

Cyprus

The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)

Cyprus' adult learning system has developed slowly since the island's becoming an independent state in 1960. More recently, since the establishment of the Human Resource Development Authority (HRDA), a key actor in the field of adult education and training, training provision has become, both, supply and demand driven.

Demand-side instruments in financing CVT/ adult learning (in particular job-related)

- **Key institutions involved and funding sources**

The Human Resource Development Authority (HRDA) is a semi-governmental organization which aims at creating the necessary prerequisites for the planned and systematic training and development of the human resources in Cyprus. The HRDA receives its funds from mandatory contributions of employers, equal to 0.5% of their payroll, collected by the collection mechanism for the social insurance contributions. Since Cyprus joined the EU and its harmonisation effort with the EU Life Long Learning vision, adult learning took a boost with the introduction of various training schemes by HRDA. Generally, co-funding from European Funds, ESF in particular, played an important role for funding adult learning in Cyprus from various training providers.

Generally, the HRDA is not a training provider itself, but it funds/subsidises training programmes implemented by public or private institutions and companies. Through its subsidisation policies, HRDA encourages training institutions to offer to the companies training packages that meet the current needs of the economy as a whole. On the other hand, individual companies can benefit from the HRDA funding schemes to receive specialised training interventions that meet their specific identified training needs.

- **Instruments targeting individuals**

Individuals may benefit from supply-side funded learning opportunities, based on funds collected by the HRDA. Generally speaking, individuals are not targeted by demand-side funding instruments with minor exceptions. Concerning paid training leave ([#346](#)) in the private sector, this is universally accepted either through sectoral collective agreements or through individual employer/employee agreements. In the case of public-sector employees, this training leave refers mainly to the acquisition of tertiary education academic qualifications.

