

# **The future of the welfare state: paths of social policy innovation between constraints and opportunities**

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“The impact of E.U. Social Inclusion Strategies on Mediterranean  
Welfare Regimes: Challenges for Greece and Cyprus”

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## Introduction

Greece and Cyprus constitute a typical example for comparative legal and policy analysis about the impact of the European Social Inclusion Strategy on Mediterranean / Southern national social security / welfare regimes<sup>1</sup>, given that they share common principles in the formulation of their social welfare schemes (particularly as they supplement the traditional role of families and community networks as the main providers of care against risks) and they develop rudimentary institutional trajectories for the guarantee of social rights. However, compared to Greece, Cyprus has adopted since its accession to the E.U. family (2004) a rather different approach on the development of national social welfare initiatives in line with the European Social Inclusion Strategy.

This Paper reviews the institutional and policy impact of EU social inclusion strategies on Greece and Cyprus. These strategies set the legal and operational standards of a *European Social Inclusion discourse*, strongly influenced by the subsidiarity principle / model of social protection within the EU.

In this respect, the Paper provides a doctrinal framework concerning the effects of the European Social Inclusion Strategy on less mature national welfare regimes, discussing the performance of existing legal instruments in primary and secondary European law (i.e. Treaties and Council legislation) as well as new governance methods developed under the Lisbon Strategy (i.e. Open Method of Coordination). It also addresses issues about the convergence of fundamental 'welfare gaps' in both countries (Greece: lack of a statutory general minimum income scheme – Cyprus: limited application of activation principles within social welfare schemes), presenting evidence based cases about the policy reform outcomes of EU Social Policy.

## 1. The Greek social security system – An institutional approach

The Greek social security system is a rather complex model of social protection that supplements the traditional role of families and community networks as the main providers of care against risks, needs and ills<sup>2</sup>. It is promoted through the application of three different techniques: **social insurance** for persons active in the labor market, **social assistance** for needy uninsured persons and a **national health scheme** for all persons living in the Greek territory. As far as administrative issues are concerned, the

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<sup>1</sup> M. Ferrera, "The Southern Model of Welfare in Social Europe", *Journal of European Social Policy*, 6, (1), 1996, p. 17, K. Korayen and M. Petmesidou (eds.), *Poverty and Social Exclusion in the Mediterranean Area*, 1998, M. Ferrera (ed.), *Welfare State Reform in Southern Europe – Fighting Poverty and Social Exclusion in Greece, Italy, Spain and Portugal*, 2005, M. Petmesidou and C. Papatheodorou (eds.), *Poverty and Social Deprivation in the Mediterranean*, 2006.

<sup>2</sup> For a broad overview see M. Petmesidou, "Social Protection in Greece – A brief glimpse of a welfare State", *Social Policy and Administration*, 30, 4, 1996, pp. 324-347, G. Amitsis, "Greece", pp.157-185, in D. Pieters (ed.), *The Social Security Systems of the Member States of the European Union*, 2002.

social insurance system is regulated and supervised by the Ministry of Labor and Social Insurance, while health care and welfare policies are monitored by the Ministry of Health and Social Assistance (the term “Assistance” is replaced by “Solidarity” since 2004, after the general elections of March 2004).

The **Social Insurance System (Systima Koinonikis Asphalisseos)** is the basic cornerstone of the domestic social security model. Its function, as has been developed since the 1950s, aims at covering traditional social risks of workers, employees and self-employed through the provision of cash benefits and services, which address problems related to the reduction or loss of income gained through employment. The system is based on three insurance pillars: (a) the first pillar corresponds to the public schemes of compulsory main and supplementary insurance, which function through legal entities supervised by different ministries, (b) the second pillar is promoted by occupational funds at the level of enterprises and (c) the third pillar is developed through individual and collective insurance plans.

The health care system is characterized as a mixed system, given that health care branches of the various first pillar social insurance schemes co-exist with the **National Health System (E.S.Y.- Ethniko Systima Ygeias)**. The ESY was established in 1983 by law, designed to guarantee free health care for all residents of Greece. It covers the entire Greek population, without any special entitlement condition, regardless of professional category or region. Within the ESY context, primary health care services are provided through rural health centres and provincial surgeries in rural areas, the outpatient departments of regional and district hospitals, the polyclinics of the social insurance institutions and specialist in urban areas. Secondary care is provided by public hospitals, private for-profit hospitals and clinics or hospitals owned by social insurance funds.

The Social Assistance System (**Systima Koinonikis Pronoias**) forms the final safety net for needy persons without sufficient means. It is based on categorical minimum income schemes, which cover specific welfare target groups, as the elderly, the handicapped, single parent families and children in need. These schemes were introduced in the 1960s and developed during the 1980s.

The common basis of all social security schemes is embodied in the **Constitution of 1975**, as amended in 1986 and 2001, which includes the highest norms in the hierarchy of rules of law. Although the constitution itself does not mention the concept “social security”, two provisions in the revised text are particularly relevant for the recognition of the fundamental right to social security:

#### Section 21

(1) *“The family, as the basis for the preservation and progress of the nation, as well as marriage, mother and childhood are under the protection of the State.*

(2) *Large families, war invalids and invalids of peacetime, victims of war, war widows and orphans, as well as the incurable physically and mental1y sick, are entitled to special State care.*

(3) *The State will care for the health of citizens and will adopt special measures for the protection of young people, the elderly, invalids, as well as for assistance to the needy.*

(4) *For those without any or with insufficient accommodation, housing is subject to special State care.*

(5) *The design and the implementation of demographic policies fall among the responsibilities of the State.*

(6) *Persons with special needs are entitled to take advantage of measures, which guarantee their personal autonomy, employment inclusion and participation in the social, economical and political framework of the country”.*

## Section 22

(1) *“Employment is a right and is placed under the protection of the State which watches over the creation of conditions for full-time employment for all citizens, as well as over the moral and material progress of the active, agricultural and urban population.*

*All people in employment are entitled to equal remuneration for equivalent work, without distinction on grounds of sex or any other grounds.”*

(5) *“The State will care for the social insurance of the working people, as specified by law”.*

Apart from these rights-oriented provisions (social assistance and the national health system are determined in Section 21(3), while social insurance is determined in Section 22(5)), the legal basis of social security is extended according to the general principle of the “Social State of Law” that was introduced during the revision of 2001. This clause is to be found in Section 25 (1), which states that:

*“Human rights of individuals and members of the societal context as well as the principle of the ‘Social State of Law’ are guaranteed by the State. All public institutions are obliged to guarantee their effective implementation”.*

It is difficult, particularly for social administrators and workers, to determine the legal effect of these social fundamental rights in a general manner, be it that there is a strong tendency to deny them enforceability and to require the interposition of the legislator by statutes. Both in legal doctrine and in case law the legislator is given a wide discretion with regard to the concrete implementation of social rights<sup>3</sup>. It should also be pointed out that in Greek law no legal remedy by which the legislator can be forced to act exists.

### **1.1. The operational context of social welfare**

Social welfare schemes are administered at the regional level under the supervision of the Ministry of Health and Social Assistance. In each prefecture there is a social welfare department, which bears responsibility for the

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<sup>3</sup> G. Katrougalos, ‘The south European welfare model – The Greek Welfare State, in search of an identity’, *Journal of European Social Policy*, 6(1), 1996, pp. 39-60.

implementation of welfare programmes in the region; this department administers cash benefits financed by the Ministry and promotes personal social services financed both by the Ministry and the prefecture concerned.

