that can include public assistance recipients are too many to list here. Indicatively, they include assistance to people living in mountainous areas (at a cost of 5 million euro to the government), care benefit for paraplegic persons, free medical care to families with three or more children, housing schemes for refugees, low interest loans for persons acquiring their first residence, the set up of a specialised department under the Ministry of Labour and Social Insurance to help persons with disabilities, housing benefits for displaced persons etc.

To complete the picture about the pecuniary and non-pecuniary benefits helping - one way or another - public assistance recipients, Table 1 lists the programmes and services offered by various government departments in Cyprus. These programmes and services contribute to the reduction of risk of poverty and social exclusion of various vulnerable groups, among them public assistance recipients.

Table 1: Programmes/services offered by government departments

Department	Programmes/Services offered
Service for the Care and Rehabilitation of the Disabled, Department of Labour, Ministry of Labour and Social Insurance	<ul style="list-style-type: none"> - Services of professional training that help the returning of people to the labour market - Economic aid for self-employment - Disability benefit - Economic aid to persons with disabilities in order to acquire the necessary equipment and instruments - Economic aid for education and training - Subsidisation of vacations - Emergency economic aid for persons with severe disabilities - Economic aid in order to buy wheelchairs - Borrowed wheelchairs
Social Welfare Services, Ministry of Labour and Social Insurance	<ul style="list-style-type: none"> - Public assistance benefit - Subsidisation of vacations scheme - Provision of social assistance for the improvement of housing conditions - Economic aid for dental (orthodontic) therapy
Department of Social Insurance, Ministry of Labour and Social Insurance	<ul style="list-style-type: none"> - Disability pension - Incapacity pension
Ministry of Finance	<ul style="list-style-type: none"> - Transportation allowance
Ministry of Health	<ul style="list-style-type: none"> - Free medical care
Ministry of Education and Culture	<ul style="list-style-type: none"> - Special education to children with mental problems

1.4 Amount of benefit

The amount of public assistance benefit is not fixed but a top-up amount to make the own recourses of a person (and her/his dependents) reach the level required to cover his/her basic and specific needs. Thus, the actual benefit received varies from person to person to account for differences in own recourses and/or differences in specific needs across recipients.

The basic needs component of the public assistance benefit depends on the family composition of the applicant and is reviewed annually in line with the rising cost of living. It is currently 425 euro per month for the beneficiary plus 212,5 per month for every dependent person over the age of 14 and 127,50 euro per month for every dependent person under the age of 14.⁵

According to the law, when an applicant is cohabitating with his/her spouse, eligibility for public assistance benefit is considered by taking into account the needs as well as the economic resources of both of them.⁶ At the same time, for the calculation of the amount of the public assistance benefit, the following incomes are excluded:

- net monthly family income:
 - (a) up to 85 euro from the labour of the applicant or
 - (b) up to 512 euro from labour, if the applicant or his/her spouse is disable or
 - (c) up to 170 euro from labour if the applicant is older than 63 or mentally ill;
- income from dependent children;
- the wedding benefit;
- deposits of the applicant (up to 3400 euro) and deposits of dependent persons (up to 1700 euro each) - with a ceiling of 8550 euro for the family as a whole;
- benefits received under the Victims Relief Law;
- contributions made by children living abroad or a charity institution;
- 50% of applicant's net income from labour (or 256 euro, whichever is the largest) if she/he is single parent with dependent children;
- the benefit for severe physical disability;
- the transportation benefit for disable persons;
- the special honorary benefit for disadvantaged people of culture and arts;
- the special benefit for blind persons;
- any compensation for accident or damage (but not interest income arising from such compensations); and

⁵ Notably, the basic needs component of the public assistance benefit increased by 12% in 2009. Furthermore, in the last two years public assistance recipients received an Easter cash benefit.

⁶ In fact, this applies in all cases of two persons living together.

- the child benefit.

All other income, benefits and pensions are taken into account in the calculation of the public assistance benefit.

The special needs component of the public assistance benefit depends on the particular circumstances of the applicant. It can include a rent allowance, a medically prescribed diet allowance, home-care, day-care, house equipment, house repairs, allowance for mortgage interest payments, transportation to work or for treatment, etc.

The SWS have the right to recover any amount paid as public assistance benefit to a deceased person from his/her bequest, as long as there are no living dependent persons. If the deceased has dependent persons and his/her bequest is the house in which the dependents live, then the SWS cannot reclaim the benefit if the value of the house is below 85430 euro. If in addition to a house the deceased left behind other property the benefit can be recovered from this property, up to the amount which the dependents are allowed to have as deposits, i.e. up to 1700 euro each - with a ceiling of 8550 euro for the family as a whole.

It is also important to mention here that the public assistance benefit may not be in cash if the applicant cannot use it for the purpose for which it is paid to her/him. In this case the benefit can be given in the form of goods or services - or in any other form which is deemed appropriate - of the same value as the benefit which the applicant would have otherwise received as cash.

1.5 Conditionality rules

According to the law spouses have to support and care for each other; and parents have to support and care for their unmarried children staying with them or are under military service or are students in a recognised educational institution⁷. Parents are not responsible and do not have to support unmarried disable children or children unable to support themselves for health reasons. Moreover, dependent (not disable) children are responsible and have to support their parents if the latter are unable to support themselves. Nevertheless, parents unable to support themselves and receiving no adequate support from their children are eligible for public assistance.

The public assistance benefit is subject to exclusions that refer to specific periods. It can also be made conditional on meeting some requirements. The benefit is withdrawn during a period when the applicant is:

- away from the country longer than a month;
- resident in a hospital or in another public institution longer than a month;⁸
- working full time (except if the person is disable, single parent, parent of four or more dependent children or a person facing severe family circumstances and needs economic assistance to avoid family breakdown); and

⁷ According to the law, the children of a man are those to which he is declared to be the father and the children of a woman include those outside marriage.

⁸ During hospitalisation/institutionalisation the director of the SWS can allow payments to the applicant to cover (i) personal needs not catered for by the hospital/institution and (ii) three months expenditure for water, electricity and rent for the house to which the applicant will return after hospitalisation/institutionalisation).

- willingly unemployed or working part time or refuses to attend training programmes offered by the government (except if the applicant is confirmed as unable to work by an ad hoc appointed council).

Unemployed and working part time public assistance recipients receive training through the programme 'Vocational Training and Promotion of Public Assistance Recipients in the Labour Market'. Upon completion of their training the public assistance recipients are placed in subsidised employment schemes covering up to 40% of their salary.

