

**MUTUAL LEARNING PROGRAMME:  
PEER COUNTRY COMMENTS PAPER - CYPRUS**

The contribution of the Apprenticeship Scheme  
in addressing early school leaving in Cyprus

Peer Review on “Project Learning for Young Adults: A social integration programme helping young people back into work and education”

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# 1 LABOUR MARKET SITUATION IN THE PEER COUNTRY

*This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on Cyprus's comments on the policy example of the Host Country for the Peer Review. For information on the policy example, please refer to the Host Country Discussion Paper.*

Unemployment in Cyprus remains very low, though young people are disproportionately represented within the unemployed population. Despite this, youth unemployment in Cyprus is still the third lowest in the Euro area. The highest level of youth unemployment is among higher education graduates. Recent Eurostat data indicates that youth unemployment increased by 2 percentage points in Cyprus during the first quarter of 2009 (in comparison with the same period of 2008) and was recorded at 11.1 %. This figure for Cyprus was the fifth lowest of the EU-27<sup>1</sup> and the third lowest among the euro area countries and was comparable to Slovenia's youth unemployment rate of 12%.

In relation to gender, the unemployment rate for young men in Cyprus stood at 10.8% whereas the figure for young women was 11.3%.

A recent survey indicates that the majority of the young unemployed in Cyprus are only unemployed short-term: 31% have been unemployed for more than six months and only 11% more than one year<sup>2</sup>. Still, the fact that the youth unemployment rate hovers around 10% (compared to an overall unemployment rate of around 4%) demands attention, despite or indeed because of the overall positive labour market situation in Cyprus.

When the annual data for the years 2000 to 2007, included in the Cyprus NRP 2008-2010 (see Table 1 below) is considered, it becomes apparent that youth unemployment has increased from 10.2 % in 2007, to 11.1% during the first quarter of 2009, which indicates a possible negative impact of the economic crisis on youth unemployment.

GDP growth in Cyprus had been very solid at 3.8% up until 2008. However, the real GDP growth during the second quarter of 2009 was negative and estimated at -1.1% over the corresponding quarter of 2008. The seasonally adjusted GDP growth rate in real terms was estimated at -0.7%<sup>3</sup>. The contraction of the economy during the second quarter of 2009 is mainly attributed to the very negative growth rates observed in hotels and restaurants as well as the negative performance of manufacturing, construction, trade and transport. The financial services sector, as well as the wider services sector (including the public sector), continue to record positive growth rates but at a decelerating rate.

Labour market participation among young people aged 15-24 (38%) is not significantly different from that observed in other EU countries. There are two rather specific factors in Cyprus: the two years of obligatory military service among men aged 18 and high levels of educational attainment among Cypriot youth.

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<sup>1</sup> According to Eurostat data, during the first quarter of 2009, the seasonally adjusted unemployment rate in the EU27 for those aged 15-24 was 18.3%, significantly higher than the total unemployment rate of 8.2%. In the euro area (EA16), the youth unemployment rate was 18.4% and the total unemployment rate was 8.8%.

<sup>2</sup> Study on the Development of Targeted Programs for Unemployed Youth in Cyprus, ICCR International (Institute of Social Innovation), 2008

<sup>3</sup> Cyprus Statistical Service

**Table 1: Cyprus key indicators 2000-2007**

YEAR	2000	2001	2002	2003	2004	2005	2006	2007	EU-27 in 2007
<b>Unemployment rate (%)</b>	5.0	4.0	3.3	4.1	4.7	5.3	4.5	3.9	7.1
<b>Men (%)</b>	3.2	2.6	2.6	3.8	3.5	4.3	3.9	3.4	6.5
<b>Women (%)</b>	7.3	5.7	4.2	4.6	6.2	6.5	5.4	4.6	7.8
<b>Youth Unemployment (%)</b>	10.2	8.2	7.7	8.9	10.7	13.9	10.0	10.2	15.5
<b>Men (%)</b>	6.7	6.0	8.0	9.0	9.3	13.2	8.9	11.0	15.2
<b>Women (%)</b>	13.3	10.2	7.6	8.8	12.2	14.7	11.1	9.4	15.8
<b>Early school Leavers (%)</b>	18.5	17.9	15.9	17.4	20.6	18.2	16.0	12.6	14.8

Source: NRP 2008-2010

In Cyprus, there is enormous commitment to participation and achievement in formal education. The problems that young people face in the Cyprus labour market are often of over-qualification and under-employment. There is far less unemployment among young people who do not pursue university education and opt instead for vocational education as a path into the labour market. However, pursuing technical vocational education and training is still not perceived as an attractive option in Cypriot society.

