

POVERTY WATCH REPORT - Cyprus - 2022



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"Inequality between rich and poor is the oldest and most fatal disease of all democracies." Plutarchos

1. Introduction

The Poverty Watch reports prepared by the national members of the European Anti-Poverty Network¹ (hereafter EAPN) do not attempt to be comprehensive national poverty research reports. These reports are driven by EAPN's priorities, the experiences of its members and the voice of people experiencing poverty. Above all, our ambition for these reports is to be effective advocacy and communication tools, which define the main developments and developments in poverty, the impact of policies to combat it both at national and European level and identify the key issues that affect people experiencing poverty and social exclusion and propose solutions.

The first writing of the poverty watch report by the Cyprus Anti-Poverty Network² (CAN) took place in 2020 and the statistics for the year 2019-2020 were used for this purpose. This takes place in the context and the project of the European Network against Poverty, of which CAN is a full member. This is the 2nd Poverty Watch Report (herein after called "the Report") by the CAN.

As we wrote in the 1st Report, we should note that Republic of Cyprus (RoC), emerged from a major economic recession that had a serious impact on social issues from 2011 to 2016. Cyprus entered the Adjustment Program in 2013 with the Memorandum of Understanding³, which was primarily designed to support economy and the prospects of the country, rather than for the support of the people who were in need.

Furthermore, readers of this Report should bear in mind that in 2014 the Republic of Cyprus introduced the Guaranteed Minimum Income Scheme and in 2018 the General Health System. Two more major developments, their impact of which cannot be seen in this Report, is the creation of the Ministry of Welfare and Social Benefits (end of 2021) and the adoption of a national minimum wage (Sep2022).

In addition to the above points, the Republic of Cyprus, like every other European country and all the countries of the world, faced the consequences of the COVID-19 pandemic, which affected social data. The impact of the impact of the pandemic on the economy and further on the society has not yet been finalized, as at the time of writing this Report special measures were still in place to prevent the spread of the COVID-19 virus among the population.

¹ European Antipoverty Network, a pan-European network of national and European NGOs, with the common goal of eradicating poverty and social exclusion.

² The Cyprus Antipoverty Network consists of 17 NGOs.

³ The Economic Adjustment Program for Cyprus, commonly referred to as the Bailout Program (2013-2016), is a memorandum of agreement for financial assistance to the Republic of Cyprus in order to deal with the economic crisis of Cyprus 2012-2013. It was signed in March 2013 by the Cypriot government, on the one hand, and by the European Commission on behalf of the Eurogroup, the European Central Bank (ECB) and the International Monetary Fund (IMF).

With the aim of addressing the economic and social impact of the COVID-19 pandemic, sustainable growth and ensuring the resilience of the EU economy, the European Commission proceeded in 2020 to create an emergency and temporary instrument to finance the EU's recovery and exit from the crisis, under the name Next Generation EU, in the context of the new Multiannual Financial Framework 2021-2027.⁴

In 2021, the Republic of Cyprus joined the European Recovery and Resilience Plan for Cyprus⁵. The Cyprus Reform Program of 2016 was replaced in 2021 by the Recovery and Resilience Plan (ERRP) of Cyprus, where it is stated that the strategic objective is "**to strengthen the resilience of the economy and the country's perspective for economic, social, environmentally sustainable and long-term development and prosperity**".

There are no specific numerical targets in the ERRP. There are five (5) components, each of which has specific vertical objectives, but at the same time, there are also horizontal objectives which essentially reflect the problems and/or needs and serve the other components.

Under chapter 5 and the component "**Labor market, social protection and social development and inclusion**", its objectives and reforms and investments aimed at facilitating the employment of mainly young people and women, as well as members of the workforce, are specified workforce with unforeseen care responsibilities for children and other dependents, increasing employment for young people who are out of Employment, Education and Training (NEETs).

Further, this component focuses on the reform of the Social Insurance System and the Restructuring of the Social Insurance Services as well as the investment to improve the efficiency of the Department of Labor and Public Employment Services, which will improve the capacity, effectiveness, and efficiency of the aforementioned services, which in turn will strengthen support for young people.

Finally, since February 2022, the war in Ukraine has begun, the effects of which, in the wider economy, are enormous but have not been considered in the figures of the Statistical Service, since they concern the year 2022. The effects of this war concern, not only the enormous humanitarian crisis, but also the steep increase in the price of natural gas and oil, resulting in an increase in the cost of energy production and thus of all products and services, with inflation indicators⁶ showing a steep increase in all European Union and the Eurozone.

⁴ http://www.cyprus-tomorrow.gov.cy/cypresidency/kyprostoavrio.nsf/kyprostoavrio_el/kyprostoavrio_el?OpenDocument

⁵ More information and references on the targets, below.

⁶ Chapter 5, below

1.2 Poverty Watch Report – Cyprus 2022

The Poverty Watch Report is part of a European program of the EAPN. We do not attempt to provide a comprehensive academic report/report on poverty. This Report starts from the reality experienced by the people themselves who are in poverty and the perspectives of the NGOs that support and work with them. The main objectives of the report are:

- i. Monitoring the main tendencies and the policy being developed on poverty and social exclusion at national and European level.
- ii. Raising awareness of priorities and their impact on people experiencing poverty.
- iii. The preparation of specific recommendations and proposals and their submission to the dialogue table.

In this Report, we examine the latest statistical and developmental tendencies related to poverty, contributing to our views on the measures needed to reduce poverty.

The latest available data comes from the Statistical Service of Cyprus and is for 2021.⁷

⁷ COPYRIGHT © :2022, REPUBLIC OF CYPRUS, STATISTICAL SERVICE - INDICATORS OF RISK OF POVERTY AND SOCIAL EXCLUSION, 2008-2021, Source: Household Income and Living Conditions Survey, 2008 – 2019, Last Updated 08/18/2022.

2. SUMMARY

It is very important to note that the data for the preparation of the Poverty Monitoring Report have been collected and refer to the years 2020 and 2021, years in which the consequences and effects of the covid-19 pandemic were immediate and more intense. At the same time, we note that the effects and consequences of the pandemic continue to exist even though most or all the restrictive measures have been lifted.

In addition, the economic consequences of the war in Ukraine must be considered, with a greater increase in the cost of energy and therefore the cost of producing products and services. The indicators for 2022 have not yet been calculated and cannot be calculated, since this is for the year 2022, a year we are in, with rising energy costs being the main problem.

The data up to the present time led to the conclusion that **the growth rate shows an increase**, since the 1st quarter of 2022 was 5.9% and the 2nd quarter of 2022 was recorded at 6.1%, which is an indication of the recovery of the economy from the consequences of the pandemic.

The **downward** tendency of reducing the poverty rate continues, nonetheless at a rate of 1%, making it almost impossible to achieve the goal of the Reform Program 2020, namely, to reduce the rate of people at risk of poverty and social exclusion to 19.3%.

According to data from the Statistical Service of the Republic of Cyprus, **17.3%** EE2030 (21.7% EE2020) or 154,000 people lived below the poverty line in 2021, with the unemployment rate at 5.1% in the second quarter of 2022, compared to 6.8% in the corresponding quarter of 2020. This is mainly attributed to the sectors of the economy, which have the biggest impact from the COVID-19 pandemic. In this context, the references in this document aim to highlight specific issues and groups of citizens that face problems of poverty and social exclusion.

From the reports we come to the general observations below:

- a) The rate of risk of poverty and social exclusion in all, or almost all indicators, from 2008 to 2019 **records a downward course** and tendency nevertheless remains at high levels at **17.3%**.
- b) The **rate of risk of poverty and social exclusion** in 2020 and 2021 **is on the rise**, in all, or almost all, indicators (where there is data for this year). This can only be recorded consequently as a result of the pandemic.
- c) The rate of risk of poverty and social exclusion, despite the reduction observed in previous years in the total population (from 2013 to 2019), **is still higher in the female population**, in almost all the indicators examined. In the AROBE index and while the total percentage of the population at risk of poverty and social exclusion is for 2021 at 17.35, **for women it is 18.7%** compared to 15.8 for men, i.e. 3% lower.

- d) The reduction in the rate of poverty risk and social exclusion did not help to narrow the poverty gap between men and women.
- e) **The rate of risk of poverty and social exclusion of women in the +65 age group is still considerably higher (22.2% for 2021) than that of men (17.5%) in the same age group, i.e. 4.7% higher.**
- f) **The rate of risk of poverty and social exclusion of people under the age of 17 who live in single-parent families is higher (33%) than people who live in a household with two adults (14.6% with 2 children, 24.6% with 3 children).**
- g) The upward tendency recorded until 2016 (rate of 23.2%) in child poverty (persons 0-17 years old) is halted, and there is a downward tendency in child poverty, which however stands at **19.2% in 2021**. The structure of households has a significant impact on the total disposable income of households and consequently on the existence of child poverty. In fact, different types of households have different risk-of-poverty profiles, with the group most affected of all being **children living in single-parent households**. In addition, **households with very low work intensity, with dependent children, are at the highest risk of poverty or social exclusion**.
- h) Social transfers are important for a large percentage of the population to avoid falling into poverty and social exclusion.

The consequences of the energy crisis, because of the war in Ukraine, are not visible in the figures and data of the Poverty Watch Report, since as noted above, these concern the reference year up to 2021, while the war began on 02/24/2022. Nevertheless, a small analysis of the effects of these in today's reality is attempted (chapter 5).

3. The reality of poverty and social exclusion in the Republic of Cyprus 2022⁸

In Cyprus, poverty is mainly relative, meaning it refers to people who are at a disadvantage compared to the standard of living of the rest of the population. Relative poverty is generally defined by reference to 'Risk of poverty'. The European Statistical Office (Eurostat) and the Statistical Office of the Republic use the AROPE index to measure relative poverty.⁹

The meaning of the acronym AROPE, At Risk of Poverty and Social Exclusion, (AROPE), and corresponds to the sum of people who are either already in a state of poverty or material and social deprivation or in a household with very low work intensity. Individuals are included only once even if they are in more than one of the above states.

