



MINISTRY OF FINANCE

LABOUR
MARKET
BULLETIN

Q1
2022



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1. LABOUR SUPPLY

Employment

In the 1st quarter of 2022 labour supply in persons as estimated by the labour force denoted an increase by 0.2% or 1094 persons in relation to the previous quarter.

The **seasonally adjusted (SA) employment** in persons increased in 2022Q1 by 0,6 p.p compared with the previous quarter (Figure 1).

Employment in the public sector in the 1st quarter of 2022 increased around 840 persons compared with the

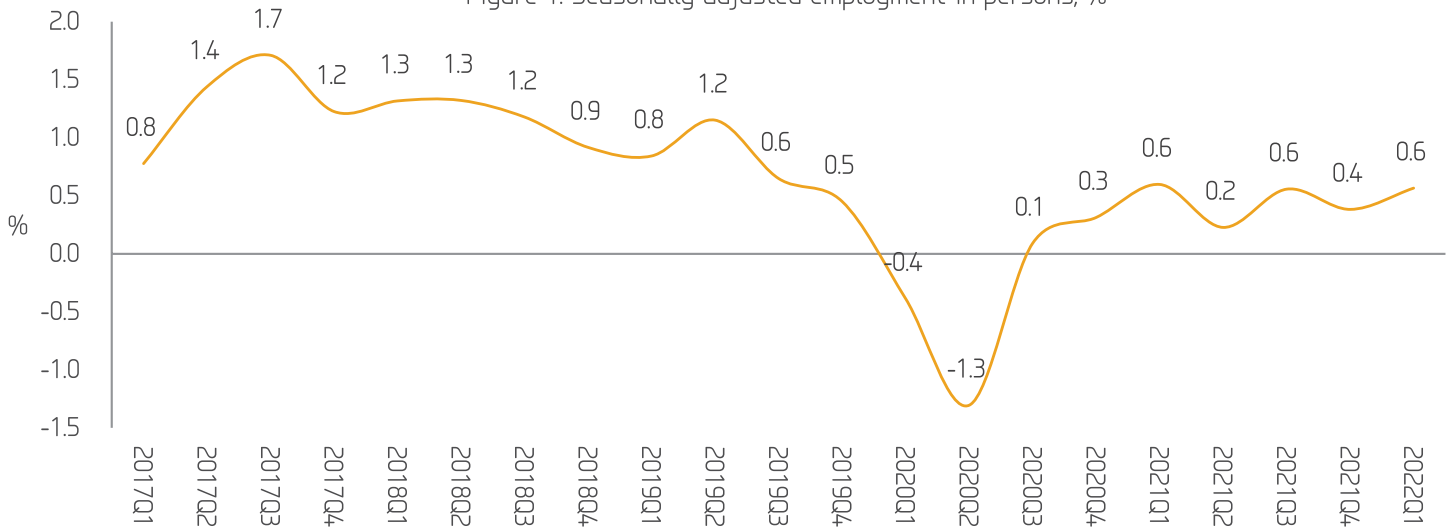
It is worth noting that in relation to the 1st quarter of 2021, employment increased by 7.769 persons (1,7%).

SA hours worked exhibited an increase by 0,8 p.p in the 1st quarter of 2022 compared with the previous quarter of 2021 (Figure 2).

Hours Worked

Furthermore, in relation to the hours worked during the 1st quarter of 2021 there was still an increase of 8.414 units, that is 4,4%.