There are also cases when the public assistance benefit can be permanently withdrawn. This can happen if the applicant refuses to:

- allow his/her house or place of stay to be accessed by the director of the SWS;
- use property she/he owns, other than the house in which she/he is staying, to raise income;
- increase the use of the house in which he/she is staying to raise income;
- work - except if he/she has to stay at home to look after dependents; and
- provide information or data that concern his/her financial situation.

The public assistance benefit has to be refunded if mistakenly paid to a person as a result of an omission or withholding information or making false/imprecise declarations. This is also the case when the applicant purposely transfers property to become eligible for public assistance. Furthermore, a person convicted for (i) knowingly giving false information in order to qualify for public assistance or (ii) failing to meet obligations arising from her/his status as public assistant recipient, face a fine up to 1700 euro or imprisoned for a maximum of three months or both.

There can also be sanctions for individuals omitting to support and care for persons they are legally obliged to. Conviction for such an omission can attract a penalty of 1700 euro or imprisonment for up to 3 months or both. Sanctions can also be imposed for non-compliance with a requirement to pay a specific amount to a person legally obliged to care/support. In this case the sanctions can include the payment of all dues and imprisonment.

1.6 Governance

The responsibility for public assistance policy and the implementation of the law lies with the Minister of Labour and Social Insurance, who is advised by an ad hoc Advisory Board. The members of this board are appointed by the Minister herself/himself and represent various professional and other social organisations/institutions. The Council of Ministers, in its capacity as the body ultimately responsible for all government matters in Cyprus, can issue directives and propose legislation concerning the public assistance benefit.

As seen from the description of the public assistance benefit system earlier in this report, the director of the SWS plays a major role in the governance of the whole scheme. She/he is the person responsible for the implementation of the Public Assistance Benefit Law and maintains considerable discretion over the decision to grant public assistance entitlement in peculiar cases. She/he also has the discretion to consider granting additional help to applicants for emergency needs.

The implementation of the public assistance law is carried out by the SWS through their welfare offices. Following recent efforts to decentralise for a more effective and efficient implementation of social policy, all districts in Cyprus now have their own welfare office and the plan is to have more than one offices in the three larger districts in the near future: two new offices will be created in Larnaca, four in Nicosia and four in Limassol.

The procedure followed for the provision of public assistance benefit is as follows.⁹

- Following the submission of an application, the SWS prepare a file with all the relevant information and documentation needed for the examination of this application (calculations of the public assistance benefit, information from officers' visits to the house of the recipient etc). Persons under the age of 12 are represented by their guardian.
- The applications are allocated to officers according to their specialisation, their burden of work and the applicant's address. The officers are responsible for the examination and confirmation of the socio-economic characteristics of the applicant and the preparation of a report.
- The officer can suggest to her/his superiors the approval or disapproval of the application, assuming all the necessary supportive documentations are in place. She/he then has to pay a visit to the applicant's residence within two months from the receipt of the application to confirm the circumstances of the decision taken.
- In cases where necessary documentation is not attached to the application form, the officer has to pay a visit to the applicant's home within a month from the submission of the application to examine the circumstances of the particular case.
- After the preparation of the applicant's report and the calculation of the amount of benefit, the case is submitted for approval to the District Welfare Officer; and later to the Accountant's Office for back checking the calculation of the benefit.
- The officers have to visit public assistance recipients once a year, unless social problems dictate a more frequent contact, to assess changes - if any - in their economic conditions and other circumstances.

Complaints about delays in the processing of applications for public assistance are sometimes reported in the local mass media. Such complaints may not be entirely unjustified and individual cases surfacing from time to time help to indicate that the process described above does not always move as smoothly as one would wish. For example, a single mother recently complained to the ombudsman about a year long delay in the examination of her application.

However, one needs to understand the circumstances under which welfare officers examine applications for public assistance benefits before reaching conclusions about how efficiently the system is run. These applications are often filled by individuals that need a lot of help to make their case. Furthermore, the submission of an application is not always the only way through which applicants try to make an impression. They may resort to the use of threatening behaviour

⁹ General Auditor's report (1998). The application form for public assistance benefit is available online. Also available on line is the Public Assistance Law (in Greek). General information about social assistance is also available in English at:
http://www.mlsi.gov.cy/mlsi/sws/sws.nsf/dmlassistance_en/dmlassistance_en?OpenDocument

to 'persuade' welfare officers to succumb to their case. The welfare officers have long been asking for more protective measures because they feel that their physical integrity and belongings are in danger. One such measure – so far implemented only in the city of Nicosia – is making visits to welfare officers by appointment only.

2. Assessment of public assistance

2.1 Coverage and take-up

According to the SWS around 22-23 thousand persons residing in the government controlled areas of Cyprus (roughly 2,8% of the population) are public assistance recipients.

Two issues concerning the validity of these numbers are (i) non take-up, i.e. persons eligible for public assistance do not take up the benefit, and/or (ii) false take-up, i.e. persons not eligible for public assistance receive the benefit. The non take-up of the social assistant benefit makes the scheme ineffective, in the sense that it cannot reach all persons in need - not serving its declared objective of raising the standard of living of all citizens above a socially acceptable level. On the other hand, false take-up is inefficient, in the sense that resources dedicated to helping persons in need are wasted. Of course, the two problems can coexist making the public assistance scheme both ineffective and inefficient.

Unfortunately, very little - if any - is known about the extent to which non take-up or false take-up affect public assistance in Cyprus. The only information available concerns false take-up and comes from the 1998 report of the general auditor of the Republic of Cyprus (1998).¹⁰ This information, however, is both too old and too circumstantial to be used here. In our opinion, a study to investigate non take-up and false take-up of the social assistance benefit in Cyprus is long overdue. Furthermore, the study of these issues should be repeated every 3 to 5 years in order to assess behavioural changes among public assistance recipients and update the scheme to keep pace with these changes.

In the absence of a study enabling us to report on the extent to which eligible persons are excluded and non-eligible persons are included among public assistance recipients, we sent a questionnaire to 23 stakeholders involved with public assistance asking them to answer the questions outlined in the first column of Table 2. We received only 9 completed questionnaires,¹¹ a number too small for statistically robust results. Nevertheless, considering it that comes from organisations well versed in matters concerning public assistance, this information is worth a close look; not for reaching precise results but for understanding if and how much is known about the problem in hand.

The replies to our questionnaire, presented in Table 2, appear to suggest the following:

- Most stakeholders appear to think the percentage of persons receiving public assistance benefit without being eligible is very small (4 out of 9) or small (3 out of 9). Only 2 out of the 9 stakeholders said that the percentage of persons falsely receiving public assistance benefit is large.

