



Cyprus

“Feeding in” and “Feeding out”, and Integrating Immigrants and Ethnic Minorities

A Study of National Policies

Panos Pashardes

University of Cyprus

With the Assistance of Nadia Nicolaidou

*Disclaimer: This report does not necessarily reflect
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or the Member States.*

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0. Developments since the first semester report

According to information published by EUROSTAT, Cyprus is one of the new EU members demonstrating an improved fiscal picture. The fiscal deficit is reduced, while the public debt follows a downward trend. These improvements, along with the low inflation and interest rates render Cyprus a strong candidate for accession to the Eurozone by 2008, as planned.

A commentary distributed by the Ministry of Finance on 31st October 2006 shows that the Cyprus economy is growing at a satisfactory rate. The negative international climate caused by the increase in oil prices does not seem to affect economic activity in Cyprus. The GDP growth rate at constant prices during the first half of 2006 was 3.6% and predicted to accelerate to 4% by the end of 2006. The inflation rate will be around 2.5%, as the impact of the increased oil prices during the last 18 months fades out, and the fiscal deficit will be reduced to 2% of GDP. The unemployment rate is demonstrating an upward trend in the last few months. The groups exhibiting relatively high unemployment rates are women and young persons. The employment of foreign workers continues to increase, keeping down the labour costs in certain sectors.

The Ministry of Finance predicts that the fiscal deficit will be 1.6% of GDP in 2007 while the downward trend in public debt will continue. The fiscal consolidation will contribute to economic stability and fuel further growth. These predictions are supported by evidence demonstrating a substantial increase in government revenues (33% during the first eight months of 2006). The optimistic expectations are also aided by positive impacts coming from increased offshore economic activities, increased revenue from tourism and improved export figures that, in turn, will help towards reducing the current account deficit.

Regarding social policy, the Minister of Finance in his budget speech to the Parliament in October 2006 announced substantial increases in social spending. As shown in Table 0.1 social benefits are increased on average by 7.2% between 2006 and 2007 with education topping the list with an increase of nearly 16%.

Table 0.1: Social benefits for each sector, 2006-2007

| Social benefits distributed in sectors | 2006 (in C£ mil) | 2007 (in C£ mil) | % change 2007/2006 |
|--|---------------------|---------------------|-----------------------|
| Education | 70,8 | 82,0 | 15.8 |
| Housing | 32,2 | 34,4 | 6.8 |
| Culture | 3,4 | 3,6 | 5.9 |
| Health | 23,0 | 24,3 | 5.8 |
| Social Protection | 258,1 | 272,9 | 5.7 |
| Other Social Benefits | 15,9 | 15,4 | -3.1 |
| Total | 403,4 | 432,6 | 7.2 |

Source: National Budget for 2007

Recently the Ministry of Finance has announced a package of emergency measures for the enhancement of social cohesion: (a) pensioners with low income, public assistance recipients and other vulnerable groups will receive benefits amounting to C£12,68 millions in 2006 and C£0,19 millions in 2007; and (b) households living in high altitude, economically active couples and students using buses for their transportation will receive CY4,25 millions in 2006 and CY0,69 in 2007. Notably, this is the first

time when additional benefits paid to pensioners will be means tested using household rather than personal income criteria.

1. FEEDING IN AND FEEDING OUT ANALYSIS

1.1 Feeding In

1.1.1 Stakeholder involvement

The first unofficial National Reform Programme (NRP) was submitted to the National Advisory Committee by the Technical Committees in June 2006. In July 2006 the Technical Committees and the Unit for the Lisbon Strategy (under the Directory of Finance and Investments of the Ministry of Finance) presented a progress report to EU representatives visiting Cyprus at that time. In this presentation, the government (through its representatives) declared its intention to enhance cooperation with social partners, political parties and other groups involved in the process of the implementation of the Lisbon Programme. The final NRP was presented to the National Advisory Committee early in October 2006, with the participation of all stakeholders.

The social partners, political parties and organised groups participated in the process as members of various Technical Committees, the Coordinating Committee and the National Advisory Committee. After talking to various social partners (e.g. municipalities, employer federations, trade unions etc) we have concluded that the majority of them attended the meetings for the preparation of NRP regularly and were able to contribute by participating in the discussion and by submitting suggestions in writing. Their suggestions were often incorporated in the NRP; for instance, the inclusion of foreign workers in the strategic plan for employment, reform of the apprenticeship scheme, reform of the public urban and rural transport system, modernisation/promotion of lifetime learning schemes, assisting social assistance recipients to return to the labour market and measures for the active inclusion of women, the youth and the old. According to the Ministry of Finance, the main reason for not incorporating suggestions by social partners in the NRP was conflict with EU directives or other government commitments. None of the suggestions turned down, however, was in the sphere of social policy.¹

The contribution of those who served as members in Technical Committees include the setting up of priorities for each sector, the organisation of the respective Technical Committee and the preparation of the recommendations, progress and contribution reports. Furthermore, upon the completion of the final NRP draft, there was a wider discussion with social partners, political parties and other stakeholders. The social partners had the opportunity to comment on the final draft of the NRP, however, most of them did not do so because they were satisfied with it. Furthermore, in the context of the above framework an implementation mechanism was also agreed with the participation of all stakeholders. This mechanism includes the setting up of technical committees, as elaborated in Annex 12 of the progress report.

¹ Such suggestions were the privatisation of state companies, state subsidies to producers of certain agricultural goods etc.

In conclusion, the involvement of social partners in the preparation of the NRP was meaningful and effective. In this sense the government has in this occasion honoured its commitment to enhance the cooperation with the social partners, the political parties and other organised groups involved in the process of promoting the implementation of the Lisbon Programme.²

1.1.2 Correspondence between the NSR/SP/SI and the NRP

The submission of the National Strategy Report for Social Inclusion and Social Protection (NSR/SP/SI) is referred to in the NRP report as a new measure implemented for the realisation of the fifth employment challenge, i.e. the enhancement of conditions of social cohesion.³ However, the NRP report refers to the generalised measures for each strategy in the NSR/SP/SI (social inclusion, pension and the health and long-term care) and not explicitly to the three social inclusion priorities of interest and the measures drawn for their achievement. Also, the social inclusion challenges in the NRP are not presented in the same way as in the NSR/SP/SI, in the sense that the challenges and measures are not identified and distinguished.

In Table 1.1 the social inclusion priorities included in the NRP are compared to those in the NSR/SP/SI and the degree of correspondence between the two is reported. For each social protection objective in the NSR/SP/SI there is more than one measure for achieving it in the NRP. Also, the NRP includes measures for promoting the integration of vulnerable groups in the labour market, such as training schemes for the disabled, review of the legislation on public assistance for introducing further employment incentives and vocational training. People facing the risk of poverty (pensioners, households with low income and generally people in need) are considered in the context of social welfare policy and supported via various grants.

