



# Youth Guarantee country by country

*Cyprus*  
*May 2018*

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## 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 conclusions of the thematic multilateral surveillance review of the [Employment Committee \(EMCO\)](#).
- Results from the data collection on Youth Guarantee schemes.

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](#).

## Commission's assessment

From the 2018 country report (EL - EN):

**"Labour market is improving, but the situation of young people remains precarious.** The robust recovery resulted in growing number of jobs, a steady increase of the employment rate (from 69 % in 2016Q3 to 71.5 % in 2017Q3) and a rapid drop in the unemployment rate (from 13.2 % in 2016Q3 to 10.5 % in 2017Q3). However, the youth unemployment rate is high (25.1 % in 2017Q3) and many young people are not in employment, education, or training (NEET rate 16 % in 2016 for 15-24 years old see Box 4.3.1). While decreasing, long-term and very long-term unemployment rates are also above the EU averages".

**"The labour market is improving.** Employment is on the rise and unemployment is rapidly decreasing, even though it remains high among young people and the long-term unemployed. The capacity of the public employment services and activation measures are improving but are still sub-optimal. Outreach to young people not in employment, education or training is limited. Conditions of employment differ significantly between temporary and permanent contracts and between public and private sectors, pointing to segmentation of the labour market. The share of employees covered by collective bargaining is lower than the EU average."

**"The proportion of young people (15-24 years) not in employment, education, or training (NEET) remains one of the highest in the EU.** In 2016, it grew to 16 % (from 15.3 % in 2015), still significantly above the EU average of 11.6 %. The NEET rate for young people with tertiary education was 4.8 %, compared to EU average of 0.9% (see Graph 4.3.3). Contributing factors include lack of jobs for university graduates (two in five graduates work in jobs below their qualifications), low enrolment in VET and possibly undeclared work. The authorities try to address the situation through targeted counselling in schools and youth entrepreneurship schemes. Youth Guarantee monitoring led to estimates that only (23 %) of the NEET population was enrolled in relevant schemes in 2016. This is mainly due to the limited capacity of the Public Employment Services".

**"New ALMPs schemes were launched.** They target young people, long-term unemployed and other vulnerable groups, including recipients of the guaranteed minimum income (GMI), in line with the euro area recommendation (EAR) 3. Around 5000 unemployed people benefited in 2017. However, activation results were mixed: ALMPs targeting young people were more successful than those targeting vulnerable groups. Meanwhile, measures were taken to improve the ALMPs. A monitoring and evaluation tool for reporting the output and results of the ALMPs became operational in December 2017."

**"Tertiary educational attainment remains high but its labour market relevance is low.** At 53.4 %, the overall rate of tertiary attainment is one of the highest in the EU and has far surpassed the national target of 46 %, but for the foreign-born students the figure is only 37.3 % (all data for 2016). While the employment level for recent tertiary graduates has risen since 2015 at 76.4 %, it remains below the EU average of 82.8 %. The skills mismatch in tertiary education (ISCED 5 or 6) remains one of the highest in the EU (41.2 %) (European Commission, 2017a). To establish closer links to the labour market new legislation has been tabled to facilitate the commercialisation of public universities' research results. The first

graduates of the University of Cyprus Medical School (established in 2013) and of the Maritime Academy (2015) will enter the labour market in 2019."

**"The rate of early school leaving (ESL) remains below the EU average, but it rose significantly in 2016 (by 2.4 pps in 2016 to 7.6 %).** The problem affects boys: 11.4 % of boys left school early in 2016, compared to 4.3 % of girls. Also, the early school leaving rate of 18.2 % for students with a migrant background contrasts sharply with that of 4.6 % for native-born students. To prevent school failure, the 'actions for social and school inclusion' programme, which supports disadvantaged students at all levels of education, has been extended to 96 schools and now covers 15 % of the student population (Pandeia news, 2017)."

**"Participation in vocational education and training (VET) remains far below the EU average, despite favourable employment prospects for VET graduates.** The proportion of upper secondary students (ISCED 3) in VET in Cyprus increased slightly in 2015 to 15.6 %, but remains far below the EU average of 47.3 %. Participation levels are expected to increase in the coming years with the creation of new technical schools. The employment rate for VET graduates has risen by 17.1 pps since 2014 and stands at 72 %, which is still below the EU average (75 %) but slightly above the total employment rate for Cyprus (71 %). Measures to ensure skills relevance in the VET sector include tracking graduates on placement schemes, and cooperation with industry on curriculum development."