- **Instruments targeting companies**

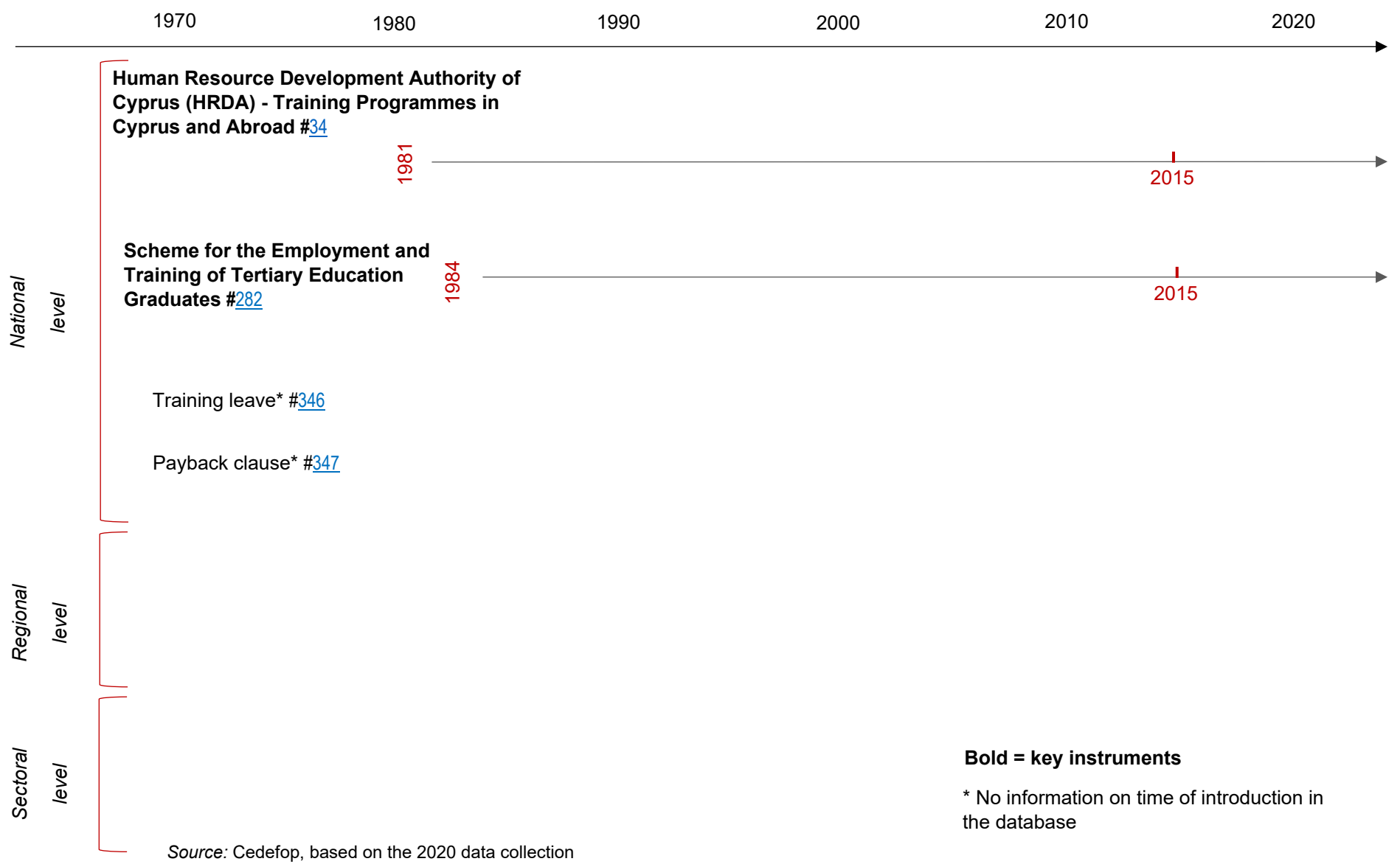
Companies can benefit from a number of demand-side schemes provided by the HRDA. Different schemes are implemented for specific target groups of employees of the supported companies. Subsidies are available for employers to train their staff ([#34](#)). These schemes may follow an in-house training approach or a combined approach of employment and training. Companies also receive subsidies to employ e.g. newly graduated tertiary students ([#282](#)). During their employment, specific training is provided to the employed individuals. In the case of the scheme established for newly graduated tertiary students the employer pays the graduate a minimum gross monthly wage of EUR 950. In return, the employer receives, a maximum monthly subsidy of EUR 1 100 from the HRDA for the six-month duration of the training programme. The exact amount of subsidy can reach 80% of the eligible expenses. These and other similar programmes are also utilised by companies that face difficulties in maintaining and employing their staff full time, achieving at the same time the upgrading of knowledge and skills, the acquisition of vocational qualifications and increase in productivity. In terms of payback clauses ([#347](#)), in Cyprus there is no law governing payback clause. Its effective implementation relies on labour practices often dictated by collective agreements or private agreements between individual employer and employee for incurred training costs covered by the employer.

Table 1. Overview of demand-side financing instruments in Cyprus by 2020

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals	Demand-side instruments targeting companies				
National level	High	Key instruments		<table border="1"> <tr> <td>Training funds</td> <td>Human Resource Development Authority of Cyprus (HRDA) - Training Programmes in Cyprus & Abroad #34</td> </tr> <tr> <td>Grants for companies</td> <td>Scheme for the Employment and Training of Tertiary Education Graduates #282</td> </tr> </table>	Training funds	Human Resource Development Authority of Cyprus (HRDA) - Training Programmes in Cyprus & Abroad #34	Grants for companies	Scheme for the Employment and Training of Tertiary Education Graduates #282
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Grants for companies	Scheme for the Employment and Training of Tertiary Education Graduates #282							
		Further instruments	<table border="1"> <tr> <td>Training leave</td> <td>Training leave #346</td> </tr> <tr> <td>Payback clause</td> <td>Payback clause #347</td> </tr> </table>	Training leave	Training leave #346	Payback clause	Payback clause #347	
Training leave	Training leave #346							
Payback clause	Payback clause #347							
Regional level	Moderate	Key instruments						
		Further instruments						
Sectoral level	Moderate	Key instruments						
		Further instruments						

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Cyprus until 2020



- **Statistics on volumes of funding and beneficiaries**

Table 2. Statistical data on volumes of funding and beneficiaries

ID	Name of the instrument	Year of reference	Volume of funding (EUR)	Year of reference	Beneficiaries (individuals)	Year of reference	Beneficiaries (companies)
34	Human Resource Development Authority of Cyprus (HRDA) - Training Programmes in Cyprus and Abroad	2019	33 437 993	2019	59 453	2019	4 986
282	Scheme for the Employment and Training of Tertiary Education Graduates	2019	33 437 993	2019	777	2019	583 ^e
346	Training Leave (No official Training Leave instrument exists)	Not applicable	Not applicable	2019	59 453	-	-