The AROPE rate is the share of the total population at risk of poverty or social exclusion. It is the main indicator for monitoring the poverty and social exclusion target of the Europe 2030 Strategy and was the primary indicator for monitoring the EU 2020 poverty strategy.¹⁰

The European Pillar of Social Rights proposes three goals at EU level to be achieved by 2030, in the areas of **employment, skills and social protection**. Poverty and social exclusion is one of the targets. The number of people at risk of poverty or social exclusion **should be reduced by at least 15 million by 2030, of which at least 5 million should be children**.

In 2021, the AROPE index was **modified** in line with the new target of the 'Europe 2030' strategy:

1. Adapting the component of severe material deprivation, defining a new component of severe material and social deprivation as the percentage of the total population lacking at least seven of the thirteen components of material and social deprivation.

2. Definition of the (quasi) unemployed household as "*persons aged 0-64 who lived in households in which adults (persons aged 18-64, but excluding students aged 18-24 and persons retired according to their current personal financial situation or receiving any pension (except survivor's pension), as well as people aged 60-64 who are inactive and*

⁸ Source: Statistics on income and living conditions, 2008-2021. last update 18/08/2022.

⁹ The definitions used are those published and used by the Statistical Service of the Republic.

¹⁰ The definitions for the "EU Target 2030" indicators were revised with a first year of calculation in 2015. This revision took place in 2021 and allows for a better assessment of both material and social deprivation, as well as social exclusion of people of working age.

live in a household where the main income is pensions), worked working hours equal to or less than 20 % of the total combined working time potential in the previous year'.

The revision allows better measurement of deprivation, based on a revised list of items, as well as better consideration of the social exclusion situation of working-age people (aged 18 to 64 instead of 18 to 59).

The following table shows the differences between the AROPE set for the Europe 2020 strategy and the targets of the Europe 2020 and 2030 strategies.

	Europe 2020	Europe 2030
Rate of severe material deprivation	Rate of Severe Material Deprivation (SMD): Percentage of the population that cannot afford (despite choosing not to) at least 4 of the 9 predefined material items considered by most people to be desirable or even necessary to build a sufficient of living	Rate of Severe Material and Social Deprivation (SMSD): Percentage of the population experiencing forced deprivation of at least 7 of the 13 elements of deprivation (6 individual-related and 7 household-related)
At-risk-of-poverty rate	Percentage of people out of the total population at risk of poverty	Percentage of people out of the total population at risk of poverty
Low labor intensity indicator	People aged 0-59 who lived in households in which adults (people aged 18-59 , excluding students aged 18-24) worked with work time equal to or less than 20% of the total combined potential work time during last year.	People aged 0-64 living in households in which adults (people aged 18-64 , but excluding students aged 18-24 and people who are retired according to their current self-determined financial situation or who receive any pension (excluding survivor's pension), as well as people aged 60-64 who are inactive and live in a household where the main income is pensions), worked in working time equal to or less than 20 % of their total combined working time by during the previous year.

	EU TARGETS 2020	EU TARGETS 2030
Goods and services, the deprivation of which equates to poverty and social exclusion	<ol style="list-style-type: none"> 1) delay in repayment of fixed bills (electricity, water, etc.), rent or installments of principal residence loans or installments of other loans, 2) financial inability to pay a week's vacation, 3) financial inability to deal with extraordinary but necessary expenses, 4) financial inability for satisfactory heating, 5) financial inability to eat a diet that includes chicken, meat, fish or vegetables of equal value every other day, 6) financial inability to own a car, 7) financial inability to have a telephone, 8) financial inability to have a color television, 	<p>At the household level: financial weakness</p> <ol style="list-style-type: none"> 1) to deal with extraordinary but necessary expenses, 2) for payment of one week's holiday, 3) delay in repayment of fixed bills (electricity, water, etc.), rent or installments of principal residence loans or installments of other loans, 4) for a diet that includes every other day chicken, meat, fish (or an equivalent vegetarian meal in nutritional value), 5) for satisfactory heating, 6) have a car, 7) replaces worn or damaged furniture. <p>On a personal level: Financial inability to:</p>

	<p>9) financial inability to have a washing machine.</p>	<p>1) has an internet connection, 2) replace worn clothes with some new ones, 3) has 2 pairs of shoes in the correct size (including an all-weather pair); 4) spends a small amount of money each week on himself/herself, 5) regularly participates in leisure activities, 6) meets friends/family (relatives) for drinks/food at least once a month.</p>
	<p>Deprivation of four (4) of the nine (9) parameters mentioned above means that a person lives below the poverty line and is in severe material deprivation (EU 2020).</p>	<p>Deprivation due to economic hardship of at least 7 of the following 13 goods, services, or social activities (7 related to the household and 6 at the personal level) means that a person lives below the poverty line and is in severe material (EU 2030).</p>
<p>Employment</p>	<p>Reducing the number of people living in poverty or at risk of social exclusion by 20 million by 2020.</p>	<p>The new revised Europe 2030 target is to reduce the number of people at risk of poverty or social exclusion by at least 15 million by 2030, of which at least 5 million should be children.</p>

The most recent figures available for the Republic of Cyprus, which come from the Statistical Service, are those for **2021**. It is important to recall that,

- a) in 2013 we had the severe economic crisis,
- b) in 2014 the Republic of Cyprus introduced the Minimum Income Plan,
- c) in 2018 the Republic of Cyprus introduced the General Health System
- d) in March 2020, the covid-19 virus came to Europe and Cyprus,
- e) in 2020 the Cyprus Reform Program ended and in 2021 the Economic Recovery and Resilience Plan was approved and entered into force.
- f) in February 2022, the war in Ukraine began.

Another important development which concerns the Republic of Cyprus and the responsible Ministry of Labor and Social Insurance concerns the creation, in 2021, of a Deputy Ministry of Social Welfare which is responsible for the management of Welfare Allowances as well as Social Welfare Services.

3.1 POVERTY AND SOCIAL EXCLUSION: 2021¹¹

According to the Cyprus Reform Program (CRP) of 2016, the national goal of the Republic of Cyprus, for 2020, in relation to the reduction of poverty and social exclusion was: "**The reduction of the number of people at risk of poverty and social exclusion by 27,000 people or reducing the rate from 23.99% in 2008 to 19.3% by 2020.**"

We now consider it a given that this goal has not been achieved, based on both the data of the previous Poverty Watch Report and the current one.

3.1.1 Risk of Poverty or Social Exclusion Index (AROPE)

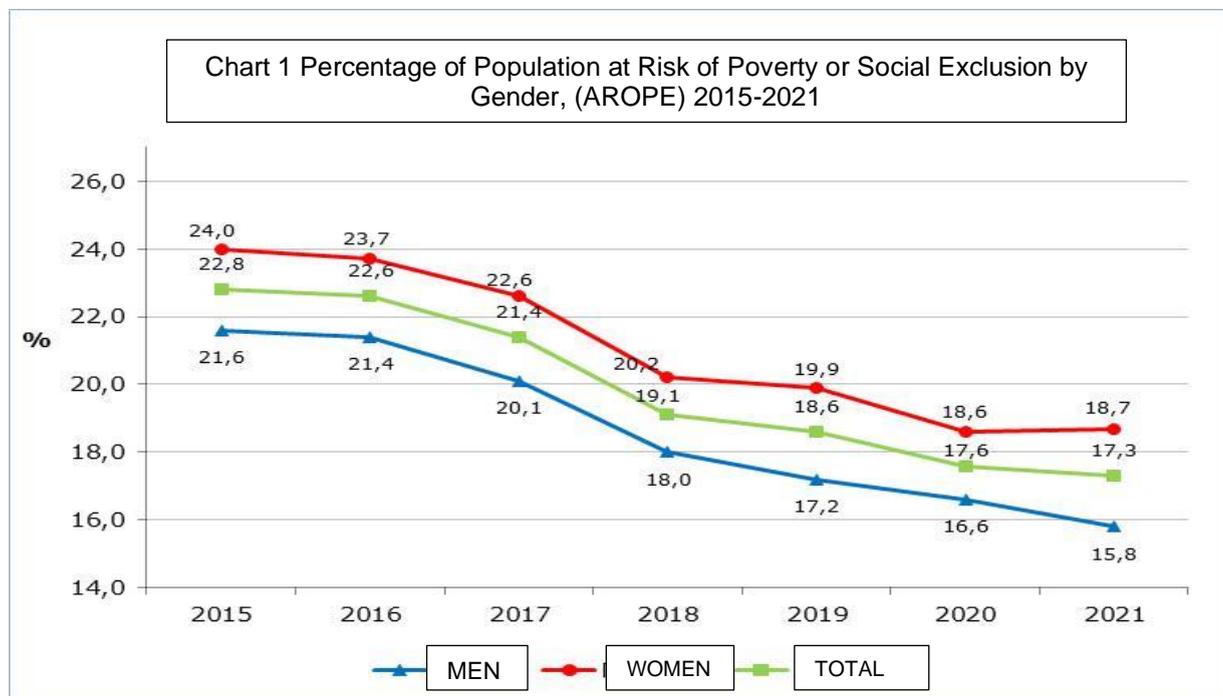
Based on the results of the Income and Living Conditions Survey 2022, with a reference financial year of **2021**, **17.3% of the population or 154,000 people were at Risk of Poverty or Social Exclusion** (AROPE index, the main indicator for monitoring the European Union for 2030 on poverty and social exclusion), or 21.7% based on the EU2020 target.

More specifically, **17.3% of the population lived in households with disposable income below the poverty line or lived in households with severe material and social deprivation or lived in households with a very low work intensity index**. The index shows a slight improvement compared to the previous year which was 17.6%, continuing the downward tendency of recent years.

The improvement is reflected exclusively in the percentage of men (15.8%), while the percentage of women has remained approximately at the same levels (18.7%) as in

¹¹ It is noted that for the data and presentation the data for the EU 2030 target will be compared.

