



EMIN Context Report CYPRUS

Developments in relation to Minimum Income Schemes

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May 2017

What is EMIN?

The European Minimum Income Network (EMIN) is an informal Network of organisations and individuals committed to achieve the progressive realisation of the right to adequate, accessible and enabling Minimum Income Schemes. The organisations involved include the relevant public authorities, service providers, social partners, academics, policy makers at different levels, NGOs, and fosters the involvement of people who benefit or could benefit from minimum income support.

EMIN is organised at EU and national levels, in all the Member States of the European Union and also in Iceland, Norway, Macedonia (FYROM) and Serbia.

EMIN is coordinated by the European Anti-Poverty Network (EAPN). More information on EMIN can be found at www.emin-eu.net

What is the Context Report?

In 2014 individual Country Reports were produced under the EMIN project which outlined the state of development of Minimum Income Schemes in the country concerned. These reports also set out a road map for the progressive realisation of adequate Minimum Income Schemes in that country. These Country Reports can be found on www.emin-net.eu (EMIN Publications). This Context Report gives an update on developments in relation to Minimum Income Schemes since the publication of the Country Report.

Acknowledgements:

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For the period 2017-2018 EMIN receives financial support from the European Union Programme for Employment and Social Innovation “EaSI” (2014-2020) to develop its work in the EU Member States and at EU level. For further information, please consult: <http://ec.europa.eu/social/easi>

The information contained in this report does not necessarily reflect the official position of the European Commission.

Definitions used in the EMIN Project

Minimum Income Schemes are defined as, income support schemes which provide a safety net for those of working age, whether in or out of work, and who have insufficient means of financial support, and who are not eligible for insurance based social benefits or whose entitlements to these have expired. They are last resort schemes, which are intended to ensure a minimum standard of living for the concerned individuals and their dependents.

EMIN aims at the progressive realisation of the right to adequate, accessible and enabling Minimum Income Schemes.

Adequacy is defined as a level of income that is indispensable to live a life in dignity and to fully participate in society. Adequate Minimum Income Schemes are regularly updated to take account of the evolution of the cost of living.

Accessible is defined as providing comprehensive coverage for all people who need the schemes for as long as they need the support. Accessible Minimum Income Schemes have clearly defined criteria; they are non-contributory, universal and means-tested. They do not discriminate against any particular group and have straightforward application procedures. They avoid:

- institutional barriers such as bureaucratic and complex regulations and procedures and have the minimum required conditionality,
- Implementation barriers by reaching out to and supporting potential beneficiaries' personal barriers such as lack of information, shame or loss of privacy.

Enabling is defined as schemes that promote people's empowerment and participation in society and facilitates their access to quality services and inclusive labour markets.

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Section 1: Evolution in laws and regulations regarding national (or regional/local) minimum income schemes

This section indicates changes to the main minimum income scheme in the country since the EMIN1 project ended in 2014, in particular changes to schemes that were dealt with in the EMIN1 project. In countries where several minimum income schemes coexist, please give priority to minimum income schemes for the working-age population. The **country report** from the EMIN 1 project is available at <https://emin-eu.net/emin-publications/>

Changes in the legislation and regulations governing minimum income schemes in your country with regard to

- *Eligibility conditions (lack of sufficient resources, age requirements, residence...)*
- *Conditionality of the benefits (willingness to work, other conditions related to personnel attitude of recipients...)*
- *Levels of payment, uprating*
- *Links with other benefits*
- *Governance of the schemes?*

Legislation Amendments

It has been an amendment of the legislation since July 2014, which was the date of the introduction of the new Legislation for Guaranteed Minimum Income.

New legislation provisions regarding Guaranteed Minimum Income act 109(1)/2014), according to the amendment of the Law on 1st August 2015 are the following:

1. The definition of disabled moderate mental disability was added:

In all the studies carried out for the implementation of the GMI it was considered that moderate intellectual disability is classified as severely disabled and therefore the persons certified by the Disability Evaluation System as persons with moderate intellectual disability (e.g. Down syndrome) are eligible GMI recipients.

2. Application submission and objections:

Changes were made regarding the process of application and the criteria.

What is regulated:

1. There is no obligation by adult persons under the care of the Director of Social Welfare Services, to be students. The Director will define the cases that need support according to the evidence submitted.
2. A new category of persons may submit application and become eligible according to the legislation, provided that there are particular personal circumstances, where these are

confirmed by a competent officer and provided that all the other legislation criteria continue to exist.

