



Cyprus

Assessment of the 2008-2010 National Reform Programmes for Growth and Jobs from a social inclusion perspective: The extent of synergies between growth and jobs policies and social inclusion policies

A Study of National Policies

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0. Summary

0.1 Implementation of the 2005-2008 NRP

The policies and measures proposed in the 2005-2008 NRP appear to be linked and contribute to the OMC objectives. Nevertheless, their impact cannot be precisely assessed because no specific outcomes are set, a problem reflected in the Assessment of Implementation report.

0.2 The 2008-2010 NRP

The 2008-2010 NRP addresses extensively the Country Specific Recommendations and Points to Watch. The measures adopted increase awareness of feeding in and feeding out, albeit most of them do so implicitly. The same holds true for links with the social OMC. The 2008-2010 NRP contains measures addressing the potential impact of slowdown of the economy due to rising oil prices but not for the recent international economic crisis. This reflects partly the opinion that Cyprus is not likely be seriously affected and partly the fact that this crisis came too late to be considered in the preparation of the 2008-2010 NRP.

Feeding out

The 2008-2010 NRP promotes access to employment and greater social inclusion, especially of economic inactive women and older persons. In doing so it tries to balance flexibility with security in employment. The 2008-2010 NRP also appears to take into account the impact of measures promoting economic growth and financial sustainability on social protection /cohesion/inclusion. The rise of the tax free income and proposed new fiscal measures re-enforcing pension, social insurance, health care systems and economic growth in rural and disadvantaged areas will strengthen the economic foundations of social policy. Although no measures are proposed for the promotion of financial inclusion, attention is paid to ensuring access to housing by low-income families, persons living in disadvantage areas and large families.

Feeding in

The 2008-2010 NRP lists many measures that promote active inclusion but the link between economic growth and social protection is unclear. In contrast, the 2008-2010 NSR/SP/SI measures for social inclusion, pensions and health and long-term care have explicit synergies with 2008-2010 NRP objectives. The 2008-2010 NSR/SP/SI also takes into account comments made by the EU in the annual assessment of the implementation of the 2008-2010 NRP.

0.3 Governance

Mechanisms are proposed in the 2008-2010 NRP for monitoring the implementation of some programs, which will be assessed through a bi-annual results-driven progress report every. No arrangements are in place to assess the interaction between economic/employment and social inclusion/protection policies. Stakeholders are involved mainly in the design (discussions and consultation) rather than the implementation of 2008-2010 NRP. No information about governance arrangements designed to strengthen the social dimension and the contribution to greater social cohesion are found. The 2008-2010 NRP hardly mentions the 2008-2010

NSR/SP/SI, while the latter explicitly links many social inclusion and social protection measures to employment and growth. The two reports conform to each other, however, there is no evidence suggesting that there has been coordination in their preparation.

1. The implementation of the 2005-2008 NRP

As seen in Table 1.1 the policies and programmes proposed in the 2005-2008 NRP contribute to the social OMC objectives. The effects also run in the opposite direction, i.e. OMC objectives contribute to greater growth and more jobs. Thus, the policies and measures proposed in the 2005-2008 NRP appear to be linked to the OMC objectives, however, their precise impact cannot be assessed because no specific outcomes and, in particular, quantitative targets are set.¹

In our opinion, the above problem is reflected in the Assessment of Implementation of the 2005-2008 NRP. Without information to benchmark the outcomes of policies and measures it is difficult for anyone to produce evidence to argue convincingly about the success (or, for that matter, lack of success) in implementation. The technical committee that constructs indicators for the assessment of the progress achieved in the implementation of the NRP's in Cyprus should look into this problem and solve it by making more, and more specific, outcomes available.

Another reason why it is difficult to have a clear opinion about the assessment of the implementation of the 2005-2008 NRP is that the latter proposes various social policy measures but does not clarify their contribution to job creation and growth; and the various job creation and growth objectives are not linked to the social inclusion and social protection objectives. Overall, the information about the feeding in and feeding out available in this year's assessment of the implementation of the 2005-2008 NRP does not add to the information already available from last year's assessment.

¹ This point was also emphasised in our assessment of the Implementation Report of the 2006-2008 NSR/SP/SI.

