Case-study on Cyprus

Cedefop study “Training funds in the EU”

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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

Desk research
Sources provided by the HRDA (annual reports, studies, evaluations)

Interviews
Three (3) interviews with stakeholders (HRDA, social partners)

Other sources
(statistics, legislations, etc.)
3. Organisation

Source: HRDA Annual Report 2022
4. Governance and Social Partner involvement – The Board of Directors

- Government representatives (3)
  - Cyprus Employers & Industrialists Federation (2)
  - Cyprus Chamber Of Commerce and Industry (1)
  - Cyprus Building Contractors Associations (1)
- Employers' representatives (4)
  - Cyprus Employers & Industrialists Federation (2)
- Labour Unions' representatives (4)
  - Cyprus Workers' Confederation SEK (2)
  - Pancyprian Federation of Labour (2)
• 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).

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| Source: HRDA Annual Reports 2012-2021 | Source: HRDA Annual Report 2022 |
6. Funding Redistribution Paths

- To enterprises
  - single-company programmes
  - support to employ HE graduates & unemployed

- To Vocational Training Centers
  - i.e. multi-company programmes

- To individuals
  - i.e. granting training allowances to unemployed
7. Structural support to enterprises and VTC

1. Conducting research & publishing reports on strategic issues related to human resource development

2. Conducting analysis of VET systems and infrastructure Counselling services

3. On-site checks of the implementation of training programmes to safeguard their quality

4. Development & implementation of certification/accreditation tools (System of Vocational Qualification & System for the Assessment and Accreditation of Training providers)
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.

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

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

**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