Table 1.1: Challenges and degree of correspondence between the NSR/SP/SI and the NRP

| NSR/SP/SI | NRP policies enhancing social cohesion | Correspondence |
|---|--|-------------------|
| Reducing the risk of poverty | Targeted social policy for people in need | |
| | Affordable access to education and health services | In priorities set |
| Integrating vulnerable groups | Adequate standard of living for vulnerable groups | In priorities set |
| | Encourage their integration into the labour market | In priorities set |
| Preventing social exclusion of children | Affordable access to education and health services | In priorities set |
| | Early school leaving | In priorities set |

Furthermore, the significance of the National Action Plans is clearly noticeable in the NRP, specifically those aiming at enhancing social cohesion such as the National Action Plan for Older Persons, National Action Plan for Children for the period 2007-2013, National Drug Strategy and the Action Plan for Drug Demand Reduction.

² The only exception appears to be the Ministry of Justice and Public Order which does not appear to have participated in the NRP process since its contribution is not mentioned at all and its role not detected in any of the Technical Committees.

³ The NSR/SP/SI is summarised in Annex 7 of the NRP report where information about the employment challenges is provided.

It is clear from the above discussion that NSR/SP/SI objectives are fed in the NRP, mainly in relation to meeting employment challenges.

1.1.3 The role of social inclusion policy in materialising NRP objectives

Table 1.2 provides information about the challenges in the NRP and the way social inclusion priorities in the NSR/SP/SI are connected to them. As we can see, social inclusion challenges in the NSR/SP/SI are addressed in the NRP through three sets of challenges (macroeconomic, microeconomic and employment) and are used as input for realising priorities.

Macroeconomic challenges

The reduction in the risk of poverty and the integration of vulnerable groups in the labour market is addressed in the macroeconomic challenge of securing long-term sustainability of public finances (pension and health care system reforms) and the increase in labour supply, in particular, by female and old aged persons. In addition, social inclusion objectives are connected to the fiscal consolidation and debt reduction goal through the revision of the eligibility criteria for social benefits, i.e. the introduction of income criteria to allocate social benefits to those in need. The integration of vulnerable groups in the labour market is thought to also contribute to macroeconomic stability and growth through increased flexibility in the labour market.

Microeconomic challenges

The promotion of diversification of the economy is connected to the first two social inclusion challenges through strengthening the socioeconomic conditions in rural areas, mainly inhabited by old aged people. The policy objective of promoting R&D, innovation and facilitation of ICT diffusion is connected to the last two social inclusion objectives through measures for the employment and training of young people, the promotion of e-learning at schools and the schemes for strengthening and encouragement of women's and youth entrepreneurship.

The employment challenges

The employment challenges are addressed more strongly by the social inclusion challenges since all three social inclusion priorities are connected and supportive of four or more employment challenges, as shown in Table 1.2. For instance, the integration of vulnerable groups in the labour market is part of all five employment objectives.

Table 1.2: Priorities and challenges in the NRP in realising social inclusion priorities of the NSR/SP/SI

| Lisbon Programme Priorities | Relevance ⁴ to social protection priorities |
|---|--|
| Macroeconomic Challenges | |
| 1. Fiscal consolidation and debt reduction | 1,2,3 |
| 2. Fiscal management | |
| 3. Improve the quality of public finances via a redirection of public expenditure | |
| 4. Securing long-term sustainability of public finances | 1,2 |
| 5. Ensuring that wage developments contribute to macroeconomic stability/growth | 2 |
| Microeconomic Challenges | |
| 1. Promotion of diversification - strengthening competitive advantages | 1,2 |
| 2. Promotion of R&D, innovation and facilitation of ICT diffusion | 2,3 |
| 3. Promotion of structural reforms enhancing competition and business climate | 2 |
| 4. Expansion and upgrading of basic infrastructure | |
| 5. Security of energy supply | |
| 6. Environmental sustainability | |
| Employment Challenges | |
| 1. Maintain high rates of increase of labour supply | 1,2 |
| 2. Increase labour market flexibility | 1,2,3 |
| 3. Orderly management of economic migration issues | 2,3 |
| 4. Further development of human capital | 2,3 |
| 5. Enhance further the conditions of social cohesion | 1,2,3 |

Policies such as training programmes and schemes for increasing female, youth and elderly participation and integration in the labour market help maintain high rates of labour supply. The measures for the prevention of social exclusion of children are connected to the NRP policy objective of increased flexibility of the labour market, as it benefits working mothers. Also the orderly management of foreign workers enhances efforts to integrate women and young persons in the labour market and the development of human capital.

1.2 Feeding out

1.2.1 *The link between employment challenges and vulnerable groups*

Table 1.3 exhibits the link of the employment challenges to each vulnerable group separately, according to both reports and our assessment. It is obvious that most measures try to help out and encourage the participation of more than one vulnerable group. As a result, all groups at high risk of poverty and social exclusion benefit through the employment challenges set.

⁴ The numbers denote the social protection priorities as indicated by the NSR/SP/SI where 1 is reduction of the risk of poverty, 2 is integration of vulnerable groups in the labour market, and 3 prevention of the social exclusion of children.

Table 1.3: Groups benefiting due to the promotion of employment challenges

| Employment Challenges | Vulnerable groups | | | | | |
|---|-------------------|-------|--------------|----------------|----------|-------------|
| | Older persons | Women | Young people | Single parents | Disabled | Un-employed |
| <i>1. Maintain high rates of increase in labour supply</i> | | | | | | |
| a. Increase of female participation | √ | √ | | √ | √ | |
| b. Promotion of gender equality | | √ | | √ | | |
| c. Promotion of active ageing | √ | | | | | |
| d. Employment pathways for young people | | | √ | | | |
| e. Employment pathways for the unemployed | √ | √ | √ | √ | | √ |
| <i>2. Increase labour market flexibility</i> | | | | | | |
| a. Public Employment Service Modernization | √ | √ | √ | √ | √ | √ |
| b. Promotion of flexible forms of employment | | √ | √ | √ | | √ |
| c. On-going assessment of labour market needs | | | √ | | | √ |
| <i>3. Orderly management of economic migration issues</i> | √ | √ | √ | √ | | |
| <i>4. Further development of human capital</i> | | | | | | |
| a. Improvement of quality of educational system | | | √ | | | |
| b. Opportunities for university studies | | | √ | | | |
| c. Vocational qualifications system | | √ | √ | √ | | √ |
| d. Upgrading of vocational training to labour market needs | | √ | √ | √ | | √ |
| e. Development of lifelong learning | | √ | √ | √ | | √ |
| <i>5. Enhance further the conditions of social cohesion</i> | | | | | | |
| a. Adequate standard of living for vulnerable groups | √ | √ | √ | √ | √ | √ |
| b. Affordable access to education and health services | √ | √ | √ | √ | √ | √ |
| c. More targeted social policy | √ | √ | √ | √ | √ | √ |
| d. Early school leaving | | | √ | | | |

The policy priorities for maintaining high growth rates of labour supply affect, directly or indirectly, all vulnerable groups. For example, policies aimed at increasing female participation in the labour market also improve care services for children, the elderly, disabled persons and other dependants. The same is true for measures promoting employment, such as schemes for increasing computer literacy among the youth, women and the elderly. Policy priorities for increasing labour market flexibility and the orderly management of foreign workers also help more than one vulnerable group (women, young people, unemployed, the elderly etc). Young people are directly helped by policies for the development of human capital; while women, single-parents and the unemployed are also be helped indirectly by the same policy.

