

# **Social Transfers and Income Distribution in Cyprus**

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## **Abstract**

The urgent need of the Cypriot state for fiscal adjustment puts considerable pressure on social spending. Yet, this process entails the danger of derailing the long-term goals of the government for tackling inequality and poverty. The present paper employs the micro data of the 2008/9 Family Expenditure Survey with a threefold target. Firstly, we aim at measuring the performance of the Cypriot welfare state on tackling inequality. Secondly, we assess the anti-poverty impact of social transfers with regard to incidence, intensity and inequality of poverty. And lastly, based on the empirical results of the analysis, we provide policy recommendations that serve as useful input for the challenges that policymakers are going to face in the near future.

**Keywords:** Income inequality, poverty, redistribution, welfare state.

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