Furthermore, some powers in the area of social assistance have been delegated to local communities, particularly after the 1998 reform that led to the introduction of a decentralized social care system. In some cases the administration of social assistance schemes is entrusted to separate legal persons under public law, which were specially created for this purpose. Since the introduction of the so-called 'prefectural self-government' in 1993, these public law bodies got responsible for certain activities in the social welfare area. They became e.g. competent for the establishment of social services for the elderly, the handicapped and other welfare target groups. Charities and voluntary organisations may also provide social services. Their role is rather influential in the domain of domiciliary services and services for socially excluded persons.

The current welfare system provides cash benefits, benefits in kind and personal social services through decentralised legal bodies supervised by the Ministry of Health and Social Assistance. Social services are also provided through local communities and a network of voluntary bodies and NGOs actively involved in the framework of policies for children, refugees and persons with special needs.

Personal social services include institutional and domiciliary care. Institutional-type services are mainly provided by centres for disabled and elderly persons. Open care services are provided by rehabilitation centres for disabled and the Centres for the Protection of the Elderly (KAPI). These centres function at the local level aiming at preventing biological, psychological and social problems of the elderly; coordinating the cooperation of competent institutions and the public sector in dealing with the problems of the elderly and researching relevant matters. Their services include entertainment (excursions, summer camps, further education); instructions for medical and pharmaceutical care; social work; physiotherapy; ergotherapy and help at home.

Moreover domiciliary care services were introduced since 1996 through the 'Help at Home' Programme<sup>4</sup>, which provides first-rate medical care at home and is applied in cooperation with the local authorities and Centres for the Protection of the Elderly (KAPI). It helps persons and their families, regardless of age and financial status, to cope with their particular problems without having to leave their house and neighbourhood.

Since 1998 a National Social Care Scheme was introduced (Law No. 2646/1998). Its development corresponds to a long-standing process to establish welfare mix principles within the function of the public assistance system, strongly promoted through the cooperation and coordination between state agencies, private enterprises and voluntary associations. The Scheme is

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<sup>4</sup> There are over 150 'Help at Home' programmes in operation throughout the country. Their services include medical care and visits at home, nursing care and physiotherapy, social work within a group, a community or a family, various practical services e.g. shopping, payment of bills, visits at home and house cleaning.

administered by the Ministry of Health and Social Assistance, which monitors and provides funding for horizontal actions that cover the most representative target groups in Greece: children, families, elderly, persons with special needs and socially excluded groups.

According to current institutional settings, social care services are provided by public institutions and accredited voluntary or non-for-profit associations, which should be registered in a specific census. Public institutions function at decentralized level, supervised by the central social assistance secretary in the Ministry of Health and Social Assistance.

## **1.2. The aims of social welfare**

Social welfare practice in Greece is characterized by the limited application of the subsidiarity principle in comparison with the implementation of the insurance principle for the coverage of the working population. There is not any single social assistance scheme covering the whole population but distinct programmes directed to specific target groups<sup>5</sup>.

The absence of a general welfare scheme is partly covered through the introduction of assistance elements within the social insurance schemes (such as the minimum pensions or the social solidarity allowance for pensioners). There were legislative attempts to introduce a general assistance scheme and to improve existing categorical programmes, which led to the establishment of the National Social Care System in 1998. Nevertheless, the development of a national minimum income scheme is still a hot issue in the political agenda.

Personal social services are developed with the scope to address particular complex needs, which cannot be covered through cash benefits or benefits in kind. Therefore, they constitute the third pillar of the welfare system, which functions almost independently from the first pillar (income supplement schemes through cash benefits) and the second pillar (schemes covering basic needs through the provision of benefits in kind). Services that fall under this third pillar may be further classified according to two specific criteria: scope of the actions and content of the actions.

The first criterion focuses on the scope of social protection. According to this, the typology of services include those aiming at the coverage of a specific need (ex. services of immediate assistance in case of natural disasters and rehabilitation services in case of handicap which prevents the individual of being independent in his/her everyday life) and those aiming at the prevention of a certain risk (assistance to the homeless) or the fulfillment of socio-political objectives (social re-integration of ex prisoners).

The second criterion is based on the context of social services. According to this, the typology of services includes community care services (care offered

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<sup>5</sup> P. Papadopoulos, 'Greece', pp. 178-194, in T. Eardley et al., *Social Assistance in OECD Countries*, 1996, G. Amitsis, "The effect of legal mechanisms on selective welfare strategies for needy persons – The Greek experience", pp. 175-202, in L. Williams / A. Kjonstad / P. Robson (eds.), *Law and Poverty – Poverty Reduction and the Role of the Legal System*, 2003.

at home or during visits at specialized units) and residential care services (care offered within institutions provided that users are accommodated in the institution).

One should identify two main categories of workers in the welfare domain. First, there are the academically qualified or professional groups, comprising social workers, specialist educators (including educators of supervised education and educators of young children), advisers in social economics and delegates to guardianship, as well as social administrators. Second, there are the family aids and workers, instructor / educators and mental health helpers without a university degree. Both categories are active in a broad spectrum of social services, including (a) family support (advisers in social and family relationships, family workers, conjugal and family advisers, delegates to guardianship), (b) primary education (specialized educators, instructors-educators, educators of young children, school educators, specialized school educators and mental health helpers), and (c) social inclusion / care (social administrators and workers).

### **1.3. Social benefits and services to needy persons**

The Greek social assistance system consists today of a number of specific programmes for selective groups of needy persons, e.g. poor families with children, handicapped people, single parent families and the elderly. They include emergency relief programmes, derived from an old legal instrument (Legislative Decree 57/1973) that introduces welfare principles (need, subsidiarity) for the protection of persons without sufficient resources. This emergency programme is designed by the Ministry of Health and Social Assistance and implemented by the Social Welfare Departments of the Prefectures. In practice, it only covers persons affected by extra-ordinary events, not related to the consequences of poverty and social exclusion. Benefits under this programme consist of discretionary lump-sum payments, paid to individuals or households not covered by social insurance funds, unable to cover their subsistence needs through their own means.

The assistance schemes are comprised of both preventive benefits in kind (e.g. medical care, family care) and curative benefits, both in kind and in cash. The benefits in cash are regulated by statutory provisions, thus leaving the administrative bodies with little room for discretion. As a rule, only people who are not eligible for any social insurance benefit are entitled to assistance, with the exception of certain categories of disabled persons who may receive both insurance type pensions and welfare allowances. The levels of assistance benefits vary considerably from scheme to scheme, but are generally very low, unable to guarantee sufficient means and adequate living standards. Usually the benefits are subject to a means test, with the exception of cash benefits for disabled (universal benefits).

Assistance may also be provided in kind. Benefits in kind may consist of help from social work professionals, rehabilitation services for the handicapped, childcare facilities, etc. With regard to benefits in kind the administrative bodies have much wider discretionary powers. Usually there are more claimants than means, so that a selection must take place. Not all benefits are

means tested; some benefits in kind are not available upon the free market (e.g. rehabilitation centres for the handicapped), and also those who are better off may be dependent upon them.

Apart from these public programs, social welfare services are also provided by a number of public organisations on a national level. Moreover, welfare services are promoted through national networks by departments of various ministries. Welfare services are also provided at a local level by local public authorities, the Church and voluntary organisations<sup>6</sup>. The municipalities apply limited competences in the welfare field: they can provide cheap housing, services for the elderly, public land for cultivation at low prices and finally they can provide food, clothing and small sums of money in case of extra-ordinary circumstances such as earthquakes or heat waves.