Overall, in our opinion, the social inclusion challenges are met in the context of the NRP as part of the new growth and jobs strategy. The employment measures are in line with the policy proposals described in the NSR/SP/SI and follow a multidimensional approach, in the sense that they target more than one vulnerable group. However, there is nothing we can say about the effectiveness of the tax-benefit system as this system is not discussed in the NRP and specific tax exemption measures or in-work and family benefits are not suggested or implied. The only tax measures discussed in the NRP address the problem of tax evasion.

1.2.2 Targeting

It is evident in the NRP report that the government intends to make social policy more effective by revising the eligibility criteria for social benefits so that entitlement is targeted at people in need. The social benefits likely to be affected are student grants for higher education and child benefits, both of which are now universal, i.e. paid to all households without taking into account their income. This revision is likely to be accompanied by increase in child benefit for people in need, thereby reducing child poverty. Moreover, in order to secure the long-term sustainability of public finances, the government is considering the tightening of eligibility criteria for old age pension, by increasing the number of contribution years and/or eliminating the right of public servants to receive unemployment benefit for six months after their retirement. The first of the two proposals is likely to raise further the risk of poverty among old persons. The same is unlikely to hold true for the second measure, as most public servants normally retire with a pension above the poverty line.

1.3 Integration guidelines

1.3.1 Corporate social responsibility

According to the NRP corporate social responsibility is encouraged through measures proposed for the creation of a more competitive business environment. These measures, however, are mainly for the training of civil servants and do not focus on vulnerable groups. Therefore, while they will help civil servants to develop personal and interpersonal skills and qualifications and will increase productivity in the public sector, no obvious social policy components are incorporated in them. The same is true for measures proposed by the NRP for improving efficiency, quality, transparency and, in general, good governance.

Corporate social responsibility can be identified in NRP schemes encouraging women and youth employment. These schemes include, inter alia, giving incentives to SMEs for the creation of new jobs exclusively for women. Other measures indirectly encouraging corporate social responsibility include the creation of alternative and additional employment opportunities in rural areas by the implementation of Rural Development Plans, research grants to encourage the economic activation of young researchers by the Research Promotion Foundation, promotion of 'active ageing' by increasing retirement age and encouraging the self-employment of old persons.

1.3.2 Social cohesion in terms of overarching objectives

As shown in Table 1.4 the NRP measures are in line with the three overarching objectives discussed in the previous section (see Table 1.3).⁵ The third overarching objective (the involvement of stakeholders, good governance and transparency) does not appear as priority in the NRP, but rather described in the section dealing with the implementation structure of the proposed measures and the coordination between the NRP and the Structural Funds. The same approach was also followed in the NSR/SP/SI.

⁵ The report also refers to the allocation and coordination of the Structural Funds .

Table 1.4: Attention to social inclusion objectives of the NRP in terms of the overarching objectives

| Overarching Objectives | National Reform Programme Priorities | | |
|--|--------------------------------------|--------------------------|-----------------------|
| | Macroeconomic Challenges | Microeconomic Challenges | Employment Challenges |
| Promotion of social cohesion, equality between men and women and equal opportunities for all | 4,5 | 1,2,3 | 1,2,3,4,5 |
| Promotion of effective and mutual interaction between the Lisbon objectives | 4,5 | 1,2,3 | 1,2,3,4,5 |
| Promotion of good governance, transparency and involvement of stakeholders * | | | |

* Measures promoted for the achievement of the third overarching objective are discussed below.

The promotion of efficiency, quality, transparency and in general good governance is promoted through certain measures such as: development of a Code of Conduct for civil servants to improve credibility and transparency, implementation of a new performance appraisal system, introduction of Citizen's Charter and Citizen's Guides, setting up a task force for the reduction of the regulatory/administrative burden, and the organisation of seminars on better regulation.

As pointed out earlier, in our opinion, the promotion and enhancement of conditions of social cohesion are fully addressed by the NRP.

1.3.3 Social security reform

The pension and Social Security System measures described in the NRP and the NSR/SP/SI are, as shown in Table 1.5, complementary to each other. Evidently, most measures are described in both reports while others are mentioned only in one of them.

The NSR/SP/SI recommends income support measures for tackling the risk of poverty among pensioners by fixing a minimum income secured for those in need using means-tested eligibility criteria. The reform of the healthcare system is encouraged by the introduction of the National Health Scheme, suggested by both reports, also providing information about the characteristics of the scheme. The NRP objective is to secure that after the implementation of the new schemes, pensions and healthcare will be adequate and accessible to all the contributors.

In our opinion, the NRP appears to make a clear cross-reference to the NSR/SP/SI, especially in the employment challenges part, where the implementation of the NSR/SP/SI is mentioned as a new measure for enhancing the conditions for social cohesion. The social protection policies of the NSR/SP/SI are summarised in the NRP, while the measures promoted for social protection, as discussed earlier, are consistent to the social protection priorities of the NSR/SP/SI. However, the fact that no monitored and timetabled implementation schedule is mentioned in any of the two reports and knowing that similar promises were made but not kept in the past, we are sceptical about the extent to which the healthcare system will be drastically reformed in the near future.

Table 1.5: Measures discussed in the NRP and the NSR/SP/SI for the Social Security System reform

| Measures of reform of the system | NRP | NSR/SP/SI |
|--|-----|-----------|
| Gradual increase of the social security contribution rates | √ | √ |
| Increase of the imputed insurable income of the self employed | √ | √ |
| Changing the investment policy of the Social Insurance Fund for higher returns | | √ |
| Administrative measures for combating undeclared work | | √ |
| Increase of the compulsory retirement age | √ | √ |
| Tightening the eligibility criteria of the benefits of the system | √ | |
| Abolition of the unemployment benefit granted to retired public sector employees | √ | |

1.3.4 *Integration into the labour market*

The integration/reintegration of women into the labour market is being upheld by measures for reconciliation of work and family life. Those measures include schemes for encouraging women entrepreneurship, the promotion of training and employability of economically inactive women and aid schemes for the development of social care structures. Also, action aimed at reconciling family and professional, such as the expansion of care services for the children, the elderly, the disabled and other dependents and the promotion of flexible forms of employment. Funds are also allocated to studies for reducing the gender pay gap and to NGO's for promoting and implementing gender equality programmes.

Measures proposed for the integration of older workers into the labour market include schemes promoting the self-employment of the elderly, the increase in the retirement age in the broader public sector to 63 and implementation of the NAP for Older Persons, 2005-2015. It should also be noted that a study aiming at identifying new actions promoting active ageing is carried out in the context of Public Employment Services Modernisation. The study is expected to be completed during the first half of 2007 and the proposed measures will be implemented over the period 2007-2013. In our opinion, the measures proposed for the integration of vulnerable groups into the labour market conform to the NSR/SP/SI objectives.