Figure 1: Seasonally adjusted employment in persons, %

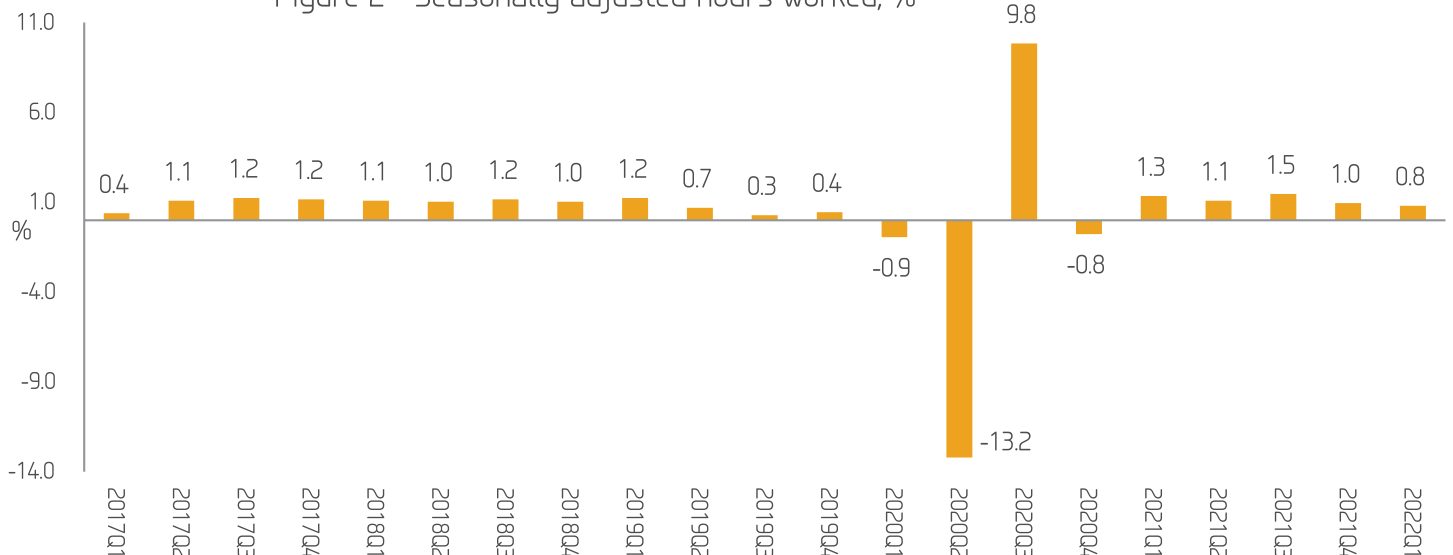


previous quarter and it was risen up to 48.433 persons corresponding to 10.7% of the SA employment. The increase is mainly attributed to the education sector.

Employment by Nationality

Cypriots employed during the 1st quarter of 2022 decreased by 0,5 p.p compared with the previous quarter. In contrast,

