



Youth Guarantee country by country

Cyprus
March 2017

Table of Contents

Table of Contents	2
Introduction and context	3
Commission's assessment	4
EMCO's assessment	9
Previous year	10
2016	10

Introduction and context

The [Youth Guarantee](#) has become a reality across the EU. It has facilitated structural reforms and innovation in policy design across EU Member States.

This document provides extracts from official Commission documents on the implementation of the Youth Guarantee in Cyprus. It contains extracts from:

- The country report drawn by the Commission for Cyprus in the context of the [European Semester](#);
- The country profile extracted from the October 2016 report “The Youth Guarantee and the YEI three years on”;
- The conclusions of the thematic multilateral surveillance review of the [Employment Committee \(EMCO\)](#).

A section at the end of the document is devoted to the assessment made by the Commission the previous year.

Cyprus presented a Youth Guarantee Implementation Plan on 31 December 2013.

Cyprus is eligible for the [Youth Employment Initiative](#): it has an allocation of 11.57 million euros (in current prices). The plan covers the period of 2014-2016.

Commission's assessment

From the 2017 country report (EL - EN):

"Unemployment is decreasing but remains high, especially amongst young people and long-term unemployed. Unemployment fell from a peak of 16.5 % in 2014 to 13.2 % in the third quarter of 2016. This was driven by a gradual improvement in the job finding rate and a drop in the job separation rate. Youth and long-term unemployment rates have declined but remain high, at 29.9 % and 5.8 % respectively. [...] Recommendations related to the labour market were implemented through reforming wage indexation, measures to promote youth employment and improvements to the vocational education system."

"The proportion of young people not in employment, education, or training (NEETs) is decreasing but remains high. It amounted to 15.2 % in 2015 (15-24 age group) compared to 17 % in 2014, against an EU average of 12 %. The Ministry of Labour has started efforts to identify and reach out to non-registered unemployed young people and NEETs in coordination with the Ministry of Education and Culture (MoEC) and youth organisations. However, results are not yet available."

"Active labour market policies (ALMPs) are launched regularly, but without appropriate follow-up tools. The current list of ALMPs includes measures targeting long-term unemployed and youth (under the National Action Plan for Youth Employment). It also includes measures for other vulnerable groups, including persons with disabilities. However, the effectiveness of the ALMPs in addressing labour market needs is considered to be limited. This is due to their short time frame and frequently narrow scope, including the limited availability of training."

"Public employment services (PES) are not yet equipped to respond effectively in line with their strengthened role. The comprehensive plan for reforming PES, including launching a tender for the recruitment of additional staff, has been continuously delayed. Some PES reform measures have already started, e.g. joint actions with private employment services and the training of PES officers, while others are still in the pipeline. These measures are intended to meet labour market demand needs, provide individual counselling and single points of contact, and to assist the welfare reform programme, including activation of Guaranteed Minimum Income (GMI) recipients. The limited specialisation and functionalisation of PES services makes it difficult for them to fulfil all the requirements for implementing the Youth Guarantee and the Long Term Unemployment Initiative recommendations."

"The skills mismatch is a challenge for Cyprus and employment rates vary strongly in line with the level of education. For lower qualifications (ISCED 0-2 level) the employment rate was 55.5 % in 2015, only slightly above the EU average. For medium qualifications (ISCED 3-4) the rate was 69.4 % in 2015, this time slightly below the EU average. For higher qualifications (ISCED 5-8) it stood at 80.2 % in 2015, but below the EU average"

"Cyprus is among the countries with the highest proportion of tertiary graduates working in occupations sometimes considered as not requiring a university education. Notably, 35 % of tertiary graduates were in jobs classified under International Standard Classification of Occupations (ISCO) categories 4-9 (EU average: 23 %), considered by the International Labour Organisation (2007) as not requiring a tertiary degree. In practice this means that a large proportion of tertiary

graduates are working as clerical support workers or as service and sales workers. Here the potential of university education to contribute to productivity, technological innovation and growth may be weaker than if the graduates were working as managers, (associate) professionals or technicians."