1.3.5 *Inclusive labour market*

The NRP recommends specific measures for the promotion of an inclusive labour market, focusing on those furthest away from it, in particular, public assistance recipients, disabled people, asylum seekers and drug and ex-drug users. All measures are consistent and in line with those proposed by the NSR/SP/SI and include: the development of a Public Employment Services (PES) network, reduction the possibility of social exclusion of vulnerable groups under EQUAL initiative, review of the Public Assistance and Service Law, the scheme for rendering people independent of public assistance, the scheme for training and providing incentives for the employment of disabled persons and the increase in the participation of asylum seekers.

1.3.6 Improve human capital- Adapt education and training systems

The education and training policies promoted by the NRP are for the population as a whole and include measures for the reduction of brain-drain through expansion of tertiary education (creation of more departments in the University of Cyprus, new state and private universities etc). Attention is also paid to the digital literacy of teachers in primary and secondary education.

The NRP measures for the reduction of early school leaving are in line with and complementary to measures proposed in the NSR/SP/SI. The preventive measures reported in both reports concern the Educational Priority Zones Programme, the Support Teaching Programme as well as the programme implemented against illiteracy. One of the schools participating in the Educational Priority Zones Programme, Agios Antonios Primary School, is placed in an underprivileged area with pupil population coming mostly from families of low socioeconomic background. Yet, this school was a second place winner of the Education Good Practice Award by the 16th Conference of Commonwealth Education Ministers (16CCEM), "Access to Quality Education for the Good of all". This award is seen as recognition of success for government policy towards the integration of non-native Greek speaking students in the Education System.

Four additional preventive measures are also reported in the NRP (but not in the NSR/SP/SI): programme for self-esteem reinforcement, programme for the normal transition from primary to lower secondary school, prevention programme for high risk pupils and action for strengthening the quality of STVE. The corrective measures proposed in the NRP concern the development of the Public Employment Services (PES) network, the upgrading of the existing Candidate Placement System (CPS), the introduction of new software and statistical system for the monitoring of flows and action for the upgrading of the apprenticeship scheme.

1.4 Concluding remarks

The vulnerable groups defined in the NSR/SP/SI and NRP are mainly the same: older persons, public assistance recipients, women, young people, disabled, single parent households, immigrants, unemployed and drug and ex drug users. People living in disadvantaged areas, however, are included in the vulnerable groups in the NSR/SP/SI but not in the NRP; whereas households whose head has low educational qualifications are considered as vulnerable in the NRP but not in the NSR/SP/SI.

In order to verify whether the groups targeted by the two reports NRP are indeed the most vulnerable in Cyprus, we have used data drawn from the Family Expenditure Survey (2003) to identify the groups at highest risk of poverty. As shown in Graph 1.1 inactive persons face the highest risk of poverty (54%) followed by pensioners and the unemployed with poverty risk 47% and 41%, respectively. Also at a relatively high risk of poverty are households with 3 (or more) children and single parent households (25% and 22%, respectively). Although the NSR/SP/SI and NRP do not appear to weight groups at poverty risk according to how high this risk is, the vulnerable groups identified by our calculations match those in the two reports, with the exception of large families. Nonetheless, in our opinion the benefit reform suggested in the NRP does not give strong incentives for people to move into employment and, consequently, out of poverty.

Graph 1.1: Probability of being below the poverty line for each vulnerable group



Source: Author's calculations

2. Integration of immigrants

The Republic of Cyprus (thereafter referred to as 'Cyprus') is a divided island, with its Northern 36% occupied by Turkey and inhabited by Turkish Cypriots and settlers. As the government has no access to information concerning the occupied part of the island, unless otherwise stated, all the figures and discussion in this report refer to the government controlled areas.

The main ethnic problem is between the Greek and Turkish communities. However, this is a political problem beyond the scope of this report. For this reason we do not discuss here problems (if any) associated with the small number of Turkish Cypriots living in the government controlled areas. Furthermore, we do not discuss the three small ethnic minorities (religious groups, according to the Constitution) living in Cyprus: Maronites, Armenians and Latins⁶. The rights of these groups are constitutionally entrenched and no social problems associated with them have ever surfaced. In contrast, immigrants and foreign workers in Cyprus, like those in most other countries, are subject to a high risk of discrimination, poverty and social exclusion. For this reason, this part of the report focuses only on immigrants and foreign workers.

Furthermore, it should be noted that in preparing this part of the report we have sought the help of a large number of stakeholders by asking them to complete a questionnaire covering various aspects of the socioeconomic situation of immigrants. Their response has formed the information basis for the discussion in sections 2.2-2.7 of this report.

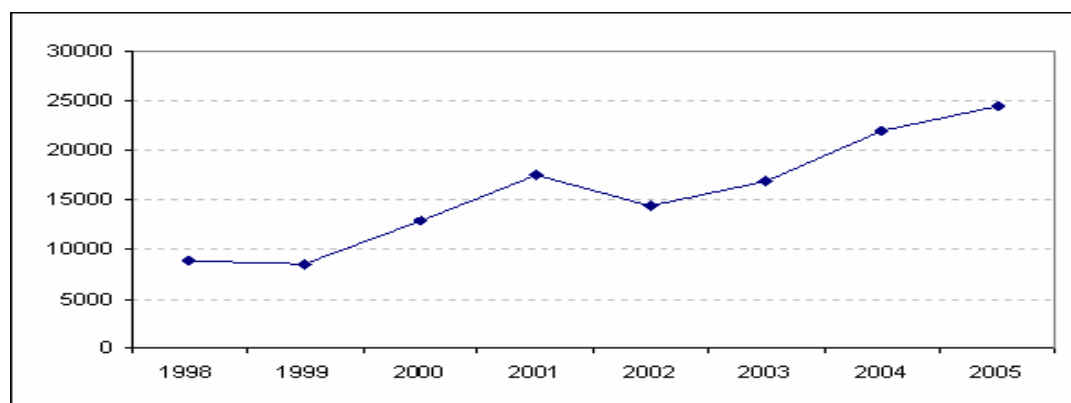
⁶ Armenians, Maronites and Latins represent 0.4%, 0.7% and 0.1% of the Greek Cypriot community, respectively.

2.1 Background information

2.1.1 Immigrants

The total number of immigrants arriving in Cyprus over the period 1998-2005 is shown in Graph 2.1. As seen from this graph, with the exception of 2002, Cyprus experienced a large number of immigrant arrivals throughout this period, with their number reaching 24419 in 2005, three times higher than those in 1998.

Graph 2.1: Number of long-term immigrants, 1999-2005



Source: Demographic Statistics 2004, Statistical Office

The proportion of immigrants by their country of citizenship is presented by Table 2.2 (2004 is the latest year for which this information is available). The figures in this table suggest that most immigrants arriving in the government controlled part of Cyprus come from Greece (about 27%), while the immigrants from United Kingdom account for 16%. The figures also suggest that 5.5% of the immigrants come from Sri Lanka. A significant number of immigrants (5%) are Polish, Russians and Philippines. Overall, 70% of the immigrants in Cyprus come from Europe, while those from America represent a very small proportion (1.6%).