Figure 2 - Seasonally adjusted hours worked, %

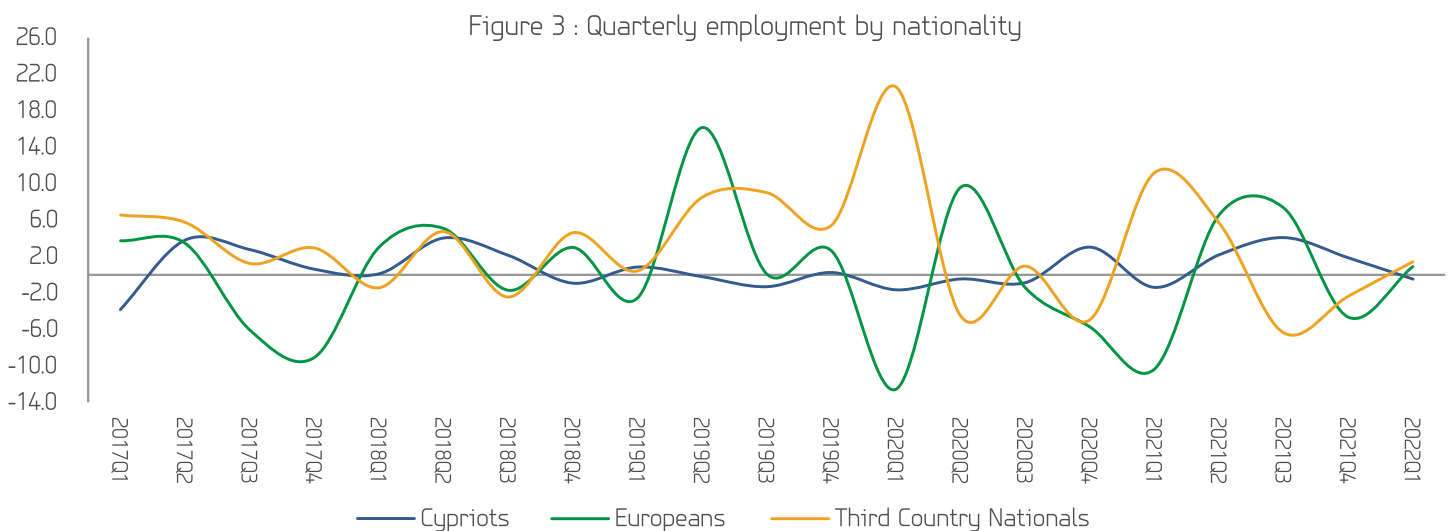


Europeans employed in Cyprus increased by 0,9% while Third Country Nationals increased by 1,4 p.p (Figure 3).

The distribution of employees in the 1st quarter of 2022 based on their nationality was 79% Cypriots and 11% Europeans and 10% from third countries.

The sectors of economic activity that Cypriots were employed mostly, except the public sector, related to retail and wholesale trade, business services and professional, scientific and technical services. Europeans were by far employed in the retail and wholesale trade and in construction and third country nationals in the household services sector and in construction.

Compared to the corresponding quarter of 2021, employed Cypriots increased by 25.252 (7.8%), Europeans



by 4.348 (10.1%) and workers from Third Countries decreased by 941 (-2%).

Flexible forms of employment

During the 1st quarter of 2022, it is estimated that 93.202 persons were employed in flexible forms of employment representing 19,6% of the labour force. More precisely, in temporary employment contracts, 45.273 employees were working in the 1st quarter of 2022 and thus 9,5% of the labour force was under part time working terms in the 1st quarter of 2022.

¹ Source: Social Security Services

² Flexible forms of employment include the number of employees working part time and with temporary contracts

2. LABOUR DEMAND

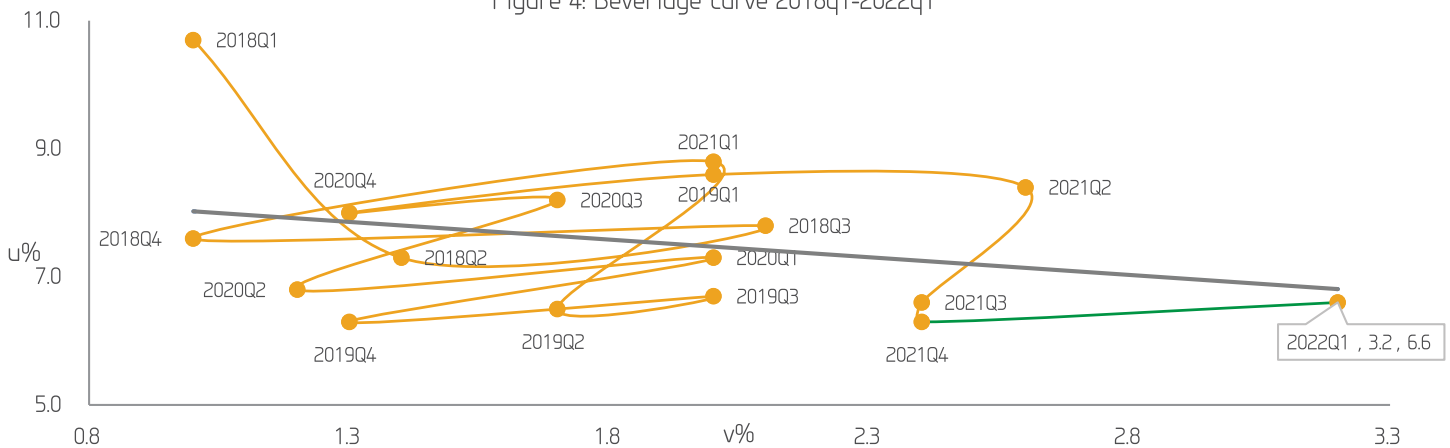
In the demand side, the vacancy rate during the 1st quarter of 2022 increased by 3,2% while the unemployment rate figure in the same quarter, reduced to 6,6% of the labour force, compared with the previous quarter.

The above developments led to the shift of the Beveridge³ curve to the right and slightly up (Figure 4) as the red line connecting 2021Q4 to 2022Q1.

quarter of 2022 reached 31.305 persons while in the previous quarter it was lower by 1.705 persons at 29.600.