"Early school leaving is generally decreasing but remains very high for foreign-born male students. The early school leaving rate decreased from 6.8 % in 2014 to 5.3 % in 2015, well below the EU average of 11.0 % in 2015. While native-born students have an early school leaving rate of only 3.1 %, the rate for foreign-born is 16.7% of which females account for 10.7 %, and males for 23.3 %. This gender gap of 12.6 pps for foreign-born individuals is much wider than the EU average (2.3 pps.)."

"Participation in vocational education and training (VET) in Cyprus is relatively low, pointing to potential scope for raising the relevance and attractiveness of VET systems. The strategic goals set out in the MoEC strategic plan for 2016-2018, the strategic plan for the system of technical and vocational education and training for 2015-2020 and the upgrade of the apprenticeships scheme aim to improve skills provision and reform the VET system. Some measures include (i) enhancement of the cooperation between secondary technical and vocational education (STVE) and businesses through social partner dialogue, (ii) promotion of practical training (industrial placement) of STVE pupils in industry, and (iii) increasing the percentage of time STVE pupils spend in industry for their practical training, introduced as of the 2016-2017 school year. The new apprenticeship scheme provides preparatory and core measures and develops about 40 specialisations based on the apprentices' demand, labour market needs and the readiness of organised employers to cooperate with the MoEC."

For further youth-related matters please refer to the country report.

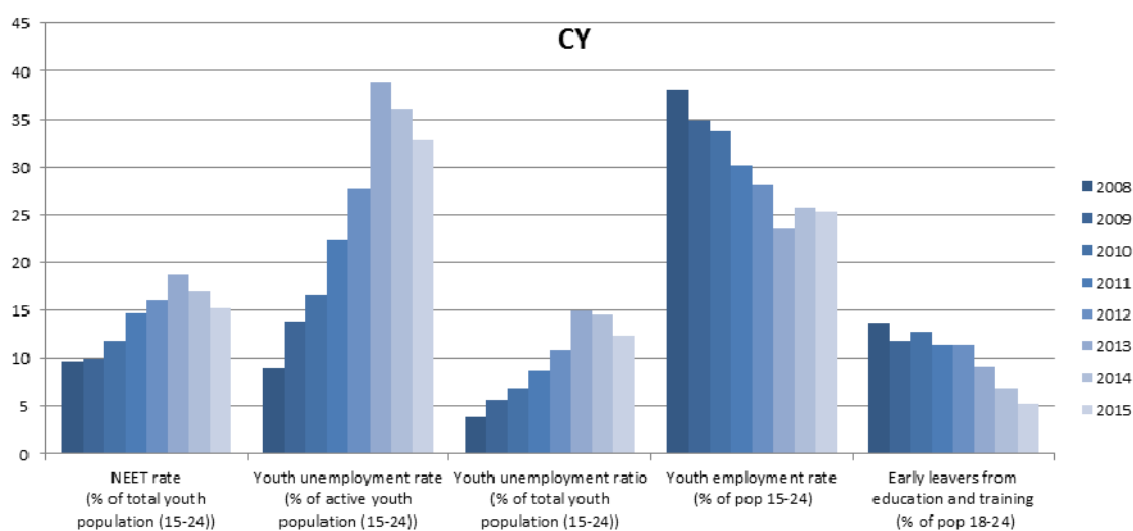
From the report "The Youth Guarantee and the YEI three years on"¹:

Country profile - CYPRUS

Key achievements: The implementation of the Youth Guarantee (YG) scheme has supported progress in the reform of Cyprus' active labour market policies and the reform of the VET system. Youth unemployment decreased by more than could have been expected given GDP growth.

Remaining challenges²: to strengthen PES capacity to deliver individualized counselling and vocational guidance services; to develop a more comprehensive outreach strategy to non-registered NEETs; to strengthen employer engagement in VET; to include measure for the validation of informal and non-formal learning. There is need for urgent implementation of the remaining YEI interventions and achieve targets, with particular emphasis on employer incentives to recruit young people.