In case of migrants, social services are mainly provided by local public agencies and NGOs active in the protection of illegal migrants, asylum seekers and refugees. There is not any single scheme focused on this specific category of the population: therefore, social administrators apply powers according to the legal status of the migrants themselves.

## 2. The Cypriot social security system – An institutional approach

Social security in Cyprus is promoted through the coordinated application of three different techniques<sup>7</sup> (social insurance, social assistance and universal protection): (a) **social insurance** is a compulsory contribution-funded system, aiming at the protection of the working population with the provision of certain income compensation against specific risks, (b) **social assistance or social welfare** is a tax-financed system for the coverage of poor individuals or households, who have no other sufficient means of support and (c) **universal tax-financed social security** is a system providing a certain income to members of specified risk groups, whereas benefits are flat rate or related to earnings and not income tested.

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<sup>6</sup> D. Karantinos et al., (1992), *Second National Report to the Greek Observatory on Policies to combat social exclusion*, 1992, N. Sitaropoulos, "Refugee welfare in Greece: towards a remodeling of the responsibility-shifting paradigm?", *Critical Social Policy*, 22 (3), 2002, p. 436, V. Arapoglou, "The governance of homelessness in Greece: discourse and power in the study of philanthropic networks", *Critical Social Policy*, 24 (1), 2004, p. 102.

<sup>7</sup> For a broad overview see European Commission, *Study on the Social Protection systems in the 13 Applicant Countries – Cyprus Country Report*, 2002, European Commission, *Social Protection in the 13 candidate countries – A comparative analysis*, 2003, G. Amitsis, «Re – Integrating excluded persons into the labour market: The role of social security in Cyprus», Paper presented at the World Congress "Social Security and the labour market: A mismatch?", International Social Security Association, Warsaw, 5-7.3.2007.

Although unemployment rates in Cyprus are marginal compared to the EU average (3% - 9,5%), a significant part of people able to work remains outside the labour market due to family, social and cultural reasons. These persons rely on a general comprehensive scheme of guaranteed minimum income (Public Relief Scheme), which provides means – tested benefits and personal social services. In this respect, the theoretical debate on social welfare is highly influenced by the institutional context about the guarantee of rights to social benefits and services. This context is based on constitutional provisions specified by legislative norms and administrative acts.

The right to social welfare is guaranteed in **article 9 of the Cypriot Constitution**, which states that “*Everyone shall have the right to decent living and social security. Issues related to the protection of labourers, assistance to the poor and social insurance system shall be regulated by law*”. The aforementioned constitutional norm should be regarded as guarantee of the right to social welfare, which forms part of the broader right to social security. Yet, the key issue is the nature of this right in terms of typical legal value and enforceability. The inclusion of the right to social welfare in the Constitution gives automatically to the relevant provisions the character of legal rule. This means, that this article is equal in status and in typical value to the articles, which guarantee civil and political rights. As it is argued in the theoretical discussion relating to the nature of social rights, in this case as in many other modern European Constitutions, the norms providing for the right to welfare should not be considered as political manifest, but firstly as guiding rules for the common legislator. Therefore, the effective implementation of the right to welfare lies upon the formative discretion of the legislator, who is bound to take social care measures at the highest possible level.

The right to welfare is based upon the status of citizenship and it protects collective and basic goods and services that should be provided in order to upgrade living conditions. It can be argued that article 9 of the Constitution guarantees a minimum of social care claims, associated with goods universally accepted as basic needs (e.g. housing, feeding, basic health care) and entitle the individual to demand specific benefits through the social welfare system. In this respect, the right to social welfare is enforceable, although the extent of enforceability is limited to the enjoyment of decent living standards.

The implementation of the right to welfare should be combined with the application of the general constitutional clauses on equality of treatment (articles 6 and 28) as well as the inherent use of equal treatment in article 9:

(a) Article 9 guarantees the rights to decent living and social security for all individuals, without any reserve as to their nationality (“*Everyone shall have the right to decent living and social security ...*”)

(b) Article 6 guarantees the prohibition of any discrimination between Greek Cypriots and Turkish Cypriots (the two main communities populating the island)

(c) Article 28 declares the principle of equal treatment for all, stating that: “*All people are equal before the law, the administration and the justice and shall be entitled to equal protection and treatment. Anyone shall enjoy all rights and*

*freedoms guaranteed by the Constitution without any direct or indirect harmful discrimination against any person on grounds of community, race, color, religion, language, sex, political or other beliefs, national or social dissidence, birth, wealth, social class or for any other reason, except if the Constitution explicitly states otherwise”.*

## **2.1. The operational context of social welfare**

The Cypriot social welfare system constitutes a rather complex regime of social benefits and services, which has been developed extensively after the Turkish invasion in 1974 in view of the immediate need for the support of Greek – Cypriots refugees<sup>8</sup>. It includes a general minimum income scheme (Public Benefit and Services Scheme), as well as a number of categorical sub-schemes for the coverage of specific vulnerable target groups, such as the disabled, the elderly, the refugees, the single parents, the children e.t.c.

The **Public Benefit and Services Scheme** covers every person who is legally staying in Cyprus and whose income fails to guarantee decent living standards. Besides rendering cash benefits, the scheme provides personal social services aiming at the empowerment and the socio-economic re-integration of the users. The **categorical sub-schemes** are in principal influenced by the target group they cover and include the following forms of protection:

- community care services (home care and day care centres) and residential care services (accommodation and care within specialized institutions)
- benefits in kind (ex. providing disabled persons with artificial limbs)
- social and financial advantages (ex. free pass card for the means of transport, tax reduction)
- cash benefits for the coverage of basic and special needs of the beneficiaries (ex. subsidy for the purchase of wheel chair), as well as for their social and economic re-integration (ex. subsidy for the payment of vocational training fees).

Personal social services focus on the coverage of needs of specific groups and, depending on the users' profile and the content of the care provided, they can be categorized as follows:

**Services for the elderly and the disabled**, which include home care, day care and residential care: (a) Home care mainly covers people receiving the public benefit or people whose income is not sufficient to cover their special needs, (b) Day care is provided in the Homes for the Elderly and the Adult

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<sup>8</sup> The Turkish invasion led to financial and policy constraints since the Republic ought to provide care, housing and financial support to over 200.000 refugees (almost the 1/3 of the total population of the country). This resulted to a radical reform of the scope of social security provision: new policies were introduced within the national welfare context aiming at covering subsistence needs of refugees and promoting their economic and social integration.

Centres (which are subsidized through the State Subsidy Scheme) during the day and covers needs such as the preparation of meals, clothes laundry, entertainment etc, while (c) Residential care is provided to persons whose need of constant care cannot be addressed by their family or through home care and day care services provided near their residence.

**Services for children and adolescents** are provided by welfare organizations specialized in child protection.

Creches and Nurseries: priority of enrollment is attributed to children under the care of the Director of Social Welfare Services, as well as to children from families living totally or partly on the Public Benefit Scheme so that their parents are encouraged to regain their independence from the scheme.

Children Homes: they provide accommodation and care to children aged 5 – 14, who are under the care of the Director of Social Welfare Services, while they also provide day care services to children from families faced with particular problems. The Nicosia Adolescent Home (specialized institution for adolescents) provides accommodation and care services for boys aged 13-21, who cannot stay with their families due to different social or personal reasons. The Young Girls Home provides accommodation and care to girls during adolescence, who cannot stay with their families due to different social or personal reasons.

**Services for mentally retarded persons** are provided by the Home for the Mentally Retarded Persons “Nea Eleousa” as well as by four Community Houses. The Home for the Mentally Retarded Persons “Nea Eleousa” is open on a 24 hours schedule and provides accommodation and care to adults and children through a vast network of services aiming at the effective development of their physical and mental skills. By relieving the families of the users from the intensity of their everyday care, other family members have the opportunity to enter the labor market in order to improve the household income flow capacity.