3. The application procedure is regulated in cases of persons with disability unable to complete personal application because of their mental or psychological or physical condition or for other similar reasons, so that the application can be submitted by a representative without the need of a Justice Decree declaring the person unable to act (Guardianship Decree).
4. A new procedural prejudice is added so that those who have already apply and meet the new provisions and legislative regulations, was the application either rejected or not even examined, they will not have the obligation to submit a new application, but through the submission of objection up to 60 days from the entry of the Law into force, (until the end of September) their case will be re-examined.

3. Income:

What is regulated:

1. Specifically, Social Security pensions are taken into account as income, the next month from the date which the pension was actually obtained and not before.
2. The monthly honorary allowance granted by the Ministry of Education to the people of culture and Art, is not taken into account as income.

4. Modify criteria - Property and Deposits:

New special regulations are introduced into legislation regarding the criteria of real property and financial assets.

Analytically:

1. When real property is not usable because is charged with a mortgage-memo with additional value € 100.000, it will be excluded from the calculation of real property.
2. The size of the house which is not taken into account for real property calculation purposes is 300 square meters, instead 150 square meters.
3. In cases where there are additional financial data in deposits up to € 20,000, but which are either: a) bound to ensure loan (and done before 07/11/2014), b) or by the name of minor children (Before 11.07.2014), c) or are related with study loans and scholarships, d) or the money are considered necessary to a person with a disability because of the disability, e) or because the money are on the name of minor children, because of bequest or because approved fundraising or other special reasons, f) or in common bank account with the very old / retired parent (and was before 07.11.2014) and the money proved to be owned by the parent, then they are not taken into account.

5. Check alienate assets made before the initial legislation

The head of Benefits Service has the capacity to check assets alienation, which happened before the initial application of the legislation. In this way the persons who alienate big amounts of money when the legislation was applied and they could be eligible recipients 12 months after this alienation, they will be checked by the Service Administration of Benefits.

6. Rent benefit increases to 20% in cases of people with disabilities

When people with disabilities need bigger homes because of their disability the rent benefit increases 20% from the highest level which is included in the legislation. In cases where these persons are moving on a chair wheel, or they have increased necessities for care, access or any other possible adjustments, this amount will be increased to 50%.

7. People living on low pensions

People living on low pensions who did not apply on time because of serious illnesses or for insurmountable personal reasons, can now apply.

8. Objection

The time limit to apply an objection is increased from 30 days to 60 days, either from the day which the decision for the GMI was made or from the day of the application of the new legislation (1st August 2015).

*Evolution with regard to **adequacy** of minimum income?*

There is no evolution regarding adequacy of minimum income while the amount of money provided for a person is below the poverty threshold (60% of the median income). There is a level which is taken into account which is included in the legislation the so called dignified level of living. This amount is € 480 for a person and is increasing according to the members of the family. There is an increase in a specific vulnerable group which is the case of people with disabilities. As mentioned above the amount of money increases 20% and for people on a wheelchair or any other special needs the amount increases to 50%.

*Evolution in terms of **coverage** or **take-up** of benefits?*

Some of the above changes of the legislation have increased both the coverage and the eligible persons.

*Evolution with regards to the **linkage** between minimum income schemes, (inclusive) **labour markets** and (quality) **services**?*

There are some plans which were announced in cooperation between the Ministry of Labour, Welfare and Social Insurances and the Human Resource Development Authority in order to promote employment in the public sector and the Tourist Industry for a limited time, which were addressing specifically to the GMI Beneficiaries but with a limited response both by the employers and the beneficiaries. There was also a plan funding until 60% of the employer's cost, in the case of employing a GMI recipient. Because of the limited response it was given extension to the deadlines until the end of March 2017. The plans have not been evaluated yet but there is a commitment by the Ministry that the programs to promote employment and training programs will be announced continually and additionally the

efforts of the state for social integration will never stop. For the first time there is a commitment that social work is going to be a tool to gain basic skills and for socialization as well. More specifically there are two programs running currently as follows:

- **Incentive plan for recruitment of GMI beneficiaries in combination with quarterly training:**

The target is to provide opportunities for practical training and employment experience to GMI beneficiaries in order to improve their abilities and employability.

The duration of the program is three-month training to cover specific needs of the GMI beneficiaries which are met accordingly with the positions they are placed.

It is not actually considered employment rather than training and this is the reason that no wages are provided. The GMI beneficiary during the three-month training period continues to receive a minimum income from the state, in accordance with the relevant legislation.

The business / organization is expected to employ the GMI beneficiary after the completion of the three-month training. Upon completing the first month of the three-month training course, he / she (employer) will need to sign a responsible statement, committing him / her to employ the GMI beneficiary, after completing the three-month training, full-time for twelve (12) months.