Table 1.1: Linking OMC objectives and 2005-2008 NRP policies

OMC objectives	Measures/policies in 2005-2008 NRP
- Social Inclusion of women	- Schemes for women's entrepreneurship
- Economic growth and sustainable development (by increasing employment rate we also increase potential output)	- Schemes for training/employability of inactive women
	- Providing grants in aid of NGOs and local communities
	- Expansion/improvement of care services for dependents
	- Reconciling family and professional life
	- Subsidisation of care for children, elderly and disable
- Social inclusion	- Scheme for encouraging young entrepreneurship
- Greater economic growth and sustainable development	- Scheme for promoting training/employability of secondary school graduates
- More/better jobs, greater social cohesion, sustainable development	- Scheme to encourage the creation/seeking of flexible jobs for previously unemployed/economically inactive women
	- Measures to attract/keep more persons in the labour market and encourage enterprises to create flexible/secure jobs

2. The 2008-2010 NRP

2.1 Overall Assessment

The 2008-2010 NRP devotes Part I to reforms addressing the Country Specific Recommendations (CSRs) and Points to Watch (PTWs). Table 2.1 shows some new and old measures and reforms with respect to the CSRs and PTWs proposed in the 2008-2010 NRP that are intended to strengthen the social dimension and demonstrate increased awareness of feeding in and feeding out. The last column indicates if the increased awareness is explicit or implicit.

Table 2.1: Measures, social dimension and awareness of feeding in and feeding out

Measures:	Social Dimension*	Awareness**	
		Explicit	Implicit
CSR 1 : Addressing ageing related expenditure – Reform of the pension system			
Securing sustainability			√
Improvement of short-term benefits	√		
CSR 1 : Addressing ageing related expenditure – Reform of the health care system			
Promoting the transformation of public hospitals into autonomous units			√
Implementation of the national health scheme			√
CSR 2 : On lifelong learning – National Strategy for Lifelong Learning (LLL)			
1 st pillar: Promoting access and participation in lifelong learning for all	√	√	
2 nd pillar: Strengthening of lifelong learning infrastructures and systems	√		√
3 rd pillar: Promote research and development for the support of LLL	√		√
4 th pillar: Effective governance of lifelong learning	√	√	
Monitoring mechanisms for the implementation of the LLL Strategy			√
Establishing the Foundation for the management of the European LLL Programmes	√	√	
PTW 1: On professional services			
Insufficient competition in the pharmacists sector	√		
Inventory of progress made in competition of professional services			√

Measures:	Social Dimension*	Awareness**
PTW 2: Further stimulate private sector R&D		
Measures for stimulating business R&D	√	√
Measures for the promotion of R&D	√	√
Measures for the promotion of Innovation		√
PTW 3: Address the very high gender pay gap		
Proposed measures	√	√
Encouragement, strengthening and reinforcement of women's entrepreneurship	√	√
Promotion of training/employability of economically inactive women (ESF co-financed)	√	√
Continuation of the Grants in aid scheme to NGOs and local communities for the development of family support services	√	√
Expansion of care services for children, the elderly, the disabled and other dependants (ESF co-financed)	√	√
Implementation of a measure under the Community Initiative EQUAL aiming at reconciliation of family and professional life (ESF co-financed)	√	√
Preparation of a national action plan for gender equality	√	
Increase of the public funds allocated to NGOs from the budget of the NATIONAL Machinery for Women's Rights to promote and implement gender equality programmes	√	√

* Measures that give attention to strengthening the social dimension.

** Measures that demonstrate an increased awareness of feeding in and feeding out and whether this increased awareness is explicit or implicit.

As we can see, most of the measures increase awareness of feeding in and feeding out implicitly in the sense that social inclusion policies contribute to the creation of new working positions and thus to growth and jobs goals, without this being state in the 2008-2010 NRP. The CSRs and PTWs are also mentioned in other parts of the 2008-2010 NRP, e.g. the CSRs are also mentioned on pages 52, 97 and 125 and the PTWs on pages 67, 81 and 125.

The 2008-2010 NRP contains measures addressing the potential impact of slowdown of the economy due to rising oil prices² with the following policy priorities: (a) the security of energy supply and (b) the promotion of Renewable Energy Sources (RES) and Energy Conservation. Also, the 2008-2010 NRP includes among its objectives macroeconomic stability and strong public finances to support measures enhancing social cohesion and alleviating the burden of high oil and food prices on low income groups. Regarding the recent international economic crisis, it appears that the Cyprus economy is not expected to be affected as much as in other European countries, even though the stock market is hit very hard. No measures addressing these issues are proposed in the 2008-2010 NRP.³

Although the links with the social OMC are not explicitly indicated, the 2008-2010 NRP contains many measures addressing social inclusion, e.g. the three CSRs⁴ and the priority 'investing in people and modernising labour markets and enhancing social cohesion' under the employment challenges. The link with the social OMC is also seen in other parts of the 2008-2010 NRP, including: 'renewing impetus in tax and benefit reforms to improve incentives and to make work pay' under the macroeconomic challenges; 'upgrading of education, lifelong learning and eLearning' under the microeconomic challenges; and 'maintain high rates of increase of labour supply, particularly by raising old-aged and female participation rates and reduce gender inequality' under the employment challenges. Also, one of the ten 2008-2010 NRP National

² The 2008-2010 NRP was written before the recent (late in October 2008) sharp decline in oil prices.