¹⁰ According to this report, 204 persons in 1996 received public assistance benefit without being eligible (at a cost of around 342 thousand euro), while in 1997 this number increased to 220 persons. Most cases concerned recipients not eligible due to failing property criteria and SWS officers failing to check the relevant documentation.

¹¹ Democratic Labour Federation of Cyprus, Pancyprian Association of Cancer Patients and Friends, Union of Cyprus Municipalities, Cyprus Antidrug Council, Pancyprian Federation of Labour, European Social Forum of Cyprus, Committee for the Protection of Mentally Retarded Persons, Advocacy group for the Mentally Ill, and Pancyprian Organisation of Multi Child Families.

Table 2: Questionnaire sent to stakeholders and answers received

QUESTIONS THAT CONCERN PUBLIC ASSISTANCE RECIPIENTS					
In your opinion, which is the percentage of people:	Very small	Small	Average	Large	Very large
receiving public assistance benefit without being eligible	4	3		2	
not receiving public assistance benefit while they are eligible	1	1	3	2	2
To which of the following groups of the population do you believe that persons (i) receiving public assistance benefit without being eligible and (ii) not receiving public assistance benefit while they are eligible belong to	Persons that are not eligible but receive public assistance benefit belong to		Persons that are eligible but do not receive public assistance benefit belong to		
Persons with physical illness	2		4		
Persons with physical problems	1		5		
Persons with psychic problems			6		
Persons with mental problems			6		
Single parents			4		
Alcohol and drug addicts	2				
Widowed/Separated/Divorced	1		3		
Multi-child family			5		
Family victim person			5		
Other: - Never employed - Foreigners that never paid social contributions	2				
To what extent do you believe that persons that are not eligible receive public assistance because:	Very small	Small	Average	Large	Very large
There are 'loopholes' in the relative law		3	2	2	
They under-report income from labour		2	4	1	1
They under-report income from other sources		4	2	1	1
Other (specify)					
To what extent do you believe that persons that are eligible do not receive public assistance because:	Very small	Small	Average	Large	Very large
They believe that they will be stigmatized	2	2	1	2	
They do not know that they are eligible		1	6	1	1
They do not know about the existence of public assistance benefit	1	3	4	1	
They cannot fill the relevant application	4	3	1		
Other (specify): - they need the benefit but they do not satisfy some eligibility criteria - due to bad restraints of the law - there is no specific benefit for their case			1	1	

- Opinion about who are those falsely receiving public assistance varies widely among stakeholders and no conclusion can be drawn from their replies. The same can be said about the opinion of stakeholders about who are those not receiving public assistance to which they are entitled.
- Regarding the reasons why persons 'cheat' the public assistance scheme, again no clear conclusions can be drawn due to wide variation in the stakeholder replies. Loopholes in the law and the under-reporting of non-labour income are thought to have an average impact, whereas the under-reporting of labour income is thought to have an impact above average.
- The opinion of stakeholders about persons receiving public assistance to which they are entitled leans slightly towards the answer 'do not know that they are eligible', followed by 'they believe that they will be stigmatised' and 'they cannot fill the relevant application'.

In our opinion the only strong conclusion coming out of our survey is that stakeholders hold widely different views about problems concerning the non take-up and false take-up of the public assistance benefit. This reinforces the argument that in the absence of an in depth investigation very little can be said about the size and nature of these issues in Cyprus. Beyond this, the only result coming out clear from their response to the first two questions in Table 2, is that stakeholders are more aware of the existence of non take-up rather than false take-up of the public assistance benefit.

2.2 Adequacy

The poverty line in Cyprus – as defined by the 60% of the median income - was around 8700 euro in 2005. This figure is computed from the EU-SILC 2006 data. Using the increase in nominal GDP between 2005 and the first few months of 2009, the current poverty line is estimated to be around 11000 euro. According to the latest estimates the percentage of persons below the poverty line in Cyprus is 16%, the same as the EU average.

One could not expect many recipients of public assistance to be above the poverty line, given that eligibility for this benefit is subject to having an income from other sources below 425 euro per month (5100 euro per annum) for single adults, increased by 212,5 for every dependent over the age of 14 and 127,50 for every dependent under the age of 14. Even making an allowance for the fact that some recipients also benefit from income excluded from the calculation of the public assistance benefit and/or receive additional benefits for their special needs (see Section 1.2 and 1.4), it is unlikely that these provisions can raise their income above the poverty line. The only exceptions to this can be households with disable persons, given that their income from labour and other benefits is mostly excluded from the calculation of public assistance. In general, one can consider income excluded from the calculation of the public assistance benefit as part of the public assistance benefit itself.

Table 3 shows the incomes excluded from the calculation of public assistance, the groups of the population benefiting and the income gained over and above the public assistance benefit. The highest benefit, however, is accrued to families with children (Table 4).¹² Also benefiting substantially from income exclusions in the calculation of public assistance benefit are recipients

¹² According to the law in Cyprus dependent children are persons under the age of 18 or aged 18-25 and in military service or aged 18-23 and in full-time education or aged 23-25 and in full-time education having served the military and persons unable to support themselves.

in work and/or disabled/old persons and single parents who gain substantially from this arrangement. This helps a large number of them to end up with income above the poverty line.

Table 3: Incomes excluded from the calculation of the public assistance benefit¹³

Income source	Beneficiaries	Amount excluded (euro)
Net monthly income:		
(a) Up to 85 euro of income from the labour of the applicant, or	Working	85 per month
(b) Up to 512 euro of income from labour, when the applicant or his/her spouse is a person with disabilities, or	Working	512 per month
(c) Up to 170 euro of income from labour when the applicant is above the age of 63 or a mentally ill person	Working	170 per month
The wedding benefit	Marrying	580 at marriage
Deposits (up to 3400 euro for the applicant and up to 1700 euro each dependant) with a ceiling of 8550 euro for the family as a whole	With deposits	Maximum of 8550
50% of the applicant's net income from labour (or 256 euro, whichever is the largest) if he/she is a single parent	Single parents	Maximum of 256 per month
The benefit for severe physical disability	Disabled	300 per month
Transportation benefit for disable persons	Disabled (blind and tetraplegic)	41 per month for blind and 82 per month for tetraplegic persons
The special benefit for blind persons	Blind	3417 per year
The child benefit	Families with children	Described in Table 4 below

Table 4: Amount of child benefit for 2009 (in euro)