Community Houses for Mentally Retarded Persons function at the local level (Nicosia) providing accommodation to adults, who are usually ex residents of the Home for the Mentally Retarded Persons “Nea Eleousa”.

The main provider of welfare services in Cyprus is the state, acting through a network of decentralized open care programs and residential institutions. Apart from public bodies supervised by the central government, services are provided by NGOs and by private for profit entities, while local communities apply marginal competencies.

(a) The voluntary sector was actively involved in the provision of welfare during the 1990s. Today, there is a great number of NGOs addressing different categories of target groups or social problems. Their main fields of intervention include:

- Provision of mutual aid from and to the people directly affected by social risks or the members of their families;
- Exercise of pressure on the government for the implementation of welfare strategies;

- Participation in the decision - making process and consulting the competent administrative authorities in the design of welfare policies. In this aspect, great progress has been achieved in the last few years as special Bodies or Committees have been created within the competent Ministries, comprised of representatives of the government, social partners and NGOs<sup>9</sup>.

Welfare NGOs in Cyprus function at an individual or collective level. In the late 1960s District Welfare Councils (Federations of voluntary organizations of each District) were created and the Pancyprian Welfare Council (Confederation of all District Welfare Councils and Pancyprian NGOs) was established. Their primary objectives include strategic planning, research on welfare, coordination of founder members, provision of training programs for volunteers and campaigns for public awareness.

(b) The private for profit sector provides residential care services through registered and licensed units and individuals. Their function depends on the registration and licensing of the provider to the special Registry kept in the Ministry of Labour and Social Insurance. Services can be provided either at the home of an individual provider (for a group up to five persons) or by special hostels properly built, equipped and staffed according to the standards set by legal provisions. District Welfare Offices monitor standards and quality of services.

(c) The role of local self-government in the welfare sector is marginal. The current legal framework on Municipalities (Law No. 11/85, as amended), does not make extensive references to social policy competencies of the local self-government. On the other hand, recent legislative texts include specific provisions related to welfare institutions and programs run by local communities: according to the Law No. 22/1991 as amended by Law No. 64/1994, municipal social care institutions for the disabled or the elderly can be exempted from the implementation of the general legislation on social care institutions and its strict standards, under the condition that they follow specific conditions and that they cooperate on a systematic basis with the Department of Social Welfare Services of the Ministry of Labor and Social Insurance.

## **2.2. The aims of social welfare**

According to its operational context, the aims of social welfare in Cyprus include (a) the support of any individual through interventions that ensure the autonomy of families, groups and communities; and (b) the development and promotion of personal and social relationships. In comparison with Greece,

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<sup>9</sup> Such bodies are the National Machinery for Women Rights presided by the Minister of Justice and Public Order, the Pancyprian Council for Persons with Disabilities presided by the Minister of Labour and Social Insurance with the participation of representatives of Disabled People Organizations (established in 2000), the Committee for the Protection of Persons with Mental Retardation under the supervision of Minister of Labour and Social Insurance and members recommended by the Pancyprian Association of Parents of Persons with Mental Retardation (established in 1989).

the development of social work in Cyprus is influenced by the highly regulatory character of the welfare system, which entails the following dimensions<sup>10</sup>:

The crucial role of the public sector in the design and implementation of welfare policies. At the central government level, welfare competencies are applied by the Ministry of Labor and Social Insurance<sup>11</sup>, through its specialized Department for Social Welfare Services and an Advisory Body on Welfare. Specific welfare benefits (housing assistance such as low interest construction loans and rent subsidies) are provided by the Organization for the Funding of Housing and the Organization for Land Development (supervised by the Ministry of Interiors) to low income groups, to poor families, to large families and to inhabitants of areas near the frontiers with the occupied territory. At the regional level, the implementation of policies is entrusted to the District Welfare Offices, decentralized public services supervised by the Ministry of Labour and Social Insurance and spread along the six Districts of the country. However, in specific cases other legal bodies of public law perform welfare activities, directed at the coverage of specific target groups (as the *Fund of Transport Benefits for the Disabled People* and the *Fund for Special Needs*).

The coverage of needs through minimum income and personal social services. As far as the financial coverage of need is concerned, a public general means tested scheme of guaranteed minimum income has been established since 1975 (Public Relief Scheme), supplemented by categorical programs for specific vulnerable groups. Social care services (residential care, day care, home care, special education, counselling) are provided by a network of public, private and non governmental bodies as well as by individuals supervised by the welfare administration.

The provision of various assistance-type benefits, like the coverage of medical expenses for non-insured persons (financed by the Ministry of Health), the coverage of heating expenses for minimum income beneficiaries or transport expenses for the disabled persons, the free pass card to public transport for the elderly etc.

The combination of minimum income policies with active empowerment and participation techniques (special subsidies to start up business, grants to follow educational courses or vocational training programs, social insurance subsidies).

Social welfare in Cyprus is promoted through a series of different specialisms, such as community development work; general social work; guardianship; personnel work; probation work; social advice work; socio-cultural work; socio-pedagogical work; work with immigrants and youth work. The main policy principles for the provision of welfare are briefly identified as follows:

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<sup>10</sup> G. Amitsis and f. Marini, *Dependency of Welfare Clients on Benefits and Services – The case of Cyprus*, 2003.

<sup>11</sup> Although the title of this Ministry refers only to insurance, its competencies cover both the insurance and welfare regimes.

a) The **subsidiarity principle**, according to which welfare benefits are supplementary to any other form of economic resources (income or assets) and to family support. This principle is mainly expressed through the means test technique used in the granting procedure of benefits, as well as through the preponderance of the support provided by relatives legally responsible for the maintenance of the applicant or beneficiary.

b) The **conditionality principle**, according to which claimants to public relief benefits should satisfy specific conditions and tasks in order to fulfil eligibility criteria. Although the issue of conditionality is not included in the broader contemporary political debates in Cyprus, its impact on the welfare entitlements is crucial. Its application is based on the policy premise that welfare claimants or beneficiaries have a responsibility to be doing everything in their power to improve their economic and social situation. On the other hand, the conditionality principle and its effects in practice should be used as means to consider counter consequences of the public relief scheme, such as dependency of welfare claimants to minimum income benefits.

c) The **individualization principle**, according to which the design and implementation of minimum income policies should take into account the specific economic, social, educational and personal needs of the beneficiary. This principle is illustrated particularly in the provisions concerning the benefits granted for the coverage of special needs, where aid is directed to meet specified conditions and problems.

d) The **prevention principle**, according to which the first and primary role of the scheme is to prevent the creation of situations that can lead an individual to its dependency to the scheme. This principle is mainly implemented through the provision of preventive social care services by the welfare administration in order to avoid or lessen the dependency of individuals to the scheme.

e) The **empowerment principle**, according to which benefits and services provided by the public relief scheme satisfy both anti-poverty objectives (financial support of the beneficiaries in need) and inclusion purposes (economic and social integration of users).