Source: Cedefop, 2020 data collection (^e = estimate)

Table 3. Short descriptions of the financing instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
34	Human Resource Development Authority of Cyprus (HRDA) - Training Programmes in Cyprus and Abroad	National	Key instrument	All companies in Cyprus, irrespective of their economic sector, are obliged to contribute a fixed share of their payroll costs (0.5%) to the HRDA Training Fund. In return, they may receive grants in the form of subsidies for approved training activities, such as (i) Single company Training programmes in Cyprus, and (ii) Single company training programmes abroad. These company grants are covered entirely by national sources. The actual amount of subsidy is not fixed and depends on a number of parameters whether the training is carried out in Cyprus or abroad. Co-funding can cover 80% of eligible costs. The instrument represents a specific funding intervention whereby companies receive grants to cover part of their training costs for local and overseas VET programmes, as well as for specific thematic funding programmes targeted towards unemployed individuals.
(2) Tax incentives for companies				
No tax incentives for companies are established.				
(3) Tax incentives for individuals				
No tax incentives for individuals are established.				
(4) Grants for companies				
282	Scheme for the Employment and Training of Tertiary Education Graduates	National	Key instrument	Companies receive a wage subsidy for employing newly graduated, inexperienced recruits to fill in critical vacancies. The graduates undergo a 6-month on-the-job training programme which is monitored by the HRDA. The companies must retain the graduates for a further 2 months-period before they can apply for subsidy (from HRDA). The subsidy covers the 6-month period of training. The employer is obliged to pay the graduate a minimum gross monthly salary of EUR 950. In return, the employer receives from HRDA, at the end of the eight (8) month retainment period, up to EUR 1 100 monthly subsidies for the six months duration of the training. The subsidy/grant is paid by HRDA entirely from its own HRDA fund (no co-funding from any source). The exact amount of subsidy can reach up to 80% of eligible costs which cover the graduate's and the supervisor's salary costs and any other training-related expenses. Graduates under the age of 30 who completed successfully a course of at least 3 years of study in a tertiary education establishment are eligible to participate in the programme provided they do not possess working experience of more than 8 months in the field of the prospective job. Graduates can only participate in the programme once. There are limits to the number of participants/per year in the scheme according to the size of the companies.
(5) Grants for individuals				
No grant for individuals is established.				
(6) Loans				
No loan incentive is established.				
(7) Training leaves				
346	Training leave	National	Further instrument	Training Leave or more specific Paid Training Leave is universally accepted as the normal practice for the cases where the employer asks employees to participate in a training activity. This is irrespective of whether

or not there is a relevant specific reference in the employment contract or (a brief mention) in the sectoral collective agreement. The employer then covers all the training expenses because it is generally accepted that it is the employer that will ultimately benefit from the additional knowledge and skills that the employees will acquire through the training process. In the case where the employee asks to participate in a training programme, for his/her own personal benefit, then he/she undertakes to pay all training expenses and lose wages for the duration of the programme (unpaid training leave). Unpaid leave is more common in cases where the employee wishes to obtain a higher tertiary education qualification or attend a scholarship. Paid training leave covers by far the large majority of training leave cases. In some sectors, collective agreements may mention superficially the training leave as a means for upgrading the skills and knowledge of the employees. These agreements never enter into a detailed description of the financial aspect of it since there is no fund to cover training leave, other than the employer himself/herself.

(8) Payback clauses

347	Payback clause	National	Further instrument	<p>The payback clause is not a primary type of financial instrument in Cyprus, hence it does not exist as an "official instrument or scheme". In the rare cases where a payback clause is implemented, it is governed by individual agreements, employment or otherwise, between employer and employee. There is no national law or national collective agreement to govern it. Training and training costs Repayment may be scantily referred to in some sectoral collective agreements without any details as to how it should be implemented. The amount of money to be paid back and the terms of repayment are mutually agreed upon between employer and employee prior to the provision of training. Almost in all cases, payback refers to scholarships where the training costs are rather high and not to cases of normal training activities (VET) of short duration where the costs per person are much lower.</p>
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