Number of children in the family	Basic annual benefit	Supplementary child benefit	
		Family income 17.086,01 euro (in 2006 prices)	Family income between 17.086 and 34.172 euro (in 2006 prices)
One child	410	102	51
Two children	820	410	307
Three children (per child)	820	308	256
Four and more children (per child)	1353	451	282

Table 5 shows the monthly income from public assistance and from other sources excluded from the calculation of the public assistance benefit. Among recipients of the public assistance benefit around 43% receive income from sources partially or completely excluded from the calculation of this benefit, and, as seen from the top line in Table 5, this adds more than 10% to their income. It is important to note the high association between labour market participation and the gain from

¹³ In our table we did not include income from dependent children, benefits received under the Victims Relief Law, contributions made by children living abroad or a charity institution, the special honorary benefit for disadvantaged people of the culture and arts and any compensation for accident or damage since we do not know the amounts of all these.

this arrangement, i.e. the gainers are young males with high education, dependent children and a working spouse. The striking case is single parents: while 50% of their net income from labour is excluded from the calculation of public assistance, their gain is very low because few of them work. Also in disadvantage are women and people over 45.

Table 5: Net monthly public assistance benefit and other income excluded from the calculation of this benefit¹⁴

		Public assistance	Other sources ¹⁵	Total benefit
Total		6007	645	6652
Sex:	Male	5935	835	6770
	Female	6140	292	6432
Age group:	15-30	8135	1928	10063
	31-45	6473	1135	7607
	46-55	10106	816	10922
	56-65	5258	219	5477
	66 and over	3129	64	3193
Education:	Illiterate	3831	134	3964
	Primary	7506	904	8410
	Secondary	5864	611	6474
	Tertiary	5130	993	6124
Family status:	Single	6061	451	6512
	Couple	5964	796	6760
Dependents:	None	8175	1251	9426
	Aged 0-5	7525	1455	8980
	Aged 6-12	10007	1979	11987
	Aged 13-18	8378	1474	9851
	Aged over 18	5272	1320	6592
Spouse:	Working	2946	878	3823
	Not working	6507	607	7113

It follows from the discussion above that the public assistance benefit, and the gains arising from excluding income arising from certain other sources, can help families from descending deeper in poverty; nevertheless, the recipients most benefiting from these arrangements may not be those in greatest need. Given the lack of studies in Cyprus addressing these important questions, we try to investigate how far public assistance reduces the depth of poverty among various recipient categories using data from the Family Expenditure Survey (FES) of 2003, the latest available. With this old dataset one can obtain a picture about poverty among public assistance recipients in Cyprus in 2003. Later in this section this picture is brought more up to date by showing how the public assistance benefit has changed in the years that follow.

¹⁴ The FES data we have are for the year 2003. The amounts mentioned in this Table had been adjusted to represent 2008 amounts.

¹⁵ These are labour income (subject to the limitations in Table 3) and wedding, single parenthood, disability and child benefits. Moreover, due to data limitations we assume that disable is every person that is receiving disability/invalidity pension or disability benefit. In addition, we should clarify that the situation described here applies to the public assistance and child benefit systems as they were in 2003, the year for which we have data.

Table 6 shows the depth of poverty - defined as the ratio of income to poverty line (the lower this ratio the more a household is deep in poverty) - among public assistance recipients first grouped according to whether they work or not, and then by various socioeconomic characteristics. The depth of poverty in this table applies to households, i.e. is defined using the adult equivalent income with head a public assistance recipient.

Table 6: Depth of poverty among public assistance recipients

		Working	Not working
Total		1,49	0,98
Sex:	Male	1,53	1,08
	Female	1,33	0,88
Age group:	15-30	1,70	0,91
	31-45	1,32	0,96
	46-55	1,59	1,20
	56-65	1,79	1,15
	66 and over	1,84	0,88
Education:	Illiterate	1,87	0,96
	Primary	1,32	0,93
	Secondary	1,53	1,01
	Tertiary	1,61	2,20
Family status:	Single	1,41	0,90
	Couple	1,51	1,09
Dependents:	None	1,29	0,95
	Aged 0-5	1,44	1,04
	Aged 6-12	1,17	1,07
	Aged 13-18	1,19	1,03
	Aged over 18	1,01	1,08
Spouse:	Working	1,59	1,64
	Not working	1,46	0,95

Commenting on the figures reported in Table 6, first note that - on average - households with head working are well above the poverty line. These households represent about 30% of the sample. Households headed by a non-working public assistance recipient are on average only a little below the poverty line. These results are somewhat surprising, given that one would expect public assistance recipients to be among the poorest sections of the population. Only families headed by a woman public assistant recipient – working or not working - are at high risk of poverty. Also in disadvantage are families headed by younger or older non-working public assistance recipients, as are families headed by recipients with low education.

The surprisingly low overall risk of poverty among public assistance recipients in Cyprus can be a statistical artefact, in the sense that most people below the poverty line in the country are pensioners (living alone or in couples without dependents) not qualifying for public assistance. In contrast, public assistance recipients - as seen earlier in this section - tend to be in large families enjoying, in addition to the public assistance benefit, other income excluded from the calculation of this benefit. Furthermore, in the FES 2003 data we have found a large proportion of public assistance recipients to have income from sources not normally excluded from the public assistance benefit. This finding conforms to the results of a study conducted by the general

auditor of the Republic of Cyprus in 1998 (discussed in Section 2.4 below), documenting mismanagement and inefficiencies allowing the take-up of public assistance benefit by non-eligible persons.

As the figures in Table 6 are obtained from a household survey conducted in 2003, they may not convey the current situation. Since then there have been changes in the Public Assistance Law focusing on the prevention of false take-up (prompted by the findings of the fore-mentioned study conducted by the general auditor); thus, public assistance recipients may not be doing as well as shown above. On the other hand, recipients have enjoyed substantial increases in the public assistance benefit since 2003, so they may be in an even better situation today than they were six years ago. As reported in Table 7, the percentage increase in public assistance benefit in the last two years outpaces the corresponding increase in real GDP per capita, inflation and minimum wage. More specifically, over the last five years the public assistance benefit in Cyprus increased by a factor of 1,5, whereas real GDP per capita increased only by a factor of 1,2.

Table 7: Percentage change in public assistance benefit and macroeconomic variables

	Public assistance benefit	Real GDP per capita	Inflation	Minimum wage
2007/08	22,8%	2,7%	4,4%	6,36%
2006/07	10,9%	2,9%	2,2%	6,51%
2005/06	2,2%	2,1%	2,2%	6,08%
2004/05	8,2%	1,5%	2,0%	4,93%
2003/04	0,3%	1,8%	1,9%	7,81%
2002/03	5,9%	0,1%	4,0%	8,84%

Source: Eurostat and Ministry of Labour and Social Insurance.

