

Small States Social Policy

Cyprus

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Small States: Cyprus

Social policy - Welfare/Well-being model



ERASMUS PLUS - 'Challenges to Democracy and Social Life'

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Social policy - Welfare/Well-being model

- What kind of welfare system? Cyprus somehow located within the 'Mediterranean or Southern European' welfare state model characterized:
 - Late development
 - Tradition of strong corporatism in the regulation of social security based on tripartite agreement began to decline in the last 7 years.
 - Strong familialism, where family is considered as the main care-giver and locus of welfare provision, as well as residual social protection. Calculation of welfare takes note of family situation.
 - Delay in building a coherent national health system (introduced for the first time in 2019-2020)
 - Focus on allowance benefits for targeted groups – since Conservative DESY in power so-called 'minimum guaranteed income' (EEE), which excluded from welfare many previously eligible welfare receivers.
 - National social policy shaped (a) by the country's turbulent political history, (b) the influence of the colonial/post-colonial context and (c) transnational developments.

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Social policy - Welfare/Well-being model

- ❑ The Cypriot welfare system contains welfare policies regarding:
 - Health
 - Care for the elderly
 - Child care
 - Disability
 - Unemployment and social security
 - Poverty
 - Education
 - Housing for Cypriot displaced persons

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Social policy - Welfare/Well-being model

- ❑ The Cypriot welfare system contains welfare policies regarding
 - ❑ The SWS ([Social Welfare Services](#)) was established between 1946-1952, in the final period of the British colonial rule when the Labour Government introduced «a social spurt of social welfare legislation and services», mostly based on the recommendation of the 1944 Beveridge Report ([Triseliotis, 1977](#)). [Social Security](#) was introduced then. Cypriot independence from British colonial rule (1960), shaped after the 1974 war which forced major transformations.
 - ❑ Free public primary, secondary and tertiary (university) education, available to all, albeit the content is not adjustable to the needs of all children. Private education also available but expensive.
 - ❑ The first phase of the National Health System was only introduced only in 2019 – 2020, after more than a decade of design and programming. Some vulnerable groups are excluded (asylum seekers, victims of trafficking, etc).

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Social policy - Social protection beneficiaries

- No comprehensive Long Term Care (LTC) scheme of universal coverage. Subsidised LTC services are only available through the Guaranteed Minimum Income scheme.
- Most households have to purchase LTC services from the private sector, resulting in a high incidence of informal LTC provision

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Social policy - Social protection beneficiaries

- Number and structure of users of social help – long term users,
 - Around 22-23 thousand persons (roughly 2,8% of the population) are public assistance **recipients**.
 - In 2014, the **Guaranteed Minimum Income (GMI) was introduced, bringing major changes to the welfare system.**

GMI Eligibility: GMI All EU citizens and Cypriots who lived in Cyprus for more than five years. Stringent eligibility conditions meant that many previous welfare receivers were left out.

Eligibility is based on the total needs and assets of the family. Assumption that members inside a family must collaborate and help each other. Basic income value for a person that has zero income is set €480 per month, i.e. just over half of poverty threshold.

Applicants must be aged over 28

GMI receivers are required to accept any available job in their relative fields and are automatically excluded from the system if they turn down job offers.

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Social policy - Poverty and Social Exclusion

❑ Risk of the poverty as the share of population with income below 60% of median disposable income (EU) or “national poverty rate”

❑ Poverty rate before and after social transfers;

The at-risk-of-poverty rate (AROP) is defined as the share of people with an [equivalised disposable income](#) (after social transfer)

Based on the poverty threshold of 2008, the percentage of AROP in Cyprus in 2008 was at 15,9, in 2010 at 17,4%, in 2015 at 35,10, in 2017 at 28,3 and in 2019 at 22%. One in four persons in Cyprus was at risk of poverty in 2019, compared to one in six in 2008.