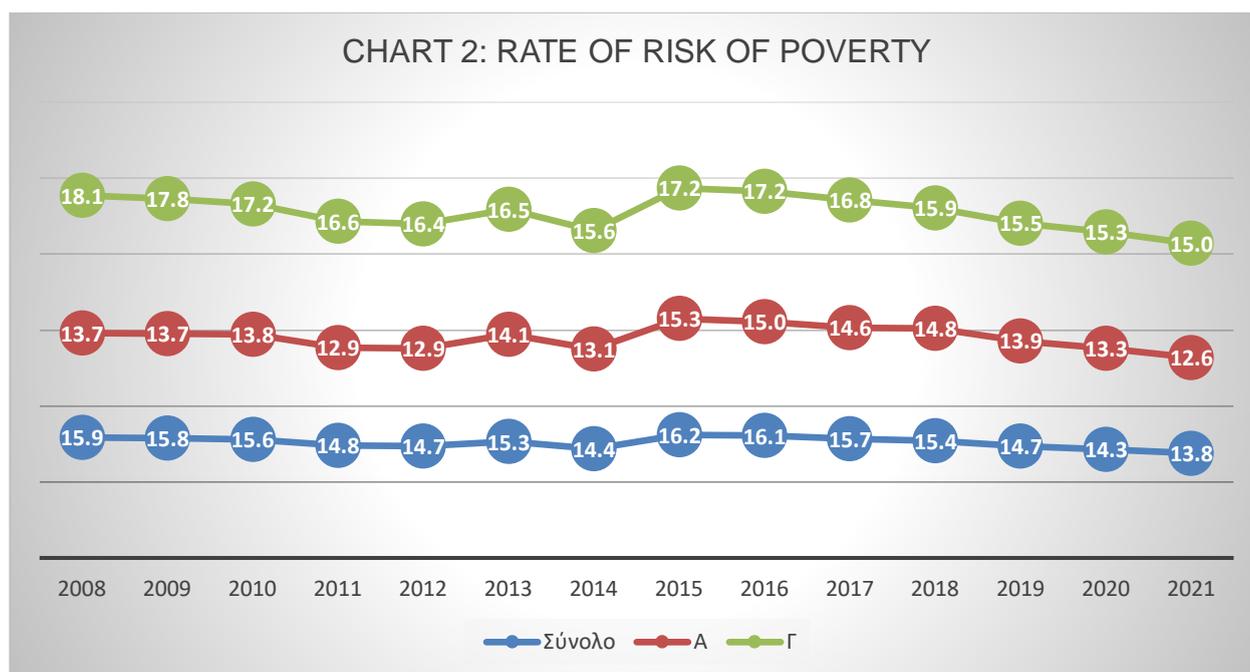
2020. Over time, women are kept at a disadvantage compared to men. Chart 1 presents the progression of this index from 2015 to 2021.¹²



3.1.2 Risk of Poverty Index (AROP)

The **percentage (%)** of the population that was at Risk of Poverty, i.e. their disposable income was below the Financial Risk of Poverty Threshold, **showed a slight decrease, reaching 13.8% compared to 14.3% in 2020**. The highest percentage that this index ever reached was in 2015 with 16.2%. The Financial Risk of Poverty threshold remained almost flat between 2021 and 2020, at €10,011 in 2021 for one-person households compared to €10,022 in 2020 and at €21,024 (2021) for households with two adults and 2 dependent children, compared to €21,047 in 2020.

¹² The new revised calculation system based on the EU 2030 Target was used. It is noted that the picture remains the same when using the EU 2020 Target.



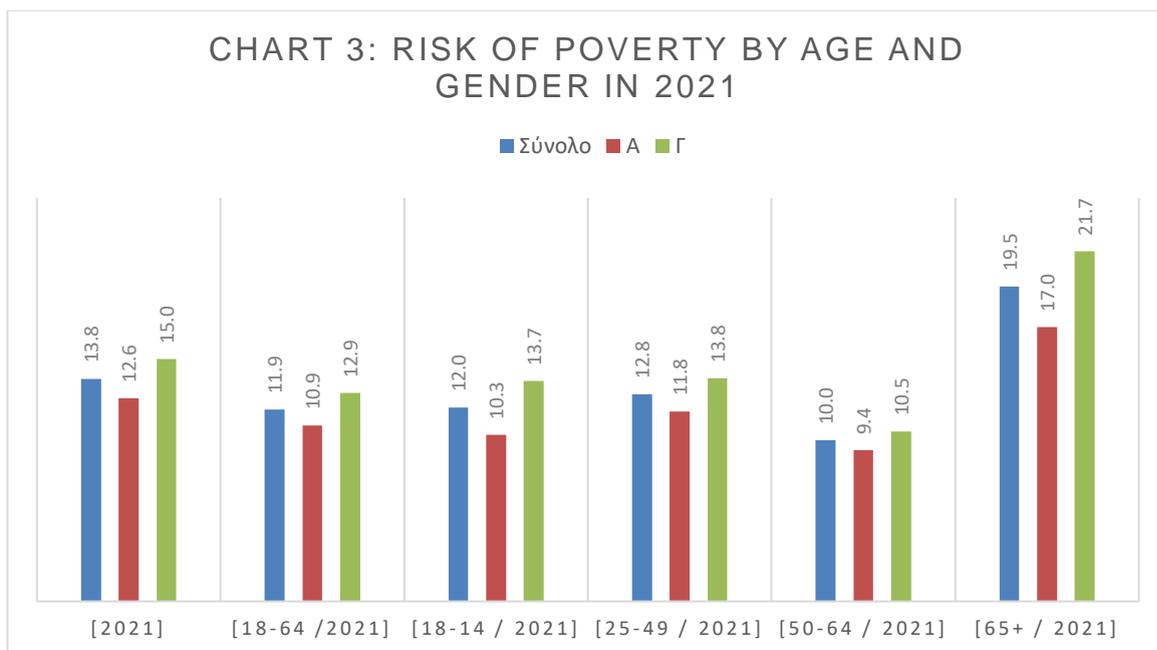
3.1.3 Poverty, Gender and Age

If we look at the rate of poverty risk in relation to gender and age, we observe that, both in the entire population as well as in all age groups (18-64, 18-24, 25-49, 50-64, 65+) **the percentage of women at risk of poverty is higher than that of men**, and in some cases exceeds even the total.

Particularly for 2021, we note that the percentage of women who were at risk of poverty is 15%, a percentage that exceeds the total population, which is at 13.8%, (chart 2 and 3). The same tendency is observed for all age groups, with women being at a higher percentage of risk of poverty than men, and in some cases the percentage of risk exceeding the total (specifically in the age groups 18-64, 18-24, 65+).

The **highest percentage of women at risk of poverty is recorded in the 65+ age group**, where the percentage of women who are at risk of poverty is **21.7%**, compared to 17% of men and 19.5% of the entire age group. The above observations are shown in chart 3.

This observation was also recorded in the previous Report which was made in 2020 with a reference year of 2019.



3.2 Comparison of three poverty indicators, *AROB*¹³, *LWI*¹⁴, *SMD*¹⁵

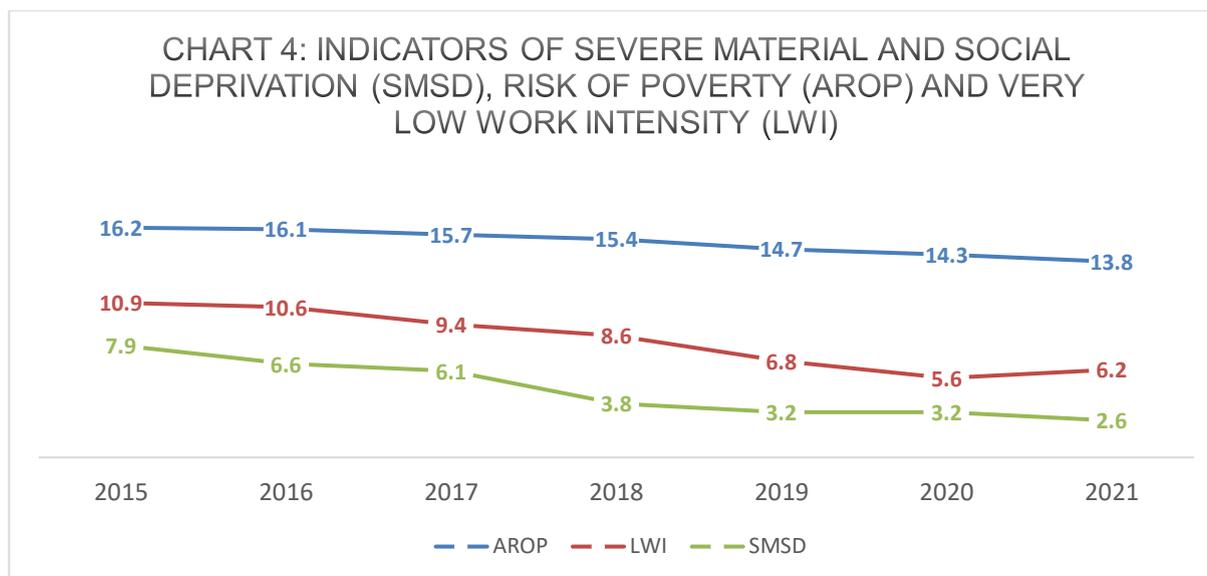
Chart 4 shows separately the above-mentioned indicators, which contribute to the compilation of the strategic indicator of Risk of Poverty or Social Exclusion. Of the three most important indicators, as above, **a decrease in percentages is observed in two out of three (AROP, SMSD)**, while a small increase is observed in the percentage of the population that remains at a low level of work (LWI).

Notwithstanding the recovery of the economy, it seems that during 2021, the consequences of the covid-19 pandemic, both in the social structure and in the economic sector, did not allow a full recovery of the percentages of people in low work intensity, with the rate showing a small increase compared to the previous year and the general slow descending tendency of this index.

¹³ Rate of risk of poverty and social exclusion EU2030.

¹⁴ Percentage of population living in households with a low labor intensity index (low work intensity).

¹⁵ Percentage of population lacking at least 7 items and services (severe material deprivation).