A comment worth making in relation to the figures in Table 7 is that the true increase in the standard of living of public assistance recipients may not be as high as suggested by the difference between the increase in public assistance benefit and inflation. As shown in Table 8, the general inflation in Cyprus was 4,4% in 2008 and 2,2% in 2007 and 2006, nevertheless the rise in prices is not uniformly spread across goods and services. Food, fuel and electricity increase faster in price than that indicated by the change in the general price index. This means that over the period 2006-2008 households spending a higher proportion of their income on these goods experienced a faster erosion of their living standards than other households. As food, fuel and electricity are used mainly to satisfy basic needs (subsistence and heating) they tend to have a higher share in the expenditure of households with low income. Public assistance recipients are, therefore, likely to have enjoyed a smaller increase in their living standards than that suggested by the figures in Table 7.¹⁶ A policy suggestion arising from this observation is to index public assistance (and other means tested) benefits not to the general price index but to a different price index reflecting the increase in the prices of goods and services purchased by households with low incomes.

¹⁶ The decision of the Electricity Authority of Cyprus to offer reduced rates on electricity consumption for families with three or more children and public assistance recipients alleviated the burden of large increases in the price of electricity among these categories of households during the period under consideration.

Table 8: Harmonised Inflation (annual % change from previous year)

	2006	2007	2008
General price index	2,2	2,2	4,4
Electricity	13,2	-0,3	23,1
Telecommunications	-1,9	-0,3	0,3
Food	6,1	5,5	7,5
Fuel	7,5	2,5	11,1

In order to further enlighten issues concerning the adequacy of the public assistance benefit, we sought the opinion of stakeholders through the questionnaire, the details (distribution, response etc) of which are described earlier in this report. More specifically, the stakeholders were asked to answer the question 'to what extent do you believe that the public assistance benefit is adequate to reduce poverty and social exclusion among public assistance recipients'. The majority of respondents said that in their opinion the benefit does so only to a small/average extent. We do not know on what basis the stakeholders formed this not so positive opinion about the adequacy of public assistance. We do know, however, that many of them were not well informed: very few knew that public assistance recipients benefit from additional in-kind support; whereas none knew that public assistance recipients are provided with access to goods and services.

The lack of awareness about the content of the public assistance benefit among stakeholders raises doubts about the relevance of their opinion about the adequacy of this benefit. This, together with the lack of data describing the current position of recipients, vis-à-vis poverty and social exclusion, reinforces our argument that - at the moment - very little can be said about the adequacy and effectiveness of the public assistance system in Cyprus. We understand that a study covering these issues is now under way. It includes extensive field work, as the circumstances and views of the public assistance recipients are thought to be necessary for understanding the inadequacy and ineffectiveness of the system. In our opinion, the results of this study should be then disseminated to all stakeholders.

2.3 Effectiveness

The effectiveness of the public assistance system can be judged by examining the extent to which its objectives are achieved. In general, public assistance aims at maintaining a decent standard of living among members of the society who cannot do this for themselves. This means that it has two objectives: improve the standard of living of persons in need and encourage those who can raise income for themselves to do so. It is well known from the economic literature that these two objectives can often contradict each other, in the sense that offering a generous public assistance benefit to satisfy a person's needs can be a disincentive to work. This is particularly the case for persons whose reservation wage (the wage which they can accept in order to participate in the labour market) is much higher than the market wage. Public assistance recipients tend to belong in the latter category either because their reservation wage is too high - e.g. they have to stay home to look after dependent persons who are unable to look after themselves; or their market wage is too low due to lack of skills, health problems etc; or both.

We examine how labour market participation is promoted among public assistance recipients later, in Section 3. Here we focus on how far public assistance improves the standard of living of those in need first by investigating how far it (a) lowers the depth of poverty among its recipients and (b) enhances their quality of life through access to goods and services. The impact of public assistance on the depth of poverty is shown in Table 9. The results in this table are calculated using the FES data described in the previous section (Table 4). The columns labelled 'with pab' show the depth of poverty as it is in the FES data, while the columns labelled 'without pab' show the depth of poverty when the public assistance benefit is taken away from the households.

Table 9: Depth of poverty among public assistance recipients with and without the benefit

		Working		Not working	
		With pab	Without pab	With pab	Without pab
Total		1,49	1,28	0,98	0,72
Sex:	Male	1,53	1,34	1,08	0,83
	Female	1,33	1,00	0,88	0,60
Age group:	15-30	1,70	1,46	0,91	0,49
	31-45	1,32	1,11	0,96	0,59
	46-55	1,59	1,39	1,20	0,73
	56-65	1,79	1,60	1,15	0,85
	66 and over	1,84	1,43	0,88	0,71
Education:	Illiterate	1,87	1,53	0,96	0,76
	Primary	1,32	1,18	0,93	0,60
	Secondary	1,53	1,28	1,01	0,78
	Tertiary	1,61	1,39	2,20	1,90
Family status:	Single	1,41	1,09	0,90	0,65
	Couple	1,51	1,33	1,09	0,80
Dependents:	None	1,29	1,09	0,95	0,75
	Aged 0-5	1,44	1,24	1,04	0,44
	Aged 6-12	1,17	0,96	1,07	0,40
	Aged 13-18	1,19	1,02	1,03	0,59
	Aged over 18	1,01	0,87	1,08	0,86
Spouse:	Working	1,59	1,47	1,64	1,51
	Not working	1,46	1,21	0,95	0,67

The overall picture emerging from Table 9 is that the public assistance system (as described by the FES 2003 data) is effective, in the sense that it reduces the overall depth of poverty among recipients in disadvantaged groups, such as families with non-working heads, especially those under 45, with dependent children, women and low educated. However, one can argue that it does this in an inefficient manner, as it also benefits households with income well above the poverty line: families with working heads, especially males in the younger and older age groups, and highly educated persons. Yet, one can ask here whether paying public assistance benefits to working persons - thereby not discouraging labour market participation - is inefficient. The answer to this question depends on whether this benefits the society (through employment, growth, social inclusion etc) more than the 'waste' from paying benefits to families above the poverty line. Again, not much can be said about this because no relevant studies are available for Cyprus.