Table 2.2: Percentage of immigrants by country of citizenship, 2004

| | | | | | |
|----------|--------|-------------|-------|----------------|--------|
| Bulgaria | 2.02% | Philippines | 4.99% | Sri Lanka | 5.52% |
| Egypt | 1.22% | Poland | 5.04% | Syria | 5.56% |
| Germany | 1.69% | Romania | 1.27% | Ukraine | 4.46% |
| Greece | 27.10% | Russia | 4.58% | Un. Kingdom | 16.30% |
| India | 1.70% | Slovak Rep. | 3.19% | Europe (total) | 70.80% |

Source: Demographic Statistics 2004, Statistical Office

The net migration ratio (i.e. the ratio of net migration⁷ to population) for each of the 25 countries of the European Union is presented in Table 2.3. The mean net migration ratio for the EU25 is 0.4%. Among the EU25 Cyprus has by far the largest net immigration ratio, 2.15%, followed by Spain and Ireland (with 1.44% and 1.19%, respectively). The contrast between Cyprus and other EU countries is even greater

⁷ Net migration is defined as the difference between immigration and emigration during a year. In the absence of accurate figures most countries calculate net immigration as the difference between population change and natural increase between two dates.

when the comparison is made among the EU10 countries some of which have negative net migration ratio (Lithuania, Latvia, Poland and Estonia).

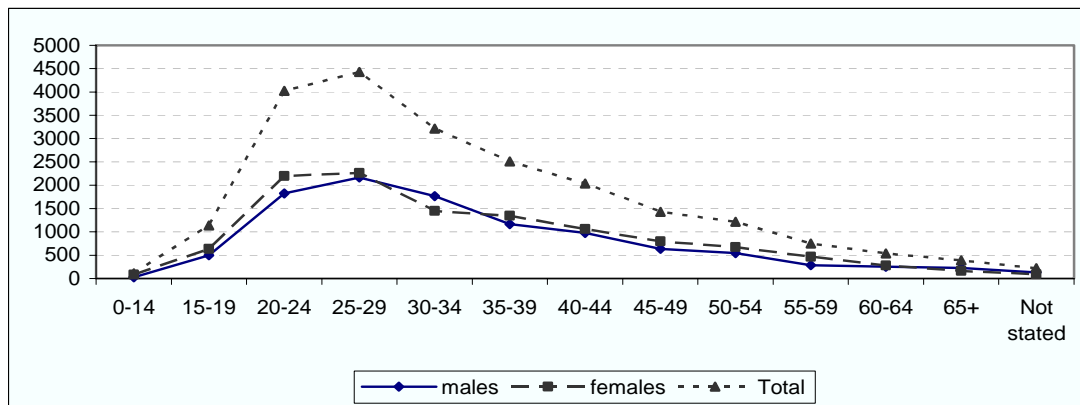
Table 2.3: Net migration ratio in the EU, 2004

| | | | | | |
|----------------|--------|-------------|----|-------------------|-------|
| Belgium | 0.34% | Italy | 5% | Poland | .025% |
| Czech Republic | 0.18% | Cyprus | 5% | Portugal | % |
| Denmark | 0.09% | Latvia | 5% | Slovenia | % |
| Germany | 0.10% | Lithuania | 8% | Slovakia | % |
| Estonia | -0.02% | Luxembourg | 3% | Finland | % |
| Greece | 0.32% | Hungary | 3% | Sweden | % |
| Spain | 1.44% | Malta | 5% | United Kingdom | % |
| France | 0.17% | Netherlands | 6% | | |
| Ireland | 1.19% | Austria | 5% | EU (25 countries) | .4% |

Source: EUROSTAT

Most immigrants are between 25 and 29 (Graph 2.2) with more female than male ones in all age categories, except for those in the group 30-34 years old and those over 65. The latter category, however, represents a very small proportion of immigrants.

Graph 2.2: Immigrants by age and sex, 2004



2.1.2 Foreign workers

The total number of legal foreign workers in Cyprus for the period 1999-2004 is shown in Graph 2.3. As we can see, the number of foreign workers is increasing throughout this period; by around 10% in 2000 and by 14% -16% in subsequent years. Overall, the number of foreign workers legally residing in Cyprus has nearly doubled over the five year period.

Graph 2.3: Number of foreign workers in Cyprus, 1999-2004

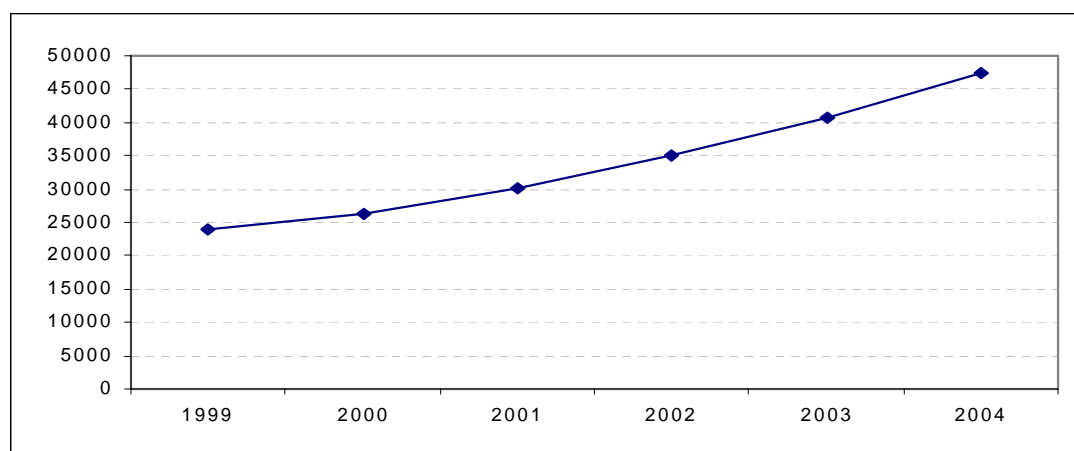


Table 2.4 shows how foreign workers are allocated to different sectors of economic activity (the figures are for 2004). It appears that 30% of foreign workers are employed in private households (the vast majority are housemates), while 20% of them are employed in hotels and restaurants. Construction, wholesale/retail trade, agriculture and manufacturing also absorb a large proportion of foreign workers in Cyprus. Overall, the vast majority of foreign workers are employed in sectors requiring unskilled labour.

Table 2.4: Percentage of foreign workers by economic activity, 2004

| | |
|--|-------|
| Agriculture, Hunting and forestry | 8.0% |
| Fishing | 0.1% |
| Mining and quarrying | 0.1% |
| Manufacturing | 8.4% |
| Electricity, gas and water supply | 0.0% |
| Construction | 9.7% |
| Wholesale and Retail Trade; Repair of vehicles, motorcycles and personal and household goods | 10.3% |
| Hotels and restaurants | 19.6% |
| Transport, storage and communication | 3.2% |
| Financial intermediation | 1.1% |
| Real estate renting and business activities | 3.9% |
| Public administration and defence; Compulsory social security | 0.1% |
| Education | 1.3% |
| Health and social work | 1.7% |
| Other community, social and personal service activities | 2.3% |
| Private households with employed persons | 30.2% |

Source: Demographic Statistics 2004, Statistical Office

2.1.3 Asylum seekers

Cyprus also appears to have the highest ratio of asylum seekers (number of asylum applications in proportion to population)⁸. In 2003 this ratio was 0.61% whereas the EU25 average only 0.13%. Austria, Luxemburg and Sweden also have a high ratio of asylum seekers (0.40%, 0.35% and 0.35%, respectively), but Cyprus appears to be in category of its own! Again, the contrast is particularly striking between Cyprus and other EU10 countries, some of which have ratios of asylum seekers close to zero (Estonia and Latvia).