For the 12-month period of employment of the GMI beneficiary, the company / organization can claim from the Department of Labor a subsidy of up to 60% of the salary, up to a maximum of € 6,000.

This program is not as successful as it was expected (850 GMI beneficiaries) to be, with the target reduced after the first assessment to **200 beneficiaries**.

- **GMI beneficiaries placing Plan in public and wider public sector to gain experience**

The Ministry of Labor, Social Welfare and Social Insurances and the Human Resources Development Authority (HRDA) invites services and organizations of the Public and Wider Public Sector, Local Authorities and NGOs to apply for Participation in the *"GMI Beneficiaries scheme to gain work experience in the public and wider public sector"*.

The purpose of the Scheme is to provide opportunities for gaining work experience to GMI beneficiaries, who are able to work, improve their employability and improve their capacity to be reintegrated into the labor market.

Services / Agencies eligible to participate:

The Public and the Public Sector Services / Organizations, Local Authorities and Non Governmental Organizations, which operate in areas controlled by the Republic of

Cyprus, are registered in the Register of Social Insurance as employers and do not employ illegal or undeclared workers.

Priority will be given to training opportunities offered by services / organizations with a social purpose, aiming at vulnerable groups of the population.

The Scheme may include GMI beneficiaries who are registered as unemployed at the Public Employment Service offices aged 28 to 40 years at the time of the Call for Proposals. If the aim (number of GMI beneficiaries) is not met, the target group may be extended to other age groups.

The selection of the beneficiaries for participation in the Scheme will be made by the relevant departments of the Ministry of Labor, Welfare and Social Insurances on the basis of criteria according to the terms of operation of the Scheme. The participation of eligible GMI beneficiaries is mandatory under the GMI Law [N.109 (I) / 2014].

GMI beneficiaries will be placed in services / organizations to gain work experience in the workplace. The duration of the program is six months and aims to cover the specific training needs of the GMI beneficiaries in the services / organizations to which they are placed.

The GMI beneficiary during the implementation of the work experience program will be guided by an appropriate instructor employed by the service / organization.

The half-year program is not considered employment from the service / organization and no wages will be paid. However, the GMI beneficiary, during the six-month training period, continues to receive the minimum income from the Welfare Benefit Administration Service, in accordance with the relevant legislation. In addition, he / she will receive € 90 monthly for additional costs including travel expenses.

The Plan aims to place **2,000 GMI beneficiaries** and it is expected to reach this aim while the beneficiaries will be selected and be placed, with no right to refuse according to the legislation. The purpose of the scheme is not only the employment experience but the socialization as well.

The plan which was addressing the Tourist Industry employed more than **400 GMI beneficiaries**, but it has to be stated out that there was a kind of unwillingness by GMI recipients to participate and to achieve this number a lot of effort by the responsible services was needed.

Even more there was a plan addressing GMI recipients but specifically people with disabilities with the aim to employ **200** persons but the barriers of this plan was the unwillingness of businesses to employ such people.

Regarding access to quality services the beneficiaries apart from the benefits in money receive:

- 20% discount in the electrical supply
- Free education at the Governmental Educational Institutes
- Free meals at the Primary Public Schools
- 50% discount for public transportation
- First aid treatment at the Public Hospitals is free
- Nursing care cards beneficiaries

However, regarding quality services, it has to be mentioned that it is still considered a rather problematic field for minimum income beneficiaries while there are deficient infrastructures in many aspects of social protection services, something that makes them rely on money support. Of course in many cases this proves to be insufficient whereas the needs are mainly for services and not for money. For example there is only one detoxification centre for drug addicts with limited capacity. The absence of a General Health System is one of the main social protection gaps, which is connected with the GMI.

Section 2: Use of reference budgets in relation to Minimum Income and/or poverty measures

Reference budgets or budget standards are priced baskets of goods and services that represent a given living standard in a country.

In this section you will find information in relation the recent evolutions of the construction and use of reference budgets in Cyprus. Information is also given on the usefulness of these reference budgets for policy making or for awareness raising campaigns.

For further information on Reference Budgets see: Storms, B., Goedemé, T., Van den Bosch, K., Penne, T., Schuerman, N., and Stockman, S., Review of current state of paly on reference budget practices at national, regional and local level, pilot project for the development of a common methodology on reference budgets in Europe, Brussels, European Commission, 2014 <http://ec.europa.eu/social/BlobServlet?docId=12544&langId=en>

Recent initiatives to develop reference budgets or to adapt existing reference budgets?