3.2.1 Index of Severe Material and Social Deprivation (SMSD)

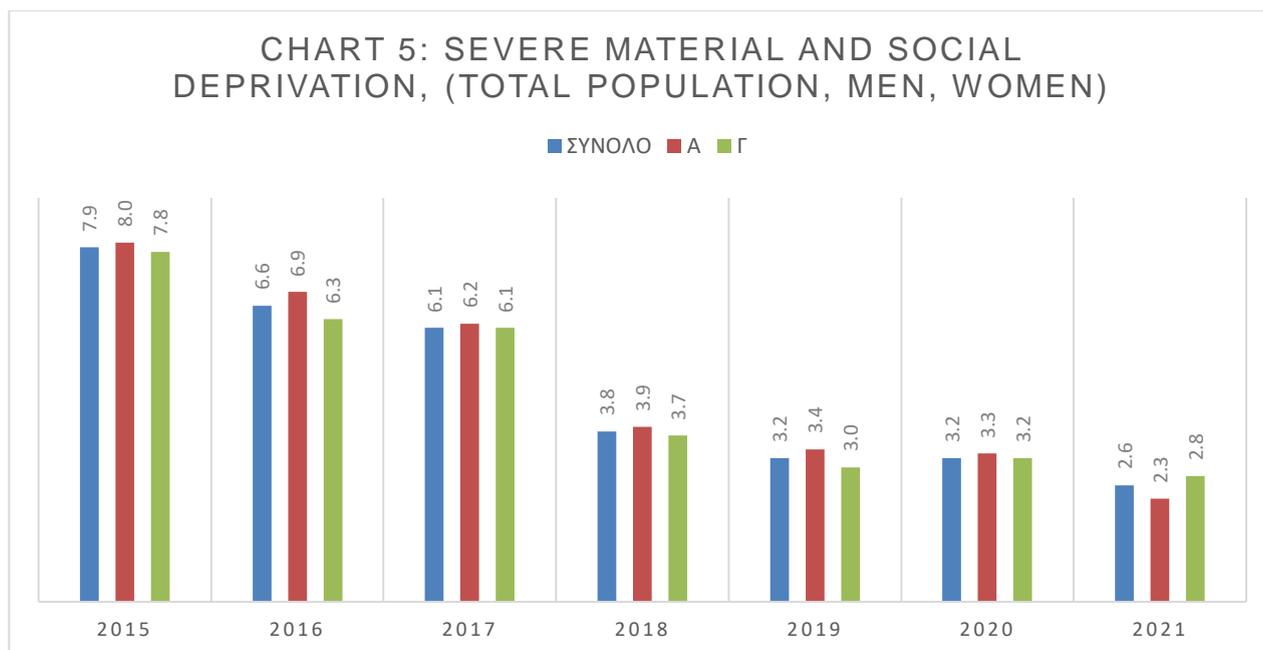
The percentage of the population with Severe Material and Social Deprivation, i.e. the percentage of the population deprived due to economic difficulties of at least 7 of the 13 types of material and social deprivation, **decreased to 2.6% in 2021 compared to 3.2% that had reached in 2020**. The types of material and social deprivation are described above.¹⁶

In chart 5 below, it can be seen that the percentage of women who face a serious problem of material and social deprivation in the last year, i.e. 2021, exceeds the percentage of the entire population with SMSD. The picture until 2020 was the opposite since, higher rates were recorded in the male population. We notice that the percentage of **women** with Severe Material and Social Deprivation in 2021 **exceeds** the percentage of the entire population since it **reaches 2.8%, compared to 2.3% of men**.

The only possible reason for this is the social and economic effects of the covid-19 pandemic, which seem to hit and be more serious for women and the female population, in contrast to the previous economic crisis which had more men.

It is noted that, during the decision-making process for the restrictive measures, as well as the recovery measures, the gender dimension was not considered at all. More, in the next Chapter 4.

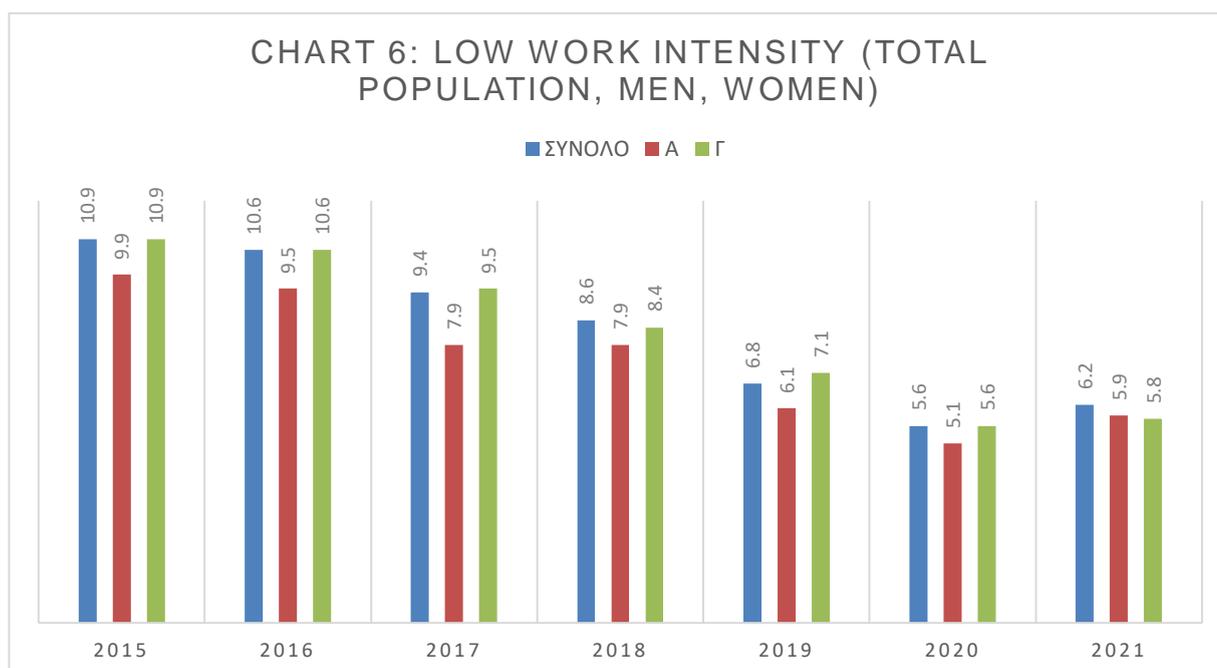
¹⁶ Pages 12-13



3.2.2 Very Low Work Intensity Index (LWI)

The percentage of the population aged 18-64 who lived in households with a very low Work Intensity Index, i.e. the adults in the household worked during the past year less than 20% of their total potential, shows a small increase in 2021 of 1.4%, **reaching 6.2% compared to the 5.6% it had reached in 2020.** (chart 6)

It is also observed that, during 2021, there is an increase in the percentage of children (0-17), who live in households with a very low Work Intensity Index, from **3.8% to 4.9%**, i.e. **an increase of 1.1% in one year.**



3.3 Economic inequality

The average annual net disposable household income for 2021, with reference financial year 2020, was €34,227, showing an increase of 1.1% compared to the previous year which was €33,862.

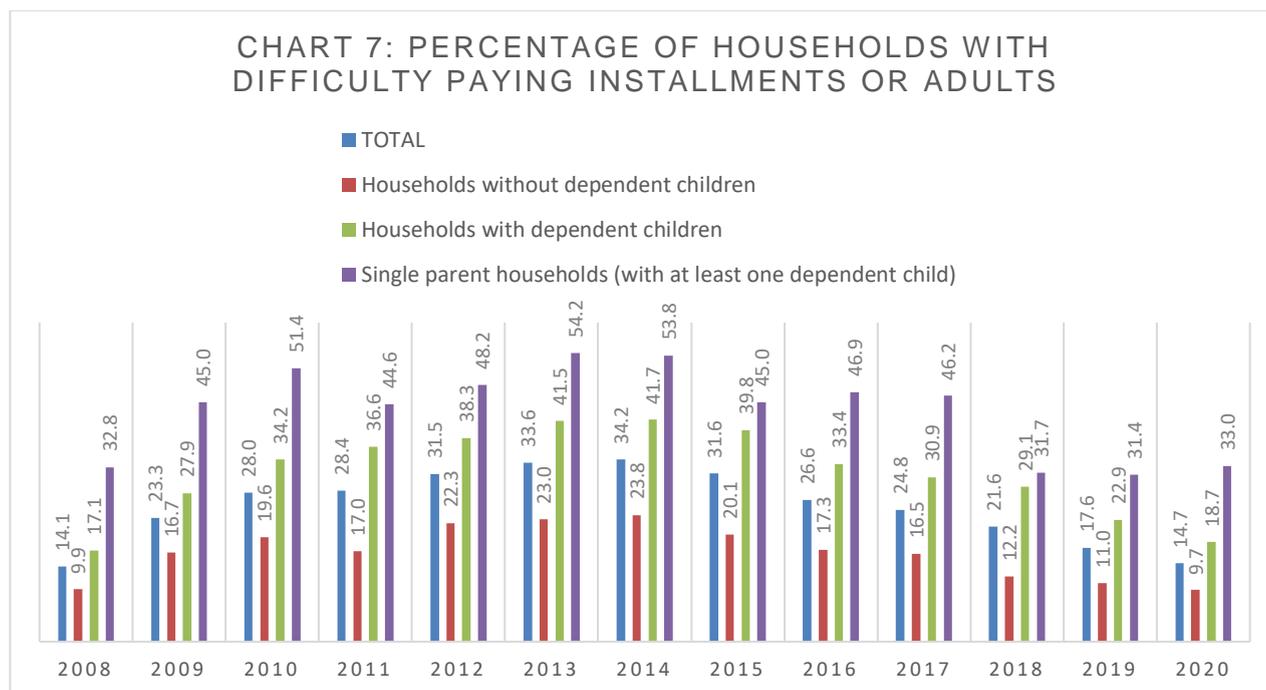
Economic inequality is expressed, mainly, with the index of income distribution in quintiles (S80/S20) and the index of unequal distribution of income, the Gini coefficient. In 2021, these indicators remained at approximately the same levels compared to the previous year. Specifically, the S80/S20 index, which examines the share of the income of the richest 20% of the population to the income of the poorest 20% of the population, reached 4.2 in 2021. That is, the share of income of the richest 20% of the population **was 4.2 times higher** than the income of the poorest 20% of the population, compared to 4.3 in 2020. The Gini coefficient in 2021 reached 29.4% compared to 29.3% in 2020.

A very important parameter of the above report is the fact that, the percentage of the population that delayed the repayment of the installments of the loan of the main residence or its rent or the installments of other loans due to financial difficulties, while in the general population **still has a downward course of almost 3%** (in 2019 at 17.6%, in 2020 14.7%) (no data available for 2021), **in individual, vulnerable population groups there is an increase.**

The tendency is downward in households without dependent children, with the percentages being at 9.7% in 2020, from 11.5% in 2019, and also in households with dependent children, with the percentage being at 18.7% in 2020 from 22.9% in 2019. Similar there is also a downward tendency in households with two adults and dependent children.

