



# Case-study on Cyprus

Cedefop study “Training funds in the EU”

Online workshop, 2024-05-22



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# 1. Introduction – The context



## Scope

Implementation of policies to support the development of the Cypriot labour force.

## Status

**Semi-governmental** organisation

## History

Predecessor founded in **1974/1999** was renamed to HRDA.

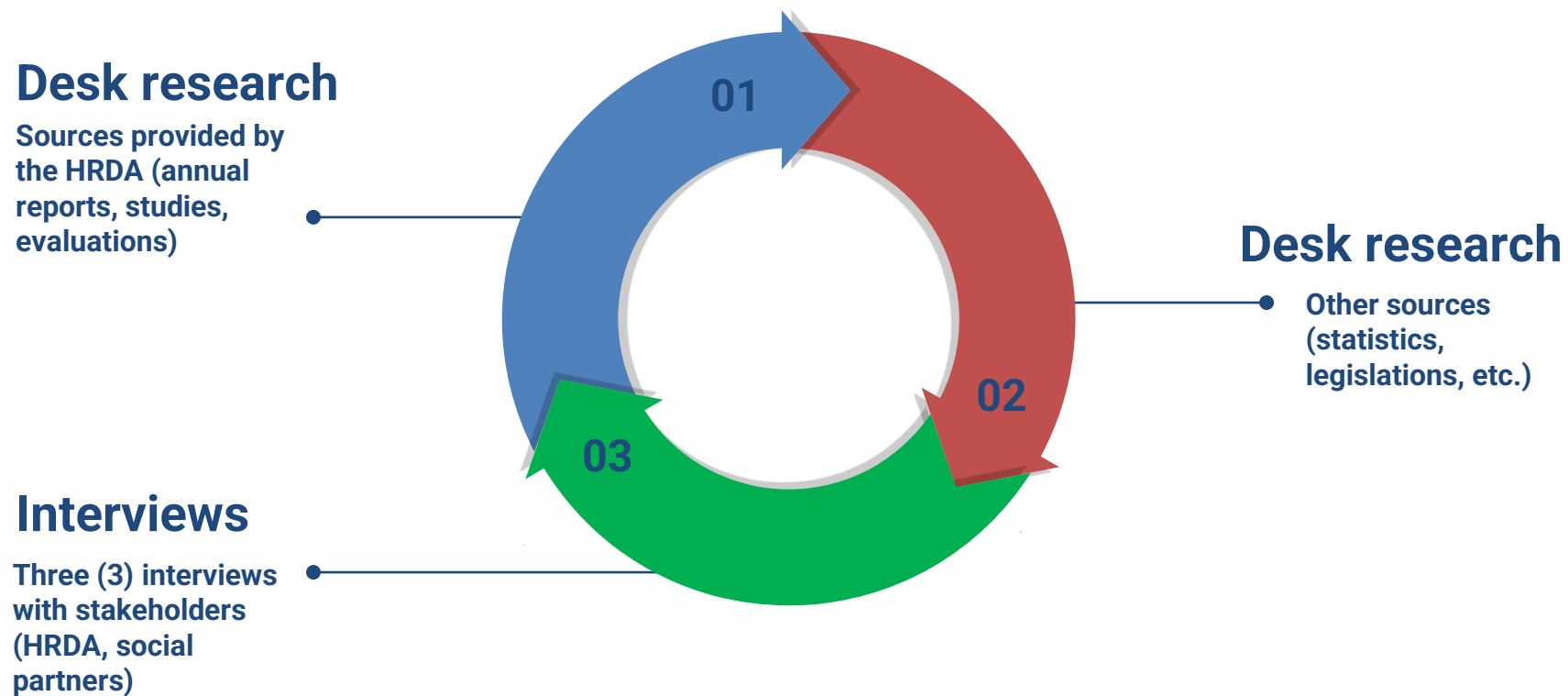
## Goals

The **systematic training** of the country's human resources.