Table 10 reports results showing the effectiveness of public assistance in reducing the depth of poverty among beneficiaries, grouped this time according to whether they: (i) receive public

assistance benefit only; or (ii) also gain from income excluded from the calculation of this benefit. As one would expect from the discussion in Section 2.2 (Table 5), the reduction in the depth of poverty comes mainly from the public assistance benefit itself rather than gains from income sources excluded from the calculation of this benefit. Also expected from the discussion in Section 2.2 is the fact that the latter gains mostly accrue to groups with high labour market participation.

Table 10: Depth of poverty among recipients with and (a) without public assistance and (b) without public assistance and income excluded from the calculation of public assistance

		With pab	Without pab	Without pab and excluded income ¹⁷
Total		1,21	0,96	0,94
Sex:	Male	1,33	1,11	1,08
	Female	0,98	0,69	0,67
Age group:	15-30	1,52	1,25	1,18
	31-45	1,23	0,99	0,94
	46-55	1,42	1,10	1,08
	56-65	1,38	1,12	1,10
	66 and over	0,92	0,74	0,73
Education:	Illiterate	1,09	0,87	0,86
	Primary	1,09	0,84	0,81
	Secondary	1,34	1,10	1,07
	Tertiary	1,71	1,48	1,45
Family status:	Single	1,03	0,76	0,73
	Couple	1,34	1,12	1,10
Dependents:	None	1,21	0,94	0,89
	Aged 0-5	1,37	1,11	1,05
	Aged 6-12	1,14	0,83	0,76
	Aged 13-18	1,13	0,87	0,82
	Aged over 18	1,05	0,86	0,82
Employment status:	Working	1,49	1,28	1,24
	Not working	0,98	0,72	0,70
Spouse:	Working	1,60	1,48	1,45
	Not working	1,14	0,88	0,85

As said earlier, how the benefits to the society from encouraging employment among public assistance recipients compare to the waste from families receiving benefits they do not need is a question that cannot be answered here. This is because no studies exist showing how individuals in Cyprus would react if faced with the dilemma of working or receiving public assistance benefit.¹⁸ Nevertheless, without such a study one cannot design efficient incentives for participation in the labour market. This is especially true for public assistance recipients because most of them belong to groups further away from the labour market (long term unemployed, in poor health etc) and may require more drastic measures to enter employment than just retaining part of the public assistance benefit.

¹⁷ See footnote 14.

¹⁸ We could not ourselves attempt to answer this question because no data allowing one to do this are available.

As regards the effectiveness of the public assistance system delivered through access to quality goods and services, free medical care is probably the most valuable commodity offered to recipients, given that as many as 90% of them are believed to face one or more chronic health problems. In addition to medical care, public assistance recipients can access services offered to most vulnerable groups, such as home-care, day-care or residential care services. Home care aims at enabling persons in vulnerable groups (elderly, disable etc) to live in their own home. It includes personal hygiene, housing cleaning, washing of clothes, cooking, payment of bills, shopping and other everyday tasks that these persons are not able to do on their own. People who cannot care for themselves can spend daytime at their local day-care centre where they are offered cooked meals and laundry facilities. Their entertainment and the creative spending of their time are among the priorities of the day-care centres. Residential care is strictly provided to people with individual needs that cannot be met by their family or other supportive services.

2.4 Old findings and new research

As said in the previous section, there exists a study about the public assistance system in Cyprus conducted by the general auditor of the Republic in 1998. The objectives of this study were to investigate the adequacy and efficiency of:

- (a) legislation and regulations governing public assistance;
- (b) procedures/mechanisms gathering information for the examination/approval/monitoring of public assistance benefits; and
- (c) the software used for managing system.

The results of this report documented the existence of several problems including: delays in the examination of the applications; inadequate follow ups resulting in wrong amounts of benefits; a large number of public assistance recipients without supervision; inadequate checks on medical certificates to confirm eligibility; payment of benefits to non-eligible applicants (e.g. pensioners); inadequate investigation of property ownership among public assistance recipients; misplaced information (lost files); software problems giving rise to paying rent benefit to home owners; and delays in implementing hardware and software changes.

The report proposed measures including: more systematic monitoring of the implementation of the law and related procedures; more frequent systematic updating of the information about recipients; publication of an internal manual for welfare officers covering the examination, approval, provision and monitoring of public assistance benefits; review of the procedures followed by the SWS officers to avoid delays; regular visits to recipients by officers to investigate changes in the circumstances of the recipient; monitoring of medical and invalidity certificates provided by applicants; more rigorous investigation of the property and economic situation of the recipient; and improvements in the computerization of the system. Most proposals in the auditor's report were taken on board in the 2001 and 2006 amendments in the Public Assistance Law.

Many of the findings and recommendations of this above study may not be relevant today; nevertheless, it is interesting to observe that mistakes in the calculation of the benefit and combating false entitlement were major concerns at that time. Today, in our opinion, these issues may still be important, however, so can be many others including the non-take up of the benefit, the social exclusion experienced by public assistance recipients, and their special needs and remoteness from the labour market.

A new study is now under way by SWS titled 'Detecting and Recording the Persons Served by the SWS and Facing High Risk of Poverty and Social Exclusion' under the Project 'Vocational Training and Promotion of Public Assistance Recipients in the Labour Market' of the Measure 1.3, Objective 3. The objective of this project, as stated in the SWS tender, is to investigate the following:

- (i) the concept of social exclusion as understood/experienced by public assistance recipients;
- (ii) the drivers of poverty and social exclusion among public assistance recipients;
- (iii) the identification of the special needs of public assistance recipients;
- (iv) identification of groups capable to benefit from active labour market policies; and
- (v) recommendations for the promotion of labour market participation and independence from state support.

The study includes empirical analysis based on a large amount of information collected via questionnaire from a sample of 3000 public assistance recipients. The results of the study are expected to be available in the next few months.

3. Public assistance and active inclusion

3.1 Measures to encourage employment

In order to encourage public assistance recipients to enter the labour market and facilitate transition to work the law in Cyprus provides for the benefit not to be withdrawn immediately upon employment. More precisely, upon entering employment after a period of unemployment of at least six months, a public assistance recipient continues to receive the benefit for herself/himself and her/his dependants for the next twelve months as follows:

- 100% of the benefit for the first four months;
- 66,6% of the benefit from the 5th to the 8th month; and
- 33,3% of the benefit from the 9th to the 12th month.

Furthermore, the public assistance benefit is paid to persons in employment as a top up when their income from labour and other sources is deemed below the level required to satisfy their basic and specific needs. Thus, public assistance benefit can also help the working poor.