³ This can be also due to the fact that the 2008-2010 NRP was prepared before this crisis.

⁴ (i) addressing ageing related expenditure, (ii) reform of the Health care system, and (iii) lifelong learning.

Challenges is 'the further enhancement of the conditions of social cohesion which contributes to the social inclusion and social protection process'.

2.2 Feeding out

2.2.1 Employment

Many measures in the 2008-2010 NRP promoting access to employment also promote greater social inclusion, e.g. closer cooperation with local authorities and social partners in promoting the employment of inactive women and other vulnerable groups, higher minimum wage, reform of the tax-benefits system to encourage entry into the labour market, programmes to increase gender equality, incentives to private employers to employ disabled people and a newly introduced quota system for the recruitment of persons with disabilities in the public sector.

Worthy of special mention are measures in the 2008-2010 NRP helping (mostly) women to reconcile work and family life, such as the Grants-in-Aid Scheme to non-profit voluntary organisations to develop family support services, a scheme for the promotion and improvement of care services for children and other dependents, a study on long-term home-care services provided to older persons and several projects under EQUAL ('Open Doors', 'Pandora' and 'New Routes for Women Employment'). Active ageing measures in the 2008-2010 NRP addressing employment among older persons (increase of the retirement age, promoting the self-employment of older persons etc) also promotes social inclusion; as are vocational training measures helping persons in vulnerable groups (persons with disabilities, drug users etc) into the labour market and measures promoting flexible forms of employment and gender equality.

As it can be seen from Table 2.2, the 2008-2010 NRP also tries to balance flexibility with security in employment by combining measures assisting persons at high risk of poverty with measures making work pay; and by promoting health and safety at work.

Table 2.2: Measures that promote flexibility and security

Measures promoting flexibility	Measures promoting security/ social exclusion
Subsidy schemes for companies/organisations to develop/apply flexicurity policies	Reviewing tax and benefit system to make work pay: <ul style="list-style-type: none"> - Reforming labour income taxation - Reform measures for welfare-related benefits - Increasing minimum wage - Addressing inflationary pressures
Subsidy scheme for the promotion of flexible forms of employment (attracting to and keeping in the labour market persons at risk of social exclusion)	Improving quality /productivity and health/safety at work: <ul style="list-style-type: none"> - Incentive scheme for companies to design and implement systems for continuous learning and improvement - Scheme to facilitate shift from low to high productivity jobs - Scheme for training new-entrants in the labour market on health and safety at work

Overall, the feeding out aspect of the 2008-2010 NRP appears very satisfactory. Inactive women, persons with disabilities, unemployed persons and persons around retirement age should benefit from 2008-2010 NRP measures designed to promote job creation. Vulnerable persons in some groups, however, are left out, e.g. lone parents. Other minor blemishes in the 2008-2010 NRP can be said to be the absence of adequate measures to tackle in-work poverty (the increase in

minimum wage does not cover large families) and measures to encourage SMEs to become involved in creating jobs for persons in vulnerable groups.

A good example of feeding out is the expansion and improvement of care services for children, the elderly, the disabled, and other dependants. This highly successful scheme is co-financed by the ESF and described in our assessment of the Implementation Report of the 2006-2008 NSR/SP/SI.

2.2.2 Economic growth and financial sustainability

The 2008-2010 NRP appears to take into account the impact of measures promoting economic growth and financial sustainability on social protection/cohesion/inclusion. The ceilings placed on certain public expenditure items to decrease fiscal debt do not affect social inclusion targets and the measures taken to combat poverty and social exclusion are expected to continue. In addition, new fiscal measures are introduced to strengthen the economic foundations of social policy, e.g. in the macroeconomic challenges there is the Priority Policy of 'Reforming and re-enforcing pension, social insurance and health care systems to ensure that they are viable, socially adequate and accessible'. Tax-benefit measures, described in the section on the employment challenges of the report, also promote labour supply, in particular among female and old age population, so as to raise potential output.

Another fiscal measure promoting employment while serving to combat social exclusion is the rise of the tax free income to a level around the average per capita income in Cyprus! This measure is unique among EU countries and research shows that it has a higher positive effect on labour market participation than other measures (in-work benefits) with similar fiscal cost.⁵

The 2008-2010 NRP also includes fiscal measures impacting on rural economic growth, thereby helping to raise the quality of life in areas of high poverty concentration. Among these measures are: (i) the expansion of broadband network coverage in rural areas; (ii) the Priority Policy 'Enhancement of the Production Base of Disadvantaged Areas' to encourage small scale traditional handicraft activities and agro-tourism; and (iii) the improvement of road transport infrastructure (the Nicosia-Palechory and Limassol- Platres roads).