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

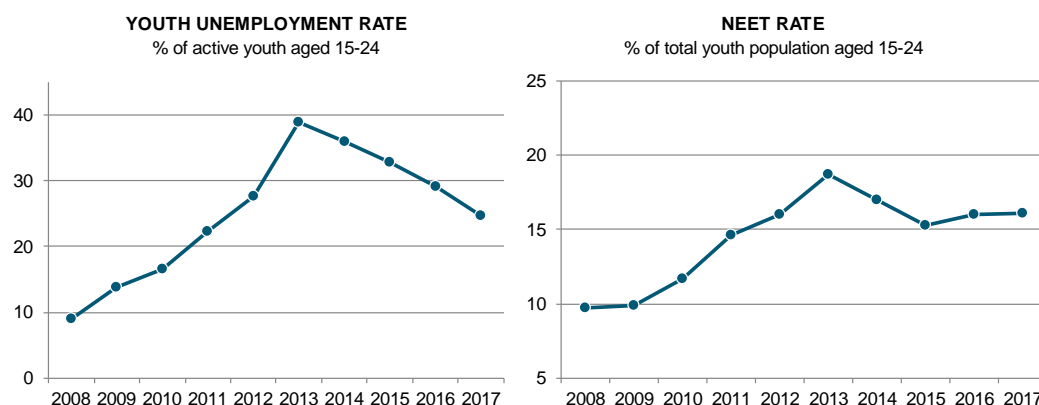
## **EMCO's assessment**

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

Overall the labour market situation of young people in Cyprus is improving, with the youth unemployment rate falling notably. However, important challenges still remain, with youth unemployment and NEET rates significantly above the EU average. The inclusive approach to the implementation of the Youth Guarantee, including vocational guidance services, should be praised, but deepening coordination will be crucial for its successful implementation. Outreach is still a challenge which requires a comprehensive strategy. The capacity of Public Employment Services has been considered insufficient. The hiring of additional PES staff, who will be in place in early 2018, and the restructuring of PES procedures, are promising steps towards improving the quality of services and delivering individualized counselling. Plans to monitor and evaluate results should also be put into effect to help increase the quality and timeliness of offers to young NEETs.

## Youth Guarantee monitoring – Key data<sup>1</sup>

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



Source: Eurostat, LFS (une\_rt\_a, ifsi\_neet\_a)

### 2. Youth Guarantee delivery

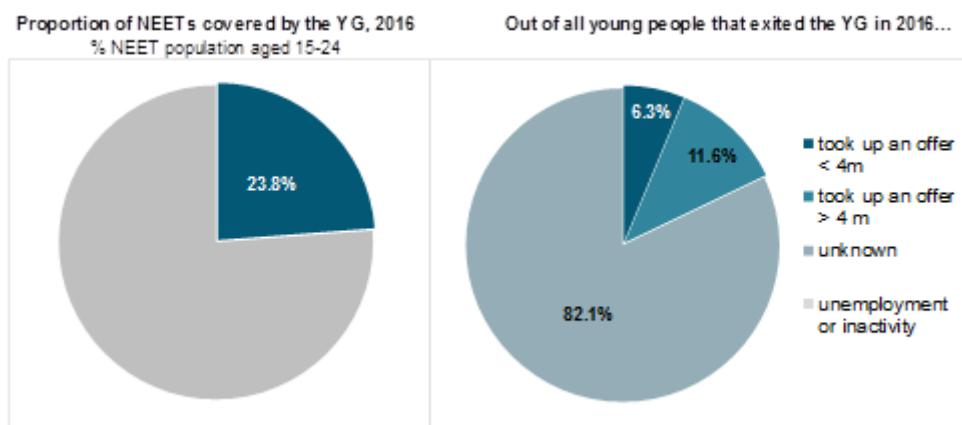
Cyprus presented its Youth Guarantee Implementation Plan at the end of December 2013, though it has not been made available on line. Subsequently, the Ministry of Labour, Welfare and Social Insurance, drafted a National Action Plan (NAP) for youth, including a list of YG measures.

The NAP was approved by the Council of Ministers in December 2014, and has been communicated to DG EMPL. The action plan foresees a sequential approach starting with low-intensity services, followed by more intensive individualised services, followed by intensive treatment for those that cannot be placed during the previous stages.

Further information is available in the [National Action Plan \(NAP\)](#) for youth.

<sup>1</sup> The information below is taken from the country fiche related to the Youth Guarantee Data collection (full results can be found on <http://ec.europa.eu/social/main.jsp?catId=1143&langId=en#YGIF>).

## YG monitoring data 2016



Source: DG EMPL, YG monitoring database 2016

YG monitoring system still in development.

Only 6.3% of those leaving the YG in 2016 are known to have taken up an offer within 4 months of registration, though the result is understated and of little real value as most destinations were unknown (76.4% of exits within 4 months).

On average during 2016, the Cypriot YG scheme covered less than a quarter (23.8%) of all NEETs aged under 25.

### Additional information

Only 14.1% of those leaving the YG in 2016 were known to be in a positive situation (employment or traineeships) 6 months after leaving. Again, this result is significantly understated as the large majority could not be tracked (84.0%).

Almost half (46.3%) of those registered in the YG scheme at any point during 2015 had been waiting for an offer for more than 4 months, a significant increase on previous years (23.3% in 2014 and 33.7% in 2015).

## Previous year

### 2017

#### 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.

### **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.

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## **Link to further information**

### **Youth Guarantee Database - Promising examples**

<http://ec.europa.eu/social/main.jsp?catId=1327&langId=en>

### **Where to register for the Youth Guarantee?**

<http://ec.europa.eu/social/main.jsp?catId=1218&langId=en>

### **National Youth Guarantee Website**

<http://www.youthguarantee.org.cy/>

### **Youth Wiki Cyprus**

<https://eacea.ec.europa.eu/national-policies/en/content/youthwiki/overview-cyprus>

### **National Action Plan for Youth**

<http://www.structuralfunds.org.cy/uploadfiles/e-Library/NationalActionPlan-for-YouthEmployment.pdf>