On the contrary, in single-parent families, the picture of the downward tendency that existed until 2019, where a percentage of 31.4% was recorded (in 2014, the highest percentage was recorded, i.e. 54.2%), is reversed in 2020, after an increase of 1.6% is observed, reaching 33%.

This increase reverses the downward course of the index from 2015 until 2019, essentially after the peak of the rates in 2014, because of the financial crisis.



Another indication of the economic inequality is recorded in the index regarding the risk of poverty by renting or not a household, always considering gender. We observe that people who own or are granted a free home are less at risk of poverty, in contrast to people who live in a rental regime. Again, it is noted that the poverty risk rate of women in both categories is greater, where, despite the continued decrease, it remains at 27.8%, compared to 24.5% of men, with the total being at 26.1%.

3.3.1 Social Transfers

Another important observation concerns the fact that **the risk of the poverty rate is even higher before social transfers take place**¹⁷. From this observation, several important conclusions can be drawn, the first being that pensions, and social transfers in general (benefits), reduce the risk of poverty and provide citizens with an income to live with dignity.

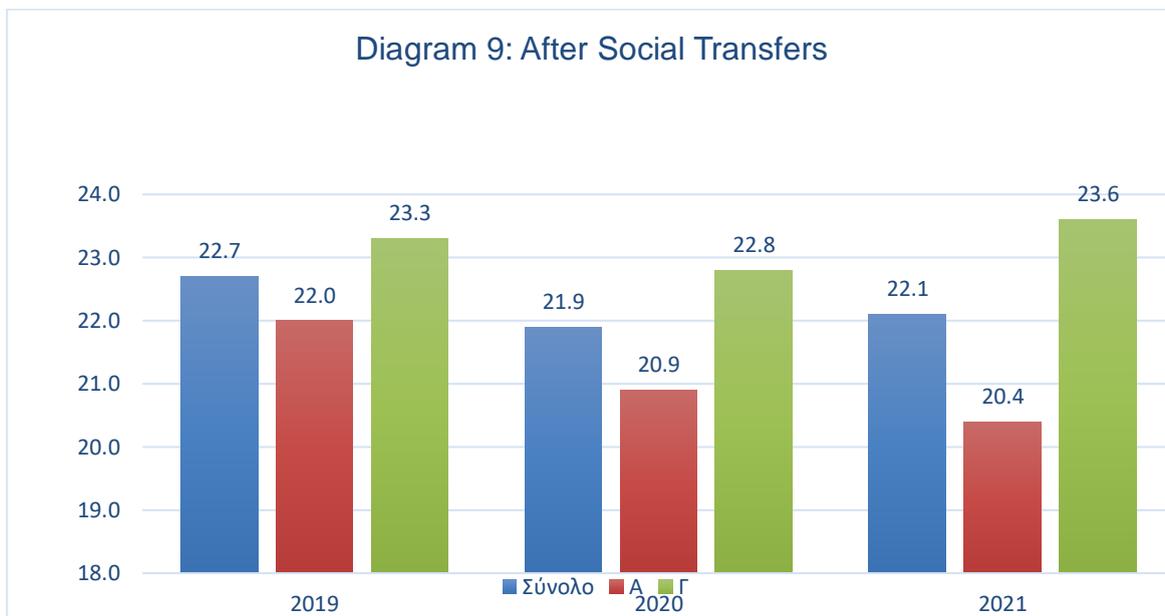
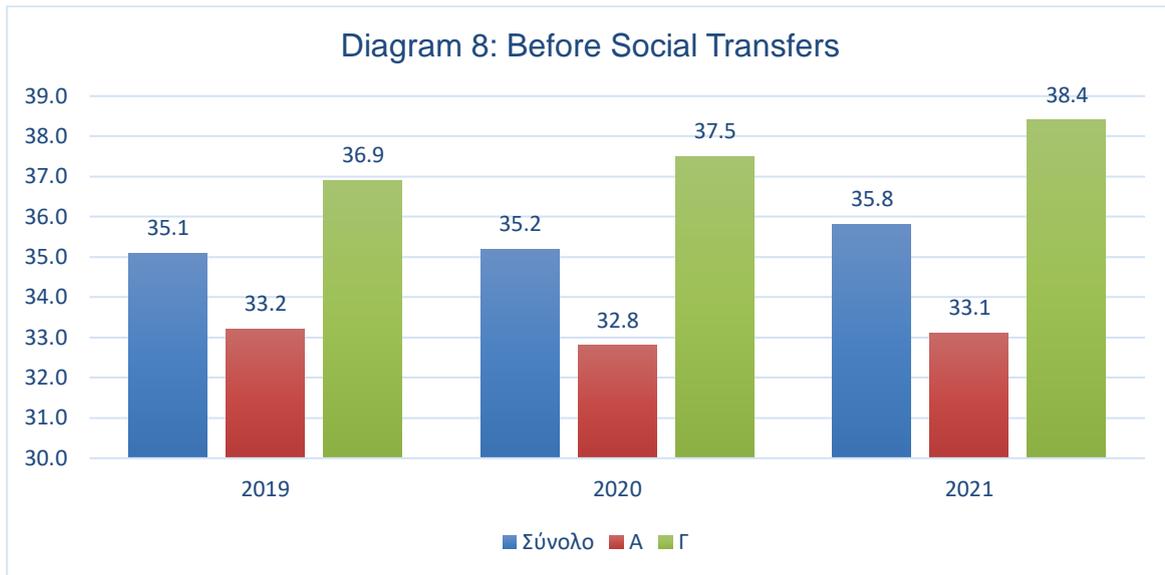
This conclusion is confirmed if we look at the statistics from 2008 to 2020. The risk of poverty rate before any social transfer (benefits and pensions) increased, from 30.7% in 2008 to 38.8% in 2015, to reduce to 35.8% in 2020. This percentage drops steeply if pensions are calculated, where from 25.4% in 2014, decreases to 22.7% in 2019, then there is a continuous downward trend, to 21.9% in 2020.

The downward tendency in the at-risk-of-poverty rates before social transfers, if examined by gender and age, has a different trajectory in 2021, as does the overall at-risk-of-poverty

¹⁷ Social transfers: Social transfers include all pensions (old-age, invalidity, invalidity, etc.) and benefits (family-related, sickness, education-related, social assistance, etc.).

and social exclusion index. Specifically, during 2021, an **increase in the percentage of the female population is observed**.

In addition, the difference in the percentage between people in the 65+ age group varies by gender, **since women 65+ are at greater risk of poverty, both before (figure 8) and after social transfers (figure 9), in contrast with men of the same age group**. It is important to emphasize that social transfers help significantly to reduce the risk of poverty.



3.3.2 Risk of poverty by main activity

In relation to this index, the downward tendency that began in 2015, after the peak in 2014 of the consequences of the financial crisis, is again noted. Again, differentiation and **increased rates of risk are observed in the female population**, in all activities (working, non-working, unemployed, retired, and other non-economically active persons), **with the biggest percentage found in the age group of women 65+ (21.6% for women, against 18.5% for men in a total of 20.2%) but also in non-economically active persons (20.1% for women, against 13.5% for men in a total of 17.8%).**

On the contrary, in the group of unemployed, the percentage of men at risk of poverty is higher than that of women (43.7% for men, against 30.4% for women, for a total of 36.5%).

3.4 Poverty by country of birth ¹⁸ (EU Target 2030)

When looking at the risk of poverty by country of birth, two (2) groups appear to face a very high risk of poverty, those of **foreigners and non-EU 27 foreigners**, as they are at greater risk of poverty and social exclusion than nationals and/or foreigners who belong to the group of those coming from EU27 countries.

The risk of poverty and social exclusion of foreigners (by country of birth) (EU2030 target) had a continuous downward tendency in recent years up to 2018.

From 2019 to 2021, a small but noticeable increase in the at-risk-of-poverty rate is recorded in all groups. The risk of poverty and social exclusion is even higher for non-EU27 foreigners, with the risk having risen (after falling to 30.7% in 2018) to 33.1% in 2021.

3.5 COMMENTS

From the above references we arrive at the following general observations

- a. The rate of risk of poverty and social exclusion in all, or almost all indicators, from 2008 to 2019 records a downward course and tendency but remains at high levels at 17.3%.
- b. The rate of risk of poverty and social exclusion in 2020 and 2021 is on the rise, in all, or almost all, indicators (where there is data for this year). This can only be recorded consequently as a result of the pandemic.
- c. The rate of risk of poverty and social exclusion, despite the reduction observed in previous years, is still higher in the female population, in almost all the indicators examined. In the AROBE index and while the total percentage of the population at risk of poverty and social exclusion is for 2021 at 17.35, for women it is 18.7% compared to 15.8 for men, i.e. 3% lower.

¹⁸ Country of origin EU27 other than Cyprus, Country of origin outside EU27.

- d. The reduction in the rate of poverty risk and social exclusion did not help to narrow the poverty gap between men and women.
- e. The rate of risk of poverty and social exclusion of women in the +65-age group is still considerably higher (22.2% for 2021) than that of men (17.5%) in the same age group, i.e. 4.7% higher.
- f. The rate of risk of poverty and social exclusion of people under the age of 17 who live in single-parent families is higher (33%) than people who live in a household with two adults (14.6% with 2 children, 24.6% with 3 children).
- g. The upward tendency recorded until 2016 (rate of 23.2%) in child poverty (persons 0-17 years old) is halted, and there is a downward tendency in child poverty, which however stands at 19.2% in 2021. The structure of households has a significant impact on the total disposable income of households and consequently on the existence of child poverty. In fact, different types of households have different risk-of-poverty profiles, with the group most affected of all being children living in single-parent households. In addition, households with very low work intensity, with dependent children, are at the highest risk of poverty or social exclusion.
- h. Social transfers are important for a large percentage of the population to avoid falling into poverty and social exclusion.

4. The impact of COVID-19 and government policy on people experiencing poverty.

The policies, actions and activities taken or implemented by the Republic of Cyprus to protect the population from the pandemic in the 1st stage and to recover, in the 2nd stage, the economy, are described in the 1st Poverty Monitoring Report, which was prepared in the summer of 2020. This year, we attempt to make a special reference to the impact of the pandemic crisis on women.