1. Main trends in young people's labour market performance



Source: Eurostat, LFS

2. Youth Guarantee delivery

Cyprus presented a Youth Guarantee Implementation Plan in December 2013 covering the period 2014-2016. Implementation began in January 2014, targeting young people aged 15-24. Implementation is coordinated by the Ministry of Labour, Welfare, and Social Insurance, and delivered collaboratively with the PES, the Human Resource Development Authority, the Ministry of Energy, Commerce, Industry and Tourism, and the Ministry of Education and Culture. Young people can register through the PES local offices and the Cyprus Human Resources Development Authority.

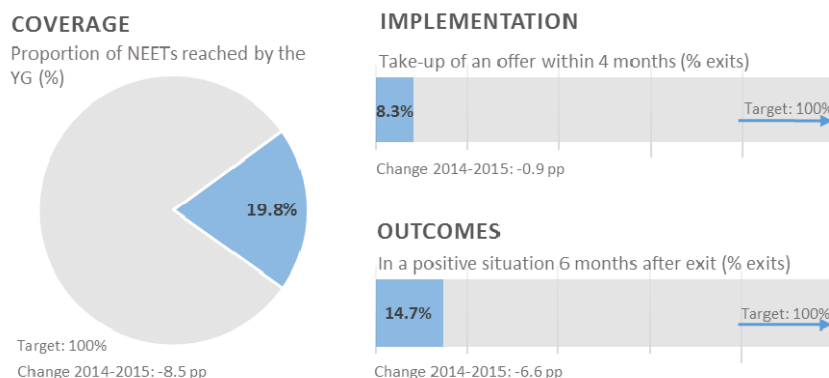
Key measures developed in support of YG implementation include: the restructuring of the Secondary Technical Education and Post-Secondary Vocational Education; the

¹ SWD(2016) 323 final

² For more detail, see <http://ec.europa.eu/social/main.jsp?catId=1161&langId=en&intPageId=3334>

reform of the School Priority Zones Activity; the reform of ALMPs with the use of a continuous monitoring and evaluation system, including a common database aimed at improving coordination and exchange of information between implementing bodies; partnerships with employers to meet labour demand; partnership with private employment services; enhanced services provided by the PES for youth (including individual counselling, profiling and single point of contacts) including the recruitment of new counsellors envisaged by the end of the year 2016.

YG monitoring data 2015



Results of YG monitoring for 2015 show that the Cypriot YG scheme reached less than one in five (19.8%) of all NEETs aged under 25, fewer than in 2014 (28.3%). Less than one in ten (8.3%) of those leaving the YG in 2015 took up an offer within 4 months of registration, marginally down from the previous year (7.4%). In practice, however, the real figure is likely to be higher – the destination of those leaving the YG within 4 months was unknown for two thirds (66.9%) of exits, a figure that includes a number of traineeships which have not yet been included in the known exits because of a possible risk of double counting. Follow-up data show that 14.7% of those leaving the YG in 2015 were known to be in employment, education or training 6 months later, though again the situation is unknown for a large majority (78.1%). Longer-term follow-up data for those leaving in 2014 indicate that outcomes that can be tracked are sustainable, with the proportion known to be in a positive situation remaining more or less the same after 6, 12 and 18 months (21.3%, 18.4% and 21.6% respectively).

3. Youth Employment Initiative (YEI) implementation

YEI allocation (euro): 11,572,101 matched by the same amount from the ESF.

Key data:

Number of persons in YEI-supported actions	1,500
Number of persons who completed a YEI operation	895
Number of persons in employment or education or training after end of the YEI support	293 (32.7%)
Total public financial allocation to YEI operations approved for funding (euro)	EUR 8,5 million

Eligible regions: the entire territory.

YEI programming: YEI is programmed as part of a priority axis dedicated to youth employment in the OP "Employment, Human Resources and Social Cohesion".

Key types of actions currently supported by YEI:

Cyprus began partly and gradually to implement measures under YEI in 2014. The first measure was the scheme for "Job Placement of Young Unemployed Graduates of Lower Secondary, Upper Secondary and Post-Secondary Education of up to 2 years for the Acquisition of Work Experience in Enterprises / Organisations", the total budget of which was EUR 8.5 million (total no of beneficiaries 895 persons). A second call of this scheme was issued in 2015, with a budget of EUR 4 million. The amount of EUR 12.5 million refers to the activation of the schemes (calls) and no final data is still available as to the actual cost of the schemes.

