

FUNDING AND GOVERNANCE CYPRUS

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CONTENTS



- Labour market indicators
- Challenges in the labour market
- The Human Resource Development Authority of Cyprus (HRDA):
 - **Legal status**
 - **Vision**
 - **General information**
 - **Activities**
- Individual Learning Accounts (ILAs)

CYPRUS FACT CARD: LABOUR MARKET INDICATORS



Indicator (2024)	Males	Females	Total
Employment rate for the population aged 20-64	85,0%	75,0%	79,8%
Unemployment rate for the population aged 15+	4,6%	5,1%	4,9%
Long term unemployment rate (12+ months) in the labour force	1,5%	1,2%	1,3%
Unemployment rate for the population aged 15-24	12,4%	13,6%	13,0%
Participation in education and training for the population aged 25-64	10,8%	11,6%	11,2%

CHALLENGES IN THE LABOUR MARKET ⁽¹⁾



- Shortage of skilled labour force in several economic sectors (e.g. Tourism, Hotels and Restaurants, Health, Agriculture, Construction, Manufacturing, Information Technology).
- Higher than average unemployment rate among young people aged 15-24.
- Low participation rate in education and training for the population aged 25-64.
- Low participation rate in vocational education and training (VET).
- Preference for general secondary education, following by tertiary education.

CHALLENGES IN THE LABOUR MARKET (2)



- **Skills mismatch between education and labour market needs:**
 - **A significant number of people with university education are employed in middle-level occupations that do not require tertiary education.**
 - **A significant number of people choose fields of study that lead to occupations for which there are no significant needs in the labour market.**
 - **Significant shortage of people to fill vacancies in «STEM» occupations.**
- **Digital transformation – low level of digital skills.**
- **Green transition – climate neutrality.**

HRDA: LEGAL STATUS



- **Semi-government organisation which refers to the Government through the Minister of Labour and Social Insurance.**
- **Governed by a 13-member Board of Directors comprising 5 Government, 4 Employer and 4 Trade Union representatives.**
- **Financed by the human resource development levy collected from all employers (0,5% of payroll), excluding the government.**
- **Civil servants are excluded from its sphere of competence.**
- **Self-employed to be included by January 2026.**

HRDA: VISION



The continuous enrichment of the human resources of Cyprus with the appropriate knowledge and skills, in order to respond effectively to the constantly changing conditions of the economy and the labour market and to contribute to the strengthening of the competitiveness and the increase of productivity of the enterprises/ organisations.

HRDA: GENERAL INFORMATION



- **Flexible training system.** Adapts to the rapid developments in the labour market.
- **The HRDA is not a training provider itself,** but it approves and subsidises training programmes implemented either by certified vocational training centres or by enterprises.
- **Schemes respond to the training needs** of the economy, of enterprises and of the labour force, with no discrimination made.
- **Training needs are identified by research studies** of the HRDA as well as **by enterprises** concerning their own specific needs.
- **The decision for the participants,** in the case of the Schemes directed towards the employed persons, **rests with the employers.**
- **Participation** in the HRDA training and development activities is **open to all beneficiaries,** as defined in the Policy and Procedures Guide of each scheme.

HRDA ACTIVITIES ⁽¹⁾



- **Integration of the unemployed and inactive into employment:**
 - **Scheme for the employment and training of tertiary education graduates**
 - **Scheme for the training of the long-term unemployed in enterprises/organisations**
 - **Training programmes for the unemployed**
 - **Standard multi-company training programmes: participation of the unemployed**

- **Lifelong learning of the employed:**
 - **Single-company training programmes**
 - **Single-company training programmes abroad**
 - **Standard multi-company training programmes: participation of the employed**
 - **High-priority multi-company training programmes**
 - **Continuing training programmes for trade union officials**

HRDA ACTIVITIES (2)



- **Quality assurance of the training and development system:**
 - **System of Vocational Qualifications**
 - **System for the Assessment and Accreditation of Training Providers**
- **Schemes funded under the National Recovery and Resilience Plan:**
 - **Training programmes for the acquisition of digital skills**
 - **Training programmes for the acquisition of knowledge and skills related to the green economy**
 - **Training programmes for the acquisition of knowledge and skills related to the blue economy**
 - **Training programmes for the acquisition of entrepreneurial knowledge and skills for unemployed persons**
- **Schemes co-funded by the European Social fund (60%) and the HRDA (40%):**
 - **Training programmes for young persons not in employment, education or training (NEETs)**
 - **Individual Learning Accounts**

Individual Learning Accounts ⁽¹⁾ Rationale



- **Complementary** to all the other schemes.
- Proposed as an initiative **to increase participation in lifelong learning** in Cyprus prior to the EU recommendation.
- Provide **personalised funding** for adult education and training, allowing individuals to accumulate and preserve training entitlements over time.
- **Credits to eligible groups** of employed and unemployed persons to attend training programmes.
- Individuals gain access to training programmes on a **broad range of issues** within the “Standard Multi-Company Training Programmes” of the HRDA.

Individual Learning Accounts ⁽²⁾

Basic information

- **Budget: €5.000.000**
- **Offer ILAs to 1.800 persons with entitlements of €2.400 per person.**
- **Three-year period** for participation in training programmes approved by the HRDA.
- **Implementation period is 2025-27. Launched on the HRDA's online platform, "Ermis", on 4 March 2025.**
 - **By mid October 2025, 605 applications were received and 405 ILAs were issued, corresponding to entitlements of €972.000.**
 - **140 persons (129 employed and 11 unemployed) have utilised their ILA entitlements to take part in approved training programmes at a cost of €80.000.**



Individual Learning Accounts ⁽³⁾

Basic information

- **Fit of ILA within existing financing system: Part of the HRDA learning ecosystem. The project has a nationwide geographical scope and targets specific groups:**
 - **Employed individuals with up to upper secondary education.**
 - **Long-term (6 months and above) unemployed individuals.**
- **Entitlements per user are credited at the beginning of the period to allow for significant training. There is no differentiation in entitlements between the two target groups.**
- **Entitlements can be used only for funding training programmes under the scheme “Standard Multi-Company Training Programmes” and must be used via the HRDA’s “Ermis” portal.**
- **Around 3.400 training programmes are available to ILA holders**

Individual Learning Accounts ⁽⁴⁾ Challenges

- Attractiveness of ILAs within the target group.
 - The target group was 238.000 persons (46% of labour force).
 - Only 605 applications despite a significant publicity campaign.
- ILA holder selection and attendance of appropriate programmes will be **monitored** to check for alignment with their profile and career paths. Participant engagement and successful completion of training programmes, is another measure of the success for the pilot project.
- Offering **guidance opportunities** to the ILA holders and further developing a central registry of all learning opportunities.
- **Sustainable funding** in scaling up ILAs for a more universal approach after the pilot project. A possible solution to this, pending appropriate decisions, could be ESF+ funding combined with national and HRDA's funds.



Individual Learning Accounts ⁽⁵⁾

Further steps

- **2024 Mutual Learning Programme** for ILAs: representatives from the HRDA, the Ministry of Labour and Social Insurance (MLSI), the Ministry of Education, Sport and Youth (MESY), and social partners - involved in the monitoring and evaluation of the project and explored the full implementation of ILAs in Cyprus after the pilot project.
- Evaluation mid-term and upon completion. Ongoing monitoring is also planned to ensure **continuous improvement based on measured outcomes** and feedback from participants and stakeholders.
- Upon the pilot's completion at the end of 2027, the procedures and the exact content of the ILAs will be finalised, focusing on the **full implementation of ILAs** in Cyprus.



Thank you