### 2.3. Social benefits and services to needy persons

Compared to Greece, social benefits / services for needy persons in Cyprus form part of a broader regulatory framework concerning poor people and other socially excluded persons<sup>12</sup>. The personal scope of the Public Relief Scheme is quite vast, since according to article 3 of Law 8/1991 “*Public benefits according to the provisions of this Law are allocated to any person, who is a permanent resident of Cyprus and whose income or other economic resources are not adequate for his/her basic and special needs, after submitting an application to the Director of Social Welfare Services Department or to any of his legitimate representatives*”. However, for some

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<sup>12</sup> G. Amitsis, “*The operation of social services in Greece and Cyprus in the light of the Mediterranean Welfare Regime*”, pp. 145-157, in M. Michalidis, S. Fargion and R. Sanders (eds.), *Research Synergies in Social Professions*, 2008.

specific target groups such as disabled people, single parents, families with over four children and people in need of emergency financial aid in order to deal with extremely severe family circumstances, exceptional treatment is provided due to their particular vulnerability. The law occasionally exempts these categories from certain eligibility conditions (according to art. 3 par. 2 a, the Director may apply discretionary powers in special cases of persons falling into any of the aforementioned categories to grant them public benefits even though they might exercise a profitable profession, while according to art. 12 disabled children are not bound by the parents' maintenance condition so that they can claim a benefit as main beneficiaries and not as dependents) or provides specific benefits for their special needs (according to art. 8 g disabled persons are entitled to a special type of benefit to address their personal needs independently from any other benefit they might receive).

The provision of cash benefits depends of the fulfilment of the following eligibility conditions:

**a) Age criteria:** Although article 3 par. 1 states that “everyone” (and not just adults) is entitled to a public benefit either for basic or special needs, however according to article 12 public benefits are subsidiary to the legal responsibility of parents for the maintenance of their underage or adult but unmarried and needy children living with them. That leads to the conclusion that only adults can apply and receive public benefits, since children and young unemployed people are considered covered as dependents. The only exception concerns disabled children and disabled young people, who have a personal right to public benefits (art. 12 par.1). On the other hand, children and unemployed young people without family are entitled to apply and receive public benefits, as long as they do not reside in a publicly funded social care institution (ex. an orphanage).

**b) Place of residence:** The applicant must be a legal resident of Cyprus (art. 3 par. 1) living in the country permanently or at least willing to live there for a long time (according to art. 3 par. 2c public benefits are not allocated to anyone leaving the state for any period longer than a month).

**c) Resources criteria:** According to art. 3 par. 2, a public benefits cannot be allocated in case a person is fully employed in a profitable profession (this provision does not include applicants working part-time only). Also, art. 6 states that public benefits tend to complete any available personal income (salary, pension, social security benefit etc) up to the sum considered adequate for the coverage of the specific needs of any individual beneficiary. Consequently, anyone having an income or other resources above the sum estimated for the coverage of his/her needs is not entitled to a public benefit (art. 3 par. 1 and art. 6).

**d) House and property criteria:** Public benefits are not allocated or can be suspended in case that the applicant or the beneficiary, respectively, stays in a self owned house of great value or possesses any other personal property, which he/she unable to take advantage of in order to improve his/her financial situation or even become financially independent (art. 3 par. 2 f and g).

**e) Criteria related to free provision of residence and care:** Public benefits are not allocated to persons hospitalised or admitted in a social care

institution (without charge or on public expenses) for a time period longer than a month<sup>13</sup>.

**f) Good faith criteria:** Applicants should avoid behaviour showing bad faith, such as staying unemployed on purpose (art. 3 par. 2b) or denying getting a job on the sole pretext of children care when suitable arrangements are possible and available (art. 3 par. 2 h). However, there is no direct obligation for the claimant or the beneficiary to accept job offers made with the intervention of the welfare administration or take up vocational training courses.

**g) Compliance with the administrative monitoring:** The allocation of a public benefit presupposes the compliance of the applicant or beneficiary to their legal obligations towards the competent authorities. Therefore, the administration can deny the allocation or continuance of a benefit in case the residence of the person is not accessible to the competent administration authority for monitoring and control (art. 3 par. 2 e) or in case the person concerned refuses to provide the administration with any information required for the allocation or the review of the benefit (art. 3 par. 2 i).

**h) Personal conditions criteria:** For benefits linked to special needs or circumstances, there are special eligibility conditions depending on the personal situation of each applicant (ex. disability for the special benefit for personal needs according to art. 8 g, mental or physical disability for the supplementary aid according to art. 8 a etc).

Special policies apply in favor of *Cypriot refugees* (affected by the Turkish invasion of 1974), who are entitled to a concerted set of benefits and services: (a) Benefits in case of serious need, provided through lump sums by the Fund of the Welfare Lottery, (b) Housing benefits from the Organization for House Funding or the Social Assistance Program for the Improvement of Housing Conditions of low income Individuals and Families, (c) Rent Subsidies by the Rent Authority of the Ministry of Justice and (d) Land acquisition by the Organization of Land Development.

The status of *refugees and asylum seekers* is defined in the **Refugee Law of 2000-2005**. Persons granted with a temporary leave of residence are entitled to free medical & pharmaceutical care, as well as work permit or public welfare benefits.

According to the provisions in force, Social Welfare Authorities meet the costs of the asylum seekers' reception needs through access to public benefits according to the Public Benefits and Services Law, in order to ensure decent living standards. More particularly, by showing the written certification (Submission Form for International Protection) the asylum seeker has the right to submit an application for receiving a public benefit. This application is monitored by social work administrators in District Welfare Offices, who

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<sup>13</sup> These persons are entitled to a proportion of the public benefit, for the days they spent at the homes of their relatives, according to the Circular 15.10.2002 (file no 1-14-06) issued by the Director of the Social Welfare Department. In case a needy person needs institutional care and fulfils the conditions for the allocation of public benefit, there can be a state participation to the fees paid to the care institution on a fixed price system, as the Circular 13.2.1997 (file no 9-4-34) highlights.

assess personal and family conditions, taking into account the situation of need (minors, unaccompanied minors, people with special needs, elderly, pregnant women, single-parent families with underage children and persons that have experienced torture, rape, or other forms of psychological, physical or sexual violence). Social Welfare Authorities should partly or completely reject the sponsorship of public benefit application or completely or partly interrupt the provision of public benefits, only when it is proved that the asylum seeker is employed and/or possesses sufficient resources that ensure to him/her and his/her family, according to the occasion, their basic and special needs and appropriate health standards.

In order to promote social integration ends, the Public Asylum Service cooperates with Social Welfare Authorities and other public and non-governmental organizations, so that asylum seekers resident in reception centres receive (a) information and support concerning the finding of the suitable housing and occupation or for submitting an application for receiving a public benefit, where this is essential; (b) support concerning socio-psychological problems they face; (c) support for organizing their social life, their advisory guidance and the planning of their future actions.

Concluding, the Public Benefits and Services Law sets the conditions to guarantee decent living standards for all legally residents in the Republic of Cyprus; this right is promoted both by cash benefits and social services (care, shelter, social work support). Social workers play a significant role in the operation of the system, since they act as gate-keepers and providers of services.

### **3. The impact of international law and governance instruments on domestic welfare regimes**

Social welfare law instruments at the international level are promoted by international organizations that apply competencies in the social protection field. Since 1945, the international community has developed and adopted an impressive number of international and regional documents in the field of social rights, including the rights to social security and welfare<sup>14</sup>. Often the first step of standard setting is the adoption of a non-binding declaration with the aim of finding consensus on certain common minimum standards. Then the more difficult step of agreeing on a text of an international treaty (convention) follows which establishes binding obligations for the States parties under international law. After such a treaty enters into force, international monitoring bodies, if foreseen in the respective treaty, are to be established with the task of supervising the domestic implementation of these conventions. The most common monitoring procedures are the State reporting, the inter-State and the individual complaints procedures.