In the next section we discuss various other measures designed to encourage public assistance recipients to enter the labour market, such as (i) various training programmes tailored to the needs of public assistance recipients and the market; (ii) the provision of care services for children, the elderly, the disable and other dependants; and (iii) subsidisation and incentives for firms to hire public assistance recipients. Here we like to indicate that these and other measures aimed at encouraging public assistance recipients to enter the labour market can be more effective if they could be differentiated to take account of variation in the probability of employment among the recipients. Using the FES data discussed in Section 2.3, we have found this probability to be (i) declining with age and education and (ii) lower among women and persons of long-term illness. Correspondingly, the incentives for employment should be increasing with age and education and be higher for women and the long term ill. This 'positive discrimination' in favour of public assistant recipients further away from the market should make active labour market measures more effective.

In our survey conducted among stakeholders (as described previously in this report) we asked 'how far the public assistance benefit is a disincentive for employment'. The majority of stakeholders said that the benefit is a disincentive for employment to an average/small extent. This opinion appears to be formed from their belief that public assistance recipients are usually elderly persons, persons with disabilities, persons with chronic health/mental problems. In other words, the stakeholders' opinion is that these individuals are unable to work due to physical handicaps and not due to their unwillingness to become active in the labour market. In our opinion this view may not be entirely unrealistic, nevertheless it needs to be substantiated through empirical investigation. Indeed, among the main objectives of studies seeking incentives to encourage activation in the labour market are (i) to identify potential beneficiaries among public assistant recipients and (ii) match the employment incentives to the needs of the individual and the market.

3.2 Programmes for public assistance recipients

The SWS are operating the project 'Vocational Training and Promotion of Public Assistance Recipients in the Labour Market' under 'Measure 1.3.1'. The aim of the project, which begun in 2005 and ended in 2008, was to contribute to the activation of public assistance recipients, by assisting their social and employment integration. Its actions aimed at helping participants upgrade existing or acquire new professional skills to match labour market needs. It also contributed to combating digital illiteracy, enhancing communication skills, strengthening of self-esteem, self-confidence and employability. Public assistance recipients completing this training programme were expected to become more competitive in the labour market.

After acquiring the required professional skills through the various training courses, the public assistance recipients were placed to subsidised working positions in the private sector. During this project, 260 recipients were placed to subsidised working positions. In the first stage of the project, the SWS requested the services of a scientific advisor and the services of labour integration consultants. During the second stage of the project, a total of 560 recipients from all cities attended training courses for the development of communication skills, the use of computer and information technology, sales techniques, office organisation/personnel techniques and English language lessons. The third stage of the implementation of the project was the placement of public assistance recipients in the labour market. A total of 55 public assistance recipients were placed in working positions via the project, while another 90 were employed outside the framework of the project.

The employers interested in participating in the programme applied for it - motivated by the 40% subsidy on the gross annual income paid for each public assistance recipient hired. The applications were examined by a committee on the basis of mainly two criteria: the level of initial salary and the quality of the working environment (wage equality between men and women for equal work, working conditions, working hours and the development of actions relevant to the company social responsibility). The employers were monitored and helped to overcome difficulties pertaining to hiring public assistance recipients. The ultimate objective of the project was to render the employment of these persons efficient and permanent.

The SWS assigned the assessment of the results of the project to a scientific advisor. According to this assessment:

- 310 recipients participated in the project from the initial target of 400 public assistance recipients. This corresponds to a success rate of nearly 80;
- the participants were satisfied with the organisation and the quality of the training programmes, the extent to which they developed communication skills and cooperated with other persons and enhanced their self-esteem;
- the participants were not so satisfied with the seminars (which they said hardly aided them finding a job) but were satisfied with the knowledge acquired for employment in a position relevant to the programmes;
- only 26% of the employers continue to employ public assistance recipients after the completion of the project, and 58% believe that the participants left the project by their own decision;
- the employers stated as problems faced by the recipients the difficulties in reconciling family and working life – aggravated by the inflexible working hours - and problems in communication with co-workers; and

- among the recipients who gave up their working position, the majority gave as the reason for doing so difficulties in adjusting to the requirements of a working life, while 70% stated that they would be willing to work for another company in order to become integrated into the labour market.¹⁹

The SWS is now preparing a new programme that will allow the integration of a considerable number of public assistance recipients to the labour market by 2013. This action is under the programme 'Employment, Human Capital and Social Cohesion' which is co-funded by the EU and the Cyprus government. The objectives of this programme are the full-time and high quality employment of public assistance recipients and other persons at high risk of poverty and social exclusion (e.g. the disabled and immigrants). These objectives will be achieved through the development of human capital and the establishment of social cohesion and equal opportunity conditions.

For the implementation of this new programme the involvement of companies, the public sector and organisations providing education/training will be sought. The programme will include lifelong learning to encourage the development of skills helping participants to access the labour market. At the same time participating companies and other organisations will have to organise their structure so as to be able to absorb persons that belong to the programme's target group. They will also be asked to create appropriate conditions for the productive employment of the participating persons. Difficulties expected in the implementation of this programme include the fact that many members of vulnerable groups (i) have developed 'inertia' from their long-term exclusion from the labour market, (ii) face prejudices and stereotypes against their employment and (iii) encounter obstacles in accessing training and employment centres due to living in rural areas.

The programme mentioned at the end of Section 2.4, 'Detecting and Recording the Persons Served by the SWS and Facing High Risk of Poverty and Social Exclusion' is also designed to promote employment, social inclusion and independence from the state support among public assistance recipients. By investigating the concept of social exclusion as experienced by public assistance recipients and the reasons that lead these persons to social exclusion and poverty, this study aims at identifying among public assistance recipients groups that can

- (a) benefit from active labour market policies in order to be integrated to the labour market and become independent of public assistance; and
- (b) contribute to various sectors of the society, social economy or volunteerism as a transition stage from inactivity to active participation.

This study is also expected to: define criteria/indices for the identification of vulnerable groups and persons at risk of poverty and social exclusion; detect barriers preventing public assistance recipients from integrating to the labour market; compile criteria/indices for the successful inclusion of the vulnerable groups into the labour market; propose programmes that can lead to active labour market policies for public assistance recipients using ideas from existing programmes in other European countries; propose support services or law changes to help optimise labour market policies; and propose the introduction of new and/or improvement of existing legislation for the provision of public assistance.

¹⁹ Readers can consult http://www.mlsi.gov.cy/mlsi/sws/sws13.nsf/dmlindex_en/dmlindex_en?OpenDocument for more information.