The gendered effects and consequences of the pandemic, as well as the measures taken by governments around the world to limit its expansion, have been thoroughly studied and recorded, since admittedly, these were more intense and noticeable, and affected women to a greater extent.

In a study by Anna Pilavaki¹⁹, an analytical reference is made to three (3) major sections, Health, Economy, and Violence against Women, during the period of the pandemic and the restrictive measures, but also the consequences of this and the measures, with each of the sections to contain subsections and references, as we will see next.

In the study under reference, it is noted that the emergence of the COVID-19 pandemic, which in a short period of time was accompanied by a curfew, the closure of most businesses, schools, and other care structures, did not only lead to the loss of wages and the confinement of people at home, but also the appearance of strong inequalities and discrimination both in Cyprus and in other countries.

Families with children who were forced to be crammed into apartments, with no outside space to play. Families with no savings, with debts to banks suddenly found themselves dependent on benefits of 60% of their salary or none at all.

Working mothers with telecommuting, were forced to work from home, having children with them, because of which they were wrecked in their double or triple role, **as worker, mother, and homemaker** at the same time. This increased women's unpaid care and domestic burden.

At the same time, with the majority of workers in health care, retail, bakeries, and other businesses with essential products and services being women, which businesses remained open during the lockdown²⁰ periods, it put immediate danger to these women and their families. Globally, about 70% of health workers are women, which makes them more vulnerable to the pandemic.

¹⁹ Dr. Anna Pilavaki, "The Gender Effects of the Pandemic" Foundation for the Promotion of Equality, 'YPATIA', 24/07/2020. Dr. Anna Pilavaki is a specialist in gender issues.

²⁰ In the EU, 76% of healthcare workers are women, but also in other key jobs such as supermarket cashiers, where women make up 82% of all cashiers in the EU, according to data compiled by the European Institute for Gender Equality (EIGE).

As reported by UN WOMEN, vulnerable population groups such as informal women, migrant women, young people, and those already on the poverty line, are more sensitive to layoffs and job cuts. According to UN WOMEN studies, women will be disproportionately affected by the economic downturn of the coronavirus than men, and this will further delay closing the gender pay gap²¹, and more generally gender equality in all sectors.

The burden is also particularly high for **single parents**. Women make up almost 85% of all single parents in the EU and almost half of single-parent families are already at risk of poverty or social exclusion, EIGE warned.

Economic and social pressures combined with movement restrictions and small houses lead to an increase in gender-based violence. Many women were trapped at home with their abusers²². Lockdowns have exacerbated tensions at home, leading to increased levels of gender-based violence (GBV), while travel restrictions create barriers for women seeking to escape abuse and access health services, including sex services, and reproductive health or community services such as crisis centers, shelters, legal aid and protection.

Domestic violence has also increased during the lockdown across Europe. The Covid-19 pandemic is relentlessly exposing gender inequality in all its shapes and forms, and in doing so, existing injustices are exacerbating at a rapid pace²³. Unfortunately, the efforts to deal with and limit the pandemic, led at the same time to the increase in incidents of domestic violence in several countries around the world after the famous "lockdown", including Cyprus. The calls received by the helpline 1440 **increased by about 47%**. According to the Association for the Prevention and Treatment of Violence in the Family (SPAVO), during the pandemic, the forms of domestic violence were physical, sexual, psychological, and financial violence. Figures from the World Health Organization show that emergency calls have increased by up to 60% compared to the previous year in many European countries.

Migrant women are more likely to hold insecure jobs in the informal economy, especially in basic but low-paid jobs as domestic workers, cleaners, laundry workers. They are generally excluded from social protection and insurance systems, leaving them with limited or no access to healthcare, loss of income and other social and economic safety nets. For many of the 8.5 million domestic migrant women worldwide, the pandemic has led to loss of income and jobs, with their health, safety and well-being often ignored.²⁴

²¹ Sources: UN Secretary-General's policy brief: The impact of COVID-19 on women, UN, April 2020; COVID-19 briefs on violence against women and girls,

²² Sources: UN Secretary-General's policy brief: The impact of COVID-19 on women, UN, April 2020; COVID-19 briefs on violence against women and girls.

²³ By Eszter Zalan Brussels, 23. APR, 07:05.

²⁴ Sources: UN Secretary-General's policy brief: The impact of COVID-19 on women, UN, April 2020; COVID-19 briefs on violence against women and girls,

<https://interactive.unwomen.org/multimedia/explainer/covid19/en/index.html#portfolioModal6>

On an economic level, statistics from around the world show that, from the labor market to the business arena, women are the ones who must bear the brunt of the consequences of the pandemic.

As the economic fallout of COVID-19 continues to expand and swell, long-term social consequences are likely to continue and increase.

The pandemic crisis must be an opportunity to evaluate and strengthen more our public infrastructures in health, education, care and in general we need a continuous assessment of what are the basic services and needs of our society.

The equal participation of women in economic and social life is essential to prevent and help transition societies from fragility.

Strengthening the dialogue and participation in it of women and other vulnerable groups of the population, strengthening the representation of women, as well as promoting their full social and economic inclusion in these most difficult conditions, is necessary to help countries to emerge from the COVID-19 crisis and lay the foundations for a more inclusive, resilient, peaceful, and prosperous society.

The absence of the inclusion of the gender dimension in public policies means that decisions are made, without the impact of these decisions on both sexes being a factor of analysis. In this pandemic, of course, everything happened so quickly, that both at the national and international level, many decisions were made in a few days, without investigating in depth their effects on various levels, including the gender dimension.

5. Developments during 2022

The Poverty Watch Report processes data and figures from the statistical service which concern and have as their last reference year 2021. However, we cannot fail to mention important events that are happening, and which are already affecting people's lives, such as the war in Ukraine which started on 02/24/2022.

In addition, a small reference will be made to the Cyprus Recovery and Resilience Plan (Cyprus RRP), which was signed between the Republic of Cyprus and the EU in 2021. The non-preparation of the Poverty Watch Report in 2021 did not allow the Cyprus Antipoverty Network to make a reference to it.

5.1 Recovery and Resilience Plan (RRP) of Republic of Cyprus (RoC)

In the Recovery and Resilience Plan (RRP) of Cyprus, which is essentially a continuation of the MRP, it is stated that the strategic objective is "**to strengthen the resilience of the economy and the country's perspective for economic, social, environmentally sustainable and long-term development and prosperity**".

Under chapter 5 and the thematic "**Labor market, social protection and social development and integration**", the objectives of the RoC for the unit are specified. This component consists of a reform and investment unit to address Cyprus' weaknesses in the areas of social protection, social inclusion, labor market and early childhood education and care. In addition, the element aims to mitigate the adverse effects of the pandemic on the most vulnerable groups of the population.

For each component there are objectives, which interact and concern social and territorial cohesion, which will lead to the strengthening of cohesion, considering regional and national disparities, including rural-urban divides.

5.1 Effects and consequences of the war in Ukraine

Russia's military offensive against Ukraine changed the lives of both Ukrainians, Europeans and the world overnight. The effects of this unjustified war are felt not only in Ukraine but far beyond its borders, and will continue to affect us all for years and even generations to come.

One of the issues the EU will have to deal with is its **degree of dependence** on Russian fossil fuels. Russia is still the main energy supplier of some EU member states, which makes these countries particularly vulnerable. The rise in **global energy prices** had started long before the Russian war, but since then prices have risen even higher and are even more volatile. The decline in Russian imports will certainly put upward pressure on energy prices in the short term.

A second issue, beyond the supply of energy from Russia, is the supply of grain, since Ukraine and Russia together produce 30% of the world's grain exports. Ukraine was the world's 4th largest grain and corn exporter. Ukraine is expected to see its wheat production fall by 40% for 2022-2023, the Union of Grain Producers and Exporters of Ukraine said today, while exports are expected to drop by 50% due to the war with Russia. .

The conflict caused a large increase in the prices of cereals and oil, whose levels exceeded those recorded during the Arab Spring uprisings of 2011 and the "food riots" of 2008. The United Nation fears a "hunger hurricane", mainly in African countries that imported more than half of their wheat from Ukraine or Russia.

5.2 Consequences

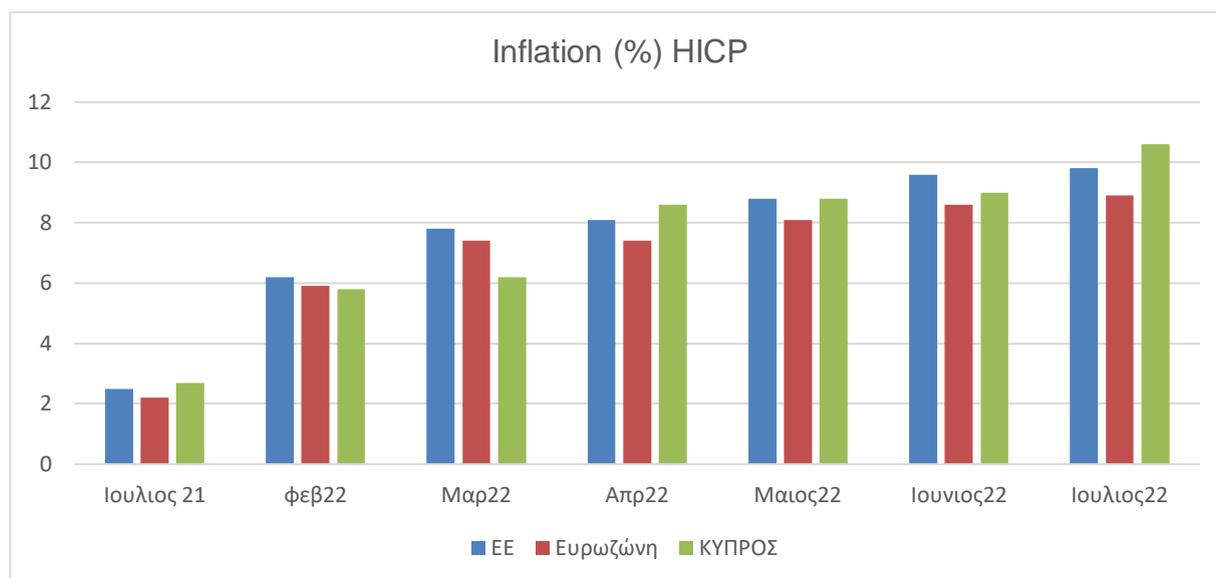
Due to the above, during the last six months, an increase in inflation is observed, both in Cyprus and in the EU, thus reflecting the adverse effects of the Russian-Ukrainian crisis, which has as a direct consequence the energy crisis.