Table 2.5: Ratio of asylum applications in the EU, 2003

| | | | | | |
|----------------|---|-------------|----|-------------------|---|
| Belgium | % | Italy | 2% | Poland | % |
| Czech Republic | % | Cyprus | 1% | Portugal | % |
| Denmark | % | Latvia | 0% | Slovenia | % |
| Germany | % | Lithuania | 1% | Slovakia | % |
| Estonia | % | Luxembourg | 5% | Finland | % |
| Greece | % | Hungary | 2% | Sweden | % |
| Spain | % | Malta | 2% | United Kingdom | % |
| France | % | Netherlands | 3% | | |
| Ireland | % | Austria | 0% | EU (25 countries) | % |

Source: EUROSTAT

2.1.4 *Illegal immigrants*

According to the Department of Labour and other sources⁹ the number of illegal immigrants in Cyprus is estimated to be around 30,000- 50,000 persons and include

- a) asylum seekers whose application has been rejected but stay in the country,
- b) foreigners (e.g. workers, students) whose leave of stay has expired but cannot be traced by the authorities, and
- c) all foreigners who enter the country illegally.

If the above figures are correct, then 1 person in 16 lives in Cyprus illegally! Furthermore, considering that most illegal immigrants participate in the labour force, 1 in every 6 or 7 workers in Cyprus is illegal, resulting in a large 'black economy' with serious economic and social consequences, such as lost revenues from social security contributions and taxation, mistreatment and exploitation of illegal workers etc.

⁸ Since 1974 the Republic of Cyprus is not able to exercise effective control to all its territory, and as a result a great number of asylum seekers come from the areas which are occupied by Turkey.

⁹ The Movement for Equality, Support and Anti-racism, an organisation providing free legal guidance and advice to immigrants, refugees and asylum seekers to enable them to claim their rights and facilitate their integration and full participation in society.

2.1.5 The effect of EU accession

After Cyprus became a full member of the EU in 2004, the composition of immigrants and, in particular, foreign workers has changed in favour of the candidate countries (except Turkey). The Department of Labour, says that at the moment this change has not made a serious impact on the composition of the foreign labour force in Cyprus, which is still dominated by workers from non-EU countries. The number of EU workers coming to Cyprus, however, shows an increasing trend while the opposite is true for worker arrivals from third countries. These developments will be strengthened by the fact that Bulgarians and Romanians, now considered as third country workers, will soon count as EU workers.

2.2 Employment

2.2.1 Filling the gap between legislation and practice

Foreign workers

In replying to our questionnaire, the Department of Labour (DL) says that the policy of the Cyprus government is to secure equal treatment between foreign and indigenous workers. The DL safeguards this through written contracts of employment (signed by the employer and foreign employee) containing the same terms and conditions of employment (hours of work, salary and other benefits, holidays, overtime pay, duties etc) which also apply to Cypriot employees.¹⁰ The Employers and Industrialists Federation (EIF) and the Cyprus Chamber of Commerce and Industry (CCCI) consider foreign workers as coming to Cyprus for temporary employment and, therefore, see no reason to take measures for their social inclusion. Nevertheless, they say, every effort is made to prevent racial discrimination in employment by issuing guidelines to their members. The Cyprus Workers' Confederation (CWC) says that while they support the implementation of collective agreements for all employees, this is limited by the fact that the employers classify foreign workers as temporary employees.

Immigrants & Asylum Seekers

Social Welfare Service (SWS), responsible for safeguarding a decent standard of living for asylum seekers, argues that, as regards the implementation of the law, there are no problems of racial discrimination in Cyprus. According to the Action for Equality, Support and Anti-racism (KISA)¹¹, immigrants face difficulties in employment due to communication problems and suggests the introduction of a 6-month induction programme to help new immigrants learn Greek and familiarise themselves with the Cyprus and EU environment.

2.2.2 Monitoring the application of Directives

Foreign workers

The DL monitors the application of legislation for discrimination in employment against foreign workers. It investigates complains and makes recommendations. Foreign workers can submit complains to the district offices of the Department of Labour Relations. The CWC make site visits to examine the working conditions. Violations of foreign workers rights are reported to the relevant ministry. In addition, it has made recommendations for the promotion of policies to combat racial discrimination in employment in

¹⁰ The DL employs Turkish speaking official for better communication with Turkish-Cypriot workers.

¹¹ In addition providing free legal advice to immigrants, refugees and asylum seekers KISA also operates as a cultural and educational centre for immigrants. It has immigrants as members and employees.

the National Action Plan for Employment; and organises events and undertakes projects aiming at raising people awareness about discrimination against foreign workers.

Immigrants

The SWS undertake work at local level (in the town of Paphos) to help immigrants with personalised support, listen to their complaints and, in general, improve their standard of living, and facilitate their lives. However, it is not in the SWS jurisdiction to monitor the application of the directives concerning discrimination in employment. The same is also claimed by EIF/CCCI. The KISA monitors the implementation of regulations and the actions concerning immigrants which are taken by the Ministry of Labour and Social Insurance. It advises immigrants about the submission of complaints and about how to claim their rights. It does not, however, have the authority to represent foreign workers in law.

2.2.3 Employment opportunities

Foreign workers

The DL maintains that the employment of foreigners is secured because their employer has to issue a work permit for them before they arrive to Cyprus. The CWC thinks that vocational training programmes should be provided to foreign workers to help them obtain the same employment training and work experience as the locals. According to the EIF/CCCI, at the moment, employment opportunities are open to foreign workers in unskilled working positions where the availability of local personnel is very limited. The KISA, however, claims that employment opportunities are not open to foreign workers, precisely because their admission to Cyprus is conditional on employment in a pre-determined job.

Immigrants

The SWS think that the corporate social responsibility is still underdeveloped in Cyprus not only for immigrants but for all vulnerable groups. The KISA argues that companies are not linked into the debate on integration; there are no commitments and, at the moment, actions can be encouraged only through voluntary organisations.

2.3 Education and training

2.3.1 Immigrants

In their replies to our questionnaire the DL, the EIF/CCCI and the SWS did not report anything about measures to promote education and training among immigrants. The CWC reports that it organises seminars and other events to inform the general public about the importance of promoting education among immigrants, especially Turkish Cypriots and Pontian Greeks.

According to the KISA, no action is taken for the promotion of measures for the education of adult immigrants. For children the Ministry of Education has the will to promote such measures, and the Educational Priority Zones (EZP) is a positive step. The Ministry of Education attempts, however, lack enthusiasm. As a consequence they are ineffective and incomplete. For instance, EZPs cover only primary schools while focus and attention is also needed for pupils in secondary education.