The NRP 2008-2010 summarises the progress that has been achieved in Cyprus between 2005 and 2008, as follows:

- The ratio of early school leavers decreased from 18.2% in 2005 to 16% in 2006 and dropped to 12.6% in 2007; this is lower than the EU27 average of 14.8%.
- The percentage of people aged 20-24 that have completed the Lyceum (upper secondary education) continued to increase from 80.4% in 2005 to 83.7% in 2006 and reached 85.8% in 2007; which is well above the EU27 average of 78.1%. This is also above the European Employment Strategy (EES) target for youth attainment of 85% by 2010.
- With respect to employment indicators, Cyprus has exceeded all the targets set by the Lisbon Strategy for 2010 and in some cases exceeded even the more ambitious national targets. Thus, youth unemployment dropped from 13.9% in 2005 to 10% in 2006 and reached 10.2% in 2007, well below the EU27 of 15.5%.

According to the NRP the indicators show that education in Cyprus is strong on many fronts, but has room for improvement, especially with regards to facilitating access to initial vocational secondary and higher education and increasing the attractiveness of technical / vocational education and the apprenticeship scheme. Furthermore, additional efforts are required to increase participation rates in training and lifelong learning and to reduce the number of early school leavers. The incidence of early school leaving is more common among men and male early school leavers are also more affected by unemployment.

## 2 ASSESSMENT OF THE POLICY MEASURE

The following measures are in place to tackle youth unemployment, as described in the Cyprus National Reform Plan 2008-2010:

- The **modernization of the Public Employment Services** aims to offer an individualised approach to all vulnerable groups including young unemployed people.
- **Building Employment Pathways for Young People** aims to offer training (including computer skills) to enhance the employability of young secondary education school graduates and young unemployed people in particular.
- **Scheme for Youth Entrepreneurship** is part of the structural funds programming period 2007-2013. The Scheme offers incentives in the form of financial subsidies and training on entrepreneurship to support the creation of new, viable, very small enterprises by young people. Particular emphasis is placed on the exploitation of new technologies, the use of innovative methods of production and promotion of products and services and the development of the environmental sector. Subsidies of up to EUR 50 000 - EUR 70 000 will be offered per enterprise.
- Four **new universities**, which began operations in September 2007, are increasing both their intake and the number of programmes offered, thus increasing the chances of young people to participate in higher education.

Apart from the measures outlined above dealing with youth unemployment in general, the following measures target early school leavers in particular:

- An **Evening Technical and Vocational School** operates as a second chance school for the people who do not hold a leaving certificate from a secondary education school.
- A key measure offered to unemployed low-skilled young persons is the **Accelerated Vocational Training Programmes**. These are offered to young people and target both individuals who have completed secondary education and early school leavers. The programmes are offered on an annual on-going basis (in the context of the Promotion of Modern and Flexible Forms of Employment for vulnerable groups of the population with low levels of participation in the labour market). The training programme includes classroom training and workshop training lasting over 16 weeks, followed by work-based learning. The specializations offered are determined on the basis of labour market needs.
- Another key measure is the **Apprenticeship scheme (A-Scheme)**, which is part of non-formal education in Cyprus. Pupils who discontinue their attendance of secondary education have the option to attend the A-Scheme, which has been in operation since 1963. Two ministries are responsible for the administration of the Scheme: the Ministry of Labour and Social Insurance (MLSI), and the Ministry of Education and Culture (MLC). Pupils must be at least fourteen years old to be admitted in the scheme and must not be over eighteen at the time of graduation. The A-Scheme study programs provide alternating practical and theoretical training, over two years. Practical training takes place in firms, for three days per week, where apprentices are remunerated by their employer. Theoretical training is provided at Technical Schools for two days per week. The Human Resource Development Authority (HRDA) subsidizes employers for wages paid to apprentices during the two days per week when they attend classes at Technical Schools. The Apprenticeship Council, where representatives of employers and employees participate, evaluates the developments in the scheme during the previous year, takes decisions with regard to the specializations that will be offered during the following year. In the context of the Educational Reform, the A-Scheme is being redesigned, in order to provide young people an alternative education pathway, and at the same time meet labour market needs. The A-Scheme was facing challenges, the most important of which has been the drastic decline in the number of apprentices registering in the Scheme over the past few years.
- The reformed **New Modern Apprenticeship Scheme (NMA-Scheme)**, is currently in the process of being implemented and will gradually replace the A-Scheme. The NMA-