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<sup>14</sup> G. Amitsis, "Human Rights and Social Exclusion: The new European Agenda", p. 79, in D. Pieters (ed.), *Managing Social Protection in the New Millennium*, 2001, J. Veit – Wilson, "Some social policy implications of a right to social security", p. 57, in J. Van Langendonck (ed.), *The right to social security*, 2007.

From a methodological point of view, international welfare law instruments are distinguished in two basic categories: binding instruments that create legal effects for states and individuals and non binding instruments that promote guidelines or policy principles without judicial impact on the domestic legal orders<sup>15</sup>. The former category includes texts of different representative organizations (United Nations Organization, Council of Europe, International Labour Organization) active in the social protection field (these texts should be ratified by national organs in order to create legal consequences and effects both on citizens and administrations). The latter category includes recommendations or charters without binding effects, instruments that often refer to welfare principles and may be transformed at a later stage in binding instruments.

**Greece and Cyprus have ratified different binding international instruments**, particularly within the framework of U.N. and Council of Europe welfare legislation. Moreover, they are obliged after their accession to the EU (1981 and 2004 respectively) to apply E.U. contemporary secondary law on the free movement of persons, which addresses mixed social security benefits (art. 4 and 10 of E.C. Regulation 1408/71) and social advantages (art. 7 par. 3 of E.C. Regulation 1612/68).

E.U. competences in the social welfare field are supplementary to national actions. They were first applied through soft law instruments. Now, they are based on specific guidelines (art. 137) of the 1997 Amsterdam Treaty and could be promoted by the incorporation of the right against poverty and social exclusion in the 2000 E.U. Charter of Fundamental Rights (art.34 par.3), that reads as follows: *“In order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Community law and national laws and practices”*.

EU bodies highlight that Member States have sole responsibility for determining rates of income support and for establishing the appropriate mix between social assistance, social services provision and labour market policies in the light of the situation and needs at local, regional and national level and taking the various types of disadvantage into consideration.

However, in order to support and complement the activities of the Member States to integrate persons excluded from the labour market, EU bodies launched legal initiatives to support the design and implementation of active inclusion strategies, combining adequate income support, inclusive labour markets and access to quality services in an integrated approach. These initiatives were based on traditional EU legal machinery acts (including hard and soft law instruments) and promoted during the 00s by a new governance

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<sup>15</sup> D. Shelton (ed.), *Government and Compliance – The role of non-binding norms in the international legal system*, 2000, K. Abbott and D. Snidal, “Hard and Soft Law in international governance”, *International Organization*, 54 (3), 2000, p. 421, I. Maher, “Law and the open method of co-ordination – Towards a new flexibility in European policy making?”, *Journal for Comparative Government and European Policy*, 2 (2), 2004, U. Morth (ed.), *Soft Law in Governance and Regulation – An interdisciplinary analysis*, 2005

method, the so called *Open Method of Coordination*<sup>16</sup>. The mix of legal instruments and the Social Inclusion Strand of the Open Method of Coordination (OMC process)<sup>17</sup> set the foundations of the **EU Social Inclusion Strategy**<sup>18</sup>.

The overall assessment of the EU Social Inclusion Strategy among Member States and national stakeholders is largely positive<sup>19</sup>. It is recognized as a tool to promote progress in the social sphere and as an innovative instrument in European governance. It has furthered reform, fostered a willingness to cooperate and learn from each other in the search for the best solutions to achieve social progress, without the obligation to define a “minimum common denominator”.

Regular reviews of its policy impact and of the effectiveness of its working methods are conducted within the Social Protection Committee (SPC), in the dialogue with civil society stakeholders and social partners and in the regular reports of independent experts. In this respect, one may highlight **the main assessment indicators to identify the impact of the EU Social Inclusion Strategy on national welfare regimes:**

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<sup>16</sup> D. Hodson / I. Maher, “The Open Method of Coordination as a New Mode of Governance”, *Journal of Common Market Studies*, 39 (4), 2001, p. 719, S. Regent, The open method of co-ordination – A supranational form of governance?, 2002, C. Radaelli, The Open Method of Coordination: A new governance architecture for the European Union?, 2003, S. Borras / K. Jacobson, “The open method of coordination and new governance patterns in the EU”, *Journal of European Public Policy*, 11 (2), 2004, p. 185, B. Eberlein / D. Kerwer, “New governance in the European Union – A theoretical perspective”, *Journal of Common Market Studies*, 42 (1), 2004, p. 121, M. Rainelli, “L’ OMC – vers une regulation de la mondialization marhande? ”, in J. Laroche (ed.), *Mondialisation et gouvernance mondiale*, 2004.

<sup>17</sup> C. De la Porte and P. Pochet (eds.), *Building Social Europe through the Open Method of Coordination*, 2002, D. Trubek and L. Trubek, “Hard and soft law in the construction of Social Europe – The role of the Open Method of Co-ordination”, *European Law Journal*, 11 (3), 2005, p. 343, J. Zeitlin and P. Pochet (eds.), *The Open Method of Co-ordination in action – The European Employment and Social Inclusion Strategies*, 2005.

<sup>18</sup> K. Armstrong, “Tackling social exclusion through OMC - Reshaping the boundaries of EU Governance”, in T. Borzel and R. Cichowski (eds.), *State of the Union – Law, Politics and Society*, 2003, G. Amitsis, “Principles and instruments of social inclusion policies in Europe”, p.139, in T. Sakellariopoulos / J. Berghman (eds.), *Connecting Welfare Diversity within the European Social Model*, 2004, A. Atkinson, B. Cantillon, E. Marlier and B. Nolan, *Taking Forward the EU Social Inclusion Process*, 2005.

<sup>19</sup> European Commission, Communication on A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion" COM(2008) 418 final, Brussels, 2.7.2008, B. Vanhercke, “The Influence of the Open Method of Coordination on National Reforms”, in M. Heidenreich / J. Zeitlin (eds.), *Changing European Employment and Welfare Regimes*, 2009.

(a) Development of social activation strategies<sup>20</sup>. Many Member States have introduced comprehensive Active Inclusion strategies that combine and balance measures aimed at inclusive labour markets, access to quality services and *adequate minimum income*. However, a boost must be given to Member States' efforts to implement comprehensive strategies against poverty and social exclusion of children, including accessible and affordable quality childcare. Sustained work is required to tackle homelessness as an extremely serious form of exclusion, to address the multiple disadvantages the Roma people are facing and their vulnerability to social exclusion and to promote the social inclusion of migrants. Vigilance is needed as new risk groups, e.g. the young, as well as new risks may emerge.

(b) Development of social citizenship strategies<sup>21</sup>. Despite the introduction of legal rights' machineries, there should be a greater recognition of welfare beneficiaries as active citizens and a systematic adoption of a social rights perspective in future reforms and innovations.

(c) Balanced mix between anti-poverty and social services strategies. The main issue here is to create stronger employability awareness among welfare claimants / beneficiaries, to promote their access to good quality services provided in an equitable and accountable way and to guarantee their involvement in the process of developing such services. This is particularly important for Welfare States, like Greece and Cyprus, where the consumer movement and traditions of self-help / self-reliance are weakly developed in line with the residual role of the state at designing and delivering welfare.