Not much is found in the 2008-2010 NRP about promoting financial inclusion. The only thing mentioned is the establishment of a State Loan Guarantee Facility to improve SMEs access to credit. No measures are proposed to address over-indebtedness amongst people experiencing poverty and social exclusion. Nevertheless, attention is paid (through a new unified housing scheme introduced on 1st of January 2007 and improved during 2008) to ensuring access to housing by refugees and low-income families, persons living in disadvantage areas and large families.

2.3 Feeding in

2.3.1 Measures in 2008-2010 NRP

Some policies and measures developed in the context of the social protection/inclusion process, and seen as contributing to the growth and jobs agenda, are taken into account in the revised

⁵ Pashardes and Polykarpou (2008).

2008-2010 NRP. Table 2.3 gives examples of such measures that: (i) promote active employment, adequate minimum income and access to supporting services, (ii) reduce the number of early school leavers; (iii) reduce gender inequality, (iv) promote anti-discrimination; (v) prevent and reduce child and family poverty and social exclusion; and (vi) promote the potential of the social economy to create employment for people furthest from the labour market. The same table shows whether these measures contribute to growth and jobs explicitly or implicitly (i.e. if this contribution is referred to in the 2008-2010 NRP).

The 2008-2010 NRP lists many measures under the policy priorities that promote active inclusion but the link between the social protection/inclusion process with the goals of the growth and jobs agenda is not always clear. For example, measures of education, training and lifelong learning have been assessed for their inclusion benefits and many of them for their contribution to growth and jobs objectives. However, the same does not hold for measures that reduce the number of early school leavers and measures addressing gender. Furthermore, the extent to which measures that prevent and/or reduce child and family poverty and social exclusion have a economic growth and jobs potential is not explicitly considered in the 2008-2010 NRP.

As seen from the figures in Table 2.3, among measures concerning the social economy, only one takes explicitly into account the potential to create employment for people furthest from the labour market. The other measures do this implicitly.

Table 2.3: Social measures in 2008-2010 NRP contributing to growth and jobs

Measures	Contribution to Growth and Jobs	
	Explicitly	Implicitly
Measures of active inclusion:		
Scheme for the encouragement, strengthening and reinforcement of women's entrepreneurship		√
Scheme for the encouragement, strengthening and reinforcement of youth entrepreneurship		√
Reforming labour income taxation		√
Increasing minimum wage		√
Scheme for the promotion of training and employability of economically inactive women		√
Scheme promoting self-employment of elderly persons		√
Implementation of a measure aiming at facilitating access and return to the labour market for those who have difficulty in being integrated or reintegrated	√	
Scheme providing incentives for the employment of people with disabilities	√	
Measures of education, training and lifelong learning:		
Scheme for the promotion of training and employability of young secondary education school graduates	√	
Scheme for the promotion of training and employability of unemployed	√	
Scheme for the enhancement of computer literacy of the unemployed		√
Scheme for vocational training and employment of recipients of public assistance	√	
Training scheme for the disables		√
Measures for gender equality:		
Organisation of training seminars to enhance the equality inspectors' skills and knowledge of the gender equality legislation.		√
Increase of the public funds allocated to NGOs from the budget of the National Machinery for Women's Rights to promote and implement gender equality programmes		√
The annual increase of the public funds allocated to NGOs and the National Machinery of Women rights to promote and implement gender equality programmes.		√
Measures of anti-discrimination:		
Preparation and distribution of informative leaflets entitled 'Sexual Harassment in the Workplace'		√
Measures of child and family poverty and social exclusion:		
Grants in aid scheme to NGOs and local communities for the development of family support services		√

Expansion and improvement of care services for children, the elderly, the disabled and other dependants	√
Measure aiming at the reconciliation of family and professional life (includes the following projects: 'Open Doors', 'Pandora' and New Routes for Women's Employment')	√

Measures of social economy:	
Programme 'Raising Environmental Awareness' supports the raising of environmental awareness and the educational activities of NGOs	√
Grants in aid scheme to NGOs and local communities for the development of family support services	√
Expansion and improvement of care services for children, the elderly, the disabled and other dependants (programmes were developed through partnerships between NGOs and local authorities)	√

2.3.2 Measures in NSR/SP/SI

Table 2.4 gives examples of measures included in the 2008-2010 NSR/SP/SI that contribute to growth and jobs objectives and indicates whether this contribution is explicit or implicit. Unlike the 2008-2010 NRP measures, the majority of these measures contribute to growth and jobs objectives *explicitly* rather than implicitly. In preparing the 2008-2010 NSR/SP/SI the Social Welfare Services took on board the argument that an effective way to protect people from poverty and social exclusion is to help them raise adequate income from work.