The following projects/ schemes are planned to be launched in 2016:

- a subsidy scheme providing financial incentives to employers for the employment of the unemployed young people less than 25 years old with a budget of EUR 4 million
- a measure for the improvement of the career guidance system with a budget of EUR 1.2 million
- a measure for enhancing entrepreneurial skills and start-ups, guidance to young unemployed people less than 25 years old with a budget of 0.3 million

Job Placement for youth

The YEI-supported scheme "Job Placement of Young Unemployed Graduates of Lower Secondary, Upper Secondary and Post-Secondary Education up to 2 years for the Acquisition of Work Experience in Enterprises / Organisations" (2014) had a budget of EUR 8.5 million and the target group (beneficiaries) was 2,500 young unemployed under the age of 25 with limited work experience. Through this scheme 1,150 applicants have been placed in suitable positions. Following an evaluation of the scheme carried out in September 2015 which demonstrated its effectiveness in terms of increased employability and labour market attachment, a second call has been published and is under implementation.

EMCO's assessment

Conclusions of the Employment Committee's multilateral surveillance review on youth employment, January 2017:

Data show that the youth labour market situation in Cyprus is improving but remains a significant challenge (youth unemployment and NEET rates are still high). A number of policy measures are being deployed, which go in the right direction. It seems that Cyprus is implementing a comprehensive approach to address the issue. Good connections and partnerships with other Ministries and social partners seem to be in place.

Concerning the design of specific measures, Cyprus took into account in the issue of deadweight effects and made efforts to prevent it. The continued follow-up by counsellors of subsidised young employed, even after the end of the subsidy, is a good practice.

Concerning the promotion of outreach activities, Cyprus is aware that outreach to NEETs remain a challenge and has put in place a relevant strategy, while the effects of disincentives to work are being monitored. However, structural challenges, such as PES capacity and the issue of skills mismatch remain.

Previous year

2016

From the 2016 country report (EL - EN):

"Youth unemployment is falling, but remains well above pre-crisis levels. At 32.6 % in September 2015³, it is significantly above the EU average (20.1 %). The youth unemployment rate (15-24) is more than double the overall unemployment rate⁴. Young people are also in a precarious situation in the labour market, as reflected by the very high share of involuntary temporary contracts among young people⁵.

The rate of young people not in education, employment or training (NEET) is historically high and above the EU average. It reached 17.1% in 2014 in the 15-24 age group. Unlike most EU countries, the NEET rate in Cyprus is positively correlated with educational attainment, as measured by the International Standard Classification of Education (ISCED) level⁶. In other words, the higher the educational level, the higher the incidence of NEETs."

"The reform of the system of active labour market policies is mostly progressing through the implementation of the Youth Guarantee (YG), as part of the national action plan for youth employment. The youth employment initiative in Cyprus covers about a third of young people. Additionally, a number of schemes financed by the European Social Fund and/or national funds have been launched to support employment among other social groups, including women, the long-term unemployed, the self-employed, social enterprises and other disadvantaged groups such as people with disabilities. The number of people expected to take part in employment programmes was 3 400 in 2015 (about 4.8 % of those unemployed and 0.8 % of the labour force in the first half of 2015). The projected figures for 2016 and 2017 are 15 500 and 8 000 respectively, the big increase in 2016 being due partly to the frontloading of actions in the context of the youth employment initiative, but also to delays in launching the schemes planned for 2015. The attractiveness of ALMP schemes being implemented varies considerably. Schemes placing young unemployed (people who have completed tertiary, secondary, and post-secondary education) in business and other organisations to give them work experience have had higher participation than others, such as subsidised employment in the retail sector. The preliminary assessment is that policy responses are not yet comprehensive enough. So far, there is no fully-fledged outreach strategy for non-registered NEETs. A comprehensive tool is gradually being used to monitor and evaluate the programmes, and the results from this assessment will be crucial in identifying further weaknesses.