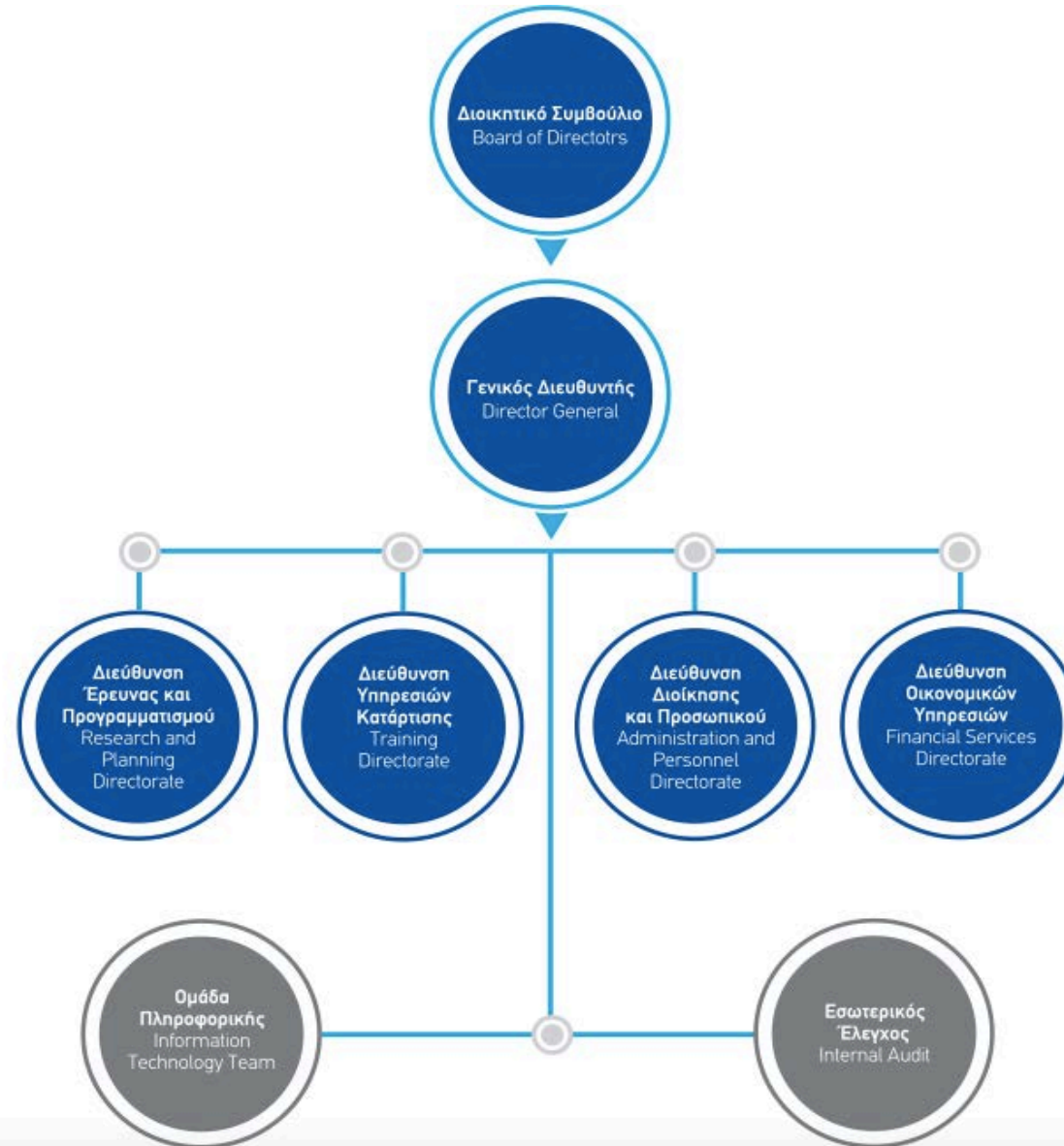
## Contribution

Since its establishment is operating on a **stable** base

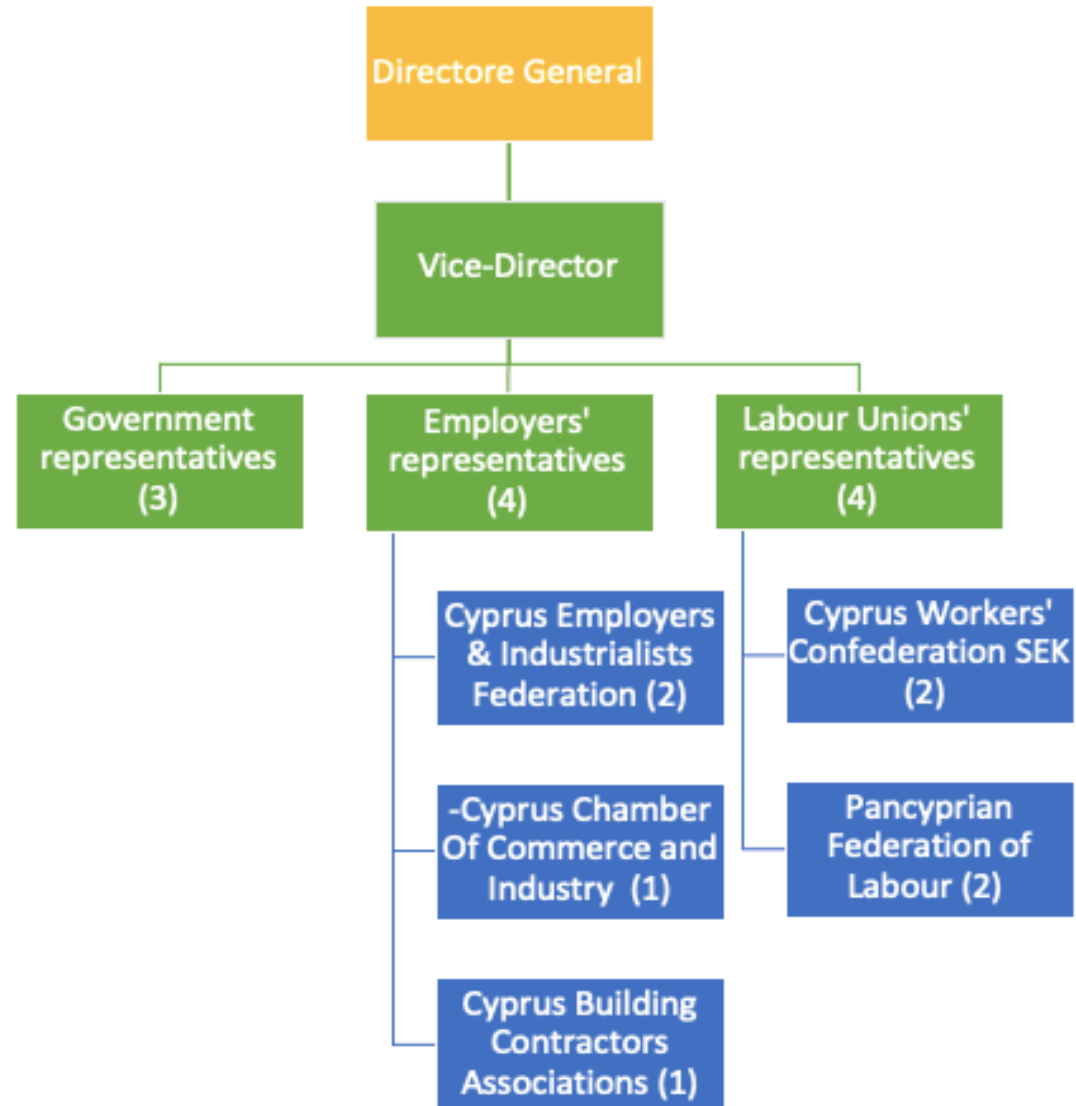
## 2. Methodology



# 3. Organisation



# 4. Governance and Social Partner involvement – The Board of Directors

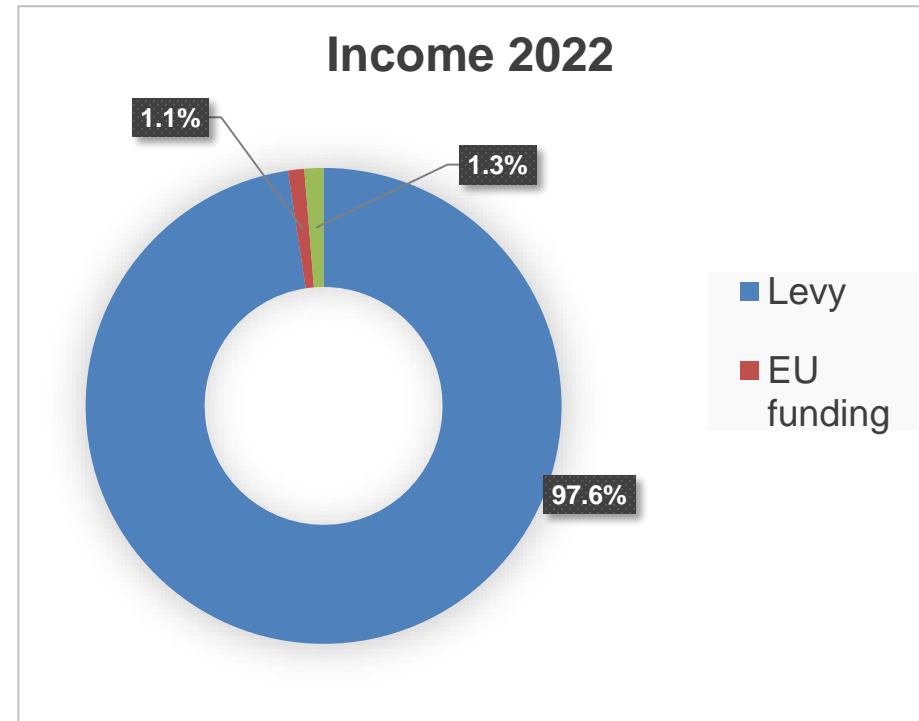