The 2008-2010 NSR/SP/SI considers explicitly its links with the 2008-2010 NRP process and strategies for social inclusion, pensions and health and long-term care have synergies with 2008-2010 NRP objectives. It also takes into account comments made by the EU in the annual assessment of the implementation of the 2008-2010 NRP. Examples of mutual strengthening of the 2008-2010 NRP and the NSR/SP/SI processes found in the 2008-2010 NSR/SP/SI include the increase in the minimum wage, the promotion of employment and social integration of vulnerable population groups, the further development and strengthening social care for children, elderly persons, persons with disabilities and other dependent persons at local level etc.

In conclusion one can say that the link between the 2008-2010 NSR/SP/SI and 2008-2010 NRP runs only in one direction: from the former to the latter. The 2008-2010 NRP acknowledge of the 2008-2010 NSR/SP/SI existence once (section 8.6.2.1, page 142) but this is in passing. Nothing is there to claim mutual reinforcement of the two processes.

Table 2.4: Various measures and whether they contribute to growth and jobs

Measures	Contribute to Growth and Jobs	
	Explicitly	Implicitly
Measures of active inclusion:		
Increasing minimum wage		√
Operation of the Occupational Rehabilitation Unit	√	
Promotion of employment and social integration of vulnerable population groups	√	
Scheme for enhancing women's entrepreneurship		√
Scheme for enhancing youth entrepreneurship		√
Schemes for the promotion of active integration of persons with disabilities into the labour market	√	
Promotion of the occupational and social integration of former dependent persons	√	
Scheme for supporting children under the care of the SWS after they come of age for the purpose of their settlement	√	

Measures of education, training and lifelong learning:		
Plan for the Reduction of the gap in wages between men and women		√
Vocational training of persons who depend on welfare transfers of the income type	√	

Establishment and operation of a 'New Modern Apprenticeship'		√
Investing in human capital / training the labour force	√	
Vocational training for refugees and persons entitled to complementary protection	√	

Measures for gender equality:		
Plan for the Reduction of the gap in wages between men and women		√

Measures	Contribute to Growth and Jobs	
	Explicitly	Implicitly
Expansion and improvement of care services for children, the elderly, the disabled and other dependants	√	

Measures of child and family poverty and social exclusion:		
Plan for the Reduction of the gap in wages between men and women		√
Promotion of flexible forms of employment	√	
Further development and strengthening of the field of social care for children, elderly persons, persons with disabilities and other dependent persons on a local level	√	
Expansion and improvement of care services for children, the elderly, the disabled and other dependants	√	

Measures of social economy:		
Expansion and improvement of care services for children, the elderly, the disabled and other dependants	√	
Development of local offices of the social welfare services	√	
Promotion of the strategy for deinstitutionalisation and development of community care	√	

2.4 Governance

Mechanisms are proposed in the 2008-2010 NRP for monitoring the implementation of some programs ('Lifelong Learning Strategy', 'National Health System' etc) by upgrading IT tools, establishing ad hoc technical committees/units and the introduction of assessment and performance certification procedures. Though not reinforced with outcome targets, the implementation of the 2008-2010 NRP will be assessed through a bi-annual results-driven progress report. No arrangements are in place to monitor and assess the cross-impact between economic/employment and social inclusion/protection policies.

Relevant stakeholders, groups experiencing poverty and social exclusion and the organisations that represent them have been involved in the design, implementation and monitoring of the 2008-2010 NRP. Table 4.5 lists examples of stakeholder involvement. As seen from this table the stakeholders have been involved mainly in the design (discussions, advice and consultation) rather than the implementation of 2008-2010 NRP.

Table 4.5: Examples of stakeholder involvement in the 2008-2010 NRP

(a) Involvement in the design:
Participation in the 'National Qualifications Framework'
Participation in the introduction of a 'Vocational Qualifications System'
Participation in a discussion during the preparation of the policy paper on 'Network and Information Security'
Discussions/consultations in the design of the new 'Framework Programme of the Research Promotion Foundation'
Amendment of the law to increase the stages at which written representations by stakeholders can be submitted
Discussions of a draft paper of the Introduction of an 'Assessment and Certification System of Training Providers'
(b) Involvement in the implementation:
Promotion of the transformation of public hospitals into autonomous units
Contact with the Unit for 'Continuous monitoring of the effective enforcement of Internal Market legislation'
'The Coastal Area Management Programme'

No information about governance arrangements designed to strengthen the social dimension and the contribution to greater social cohesion are found. The 2008-2010 NRP hardly mentions the 2008-2010 NSR/SP/SI, while the latter has no evidence suggesting that there has been coordination in the preparation of the two reports. Nevertheless, as said earlier, the 2008-2010 NSR/SP/SI has many social inclusion and social protection measures that contribute to growth, even though this connection is often implicit. Furthermore, many measures in the 2008-2010 NRP were also included in the 2008-2010 NSR/SP/SI. On the basis of this observation it is difficult to argue that the joining up of economic, employment and social policies in the two reports is an arranged coordination or simply (intended or unintended) duplication.