5.2.1 Inflation

Based on data on 18/08/2022, which were announced by the Cyprus Statistical Service and the European Statistical Service, the Harmonized Index of Consumer Prices in July 2022 increased by **10.6% compared to July 2021**, while in compared to the previous month it increased by 1.7%.

Compared to July 2021, the categories of Housing, Water Supply, Electricity and LPG (30.7%) and Transport (21.8%) showed the biggest increasing changes. For the period January – July 2022, there was an increase of 7.7% compared to the corresponding period last year.

In the eurozone, inflation jumped to 8.9% from 8.6% in June and in the EU to 9.8% from 9.6%. The highest inflation levels are in Estonia with 23.2%, Latvia with 21.3% and Lithuania with 20.9%.



The Central Bank of Cyprus (CBC) in its forecasts for 2022 notes that inflation (Harmonized Index of Consumer Prices, HICP) is expected to increase significantly in 2022 to 7% from 2.3% in 2021. The upward revision in relation with the forecast of 2.5% in December 2021 rising to 4.5 percentage points, mainly due to increases in energy prices, as well as widening inflationary pressures in the categories of services, food and industrial products excluding energy.²⁵

5.2.2 Unemployment

The seasonally adjusted unemployment rate in Cyprus stood at 5.1% in June 2022, compared to 6.6% in the eurozone and 6.0% in the EU, according to the latest data published by Eurostat, the statistical office of the European Union Union.

In particular, the index showed a small increase in Cyprus compared to May when it was at 4.9% and a decrease compared to June 2022, when it was at 8.8%.

In Cyprus, 24,000 people were unemployed in June 2022, an increase from 23,000 in May and a decrease from 41,000 last June (2021).

At the same time, the youth unemployment rate in June 2022 remained stable compared to May at 11.7%, and decreased compared to June 2021, when it stood at 18.3%.

In absolute numbers in Cyprus, unemployed young people remained at 4 thousand in June 2022, having **decreased compared to last year (2021)** when they reached 7 thousand.

In Cyprus, the unemployment rate for **women** stood at 6.1%, up, from 5.6% in May 2022. The male unemployment rate stood at 4.2%, down from 4.3% in May 2022.

²⁵ Cyprus Central Bank, 10/06/2022.

5.3 Growth Rate 2022

According to revised data from the Central Bank of Cyprus (CBC) the growth rate for 2022 will move to 2.7%, compared to the growth rate of 5.5% in 2021 (with the largest copy recorded in exports). The path of recovery of the Cypriot economy has been largely negatively affected, at least in the short term, by the effects of Russia's invasion of Ukraine, as stated in the report of the Central Bank of Cyprus.

According to the CBC, the negative developments are due to the significant increases in energy prices and the consequent increases in the prices of goods and raw materials, as well as threats to tourism and the export of services beyond tourism. At the same time, indirect adverse consequences are expected due to the worsening of international economic activity and increased uncertainty, developments which negatively affect the business and consumer climate.

Uncertainty regarding the economic outlook is high, with the extent of the aforementioned impacts depending on the duration of the war and sanctions on either side. In relation to supply chain disruptions, these are estimated to be longer than expected relative to the CBC's December 2021 forecasts, with full normalization expected by the end of 2023.

5.4 Postscript

During the processing and finalization stage of this Poverty Watch Report, and specifically on 31/08/2022, by decision of the Council of Ministers, a national minimum wage is established for the first time for many employees. The regulation will be effective from 01/01/2023.

The Cyprus Poverty Network will analyze this development at a later time.

6. Key challenges / Priorities / Recommendations

For the Cyprus Anti-Poverty Network, the challenges are very specific. We believe that to have any chance in our efforts to eradicate poverty and social exclusion, we must work in several directions. The need for social protection becomes even more critical in times of crisis, whether economic (austerity memorandum and troika, COVID-19 pandemic) or other local or global disasters. In these circumstances, it is generally accepted that there is a better understanding of the impact of a welfare state and even more so of minimum income schemes, not only on poverty and social exclusion, but also on other benefits and the labor market.

We need a comprehensive social protection strategy that includes an effective, efficient and competent EE institution, together with a strategy for fair wages and decent work (combating undeclared work and work poverty), access to a package of basic services and a modern, effective education system, which takes into account the needs of people and the economy and builds on it, taking into account the rapidly changing skills required for the future, and does not live behind the need for continuous and lifelong learning training and education.

The above must always be taken into account, when formulating the needs of groups that are at a higher risk of poverty such as women, people over 65, young people looking for their 1st job, the unemployed, people with disabilities, the single parents, the children.

6.1 National Level

6.1.1 Minimum Income Scheme²⁶

The introduction of a completely new social protection system has changed the philosophy for the protection of vulnerable groups of citizens and at the same time is shaping a new environment in society and the labor market.

But we notice that, since its introduction, there is still no evaluation or impact assessment by the state, which will analyze the impact of the EEE, identifying the possible gaps and distortions, highlighting good practices, and most importantly proposing changes for improvement.

The evaluation that the Cyprus Anti-Poverty Network conducted of the EEE in 2018 noted some worrying factors and gaps and added suggestions. Concerns such as, the quality of state social services and their infrastructure, the lack of jobs (due to the financial crisis), the fact that the EEE covers the working poor in a complementary way, affecting the labor market (in a positive and negative aspect), accessibility problems in the early years, the

²⁶ In the Annex we copied the Recommendations from the People experiencing Poverty (PEP) national meetings and the Annual Poverty conference of 2021.

limited progress of the 3rd pillar of ECEC, the activation of beneficiaries, (the other 2 are adequacy and accessibility).

More specifically, regarding the question of adequacy and activation, we must note that, the specific issue shows the importance of the national minimum wage, while there are cases of families receiving benefits of more than 1,100 euros, hence the chances of being trapped in the supplementary benefits they become progressively larger. Although the benefits are insufficient, there is a conflict between the financial support provided and the prospects of reintegration into the labor market which are characterized by disincentives.²⁷

There is an immediate need to review the EEE to make necessary, substantial corrections and amendments. In this context, there is a need to assess the Structure of the Welfare Service Department and implement the necessary changes so that it can fulfill its role and function in a fast and efficient manner.

6.1.2 Labor Market

Overall, labor market conditions are gradually improving, but challenges remain. Unemployment was very high during the financial crisis, 2012-2015, only starting to show signs of recovery after 2016. Reaching young people who were not working, in education or training and other vulnerable groups is still a of the key issues. Policies for labor market activation and targeted programs for vulnerable groups remain below the EU average, indicating another key issue, and most of them are characterized as temporary, not allowing integration into the labor market.

The discussion on the establishment of a national minimum wage (NWM) was concluded on 31 August 2022 with the Council of Ministers establishing by decree a NWM, with a starting date of 1 January 2023.

The absence of a minimum wage directly affects many aspects of the welfare state and any policy to eradicate poverty and social exclusion. It remains to study and assess the interaction of the ECM in relation to both the labor market and the EEE and the welfare state.

6.1.3 Pension

The fiscal sustainability of the pension system appears to have been maintained following the 2009-2014 pension system reforms. In addition, the most recent quantitative evidence²⁸ shows that the current and future adequacy of the average pension has improved. However, there are still vulnerable groups among pensioners who are at high risk of poverty and have not been addressed (such as women).

²⁷ Nicos Satsias, PhD, Minimum Income in Praxis. Cyprus Reality and the European Minimum Income Network (EMIN), article in Cyprus Review, Vol. 31 No. 2 (2019): The Cyprus Review, Volume 31, Issue 2 (Fall 2019), <https://cyprusreview.org/index.php/cr/article/view/649>, σελ.73.

²⁸ i.e. poverty indices, income-based indices and theoretical replacement rates.

We repeat what we mentioned during the 1st Progress Report. There has been no study or analysis of the consequences of both the financial crisis of 2013 and the last 10 years, culminating in the pandemic. Low birth rates and population aging are still at high levels. The DEF Cyprus recommends the immediate start of a social dialogue with the aim of reviewing the new data.

The State, all agencies, both government officials, parliament and organized groups, must start a structured dialogue to deal with these issues.

6.1.4 Gender Equality

According to the above developments it is very important to highlight the immediate need to improve gender equality as a critical social aspect. Cyprus ranks as one of the least equal countries in the EU in the 2019 Gender Equality Index, with its score 11.1 points below the EU average score (56.3 out of 100 points).

The measures taken during the period of the health crisis did not, at least in the first stage, take into account the gender dimension.

The inclusion of women in digital jobs, in studies and later in professions around science, technology, as well as careers and entrepreneurship is seen as another more specific challenge.

There is an urgent need for a comprehensive action plan to achieve the goal of gender equality, which will take into account and have actions both to increase the participation of women in decision-making centers and in the business / economic sector and activity, for the economic women's equality, the horizontal implementation of economic policies and actions, but also the balancing of professional and family life, (with measures to directly support and provide care to children and patients).

The pandemic crisis must be an opportunity to evaluate and strengthen more our public infrastructures in health, education, care and in general we need a continuous assessment of what are the basic services and needs of our society.

The equal participation of women in economic and social life is essential to prevent and help transition societies from fragility.

Strengthening the dialogue and participation in it of women and other vulnerable groups of the population, strengthening the representation of women, as well as promoting their full social and economic inclusion in these most difficult conditions, is necessary to help countries to emerge from the COVID-19 crisis and lay the foundations for a more inclusive, resilient, peaceful, and prosperous society.

6.2 *EU Level*

Europe needs a strong action plan to implement the European Pillar of Social Rights (EPSR)²⁹ so that we have a social Europe under the Social and Green Deal. Furthermore, we underline the need to ensure that the EU relies on an emergency mechanism in order to adopt measures to deal with emergency crises, such as the crisis due to COVID-19, but also the looming energy crisis, a consequence of the war in Ukraine and the increase in the cost of energy.