The Ministry of Education and Culture points out that the network of Educational Priority Zones includes not only primary schools but also kindergartens and gymnasiums. Furthermore, it does not agree with KISA about not doing enough for adult immigrants. It points out that a number of measures are

promoted for the education of adults immigrants, including subsidised Adult Education and free Greek language courses. Furthermore, various measures are implemented for the smooth integration of immigrant pupils from different cultural identities, including the provision of additional Greek and mother-tong language lessons, special classes, bilingual teachers, all-day schools, intercultural programs and events, and support from the Service of Educational Psychology.

2.3.2 Foreign workers

The DL says the qualifications and skills of foreign workers have to conform to the requirements of their employer. It does not suggest measures to close the gap between the qualifications/skills of foreigners and locals but argues that foreign workers with recognisable qualifications (e.g. nurses) can be assessed and certified by the corresponding authority (e.g. Nurse Register Committee).

The EIF/CCCI thinks there is no achievement gap between foreign workers and locals doing the same job. Simply, the majority of foreign workers work in sectors requiring unskilled labour. In contrast, the CWC thinks there is an achievement gap between foreign and local workers and there is a need for vocational training of foreign workers to close this gap.¹² Also, the KISA argues that there is discrimination between local and foreign labour in terms of qualifications in the sense that foreign workers who are educated and qualified (sometimes more so than the locals) end up working in low income, unskilled employment positions.

2.4 Access to housing and health services

2.4.1 Access to decent housing

Foreign workers

The DL explains that the employer can subtract a percentage of the earnings of foreign workers in exchange of providing them with accommodation and alimony. This gives the opportunity to foreign workers to live in decent housing conditions, because it is difficult for them to do so with the low income they earn. This opinion is shared by the EIF/CCCI. The state is obligated by Law to provide accommodation to asylum applicants. The CWC says that even though the employer is contractually obliged to provide accommodation to foreign workers, very often the health and safety conditions are not fully met. Also, foreign workers not covered by this contractual obligation usually end up living in unsatisfactory dwellings.

Immigrants

The KISA argues that there is no housing policy for immigrants in Cyprus. As a consequence immigrants very often live in downgraded areas that do not meet the minimum acceptable health and safety standards. Even then, the rents paid are higher than those charged to locals. The SWS point to the fact that every person legally residing in Cyprus, regardless of ethnic origin and citizenship, with insufficient resources to meet her/his basic and special needs has the right to public assistance. Additionally, captured illegal immigrants are sheltered in a centre operating under the supervision of Social Welfare Committee.

¹² However, this is not always practical as foreign workers do mostly unskilled jobs and do not stay in our country long enough for their training to be worth it.

Regarding geographical concentration, in general, immigrants live in rented accommodation in old dwellings abandoned by the locals. These dwellings are the cheapest to rent in Cyprus and are located in inner city areas, mostly in the old town of Nicosia and Paphos. The consensus is that, although there is a trend for people of the same ethnic origin to reside in certain areas, this is driven by their income and social status, rather than the desire to form their own ghettos.

2.4.2 Access to health services

Employers are obliged to provide health insurance to their employees, regardless of their ethnic origin. Asylum applicants and legal foreign workers have access to public medical care. According to KISA, the provision of health care to asylum applicants and EU refugees is complicated due to communication problems between the doctor and the foreign patient and the unavailability of translators in hospitals. This leads to inequality of treatment. KISA also claims that the health insurance plans which the employers provide to foreign employees are not complete (e.g. they do not include gynaecological examinations) and not free, because employees pay a percentage of their income for this health insurance.

2.5 Target groups

Foreign workers

When asked whether there are any special measures targeting foreign women employed in Cyprus, the DL points the fact that foreign workers upon their arrival in Cyprus go through medical examinations in order to verify that they are in good health. If someone is found to suffer from a medical problem, the employer may not agree to employ him/her. If a medical problem arises during the foreign worker's stay in Cyprus, the employer is contractually obliged to arrange medical care.

Immigrants

None of the five organisations taking place in our survey (DL, CWC, EIF/CCCI, SWS and KISA) could point to special measures targeting immigrants. They also admit the lack of such measures targeting immigrants with disabilities or mental health problems. The SWS say that immigrants with disabilities or mental health problems simply have the same rights as local persons in similar health condition.

Regarding discrimination against second and third generation immigrants, the consensus is that such a problem does not exist because immigration is a recent phenomenon in Cyprus; consequently, there are no second and third generation of immigrants. In the case of the children of immigrants the EIF/CCCI and KISA think that they might be in disadvantage because they grow up in disadvantaged areas where alcoholism and violence are more prevalent than other areas. The KISA adds that no systematic initiatives are taken for the care of young immigrants and funding for programmes designed to help them is limited.

2.6 Communication and culture issues

Immigrants and asylum seekers

The DL, SWS and CWC say that the religious and cultural values of immigrants are not discriminated against or restricted in any way, while the EIF/CCCI adds that the cultural and religious practices are constitutionally encouraged in Cyprus. KISA agrees with this but adds that such foreign cultural and religious practices are not always received in a friendly manner by the locals.

Regarding measures taken to raise awareness about the religious and cultural values of immigrants, only the CWC appears to organise specialised programmes and seminars, while KISA suggests that more funds should be allocated to NGOs for this purpose. KISA also thinks that immigrants do not participate in the cultural or political life in Cyprus, and has submitted a proposal for giving voting rights to immigrants for local authority elections, as a first step towards this aim.

Communication in employment is aided by the availability of contracts and other employment documents (forms etc) in English language. In addition, the asylum seekers are helped with the notices/forms being available in Arabic, Russian and other languages. The CWC publishes one page of their newspaper in Russian, while the SWS issue notification and public assistance application forms in English and Turkish language. The KISA also issues notes and memoranda in various languages but, again, it complains that the funding available for this initiative is too small to cover translation to all immigrant languages.

Immigrants are often the subject of mainstream media articles. There are no specific tv/radio programmes in immigrant languages. According to DL, the media allocates enough space to immigrant problems but the focus is generally on negative aspects of immigration. Public feelings about the immigrants are mixed, since people feel compassion for their problems and anger for the high rate of crime and violence associated with them. The view that immigrants are visible in media mostly for the 'wrong' reason is also shared by the KISA, which also accuses the media for sensationalising the wrong doings of immigrants while ignoring the positive aspects of their everyday life and their opinion.

2.7 Local authorities

The consensus among the organisations which have participated in our survey is that the role of local communities is extremely important for the promotion of the integration of immigrants in the Cyprus society. Nevertheless, the general view is that the Local Authorities (LAs) in Cyprus are powerless to become actively and supportively involved in an effort to achieve the social inclusion/integration of immigrants, as they are in helping other vulnerable groups, because their responsibilities are limited by law and do not have the opportunities given to LAs in other EU countries. Their legal status and operational capacity (in terms of material and human resources) need to improve if they are to be more effective in the field of social inclusion and social policy, in general.

This is complaint about and by LAs we hear every time we ask about their involvement in social policy. A possible answer of this problem is greater co-operation between SWS and the Union of Municipalities towards giving more responsibilities, opportunities and resources to the design and implementation of social policy at local level, while strengthening the ability to monitor and assess the outcomes of such policy at central level. This, however, requires amendment of the relevant legislation to devolve power

and resources away from the centre. In our opinion, this is unlikely to happen because at the moment only the smallest of the three-party government coalition in Cyprus supports decentralisation.