The 2008-2010 NRP in its implementation structure mentions the setting up of a committee to undertake (a) the coordination and cooperation between the Planning Bureau and other Ministries and Services in the public/private Sector and (b) the coordination and monitoring of the consistency and coherence between the 2008-2010 NRP and the National Strategic Reference Framework.

3. Update on key social indicators

Annex A reports data on the overarching indicators for the years 2005 and 2006. Some figures in this annex are highlighted in Table 3.1. As one would expect from the short period over which these indicators are compared, very little by the way of change is registered in the data. Perhaps, worthy of mention is the increase in poverty gap and risk of poverty among older persons (over 65) and the decrease in the at-risk-of-poverty rate among single females less than 65; however, one cannot exclude the possibility these changes to reflect noise in the data rather than clear trends.

Table 3.1: EU overarching Indicators

(http://ec.europa.eu/employment_social/spsi/common_indicators_en.htm)

	Total		Males		Females	
	2005	2006	2005	2006	2005	2006
Relative poverty gap:						
All persons	19	19	17	17	21	20
65 years and over	21	22	20	20	23	23
At-risk-of-poverty:						
65 years and over	51	52	47	50	53	54
75 years and over	62	64	61	66	63	63
Single person	48	43	29	28	59	52
Single person Less than 65 years	27	22	14	13	39	29
Single person 65 years and over	70	70	59	65	74	71
18 years and over	49	51	46	49	51	52
Before social transfers	22	22	20	20	23	24
After social transfers	16	16	15	14	18	18

Table 3.2 suggests that employment policies in Cyprus do work: the economically active population as percentage of total population increased and so did the percentage of gainfully employed females, while unemployment decreased both for males and females between 2005 and 2007. The only not so encouraging figure in the table is the increase in unemployment among university graduates.

Table 3.2: Employment and unemployment statistics from Cystat

	2005	2006	2007
Economically active population as % of the total population	50.2	50.2	50.8
Gainfully employed population males (%)	56.3	56.1	55.4
Gainfully employed population females (%)	43.7	43.9	44.6
Number of unemployed (thousand)	19.5	17.0	15.4
Number of unemployed males (thousand)	9.0	8.0	7.3
Number of unemployed females (thousand)	10.5	9.0	8.1
Unemployed under 25 years as % of total unemployed	28.3	22.9	25.7
Unemployed by level of education (%) No schooling	0.9	0.7	0.8
Unemployed by level of education (%) Primary	17.2	11.8	14.5
Unemployed by level of education (%) Secondary	55.9	55.5	54.1
Unemployed by level of education (%) Third	26.0	32.0	30.6

Table 3.3 highlights the labour market situation in Cyprus.⁶

- Labour force participation rates increased from 2006 to 2007 among all age and gender groups, except for males in the 15-24 and 25-54 age groups.
- Employment rates increased among all age and gender groups, except for males in the 15-24 age group.
- Unemployment rates decreased among all age and gender groups, except for males in the 15-24 age group.

Table 3.3: Labour force participation, employment and unemployment rates by age and gender

Age Group	2006			2007		
	Total	Males	Females	Total	Males	Females
Labour force participation rates						
15+	63.5	73.4	54.4	64.4	73.6	55.8
15-24	41.5	45.0	38.3	41.7	43.9	39.7
25-54	86.2	95.3	77.4	86.7	95.0	78.7
55-64	55.5	74.1	37.8	57.7	74.8	41.6
65+	10.1	17.0	4.4	10.9	18.4	4.5
Employment rates						
15+	60.7	70.6	51.4	61.9	71.1	53.2
15-24	37.4	41.0	34.1	37.4	39.1	36.0
25-54	82.6	92.0	73.6	83.8	92.4	75.5
55-64	53.6	71.6	36.6	55.9	72.5	40.3
65+	10.1	17.0	4.4	10.9	18.4	4.5
Unemployment rates						
15+	4.5	3.9	5.4	3.9	3.4	4.6
15-24	10.0	8.9	11.1	10.2	11.0	9.4
25-54	4.1	3.5	4.9	3.4	2.7	4.1
55-64	3.3	3.3	3.1	3.1	3.1	3.2
65+	0	0	0	0	0	0

Source: Labour Force Survey 2006 and 2007, Statistical Service of the Republic of Cyprus

⁶ A table showing the labour force participation, employment and unemployment rates for each quarter is found in Annex B.

The conclusion emerging from the figures in Table 3.3 is that the labour market in Cyprus is getting better from an already good situation with the only exception the figures for young males. The latter unwelcome development, however, is more than compensated by improvements in labour market participation and employment among women of all ages. Given that women are in worse position than men in terms of employment and social inclusion in Cyprus, overall, the developments in the Cyprus labour market can be deemed satisfactory.