The need for immediate, joint action and response at EU level has been demonstrated by the recent response to the COVID-19 pandemic. A similar response and action is required to address the energy crisis and in particular, the EU must ensure that Member States:

- Strengthen adequate income schemes (quality jobs, with fair wages and minimum income and social protection income support).
- Provide Access to important public and essential services (public health and care services, education, training and lifelong learning and social, affordable housing).
- Provision of affordable housing for the entire population.
- Dealing with the energy crisis and the increase in costs for heating, but also feeding.

An EU strategy to fight poverty, as one of the objectives of the Social and Green Deal, with poverty targets at EU and national level. In this aspect, we suggest, as a necessary condition for the success of the strategy, the following conditions.

- Promote a coherent 'Europe 2030' strategy - a social and green deal!
- Adoption of an integrated EU strategy to combat poverty as a framework for social rights.
- Adopt an ambitious 2030 EU poverty target to support upward convergence!
- Promotion of policies based on the European Pillar of Social Rights.

²⁹ European Pillar of Social Rights (EPSR).

7. Conclusions

Cyprus faces several challenges, according to the indicators of the social scoreboard supporting the European Pillar of Social Rights. The youth unemployment rate and the number of young people not in employment, education or training remain very high. Furthermore, the gender employment gap remains wide. Real gross household disposable income per capita is still below 2008 levels and significantly below the EU average in 2018. The minimum guaranteed income system has helped reduce income inequalities. Further efforts should be made to develop digital skills and encourage upskilling and reskilling.

Despite the introduction of a universal minimum income, social protection is generally underfunded compared to the EU average. Government spending on social protection (13.1% in 2018) remains below the EU average (18.8 % in 2017). Most of the social protection expenditure in Cyprus is on pensions and medical care, while other functions of the social protection system (family benefits, unemployment benefits, disability benefits, housing, and social exclusion benefits) receive relatively less resources. The number of universal minimum income recipients has fallen significantly since 2015 thanks to a large increase in employment.

From the above analysis we reach the following conclusions:

- a. The rate of risk of poverty and social exclusion in all, or almost all indicators, from 2008 to 2019 records a downward course and tendency but remains at high levels at 17.3%.
- b. The rate of risk of poverty and social exclusion in 2020 and 2021 is on the rise, in all, or almost all, indicators (where there is data for this year). This can only be recorded consequently as a result of the pandemic.
- c. The rate of risk of poverty and social exclusion, despite the reduction observed in previous years, is still higher in the female population, in almost all the examined indicators. In the AROBE index and while the total percentage of the population at risk of poverty and social exclusion is for 2021 at 17.35, for women it is 18.7% compared to 15.8 for men, i.e. 3% lower.
- d. The reduction in the rate of poverty risk and social exclusion did not help to narrow the poverty gap between men and women.
- e. The rate of risk of poverty and social exclusion of women in the +65-age group is still considerably higher (22.2% for 2021) than that of men (17.5%) in the same age group, i.e. 4.7% higher.
- f. The rate of risk of poverty and social exclusion of people under the age of 17 who live in single-parent families is higher (33%) than people who live in a household with two adults (14.6% with 2 children, 24.6% with 3 children).
- g. The upward tendency recorded until 2016 (rate of 23.2%) in child poverty (persons 0-17 years old) is halted, and there is a downward tendency in child poverty, which however stands at 19.2% in 2021. The structure of households has a significant impact on the total disposable income of households and consequently on the existence of child poverty. In fact, different types of households have different risk-

of-poverty profiles, with the group most affected of all being children living in single-parent households. In addition, households with very low work intensity, with dependent children, are at the highest risk of poverty or social exclusion.

- h. Social transfers are important for a large percentage of the population to avoid falling into poverty and social exclusion.

The new Recovery and Resilience Plan (RESP) of Cyprus, aspires to face the problems of the economy, the consequences of the pandemic and the health crisis, and to implement the obligations of the Republic of Cyprus, as a member of the EU, in the field of green energy, and social issues (European EE Directive, European Pillar of Social Rights, Semester goals). Specifically, through five central axes, it aims to achieve the goals as follows

- i. Public health, civil protection, and lessons from the pandemic,
- ii. Accelerating transition to a green economy,
- iii. Strengthening the resilience and competitiveness of the economy,
- iv. Towards a digital age, and
- v. Labor market, social protection, education, and human capital.

Each policy axis includes appropriate country-specific investments and reforms that consider the need to mitigate the economic and social impacts of the COVID-19 crisis and strengthen resilience and transform the economy through a strong new growth model that will contribute to strengthening resilience, the sustainability and efficiency of the economy and to achieve the Union's objectives for the green and digital transition.

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- Cyprus Recovery and Resilience Plan 2021-2026

Acronyms

AROPE: At risk of poverty or social exclusion
AROP: At risk of poverty
CAN: Cyprus Antipoverty Network
CRP Cyprus Reform Program
CyStat – CSS: Cyprus Statistical Service
EAPN: European Antipoverty Network
EFTA: European Free Trade Association
ERRP Recovery and Resilience Plan
EPSR: European Pillar of Social Rights
EU: European Union
EU-27: European Union 27 Member States
GDP: Gross domestic product
GMI: Guaranteed Minimum Income (GMI)
LTC: Long Term Care
NEETs Employment, Education and Training
NGOs: Non-Government Organizations
NHIS: National Health Insurance System
PAB: Public Assistance Benefit
RoC Republic of Cyprus
SDG: Sustainable Development Goals

Annex: Conclusions from meetings with People Experiencing Poverty and the Conclusions of the Cyprus Antipoverty Network Annual Conference 2021

11 November 2021

Recommendations³⁰

- 1) Development of a framework for the participation of the people themselves who experience poverty in the consultation regarding social protection. In this context, the people who experience poverty themselves should participate to make use of their experiences, the organizations that represent them, all the competent bodies, such as representatives of the Ministry of Labor, Welfare and Social Insurance, the Local Self-Government, the Church, the Social Partners, and NGOs.
- 2) The reform process of the Social Welfare Services should be accelerated and completed, but at the same time it should be staffed with suitable and qualified personnel who will be able to respond to all social problems. The reform should include the formation of a system for evaluating the operation of the Services which allows for adjustments depending on the circumstances and the person-centered approach and treatment of applicants for support.
- 3) At the same time, digital technology should be harnessed, and electronic infrastructure should be developed, which will facilitate the sharing of application information between different government agencies and put an end to the current confusion. In this way, the operators of the support services themselves, the applicants themselves, the examination time of the applications and the performance of support to the beneficiaries can be facilitated.
- 4) Also, the creation of social service centers (social Hubs), would facilitate the access of support applicants and prevent the inconvenience of referrals from one department to another, especially for those who have mobility problems or do not have money for travel.
- 5) The operation and implementation of the Minimum Guaranteed Income from the beginning of its operation until today should be evaluated in depth with qualitative and quantitative characteristics to be able to successfully upgrade it. All provisions of the legislation relating to Minimum Guaranteed income should also be implemented. For example, the provision of the legislation that refers to social intervention to date has not been implemented as it should, even though the Minimum Guaranteed income law has been in force since July 2014. Within this framework, solutions should be found for all issues related to the possibility of direct communication with the Welfare Benefits Management Service, as well as reducing the bureaucratic process of examining applications.

³⁰ The dialogue on the creation of the Ministry of Social Welfare, which will be responsible for the administration of Welfare Benefits as well as Social Welfare Services, had just been concluded at the time of writing.

- 6) Acceleration of the Family Law revision process. The issue should be analyzed by technocrats in collaboration with social analysts, to avoid negative ramifications in society.
- 7) Formulating a strategy for the development of quality care infrastructures at all levels. These infrastructures should concern all vulnerable social groups: children, people with disabilities, the elderly, victims of violence, victims of human trafficking, so that care is provided seamlessly to all who need it. This can be done through a comprehensive plan which will include programs, introduction of legislation (eg Social Entrepreneurship) exploitation and upgrading of existing infrastructure of the Local Government and exploitation of European funds.
- 8) Investment in human capital by improving the employability of the unemployed, through targeted programs and based on the needs of the labor market. For example, programs should not be announced simply to get participation from Minimum Guaranteed income recipients. We should generally invest in development to create new jobs, considering European developments.
- 9) Within these contexts, the need to institutionalize a National Minimum Wage³¹ in combination with the legislative regulation of collective labor agreements becomes even more imperative, to reduce social inequalities, unfair competition, and the exploitation of workers. The introduction of a National Minimum Wage is expected to reduce the working poor, which is an equally tragic phenomenon, as these people, although working, have incomes below the relative poverty line. Unfortunately, the developments of the pandemic create conditions for an increase in the phenomenon of poor workers and its introduction will create balances that are currently absent. From the year 2018, the Minister of Labor states that the introduction of a National Minimum Wage is necessary. Cyprus Antipoverty Network, through the participation of people experiencing poverty, unfortunately finds that today it is more necessary than ever as there is a rapid increase in informal and precarious forms of employment in many sectors of the labor market.
- 10) The level of benefits and state support for vulnerable groups and single-parent families should reflect their real needs, which consider daily living expenses, rents, children's education, the needs of members with special needs and entertainment of family members.
- 11) It is also clear that National Health System is one of the greatest social achievements and must be supported and upgraded especially in issues concerning the poor, where not all medical care needs are met. A health system should not widen social inequalities, but reduce them, and therefore the health sector should be guaranteed by the state. The poor, however, do not have the possibility of supplementary coverage of needs, and in some cases even today there are waiting lists, as well as restrictions on the various examinations, which could potentially be fatal. All these issues should be reviewed by the Health Insurance Organization so that the necessary corrections can be made to further improve the institutional framework.

³¹ The public dialogue ended in August 2022 with a Decree by the Government introducing the minimum wage regulation, that will be in place as of 1 January 2023.

- 12)** All pensions should be increased to levels above the relative poverty line to enable the elderly to live in dignity.
- 13)** The amount of student grants should be reviewed in such a way that they meet the needs of students, especially those from low-income families, and provision for the purchase of books should be reinstated. The number of student residences should be increased significantly and immediately to address the problem with the arbitrary increase in student apartment rents.
- 14)** There should be exploitation by the state of the research, which is often financed or co-financed by the state itself, carried out by the research and academic institutions of the country and concerning the issues or special groups facing poverty and social exclusion for addressing special needs that are difficult to identify in other ways.



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