#### **4. 1. The impact of EU Social Inclusion Strategy on the Greek welfare regime**

*The scope of the EU Social Inclusion Strategy has had a rather limited impact on the Greek social welfare regime.* This is mainly due to the lack of an integrated general minimum income scheme that would promote social activation trajectories, the marginal involvement of welfare claimants / beneficiaries in the operation of social services and the absence of concerted actions to coordinate effectively anti-poverty and social inclusion strategies. At the policy level, there is no horizontal policy among key government players,

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<sup>20</sup> I. Bohrer / I. Wallimann, *Armut – Eingliederung als neue Herausforderung für die Sozialhilfe*, 1999, European Foundation for the Improvement of Living and Working Conditions, *Linking welfare and work*, 1999, I. Lodemel / H. Trickey (eds.), *An offer you can't refuse – Workfare in international perspective*, 2000, J. Pillinger, *Quality in social public services*, 2001, W. Hanesch / N. Baltzer, *The role of social assistance as means of social inclusion and activation*, 2001, J. F. Handler, "Social citizenship and workfare in the US and Western Europe: from status to contract", *Journal of European Social Policy*, 13 (3), 2003, p. 229, U. Klammer / S. Leiber, "Activierung und Eigenverantwortung in europäischvergleichender Perspektive", *WSI – Mitteilungen*, 9, p. 514, 2004, A. Moreira, *The Activation Dilemma – Reconciling the fairness and effectiveness of minimum income schemes in Europe*, 2008.

<sup>21</sup> J. Andersen, A. Guillemard, P. Jensen and B. Pfau-Effinger (eds.), *The changing face of welfare – Consequences and outcomes from a citizenship perspective*, 2005, J. F. Handler, *The Rise and Spread of Workfare, Activation, Devolution, and Privatization, and the Changing Status of Citizenship*, 2008.

(Ministry of Finance, Ministry of Health and Social Solidarity, Ministry of Employment and Social Protection, Ministry of Interior), while social partners focus more on the pensions strand of the European Social Protection and Inclusion Strategy rather on its welfare effects.

At the operational level, one may identify serious shortcomings related to: (a) the motivation of social administrators in public agencies towards persons at high poverty and exclusion risk; (b) the stigmatisation of beneficiaries, which suggests that services are self-serving rather than focused on the needs of welfare recipients; (c) the efficiency of care, which suggests that services impede rather than encourage the potential for self-help.

However, a proper assessment of the new institutional and policy welfare context highlights a set of domestic initiatives strongly influenced by the scope of the EU Social Inclusion Strategy, which may act as catalyst for the radical pro-europeanisation<sup>22</sup> reform of the rudimentary national welfare regime.

1. The most fundamental policy initiative is the adoption - for the very first time - of a concerted **National Strategy on Social Cohesion and Solidarity**, designed in 2007 by the Ministry of Health and Social Solidarity. The fundamental principles of this Strategy have been elaborated by the Greek administration, strongly influenced by policy goals and objectives in light of the EU Social Inclusion Strategy, but there is no regulatory enforcement process at the moment.

Ex – ante evaluation highlights that the implementation process of the Strategy will meet a number of critical issues that may bring into question the operation of sound policies for excluded groups. Amongst the most fundamental challenges for social welfare researchers, one can summarise the following issues:

(a) **Entitlement to social services is fragmented amongst a variety of different institutional actors at local and central levels** (between different ministries, between State and local administrations, between regions, provinces and municipalities). These actors are not always willing to co-operate and often do not design / follow the same eligibility conditions to provide benefits and services.

(b) **A national legal social welfare framework is still lacking**, but the State agencies maintain a strong position in the definition of expenditure, particularly as regards money transfers; so that the regions are left with a relatively residual planning role, whilst the municipalities are in charge of the supply of the missing services, but with no power to modify the overall social framework.

(c) **There is still a large degree of disparity between the services provided and patterns of access**; this adds to and increases the gap between living standards in different areas, particularly between big cities/urban areas (Athens, Thessaloniki) and regional settings in the island zones.

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<sup>22</sup> D. Sotiropoulos, "The EU's impact on the Greek welfare state: Europeanization on paper?", *Journal of European Social Policy*, 14 (3), 2004, p. 267.

(d) **Vulnerable groups due to health problems** (maternity and child care, old age, disability and mental pathologies, drug, alcohol, and medicament addiction, and HIV disabilities due to chronic-degenerative pathologies) **are faced with increased risks**, given that there is no sound coordination between social workers and health professionals. Integrated care patterns will have to be set up for them, in order to guarantee continuity between care and rehabilitation, even in the long-term.

2. The most fundamental institutional initiative is the establishment of the **National Social Solidarity Fund** (Law No. 3631/2008), a legal body of public law that will finance social inclusion initiatives for persons / households below the EU poverty line, as defined by the Hellenic National Statistical Agency (5.750 E for a single person, 11.920 E for a four members family). The Fund falls under the competence of the Ministry of Finance, but it is still at a transitional stage due to legal and operational constraints.

3. The most fundamental operational initiative is the adoption of the **Social Integration Action Programme for Migrants** (2009), elaborated by the Ministry of Interior in the context of the new legislative framework (Law No. 3386/2005), which introduced for the very first time a complex set of proactive policies for migrants.

#### **4.2. The impact of EU Social Inclusion Strategy on the Cypriot welfare regime**

Compared to Greece, the Cypriot framework provides a more regulatory context on the welfare treatment of excluded groups, which is strongly influenced by principles and techniques of the EU Social Inclusion Strategy<sup>23</sup>. However, the current social welfare practice still faces serious challenges, briefly summarised as follows.

(a) **The legal status of people who claim public welfare benefits constitutes an open issue that leads to many disputes** (*social citizenship indicator*). According to the scope of the existing institutional framework (art. 3 Law No. 8/1991) and the interpretation developed by the Legal Service of the Cypriot Republic, only people who reside legally and permanently in Cyprus are entitled to a public benefit. However, as the terms “legally” and “permanently” were not at first clearly defined, the welfare administration had to deal with serious implementation problems in cases like immigrants asking for political asylum before their request is accepted, illegal immigrants on detention until their residence status is determined, pupils and students in special cases, and asylum seekers etc. The problem became extremely intense in 1999, when a great number of Yugoslavian citizens fled to Cyprus in an effort to save themselves from the civil war. After consulting with the Legal Services of the Republic, the welfare administration concluded that any foreigner fulfilling the legal conditions is entitled to a public benefit as long as

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<sup>23</sup> European Commission, *Social Inclusion in the new Member States – A synthesis of the Joint Memoranda on social inclusion*, Commission staff working paper, 2004.

his/her entry to the country was legal and he/she intends to stay in Cyprus (temporarily or permanently), which excludes only tourists.

(b) **There are shortcomings in the quality and quantity of social services** (*balanced mix between anti-poverty and social services strategies' indicator*), particularly in the fields of:

- basic care programmes (daily care, hospitality, home care, direct help in the house and provision of accommodation);
- child support and family services (support for families in crisis, prevention of children's social exclusion, adolescents, young people in danger, supporting families that care for incapacitated individuals, prevention of familial dangers and prevention of school dropouts);
- employment promotion services (inter-conjunctive mediation, social education, vocational life-long training, employment promotion, professional training of users and socially inclusive education of immigrants/refugees).

Nevertheless, a proper assessment of the new welfare context highlights again a set of domestic activities strongly influenced by the scope of the EU Social Inclusion Strategy, which validate the strong impact of transnational initiatives on domestic institutional and policy settings.

1. The most fundamental institutional initiative is the **reform of Law No. 8/1991** on the "*Unification of all Public Relief Scheme provisions*" by a **new Law (2006)**, which introduced major work incentives for beneficiaries through the possibility of retaining part of the benefit during the beneficiary's studies, rehabilitation or even during the first year of employment.