2.8 Public debate

2.8.1 Treatment of foreigners

Stories reported in the national press and other media about the treatment of immigrants and foreign workers attract people's attention and become a subject of public debate in Cyprus. These stories often concern foreigners becoming victims of racism and discrimination for their ethnic and religious background (Phileleftheros newspaper, 21/3/2006)¹³. According to the president of the Advocacy Group for Equality, Support and Anti-racism, the problem of racism and discrimination is due to the lack of state policy and strategic approach. Examples illustrating the racism and discrimination which Cypriots exhibit against immigrants and foreign workers were published in Phileleftheros newspaper, 4/5/2006. The state has also been accused of improper behaviour towards immigrants, with some cases becoming headline news, e.g. the Russian children arrested by the police while going to school and then deported with their parents (Phileleftheros newspaper, 21/9/2006).

Foreign women in Cyprus are often victims of sexual, professional or other harassment. Accusations for the mistreatment of immigrant women working in night clubs are a frequent reporting in the Cyprus media. The existence of foreign worker harassment is supported in a report prepared by Cyprus College Research Centre (Phileleftheros newspaper, 2/10/2006). Also a research project studying attitudes among secondary school students towards immigrants confirms the perception that foreign workers are mistreated but also highlights the fact that they are considered responsible for 'stealing' the job positions of locals, downgrading the neighbourhoods where they live etc (Phileleftheros newspaper, 14/8/2006). According to the Ministry of Education and Culture, this study involves only one of the 106 secondary schools; therefore the conclusions drawn may not be representative of the whole population.

The political asylum seekers organised a demonstration complaining for their treatment and demanding access to employment and other social opportunities and privileges (Phileleftheros newspaper, 16/5/2006). They demanded the setting up of an ad hoc committee with the participation of their own representatives for the examination of these and other issues concerning the treatment of asylum seekers. Most of their demands were satisfied (Phileleftheros newspaper, 26/5/2006).

2.8.2 Policy measures

Issues relating to immigration have been the subject of intense dialogue between the government, the employer federations and the trade unions, with the latter arguing strongly for the reduction in the number of foreign workers allowed in the country. The state realises that there is a need for a new approach focusing on greater monitoring and revised terms of employment and procedures for the arrival and departure of foreign workers (Phileleftheros newspaper, 24/2/2006).

The Ministry of Interior has prepared a legislative act to implement the EU Directive granting unlimited stay to legal immigrants with five consecutive years of stay in Cyprus, provided that they can speak Greek and demonstrate knowledge of Cypriot history and culture (Phileleftheros newspaper,

¹³ Phileleftheros is the newspaper with the largest circulation in Cyprus.

29/1/2006).¹⁴ The requirement however regarding the knowledge of Cypriot History and Culture was not accepted by the House of Representatives. In our opinion, the language and the knowledge of Cypriot history and culture requirements are not clearly defined and can result in the unfair treatment of applicants. There is also a need to monitor this procedure to avoid the use of these requirements in order to refuse stay to a very large proportion of immigrants currently living in Cyprus. In any case, the Ministry of the Interior has committed itself to no deportations of immigrants that completed five years of stay in Cyprus until the 4th of December, when Cyprus will implement the relevant European Directive. Meantime, KISA accuses the government for deporting immigrants even after five years of stay in Cyprus (Phileleftheros newspaper, 25/10/2006).

The Ministry of Education and Culture has formed a policy for multicultural education in order to effectively handle the special education and social needs of pupils with non-Cypriot ethnic background, representing 6.1% of all the pupils in Cyprus schools (Phileleftheros newspaper, 21/5/2006)¹⁵. The measures taken include more hours spent by these pupils for learning Greek, safeguarding their needs for books, teacher training programmes and activities for the interaction between different cultures.

The Cyprus Sport Organization has given financial aid to nine Pontiac athletic associations in Cyprus in the context of the government effort to help the Pontiac population, especially the youth, to integrate into the Cypriot society (Phileleftheros newspaper, 27/6/2006).

2.9 Opinion

While the government's aim is to promote measures for the integration of immigrants in the Cyprus society, the immigrants themselves feel that their treatment is not always in agreement with this aim. This feeling has culminated recently in a demonstration of Pontian Greeks outside the police headquarters in Paphos, protesting against the imprisonment of two members of their community.

We have asked the DL (reflecting the view held by the government), and the KISA (reflecting the view held by immigrants and foreign workers) to express opinion on a number of issues concerning immigrants and foreign workers in Cyprus, e.g. their contribution to economic growth and social cohesion, their impact on the labour market and wages etc. Their opinion is summarised in Table 2.6.

According to the KISA foreign workers and immigrants make a very positive contribution to economic growth and social cohesion and a positive contribution to the labour market. They back these claims by pointing to the fact that without the employment of foreign workers certain vulnerable groups (e.g. old and disabled persons) would not have the personal care which they now enjoy. The KISA also believes that immigrants and foreign workers do not increase the crime rate in Cyprus and their criminal actions are, generally, not as serious as those in which indigenous persons are involved.

¹⁴ Students, political asylum seekers and political refugees are excluded.

¹⁵ According to the Ministry of Education this percentage refers to the school year 2004-2005 and covers primary schools only. According to official data 6.51% immigrant students attended pre-primary education, 7.1% primary education and 5.5% secondary education level, during the school year 2006-07.

Table 2.6: The contribution/impact of immigrants and foreign workers Cyprus economy and society

| | Very positive | Positive | None | Negative | Very Negative |
|-----------------|---------------|----------|----------|----------|---------------|
| Economy | KISA | DL | | | |
| Income | | KISA | | DL | |
| Labour market | | KISA, DL | | DL | |
| Social cohesion | KISA | | | DL | |
| Criminality | | | KISA, DL | | |

The DL supports that foreign workers contribute positively and negatively to the economy: they have a positive effect on employment but a negative effect on incomes. The DL also thinks that immigrants and foreign workers make social cohesion more difficult because they create a cultural heterogeneity and contribute to the fragmentation of society. In addition, foreign workers are usually employed in low paid jobs and while the locals exploit this opportunity to move to better paid jobs. This, according to the DL, creates an economic and social gap between the foreigners and the locals. Regarding criminality, the DL says foreign workers tend to be more law abiding than immigrants; however, altogether foreigners are not worse than locals in the criminality front.

The new legislation granting unlimited stay to legal immigrants with five consecutive years of stay in Cyprus is greeted with satisfaction by both the KISA and the DL. The KISA sees many advantages and no disadvantage generated by this legislation. It argues that this legislation will make immigrants feel more secure and less vulnerable to unfair treatment from employers. It will also give them better access to the labour market with positive effects on the economy. The government will benefit from increased social insurance contributions and the ageing trend followed by the labour force will slow down, if not reversed. Furthermore, KISA thinks that the new legislation will enhance social cohesion and integration. The positive effects of the new legislation on the labour force and the economy are also echoed by the DL.

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