- *For what purposes are they developed or used? By whom?*

The purpose was to develop the “dignified level of living” which is referred within the legislation and according to which the calculation of the money support is made. The development of the dignified level of living was created with the use of a study made by a team of experts from the Ministry of Labour, and Jonathan Bradshaw as a rep of ILO. In Practice the minimum basket of living was based on a single person family which has calculated the amount of 480 euros and the OECD scale was applied for the rest members of the family. There was cooperation with Royal Surveyors for the valuation of

property and with the Association of Nutritionist to identify the cost of essential goods and hence the cost of living.

- *What actors were involved in the construction? Were people experiencing poverty part of the process? Have focus groups been used?*

People experiencing poverty were not part of this construction and focus groups were also not used in the process of constructing the system. The calculation of living necessities is covering some extra needs, like for example some public fees or private property fees, unpredictable expenses by any natural disaster et.c. There is also a benefit for home care which rises at €400 and €745 for institutional care expenses.

- *How would you evaluate the development and/or current use of the reference budgets in your country? Are they useful tools for policy purposes? For public campaigning and awareness raising?*

Reference budgets are a valuable tool because it is considered a clear methodological approach to calculate both the needs and the level of support. However, the amount which is given to the recipients in Cyprus is below the poverty threshold and as a consequence does not provide recipients the ability to escape poverty. On the other hand, it can be considered as a benefit trap in cases where workers offer wages below the level of the benefits (Decent level of living according to the legislation), whereas beneficiaries are not willing to work because the wages are very low. It has to be clarified that in many cases GMI beneficiaries are not aware of the provision of the legislation, that when they are working with low wages they can still be eligible as working poor and their income is supplemented by minimum income.

Of course Cyprus case is quite different because the calculation wasn't based on the ten baskets of goods rather than the needs of a single person family and then the OECD scale was applied for the rest members of the family.

Section 3: Implementation of Country Specific Recommendations on Minimum Income and follow up through the Semester process.

As part of the EU Semester process, a number of countries have received **Country Specific Recommendations (CSR)** on their MIS or more generally on poverty. **Country Reports** can give interesting indications for countries performance with regards to Minimum **Income**. Evidence can also be found in EAPN's assessment of **National Reform Programmes 2016**. In some countries under a Macroeconomic Adjustment Programme; the **Memorandum of Understanding** has reference to MI. In this section you find information about developments in response to these reports and recommendations as well as information on how EU funds are used to support developments in relation to Minimum Income Schemes.

Policy responses to the CSR, initiatives to implement them and to improve the MIS, if there are new evolutions in this respect in your country. Other developments in relation to Minimum Income Schemes as part of the Semester Process, please add them here.

There were no developments in relation to GMI as part of the semester process.

Has EU funds being used to support developments in relation to Minimum Income Schemes

Minimum Income Scheme in Cyprus is co funded by the European Social Fund. In particular there are two specific aspects through which minimum income is funded (ESF).

Specifically, the programs which are announced by the Human Resource Development Authority to reinforce and encourage employment are funded mainly by the European Social Fund and some of them are addressing exclusively the minimum income recipients. The programs are named as incentives for activation but according to the experts of the Ministry the impact assessment both on poverty and unemployment is going to be made in a few months and it is expected to evaluate the effectiveness of the whole GMI system. The second aspect of funding is related with the personnel needed to administrate the system, which are paid by funds through the European Social Fund.

However, it has to be stated out that the introduction of the new legislation came along with the interconnection of Governmental Departments which was succeeded through the upgrade of the software, which in return has improved in a large degree the governance of the system and reduced the uncontrollable spending.

Section 4: Social and Political Environment and its impact on the fight against poverty and the evolution of Minimum Income Schemes

In this section there is a brief sketch of the 'mood', the atmosphere that exists in relation to poverty, people living on minimum income, and the impact on some specific groups such as migrants, Roma/Travellers, growing nationalist sentiments etc.

What kind of social and political environment exists within which the EMIN project will operate?

The general sense is that poverty has not been reduced, something that is proven by the numbers, even though we are facing positive economic results, with the current year reaching 3.3% in GDP development (<http://mof.gov.cy/gr/>). The Minister of Economics has declared that the results are beyond every expectation. However, the economic growth after the economic crisis is not reflected to the reduction of poverty (European Parliament Report, 2017), even though GMI has been applied during the depression, considering that it is a significant tool for the fight against poverty and for a life in dignity.

The biggest problem is the fact that employment level has been reduced and in essence there are no jobs available, something that configures access to labour market for GMI beneficiaries a quite difficult objective. At the same time, there is decrease in wages and because of this and the limited jobs, it has been observed that GMI recipients are trapped in benefits and in many cases are employed in undeclared work. There is a new legislation for undeclared work, which has been through legislative review by the Governmental Legal Service and soon it will be in front of the Parliament to be voted. This legislation is expected to reduce undeclared work which has reached 25% and of course it will improve fair competition between employers and consequently new decent jobs.