Scheme is targeted at young people between the ages of 14 and 25, and provides a learning pathway for those who have left the education system early (drop-outs), before completing either lower secondary or upper secondary education. The NMA-Scheme will enable early school leavers to upgrade their skills and become more employable, allowing them to progress in their careers. The aim is also to recognise and accredit their skills so that they can be used in the labour market and/or to give apprentices the opportunity to continue with their education after their apprenticeship ends. As the NMA-Scheme is not yet fully implemented, the existing A-scheme has undergone some improvements, which will continue to apply to the NMA-Scheme. These involve: introducing an incentive scheme for employers who recruit apprentices in order to subsidise the wages of internal trainers responsible for apprentices so as to raise the quality of in-company training; increased remuneration of supervisors who supervise apprentices outside normal working hours; and the introduction of health and safety training programmes for apprentices and their trainers in Technical Schools. All of these measures will improve the system.

In addition to the common target group (vulnerable young people, often facing multiple problems), there are some other aspects of the Slovenian Project Learning for Young Adults (PLYA) policy that are similar to the A-Scheme of Cyprus. In particular, both measures follow similar aims and are jointly managed by more than one administrative body. More specifically:

- a) As mentioned previously, the three broad aims of PLYA are also shared by Cyprus' A-Scheme. The NMA-Scheme also has three aims which are similar to the Slovenian PLYA measure, namely, (i) to increase the supply of labour of people qualified to meet labour market needs, (ii) to ensure mobility between education, apprenticeships and employment and (iii) to minimise the risk of social exclusion. Thus, similar to PLYA, the NMA-Scheme aims to help young people to go back into formal education, to assist with their social inclusion and to help with their labour market integration.
- b) Another similarity is that the administration of the A-Scheme in Cyprus is shared between two institutions. This could be comparable to the way the PLYA is co-funded by the Ministry of Education and Sports, the MLSI, and by local authorities, which implies that all these bodies are involved in administering the PLYA. In Cyprus, two public bodies are responsible for administering the A-Scheme: the Productivity Centre of the MLSI and the MLC. This is currently causing some coordination problems, because the tasks and responsibilities are not clearly divided between the two bodies. This challenge is being addressed in the context of ongoing reform and the upcoming introduction of the NMA-Scheme. Hence, the NMA-Scheme foresees that the Productivity Centre of the MLSI will be solely responsible for the administration of the Scheme, while the MLC will be responsible for the Scheme's educational and content issues. This new division of responsibilities will be re-examined after the implementation of the new scheme.

Despite the similarities between the PLYA and the NMA-Scheme, there are certain significant aspects that are different between the two. Notably:

- a) Local communities do not participate in the NMA-Scheme as much as they appear to do so in the PLYA. This is largely due to scale and capacity limits, since the size, budgets, and staff capacities of local authorities are often too small to allow for this. However, finding ways to involve the local communities more in the NMA-Scheme would be useful.
- b) PLYA relies on mentors who accompany young people and offer support and guidance, whereas the NMA still relies on 'teachers' in the more traditional sense. The peer country would find involving mentors valuable, because of the fact that the young people persons who drop out of school in Cyprus usually face multiple problems and require more integrated treatment in order to deal with all of their problems.

### 3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

It appears that the Slovenian scheme might be transferable to Cyprus. For example, a PLYA-type approach could be used as a preparatory phase before young people enter into the apprenticeship scheme. This could help to bring young people up to speed and cover any gaps in social skills and in basic education they may have before they start their actual apprenticeship. Certain changes would have to be made to render the transfer of such an initiative from Slovenia to Cyprus successful. Factors that might contribute to a successful transfer could include the following:

- a) The use of mentors (as opposed to 'traditional' teachers and trainers) who possess pedagogical skills and are experienced in problem solving to help support beneficiaries in tackling the wider problems they face (not just focusing on increasing their levels of skills) and to help make them more employable, as well as helping them to deal with other problems they may be experiencing (exclusion, drug-related problems, family problems etc.).
- b) Given that many school leavers in Cyprus come from disadvantaged backgrounds and may be facing multiple problems, beneficiaries should be supported both within the learning environment and more comprehensively. Wider support mechanisms should be created to accompany these young people in other aspects of their daily life.
- c) The training programmes should be tailored to address labour market needs.
- d) The training environment and the training infrastructure should be appropriate for attracting young people and for keeping them in training programs throughout their duration.