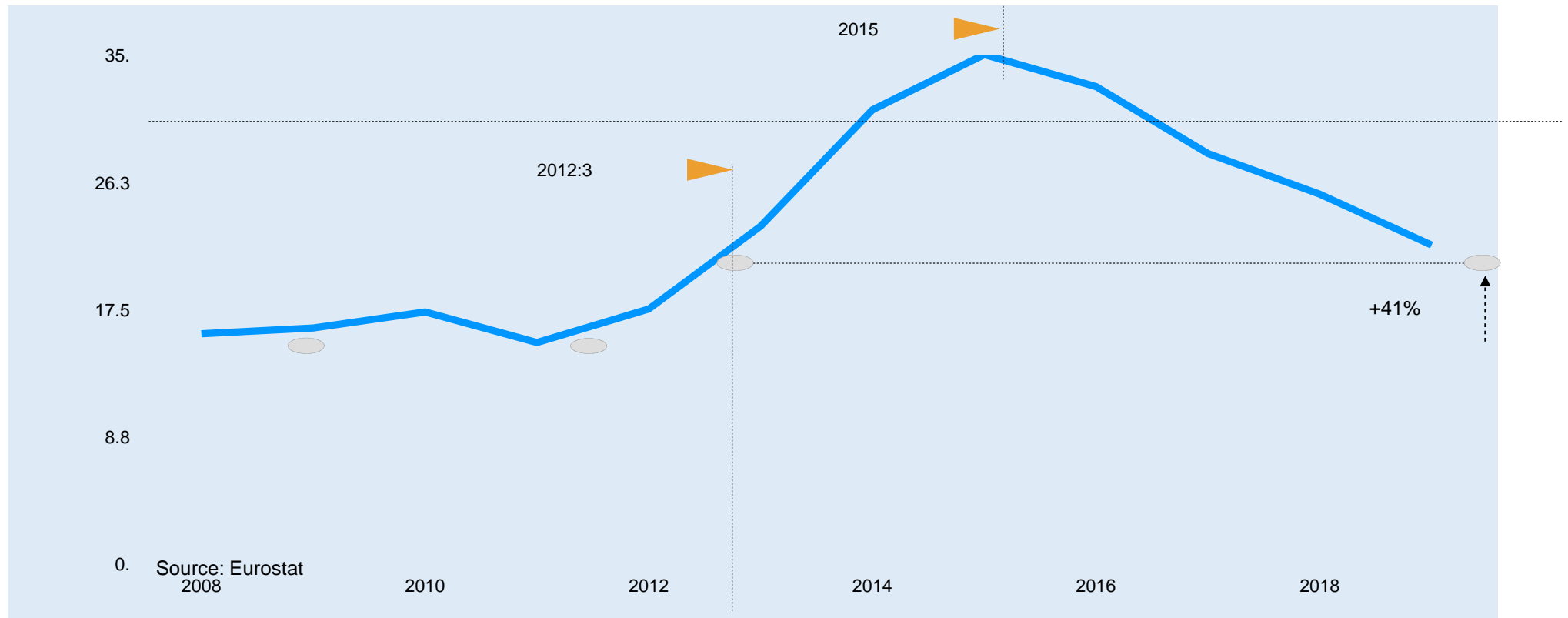
❑ Groups in the risk of poverty:

Many forms of labour market segregation in Cyprus, including the rise in non-standard employment, lead to in work poverty.

Persons at highest risk of in work poverty: young persons (aged 18-24); low-educated persons; persons with a migrant background (especially those from third countries); non-standard employees; single parents, and persons living in low work intensity households.

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Social policy - Poverty and Social Exclusion



0. Source: Eurostat 2008

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Social policy - Poverty and Social Exclusion

- The mean annual disposable income of households in 2019, (income reference period 2018), was €33,584, increasing 9% on the previous year (€30,807).
- Income share of the richest 20% was 4.6 times higher than the income share of the poorest 20% compared with 4.3 in 2018

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Social policy – Most vulnerable groups

- Asylum-seekers
- Victims of trafficking
- Migrant workers, particularly those in abattoirs, farming and agriculture, including students who take up work irregularly or regularly to pay fees
- Irregular migrants
- Poor elderly
- Women vulnerable to gender violence
- Domestic workers
- Roma
- Persons with disability
- Long-term and indefinitely detainees in refugee camps
- Atypical and uninsured workers and single parents

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Social policy - Unemployment

Characteristics of unemployment, unemployment rate, reasons for absence from the labor market;

- In 2020, the unemployment rate in Cyprus was at approximately 7.23 percent.
- Today, Cyprus has the third-highest unemployment rate of all EU.
- Number of unemployed persons in October 2020 increased by 90,3%, compared to October 2019.
- In 2017, the share of women aged 20-64 who worked in part-time employment was 15.5%, whereas the respective figure for men was 8.9%

Long-term unemployment your country, unemployment of vulnerable groups;

Only quotas in employment are for persons with disabilities

Unemployment of persons with disabilities.

- Since 2009, 10 % of the number of vacancies in the public and the wider public sector (except the army, the police, the fire department and the prisons) must be filled by persons with disabilities, provided that this does not exceed 7 % of the aggregate of employees per department.
- Schemes for supported employment of persons with intellectual disabilities are run by the Social Welfare Services