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ANNEX A: OVERARCHING INDICATORS

Table A1.1: Overarching Indicators

(Webpage of the European Commission http://ec.europa.eu/employment_social/spsi/common_indicators_en.htm)

Relative poverty gap	Total		Males		Females	
	2005	2006	2005	2006	2005	2006
All persons	19	19	17	17	21	20
Less than 18 years	17	13				
Between 18 and 64 years	19	19	17	16	21	20
65 years and over	21	22	20	20	23	23
75 years and over	23	24				

Relative median income ratio	Total		Males		Females	
	2005	2006	2005	2006	2005	2006
Persons 65+ to persons less than 65	0.47	0.42	0.46	0.43	0.51	0.49
Persons 60+ to persons less than 60	0.62	0.65	0.68	0.7	0.59	0.6
Persons aged 65+ to persons less than 65:	0.57	0.57	0.59	0.58	0.55	0.56
Persons 75+ to persons less than 75 single person household	0.55	0.54	0.47	0.43	0.71	0.64
Persons 60+ to persons less than 60 single person household	0.46	0.44	0.46	0.42	0.49	0.51

Inequality of income distribution		2005	2006
S80/S20 income quintile share ratio:	Total	4.3	4.3
	Less than 65 years	4	3.9
	65 years and over	4.6	4.4

Inequality of income distribution Gini coefficient		29	29

Aggregate replacement ratio total and income from (ratio of income from pensions of persons between 65-74/work of persons between 50- 59)	Total	0.28	0.28
	Males	0.34	0.32
	Females	0.34	0.33

Distribution of population		All		At-risk of poverty	
		2005	2006	2005	2006
By household type	Single person (out of 100)	5	5	16	15
	One adult younger than 64 years (out of 100)	3	3	5	4
	One adult older than 65 years (out of 100)	3	2	11	11
	Single parent with dependent children (out of 100)	3	2	6	5
	Single female (out of 100)	3	3	12	11
	Single male (out of 100)	2	2	4	4
	Two adults younger than 65 years (out of 100)	9	8	7	8
	Two adults, at least one aged 65 years and over (out of 100)	9	9	26	29
	Two adults with one dependent child (out of 100)	10	10	6	5
	Two adults with two dependent children (out of 100)	27	26	15	14
	Two adults with three or more dependent children (out of 100)	11	10	9	8
	Three or more adults (out of 100)	12	13	8	9
	Three or more adults with dependent children (out of 100)	15	16	8	7
	Households without dependent children (out of 100)	35	36	57	61
	Households with dependent children (out of 100)	65	64	43	39

At-risk-of-poverty rate	Total		Males		Females	
	2005	2006	2005	2006	2005	2006

CYPRUS

All households	Less than 60 years	11	10	10	9	12	12
	60 years and over	43	44	39	39	47	47
	Less than 65 years	12	11	11	9	13	13
	65 years and over	51	52	47	50	53	54
	Less than 75 years	14	13	13	11	15	15
	75 years and over	62	64	61	66	63	63
Owner of a house	60 years and over	43	44	39	40		
	65 years and over	52	53	48	50	55	56
	75 years and over	65	65	62	64	67	65
Renting a house	60 years and over	38	39	35	38	41	40
	65 years and over	42	45	43	48	41	43
	75 years and over	38	59	47	48	36	44
Single person	Less than 65 years	27	22	14	13	39	29
	65 years and over	70	70	59	65	74	71
18 years and over		49	51	46	49	51	52
After social transfers		7	7	6	7	7	7
After social transfers working full time		6	6				
After social transfers working part time		10	16				
Before social transfers except pensions:	Total	22	22	20	20	23	24
	Less than 18 years	20	20	21	20	20	21
	Between 18 and 64 years	16	16	15	14	18	18
	65 years and over	54	55	51	52	57	58
After social transfers	Total	16	16	15	14	18	18
	Less than 18 years	13	11	14	11	12	12
	Between 18 and 24 years	11	9	12	8	9	10
	Between 25 and 54 years	10	10	9	8	12	12
	Between 55 and 64 years	17	15	11	10	21	20
	Between 18 and 64 years	11	11	10	9	13	13
	65 years and over	51	52	47	50	53	54
By most frequent activity status	18 years and over	17	17	15	15	19	19
	18 years and over employed	7	7	6	7	7	7
	18 years and over non employed	32	31	33	31	31	31
	18 years and over unemployed	37	31	46	33	31	29
	18 years and over retired	49	51	46	49	51	52
	18 years and over other inactive	19	16	16	10	21	19
By work intensity of the household (without dependent children)	Work intensity = 0	47	45	44	42	50	47
	Work intensity between 0 - 1	12	12	11	11	13	13
	Work intensity = 1	9	13	6	9	11	18
By work intensity of the household (with dependent children)	Work intensity = 0	71	49	70	44	72	52
	Work intensity between 0 - 1	16	16	16	15	16	16
	Work intensity = 1	3	2	3	2	3	3
By household type	Total	16	16				
	Single person	48	43	29	28	59	52
	One adult younger than 64 years	27	22				
	One adult older than 65 years	70	70				
	Single parent	35	34				
	Two adults, at least one 65+	47	51				
	Two adults + 1 child	9	8				
	Two adults + 2 children	9	8				
	Two adults + 3 or more children	14	12				
	Three or more adults	11	11				
Three or more adults with children	8	7					