Apart from fine-tuning the above points, the following changes might make the PLYA initiative more transferable to the Cyprus context:

- a) The duration of the programme would have to be longer than one year, in order to offer beneficiaries realistic chances to find employment after their participation in the programme.
- b) The programme would have to be administered by one public body. Coordination of the A-Scheme being dispersed between more bodies has proved to be problematic in Cyprus. Hence, the PLYA formula whereby two Ministries and local authorities participate with one third of the funds could also prove problematic in Cyprus. It would be good to find ways to better involve local authorities in Cyprus in the labour market integration of young people. However, due to the small size of the country, it has not always been efficient for the local authorities to be closely involved in such initiatives, as many local authorities lack the critical mass and capacity to undertake such roles.
- c) Some form of accreditation of the qualifications gained would be a crucial change to transfer such a measure to Cyprus, so that it would be recognised by employers. If it were non-accredited, it would make it more difficult for young people to reap the benefits of participation in a programme like the PLYA.

## 4 QUESTIONS

- How are young people reached and how are they recruited for the PLYA?
- What is the role of mentors? How are difficult and sensitive situations handled, given that some participants may be coming from very disadvantaged backgrounds with multiple problems? Are there additional mechanisms to deal with more complicated problems such as violence or drug use at school?
- Is there a mechanism for the accreditation of qualifications gained during participation in PLYA?
- More details on the involvement of local actors, the social partners and parents in the programme.
- More details on infrastructure and equipment necessary.

## ANNEX 1: SUMMARY TABLE

<b>Labour market situation in the Peer Country</b>
<ul style="list-style-type: none"> <li>• Unemployment in Cyprus remains very low (total unemployment rate around 4%).</li> <li>• Young people are disproportionately represented within the unemployed population (the youth unemployment rate increased from 9% in 2008 to 11.1% in the first quarter of 2009). Despite this, Cyprus' youth unemployment is still the third lowest in the Euro area.</li> <li>• The ratio of early school leavers decreased from 18.2% in 2005 to 16% in 2006 and dropped to 12.6% in 2007, being lower than the EU27 average of 14.8%.</li> <li>• Education in Cyprus is strong on many fronts, but has room for improvement – specifically to further reduce the rate of school leavers and to increase the attractiveness of technical / vocational education and of the apprenticeship scheme.</li> </ul>
<b>Assessment of the policy measure</b>
<ul style="list-style-type: none"> <li>• The Apprenticeship Scheme is the main initiative promoting the reinsertion of young people in education, as well as the social inclusion and labour market integration of early school leavers in Cyprus.</li> <li>• Certain aspects of the scheme have been considered outdated in the past and the scheme has seen declining participation in recent years. Cyprus has now redesigned the initiative, upgrading it and introducing many improvements. The redesigned New Modern Apprenticeship Scheme is currently in the process of being implemented.</li> <li>• The PLYA measure presents interest in terms of the involvement of local communities in the scheme and in terms of the Inspiring is use of mentors who accompany young people offering support and guidance on many levels.</li> </ul>
<b>Assessment of success factors and transferability</b>
<p>Success factors that can be transferred include:</p> <ul style="list-style-type: none"> <li>• Use of mentors (as opposed to the use of 'traditional' teachers and trainers),</li> <li>• Use of support mechanisms to accompany young people from disadvantaged background in their learning environment in other areas of their life,</li> <li>• Training programmes tailored to labour market needs,</li> <li>• Existence of appropriate training environment and training infrastructure,</li> <li>• Duration of the programme needs to be longer than one year, in order to enhance the employability of beneficiaries.</li> </ul>
<b>Questions</b>
<ul style="list-style-type: none"> <li>• How are young people reached and how are they recruited for the PLYA?</li> <li>• How are difficult and sensitive situations handled, given that some participants may be coming from very disadvantaged backgrounds with multiple problems? Is there a mechanism for the accreditation of qualifications gained during participation in the PLYA?</li> <li>• More details on the involvement of local actors, the social partners and parents in the programme.</li> <li>• More details on infrastructure and equipment necessary.</li> </ul>