# 5. Funding

- The HRDA's main funding source is the HRDA **Levy**.
- The levy is **collected** via the Social Insurance Services (Ministry of Labour, Welfare, & Social Insurance) mechanism.
- A **secondary source** is funding from the European Union Funds.
- **+Other, limited sources** of income (bank interest, grants, donation, fines).

LEVY  
0,5%  
on payrolls

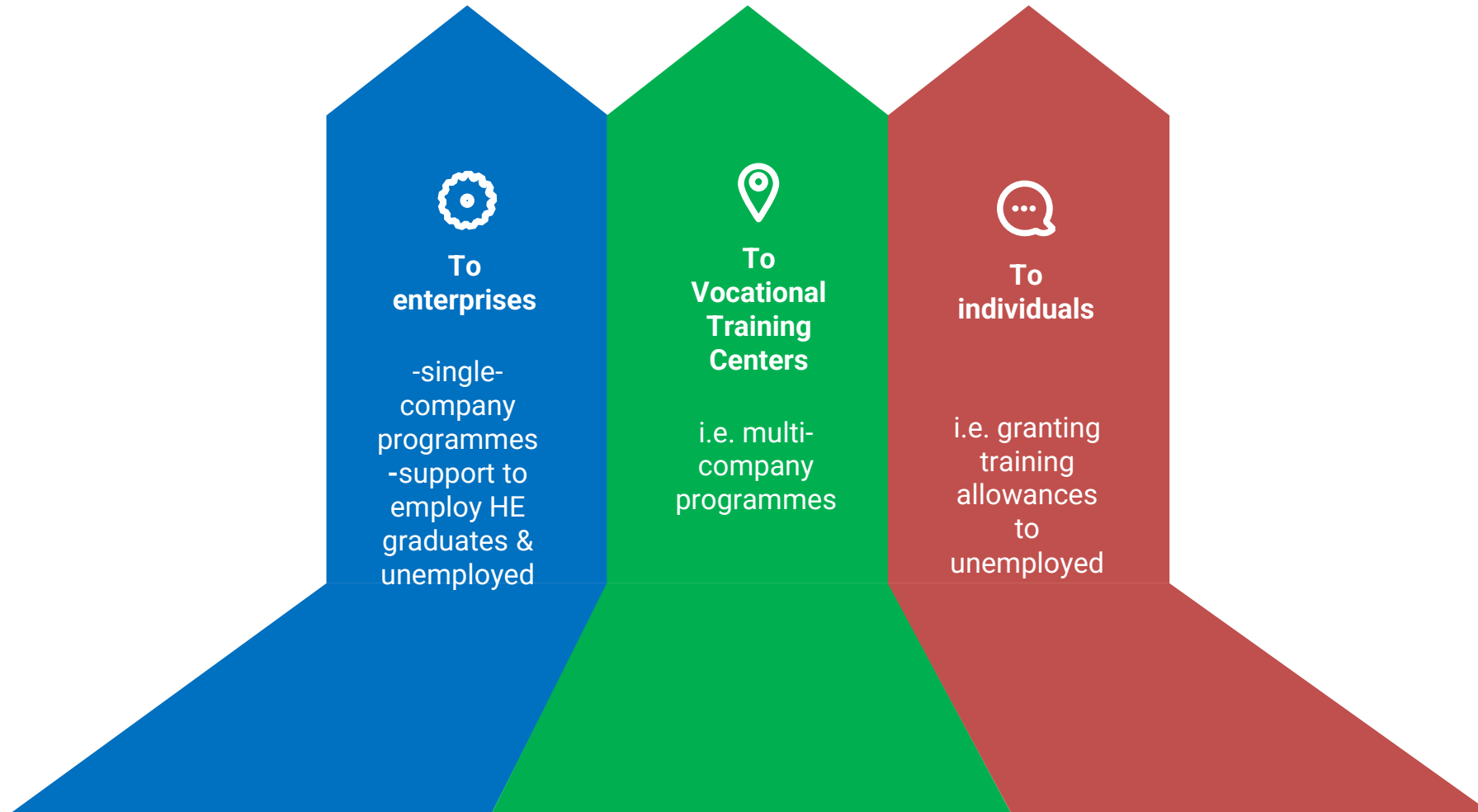
	2017	2018	2019	2020	2021
Levy (Mln)	27.6	30.2	32.5	30.2	33.4
Levy/total income	97,1%	98,1%	97,2%	97,4%	97.7%
EU Funding (mil.)	0.807	0.384	0.681	0.667	0.624
EU Funding/total income	2.8%	1.2%	2%	2.1%	1.8%