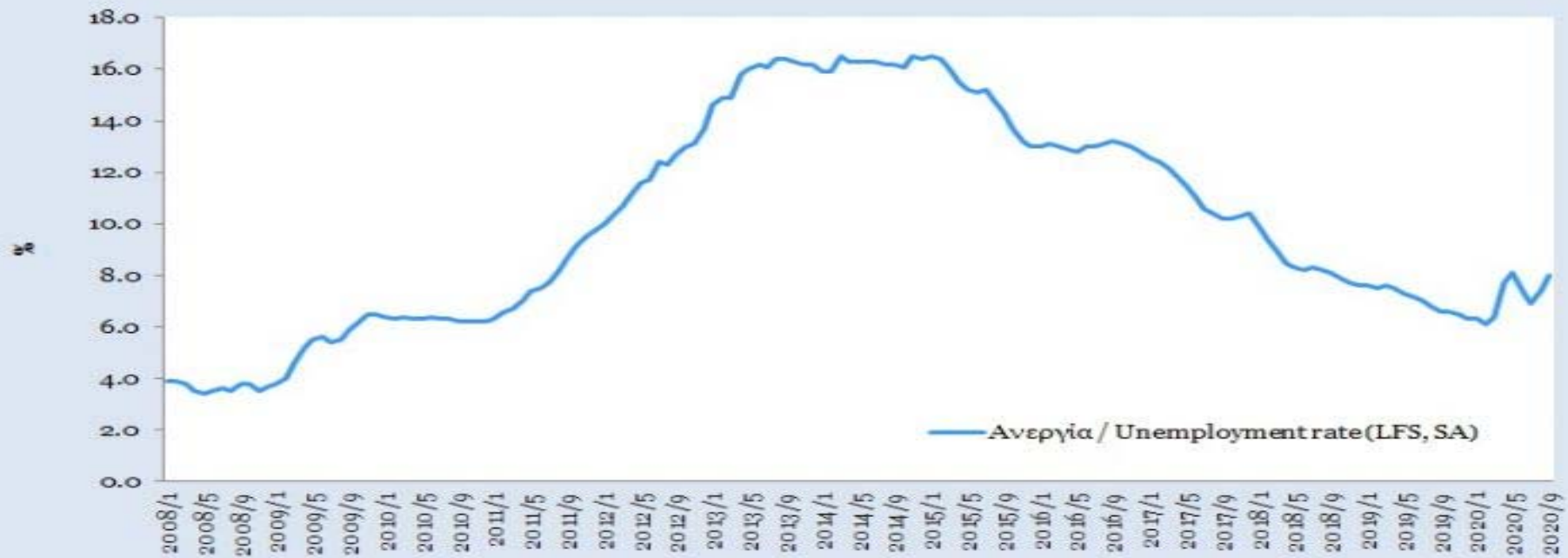
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Social policy - Unemployment

- Measures for active employment (create employment)
 - Economy relies heavily on volatile industries (foreign tourism and financial services) with few opportunities for new job creation.
 - programmes organised by the Human Resources and Development Authority (HRDA) which are aimed at increasing the productivity and employability of the targeted groups (e.g. young persons, GMI beneficiaries)
 - Schemes for vocational training and adult learning are available, but participation is below EU average (6.9% vs 10.9% in 2017).
 - Schemes for funding employers to hire unemployed persons (funded by ESF) but at least half of the persons hired return to unemployment after the program finishes.

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Social policy - Unemployment (source MoF)



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Social policy – Child support

- How is child support organized in the country?
 - Families with children may receive a child benefit
 - Single parents may additionally receive a single-parent benefit if they fulfil the relevant eligibility criteria
 - Child benefits in Cyprus are means-tested.
 - Additional eligibility criteria include residency, which effectively exclude, inter alia, Roma families constantly moving between the Turkish occupied north and the south of the country.

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Social policy – Response to the COVID-19 pandemic

□ social protection in light of the pandemic:

- Various schemes were made available to employees, employers and unemployed persons, covering some economic activities deemed to be negatively impacted by the pandemic. From June onwards, state support for employees' salaries was paid to employer rather than employee.
- On June 12, special measures for vulnerable groups and parents of children under 15 were terminated.
- No support measures for irregular or uninsured employees.

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Social policy – social (re)distributions

□ Approach to social protection mechanisms (e.g. pensions, health insurance):

- State pensions are linked to contributions made to the state social insurance system. Pensionable age is currently at 65 for public employees, but this is adjusted every five years on the basis of life expectancy. No pensionable age exists for the private sector. Retirement age depends on profession, rank and year of joining the service.
- National health system introduced in 2019-2020 provides for health care for all Cypriots and Union citizens, lawfully residing third country nationals and refugees. Obligatory contributions to the system, automatically deducted from salaries of employees (2.65% from 1 March 20 onwards), paid by employers (2.9%), the state (4,7%),

□ Public social expenditure as a percentage of GDP in your state

In Cyprus, expenditure on social protection policies in 2000 was 13.7% of GDP, it increased to 19.1% in 2009, and dropped to 17.6% in 2010. Social protection policies expenditure in 2013 rose to 23% of GDP, 20.2% in 2014 and 20.1% in 2015. In 2016 and 2017, this expenditure fell to 19.4% of GCP and 18.5% of GDP, respectively.