3.3 Other employment and training programmes

Under the Objective 3 'Human Capital' the following projects, co-funded by the EU, there are several programmes aimed at encouraging labour market participation, albeit not specifically among public assistance recipients:

- 'Enhancement and modernisation of the Public Employment Services' which includes: (a) provision of personalised guidance and support for active job search, facilitation of access to training opportunities and job placement; (b) improved use of information technology to attract labour force, services to citizens and improved monitoring of the operation of the labour market; and (c) increased employment capability of persons with disabilities, public assistance recipients, unemployed, women, the elderly and persons from other vulnerable groups of the population.
- Actions for adjusting skills to the needs of the labour market. These target unemployed persons, especially women and the young unemployed/graduates and aims at helping them to improve their employability and possibilities for integration/reintegration to the labour market by developing their personal skills and adjusting their knowledge and skills to labour market needs.
- Project for the provision of incentives to employers to hire persons with disabilities. In the context of this project economic aid is given to employers in order to provide facilities, adjust the working environment (work place and machines) and increase the salaries so as to encourage the employment of persons with severe disabilities.
- 'Promoting access of women to the labour market' provides professional training for economically inactive women that are either single mothers, mothers of underage children, caring persons with disabilities or elderly persons or have low level of education to facilitate their reintegration to the labour market. Moreover, this measure introduces modern and flexible forms of employment - via the implementation of subsidised projects - to encourage companies to offer flexible employment conditions to women.
- 'Expansion and improvement of the care services for the children, the elderly, the disable and other dependants' also promotes the access of women to the labour market by funding 31 open care programmes implemented in cooperation between Local Authorities and NGOs. In the context of this programme the SWS launched a study about the role of Local Authorities in the promotion of care policies for the reconciliation of family and working life. The programme also promotes equal opportunities for men and women and the safeguarding of social cohesion.

Table 11 lists some other programmes/benefits/grants offered by the government of Cyprus that assist in combating poverty and social exclusion of persons in vulnerable groups, including social assistance recipients; while Table 12 shows existing programmes promoting the active integration of these persons into the labour market and enhancing their social inclusion and independence from state support.

Table 11: Programmes combating poverty and social exclusion

Programme	Content
Provision of benefits/allowances for vulnerable population groups	<ul style="list-style-type: none"> - child benefit - mother's allowance - special financial assistance to single mothers for childbirth - special grant for blind persons - financial assistance to persons with disabilities for the purchase of a car - special grant for students - special grant for purchasing/building a house - financial assistance to families with four+ children for the purchase of car - special grants for war pensioners
Measures for the reinforcement of social cohesion	<ul style="list-style-type: none"> - annual allowance to public assistance recipients over 65 years who live alone - annual grant to public assistance recipients with special needs/disabled - additional monthly allowance for single-parents who receive public assistance - additional monthly allowance for each dependent child of single parents who receive public assistance - special annual allowance for enclaved families with dependent children attending nursery, primary and secondary schools
Financial support schemes for persons with disabilities	<ul style="list-style-type: none"> - allowance for disabled persons with severe mobility problems - care allowance to tetraplegic persons, irrespective of income
Increase in minimum wage	<ul style="list-style-type: none"> - includes 8 professions: clerks, shop assistants, nursing aids, child care aids, infant care aids, teachers' aids, security guards and carers
Schemes for the provision of technical means and equipment for persons with disabilities	<ul style="list-style-type: none"> - financial assistance for obtaining technical means and equipment - financial assistance to disabled persons with mobility problems for the purchase of wheelchairs - parking cards to persons with disabilities
Programmes for the social inclusion of refugees	<ul style="list-style-type: none"> - informing/sensitising public opinion on matters relating to refugees - orientation of refugees and persons entitled to complementary protection - learning of the Greek language - providing free social aid and psychological support to asylum applicants
Public transportation and accessibility of public places	<ul style="list-style-type: none"> - reinforcement of competitiveness of public transportation - accessibility of the substructures and means of transport - informing the public - restoration of accessibility to public buildings housing government services - construction of pavements facilitating persons with disabilities
Social inclusion of persons with mental health problems and persons with drug dependency	<ul style="list-style-type: none"> - inclusion of primary mental health care in primary/community health care - organising seminars, workshops and lectures - empowering persons with severe problems of mental health/drug dependency to reduce self-stigmatisation and claiming their right and demands - pilot operation of the occupational rehabilitation unit for the mentally ill
Prevention and treatment of delinquency	<ul style="list-style-type: none"> - supervising of minors and adults for whom probation orders were issued - decriminalising offences committed by juvenile offenders

Table 12: Programmes that promote integration into the labour market

Programmes:	The programmes include:
Vocational training of persons who depend on welfare transfers of the income type	<ul style="list-style-type: none"> - programmes for individualised counselling guidance/support and vocational training for public assistance recipients
Employment and social integration of vulnerable population groups	<ul style="list-style-type: none"> - improvement of social skills of the target group - specialised occupational training according to the needs of the labour market - inclusion in the labour market through subsidising these work positions - promotion of a subsidies scheme for the self-employment of persons with the implementation of training lessons in matters concerning the management/administration and the provision of subsidies for starting small businesses
Schemes for the promotion of active integration of persons with disabilities into the labour market	<ul style="list-style-type: none"> - the Centre for the Occupational Rehabilitation of the Disabled (CORD) - the scheme of financial assistance for the creation and operation of small self-employment units for persons with disabilities - the scheme for the self-employment of persons with severe disabilities - the scheme for the occupational training of persons with disabilities in occupations for which training is not available at CORD - the scheme for supported employment of persons with severe disabilities - the introduction of the quota system of recruitment of persons with disabilities in the wider public sector
Scheme for the provision of financial assistance for the reintegration of dependent persons who are in the course of treatment for drug dependency	<ul style="list-style-type: none"> - financial assistance (rent subsidy) - education/training - purchase of equipment
Vocational training for refugees and persons entitled to complementary protection	<ul style="list-style-type: none"> - training in order to facilitate their access to the labour market
Promotion of flexible forms of employment	<ul style="list-style-type: none"> - subsidisation of businesses in order to create work places with flexible employment regulations for the benefit of young persons and persons of an older age who show higher percentages of unemployment, persons with dependants and persons from socially vulnerable population groups
Expansion and improvement of care services for children, the elderly, disabled persons and other dependants	<ul style="list-style-type: none"> - creation and improvement/expansion of social care services at the local level through cooperation of local authorities and voluntary social welfare organisations - project on 'Provision of services for covering social care within the framework of family and employment reconciliation'

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