Source: HRDA Annual Reports 2012-2021

Source: HRDA Annual Report 2022

# 6. Funding Redistribution Paths



# 7. Structural support to enterprises and VTC





# 8. HRDA Training Fund against the backdrop of the analytical model

## Key Function A:

Constraining free riding of employers & incentivising training investments

Limited free riding → unified approach & equal treatment of all companies

## Key Function B:

Generating additional public/collective funds dedicated for CVET/skill formation

The income generated by the levy covers the demand for training (97-98%). Other income sources: om EU funding (i.e. ESF+) & NRRP

Key Function C: Employer-employee collective agreements on rights for training, cost sharing and rewards for skills/qualifications

Limited role in the negotiation between employers and employees  
Employers & employees are represented in the Board of Directors

Key Function D: Interest Intermediation and demand aggregation among employers and supporting tailored, high quality training

- Studies on strategic issues for the training and development of human resources
- Provision of the single-company scheme: customised training programmes
- Employers' Skills Survey (Ministry of Education)
- Internal evaluations

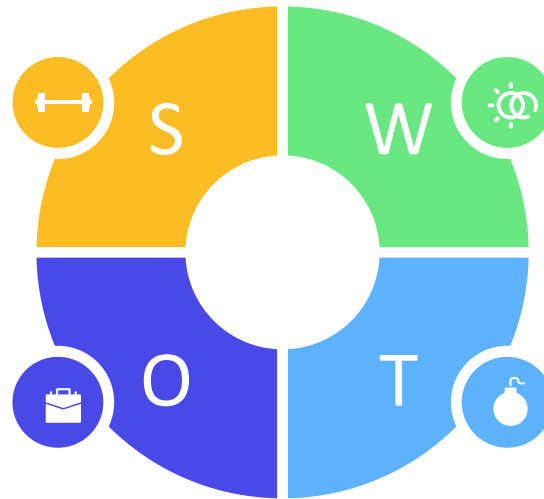
# 9. Strengths, Weaknesses, Opportunities and Threats (SWOT) of the Training Fund

## Strengths

- Well-established & stable mode of operation.
- Mode of governance safeguards consensus.
- Centralised nature → easier promotion of policies, reforms.
- Serves the needs of unemployed/inactive population.

## Opportunities

- Utilization of new tools to reinforce participation.
- More active role in as an intermediary.
- Inclusion of training regulations in sectoral collective agreements.



## Weaknesses

- Disparities in participating (companies' size).
- Participation relies on the willingness of companies/individuals.

## Threats

- The overall low participation.
- Levy collection bounded to companies' ability to pay their social insurance and levy obligations.

# 10. Concluding comments

- **Important role** in Cyprus' economic evolution, especially after the Turkish invasion, as the single national training fund.
- TF **serves the needs** of a significant part of enterprises and individuals.
- **Solid foundations** - well integrated into the economic framework of Cyprus - not linked to labour conflicts or disagreements.
- Challenge: relatively **low coverage (i.e. small-size enterprises)**.
- **Further investigation/studies** needed to offer a better understanding of the obstacles that hinder participation.
- **Online/distance learning** → useful for increasing participation.
- **Consultation** services to companies & individuals & awareness campaigns.
- HRDA → **a valuable organisation for the transition to the green and digital economy.**

# Thank you

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