2. The most fundamental operational initiative is the implementation of **active inclusion strategies through the Project on "Activation of Welfare Beneficiaries" (2005 – 2008)**, supported by European Social Fund resources (Single Programming Document for Cyprus). This Project was designed and monitored by the Social Welfare Department of the Ministry of Labour and Social Insurance, taking into consideration both the financial implications of passive measures (a high increase of welfare beneficiaries: 8.020 cases in 1990 – 18.500 in 2005) and the need to promote employability and workfare principles in the delivery of welfare. Its personal scope of application focused on persons who receive the Public Relief benefit and satisfy the conditions laid down in the article 2 of EU Regulation 2204/2002.

The main dimensions of this Project include:

- A strong activation objective: combination of training and employment measures for 400 welfare beneficiaries
- Beneficiaries were obliged participate in three cycles (basic communication skills, new technologies, professional skills) seminars delivered by accredited training bodies
- 260 of them will be selected to sign a yearly employment contact with interested subsidized private undertakings

Participants were selected after a detailed analysis of data from the official Public Relief Scheme registration index and following interviews with

specialized staff (the so called Labour Cancellors for Social Inclusion). Selected persons were informed immediately about their rights and obligations during the project, while they are asked to confirm their interest to participate.

The following Table provides a detailed overview of the Project operational context.

<b>Stage</b>	<b>Context</b>
<b>1st Cycle</b>	<ul style="list-style-type: none"> <li>⇒ Selection of participants (400)</li> <li>⇒ Information about rights and duties</li> </ul>
<b>2st Cycle</b>	<ul style="list-style-type: none"> <li>⇒ All participants are transferred to the Local Employment Offices, responsible for drafting individual employment plans tailored to personal needs and expectations</li> <li>⇒ All participants are supported by the Labour Cancellors for Social Inclusion</li> <li>⇒ All participants follow three cycles training seminars</li> </ul>
<b>3st Cycle</b>	<ul style="list-style-type: none"> <li>⇒ 260 participants are selected to sign a yearly employment contact with interested subsidized private undertakings</li> <li>⇒ They are informed about their rights and duties during the employment process</li> </ul>
<b>4st Cycle</b>	Selection of interested companies (subsidies equal to 40% of the paid wage, not including compulsory employers social insurance contributions)
<b>5st Cycle</b>	<ul style="list-style-type: none"> <li>⇒ Employees are supported by the Labour Cancellors for Social Inclusion</li> <li>⇒ They are informed about rights and duties during the employment process</li> </ul>
<b>6st Cycle</b>	Employees receive their monthly wage and the Public Relief benefit, reduced to 1/3 during the first four months and to 2/3 at the end of the next four months

The Project was finished in December 2008. Participants reached almost the target of 400 persons (380), 236 of whom took advantage of the three cycles vocational training seminars. However, employment driven results were not satisfactory, given that only 55 participants signed finally a yearly employment contact with interested subsidized private undertakings (there were 77 job offers).

Nevertheless, the operational development of the Project advanced social activation trends within the welfare administration, addressing the mix of negative or positive incentives in order to encourage welfare recipients to enter or return to work: (a) negative incentives included the partial or total loss of benefits in case the recipients refuse a job offer or a training programme, while (b) positive incentives took the form of vocational training, assistance in job search, offer of employment schemes, integration contracts etc.<sup>24</sup>

## 5. Conclusion

The major difference between the Greek and the Cypriot social welfare regimes lies in the treatment of needy / socially excluded persons by the public sector. Greece does not provide for a social safety net (in the form of a general guaranteed minimum income scheme)<sup>25</sup>, despite the function of different categorical anti-poverty schemes. Cyprus has established since 1975 a public general means tested minimum income (Public Relief Scheme), supplemented by categorical programmes for specific vulnerable groups.

The second major difference corresponds to the application of active inclusion policies for welfare claimants / beneficiaries. Greece has not introduced a concerted policy in the national welfare agenda, despite the explicit references to social activation schemes laid down in the *National Strategy on Social Cohesion and Solidarity*, designed in 2007 by the Ministry of Health and Social Solidarity. On the other hand, Cyprus introduced through institutional reforms social activation principles within the national legal context, while promoted - even at a pilot stage - active inclusion strategies through the Project on "Activation of Welfare Beneficiaries" (2005 – 2008), supported by European Social Fund resources.

The application of institutional assessment indicators leads to the conclusion that the impact of the EU Inclusion Strategy on both national welfare regimes

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<sup>24</sup> Negative incentives are usually employed through work tests while positive incentives emphasize on integration measures. See W. Hanesch, *The Debate on Reforms of Social Assistance in Western Europe*, in Linking Welfare and Work, European Foundation for the Improvement of Living and Working Conditions, 1999, p. 72, N. Gilbert and R. Van Voorhis (eds.), *Activating the unemployed – A comparative analysis of work-oriented policies*, 2001 and R. Van Berkel and I. Moller (eds.), *Active Social Policies in the EU – Inclusion through Participation?*, 2002.

<sup>25</sup> T. Eardley, J. Bradshaw, J. Ditch, I. Gough and P. Whiteford, *Social Assistance in O.E.C.D. Countries - Country Reports*, 1996, P. Guibentif / D. Bouget, *Minimum Income Policies in the European Union*, 1997, G. Standing (ed.), *Minimum income schemes in Europe*, 2003, I. Nicaise/ S. Groenez, *The big holes in the net – Structural gaps in social protection and guaranteed minimum income systems in 13 EU countries*, 2004.

bears common characteristics and trends. Despite the fact that compared to Greece, Cyprus has adopted since its accession to the E.U. (2004) a more regulatory approach on the development of national social welfare initiatives in line with the European Social Inclusion Strategy (this is explained due to the legislative guarantee of subsistence standards), both countries advance the institutional and operational context of their welfare schemes using basic principles and instruments of the Strategy. However, in times of strong economic recession (particularly for the Greek economy) there is always the danger for a different “interpretation” of EU strategies in sensitive political areas, like poverty and social exclusion<sup>26</sup>. The need to increase employability and curtail public expenses in order to ensure the sustainability of social security schemes may lead policy makers in both countries to adopt a vast **dependency discourse**, influenced by macro-economic priorities not familiar with the social context of active policies<sup>27</sup>. In this case, the application of the EU Inclusion Strategy may freeze convergence processes of fundamental ‘welfare gaps’ in the European regime inspired by the OMC<sup>28</sup> and legitimize **politics of retrenchment** in the Mediterranean area.

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<sup>26</sup> C. De la Porte, “Is the Open Method of Coordination appropriate for organizing activities at European level in sensitive policy areas?”, *European Law Journal*, 8 (1), 2002, p. 38, M. Ferrera, M. Matsaganis and S. Sacchi, “Open coordination against poverty: The new EU social inclusion process”, *Journal of European Social Policy*, 12 (3), 2002, p. 227.

<sup>27</sup> C. Garsten and K. Jakobson (eds.), *Learning to be employable – New Agendas on Work, Responsibility and Learning in a Globalizing World*, 2004, J. F. Handler, *Social Citizenship and Workfare in the United States and Western Europe - The Paradox of Inclusion*, 2004, P. Henman and M. Fenger, *Administering welfare reform – International transformations in welfare governance*, 2006, R. Van Berkel and B. Valkenburg (eds.), *Making it personal – Individualizing Activation Services in the EU*, 2007.

<sup>28</sup> J. Visser, “The OMC as Selective Amplifier for National Strategies of Reform. What the Netherlands Want to Learn from Europe”, p. 173, in J. Zeitlin and P. Pochet (eds.), *The Open Method of Co-ordination in Action - The European Employment and Social Inclusion Strategies*, 2005.

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