ANNEX B: Labour force Data

Table A2.1: Labour force participation rates, employment rates and unemployment rates by age group and sex⁷

Age Group	2006												2007											
	1 st Quarter			2 nd Quarter			3 rd Quarter			4 th Quarter			1 st Quarter			2 nd Quarter			3 rd Quarter			4 th Quarter		
	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females
Labour Force Participation Rates																								
15+	63.3	73.2	54.1	63.1	73.2	53.7	63.8	73.8	54.7	63.9	73.4	55.0	64.0	73.0	55.7	64.1	73.4	55.4	64.7	74.1	55.9	64.7	73.9	56.2
15-24	41.6	43.0	40.4	39.8	42.9	36.8	41.9	46.3	38.1	42.7	47.7	38.1	40.4	42.8	38.2	40.7	43.4	38.2	41.8	44.4	39.6	43.8	44.9	42.8
25-54	86.1	95.5	77.1	86.1	95.5	77.1	86.0	95.1	77.2	86.5	95.1	78.3	86.7	94.7	79.0	86.7	95.1	78.5	87.0	95.3	78.9	86.6	95.0	78.5
55-64	53.5	73.0	35.1	54.8	74.8	35.9	57.5	75.2	40.7	56.1	73.5	39.6	56.6	74.7	39.5	58.2	75.5	41.9	58.3	75.1	42.5	57.7	74.1	42.3
65+	10.9	18.4	4.7	10.2	17.3	4.2	10.2	16.6	4.8	9.2	15.6	3.8	9.7	16.0	4.2	10.5	17.6	4.5	11.4	19.3	4.6	11.8	20.5	4.5
Employment Rates																								
15+	59.6	69.3	50.6	60.5	70.7	51.0	61.3	71.5	51.9	61.2	70.7	52.3	60.9	69.9	52.5	61.9	71.1	53.4	62.1	71.8	53.2	62.4	71.6	53.8
15-24	36.6	37.6	35.8	36.3	39.5	33.3	38.3	43.7	33.6	38.2	43.2	33.7	35.9	37.9	34.2	37.0	38.4	35.7	37.5	39.9	35.4	39.3	40.2	38.6
25-54	81.5	90.9	72.5	82.8	92.7	73.3	82.8	92.4	73.6	83.3	92.1	75.0	82.9	91.1	75.0	84.1	92.8	75.7	84.0	93.0	75.3	84.2	92.9	75.9
55-64	50.6	69.7	32.6	53.5	72.5	35.5	56.0	72.7	40.2	54.4	71.5	38.3	54.5	72.6	37.5	56.8	73.3	41.3	56.6	72.5	41.6	55.7	71.7	40.6
65+	10.9	18.4	4.7	10.2	17.3	4.2	10.2	16.6	4.8	9.2	15.6	3.8	9.7	16.0	4.2	10.5	17.6	4.5	11.4	19.3	4.6	11.8	20.5	4.5
Unemployment Rates																								
15+	5.9	5.3	6.6	4.1	3.4	5.0	4.0	3.0	5.1	4.2	3.7	4.9	4.8	4.2	5.7	3.4	3.2	3.6	4.0	3.2	4.9	3.5	3.0	4.1
15-24	12.0	12.6	11.4	8.7	8.0	9.6	8.6	5.6	11.8	10.5	9.6	11.6	10.9	11.3	10.6	9.1	11.6	6.5	10.4	10.3	10.5	10.2	10.6	9.8
25-54	5.3	4.8	5.9	3.9	3.0	4.9	3.7	2.8	4.7	3.7	3.2	4.2	4.4	3.8	5.1	2.9	2.4	3.5	3.4	2.5	4.6	2.7	2.2	3.3
55-64	5.4	4.5	7.1	2.3	3.0	1.0	2.6	3.3	1.3	2.9	2.6	3.3	3.6	2.8	5.0	2.4	2.9	1.5	2.9	3.4	2.1	3.5	3.2	4.1
65+	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

⁷ Source: Labour Force Survey 2006 and 2007, Statistical Service of the Republic of Cyprus.