Even more there is a discussion for the General Health Plan (GESY) and it seems that the process is very close to the adaptation of a new legislation, while the majority of the social partners have already signed an agreement (except Employers and Industrialists Federation, OEB). The General Health Plan is an essential social protection field, inextricably linked with GMI which is going to improve in a large degree the quality services.

Both legislations have been voted by the Parliamentary body very recently, with a transitional stage for the full adaptation of the provisions of the new institutional framework. In the case of the undeclared employment, it is expected that it will be a tool of equal treatment and that it will promote both the reintegration into the labour market (not only for GMI beneficiaries) and fair competition between employers. Undeclared employment was blamed (one of the reasons) for the reduction of wages and indirectly the new legislation is expected to improve wages and consequently reduce poverty.

Regarding the General Health Plan, even though GMI beneficiaries are eligible for free Health treatment to the Public Hospitals, they still have to wait in line and according to the waiting lists which are very long and in some cases they are proved fatal. A necessary precondition for the introduction of the General Health Plan is the autonomy of the Public Hospitals which is expected to improve the whole situation and that it will have an indirect impact on poverty, while it will provide sufficient health services to those in real need.

Section 5: Developments in relation to the CYPRUS EMIN Network

In this section you provide information in relation to the state of development of your National EMIN Network. In particular describing social dialogue/partnership with public authorities and other stakeholders.

Is there a formal or informal steering group for your National EMIN Network (who is involved)?

There is a formal steering group which is comprised by the Secretariat and representatives from organisations which are members of EAPN-Cyprus. The Group is chaired by the National Coordinator Nicos Satsias and has already met 4 times to create the Communication Strategy, the Context Report and to organise the first Conference for minimum income. There is a program of activities which is still under discussion for the two years of the EMIN.

Have there been any contacts with potential partners that can help to build alliances for the improvement of the MIS in your country?

There have been a number of contacts to build alliances, with trade unions been the main group to focus, since ETUC is a Key partner. The role of social partners is more than essential not only for the evolutions of GMI but for other social protections reforms relevant to GMI as well. There is an ongoing dialogue for example for the General Health Plan and a new legislation procedure for the undeclared employment, both very critical issues for the effectiveness of GMI.

Even more in regards with coalition building, we are planning to meet other NGO's relevant with GMI in order to make them allies and of course members of EAPN-Cyprus.

For example, we are in touch with University of Nicosia and we have already made an unofficial agreement to support one another, in the framework of our common targets and especially with an Institution of the University which is dealing with research on social issues. Even more we are in contact with the Family Planning Association, the Cyprus Women Lobby, Frederick University and with a Migration Network which was introduced on a coalition basis between Local Municipalities.

There is also an ongoing discussion and exchange of views with University of Cyprus.

Has any activity been organised with regards to MI? Communications or public awareness raising, since the completion of the EMIN1 project?

We have organized a very successful Conference on "Guaranteed Minimum Income Policies in Cyprus and Greece and the European Intervention" on Thursday, May 11th, at the "Marcos Drakos" Hall, at SEK Building in Nicosia. The conference marked the launch of the European Minimum Income Network (EMIN2) program and was organized by EAPN-Cyprus.

The conference was welcomed online by Fintan Farrell the Project Manager, Ninetta Kazantzis

the President of EAPN-Cyprus, SEK (Cyprus Workers' Confederation) General Secretary Andreas Matsas and the General Manager of the Ministry of Labor and Social Insurance, Andreas Assotis, on behalf of the Minister Mrs Zeta Emilianidou.

The basic presentation of the EMIN2 program was made by EMIN national coordinator Nicos Satsias, who analyzed the program.

The second module of the conference consisted of a contribution by the advisor of the Minister of Labor, Welfare and Social Insurance, Mr Fanos Kourouphexis, who analyzed the philosophy and policies of the Guaranteed Minimum Income in Cyprus and of course all the related evolutions since the day of the implementation of the new system, July 2014.

Two very interesting contributions were then submitted, by Dr Gabriel Amitsis, Professor of TEI of Athens, entitled "***The Development of Minimum Income Policies in the Greek Social Welfare System***" and by Mrs Fotini Marini, SYGKLISIS, on "***The Model of National Strategies for Social Integration - Lessons from Greece and Cyprus***".

The Conference was concluded with discussion, interventions by participants and questions. As a general conclusion it was accepted that there is always space for improvement, in all the areas (access, adequacy and enabling) of Guaranteed Minimum Income.