Public Employment Services (PES) still lack the capacity to respond to carry out their extended tasks and meet higher demand for their services. While registrations in the public employment service rose by 55% from 2009 to March 2015, staff numbers expanded by less than 15 % during the same period, with the

³ Eurostat, Unemployment rate by sex and age groups - monthly average,% (une_rt_m)

⁴ 32.6% compared to 15.1% in Q3 2015; Eurostat, Unemployment rate by sex and age groups - quarterly average,% (une_rt_q).

⁵ 78.7% in 2014; Eurostat, Main reasons for temporary employment (15- 24) lfsa_etgar (reason 'could not find permanent job').

⁶ Incidence of NEETs rate by educational level and Member States (15-29 only) in 2013, Eurofound, 'The diversity of NEETs' - forthcoming.

proportion of staff dealing directly with the unemployed having fallen from about 73 % to 66 %. The measures set out in the Memorandum of Understanding (section 4.4.ii) to improve the capacity of the public employment service continue to be delayed. This affects service provision to all jobseekers, and especially the implementation of the Youth Guarantee and the recent long-term unemployment initiative. Public employment services' capacity for activation is further hampered by year-to-year fluctuations in active labour market policy budgets, which accounted for almost two thirds of spending by public employment service in 2015.

Delays in the strengthening public employment services (including structural changes) are holding back the reduction of the high youth and long-term unemployment rates. The package of measures planned to strengthen the public employment services is not yet in place."

"There is a fairly mixed picture as regards the performance of Cyprus' education and training system. Early school leaving has declined steadily in recent years and the tertiary attainment rate is one of the highest in the EU. However, while public expenditure on education as a share of GDP is amongst the highest in the EU, the quality of educational outcomes is insufficient, with an unsatisfactory performance in basic skills by students and young adults alike. Moreover, recent graduates have the lowest employability rates in the EU. Finally, the higher education system is responding sluggishly to the changing economic structure and adapting only slowly to future skills needs. This remains a major cause for concern."

"Important progress has been made with respect to early school leaving, but many socio-economic disparities persist. Cyprus has already reached its Europe 2020 national target on early school leaving and is continuing to make significant progress on tackling the issue. In 2014, the early school leaving rate was 6.8 %, compared with an EU average of 11.1 %, down from 12.7 % in 2010. However, this improvement masks significant disparities. Young Cypriot men are almost four times more likely to leave school prematurely (11.2 %) than young women (2.9 %), and the gender gap is widening. Foreign-born students have a much higher risk of dropping out of education (19.5 %) than those born in Cyprus (4.6 %)."

"Cyprus had one of the lowest participation rates in upper secondary vocational education and training (VET) in the EU. It came to 13.6 % in 2013, compared to the EU average of 48.9 %, with general education clearly predominating as a result. However, official national sources report a sizeable increase to 19% in 2014."

"As regards VET, the lack of employer engagement in the education of students is reflected in the weak component of work-based learning in schools. (...) In this context, the implementation of VET reform is still work in progress. The new modern apprenticeship (NMA) programme provides a learning pathway for young people, including those who have dropped out of formal education, but remains a rather unattractive option. Targeting a broader group of young people and expanding work-based learning provision at both secondary and tertiary levels remain major challenges. However, the setting-up and up-grading of post-secondary VET institutes (MIEEK) is a major step forward in attracting more students to this pathway."

For further youth-related matters please refer to the country report.

Conclusions of the thematic multilateral surveillance review of the Employment Committee, December 2015:

Cyprus faces important challenges with regards to youth unemployment which remains significantly above the EU average. The National Action Plan for Youth and its annex – the YG Implementation Plan – broadly address the challenges the young people are facing, and measures had a large number of beneficiaries. However, the current capacity of the PES is insufficient in terms of delivering individualized counselling and vocational guidance services. Some additional activities are planned to improve the situation. A more comprehensive outreach strategy to non-registered NEETs needs to be developed.

As regards the YG data collection, EMCO is looking forward to see follow up data on the sustainability of the offers.