It is worth pointing out that in 2022 Q1 compared to 2021 Q4 the percentage of young people (15-29 years old) who were not in Employment, Education or Training (NEET) decreased by 7,7% or by 1920 persons. Also, people who

Figure 4: Beveridge curve 2018q1-2022q1



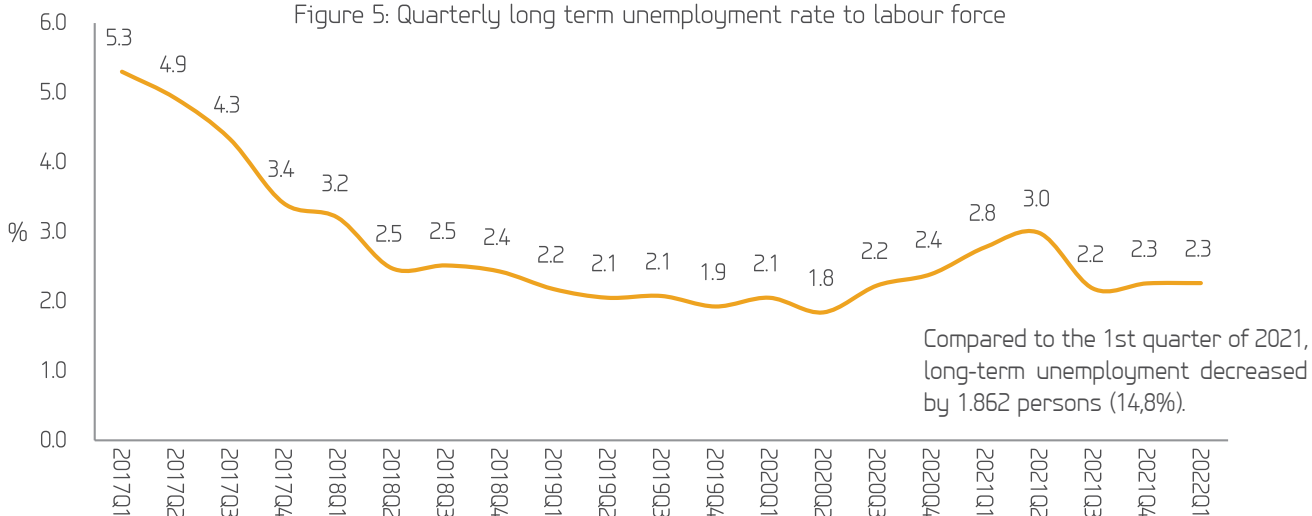
In general, as can be seen from the trend line, during the period 2018Q1-2022Q1, the Beveridge curve follows a downward and rightwards path. It appears, therefore, that the rate of unemployment is decreasing while vacancies are increasing. This may indicate signs of labor market recovery.

were underemployed or partially employed remained almost constant at 3,1% of the population. At the same time, the number of those who were looking for work but were not available decreased by approximately 100 persons, while those who were available but not looking for work decreased by 680 persons between the 1st quarter of 2022 and the 4th quarter of 2021.

Registered unemployment

Registered, seasonally adjusted, unemployment in the 1st

Figure 5: Quarterly long term unemployment rate to labour force



³ The Beveridge curve or the UV curve is a graphical representation of the relationship between the unemployment rate and the vacancy rate (the number of vacant jobs as a ratio of the labour force).

Unemployment among women increased by 1029 persons (6,9%) compared to the previous quarter but compared to the corresponding quarter of 2021 it has decreased by 1616 persons (9,2%).

Long-term unemployment as a ratio of the labour force

Long-term unemployment (above 12 months) as a ratio of the labour force in the 1st quarter of 2022 amounted at 2,2% of the labour force while in comparison to the previous quarter was increased by only 44 persons (Figure 5).

3. Employment - Unemployment - Inactivity Flows

Based upon the quarterly data published by Eurostat, the Employment, Unemployment and Inactivity flows are monitored so as to record the number of persons moving in and out of the corresponding pools and thus identify the relative transfers.

Under this scope, it could be pinpointed the net number of persons moving in and out of the relevant pools and thus, it can be an additional component of the current quarterly labour market analysis.

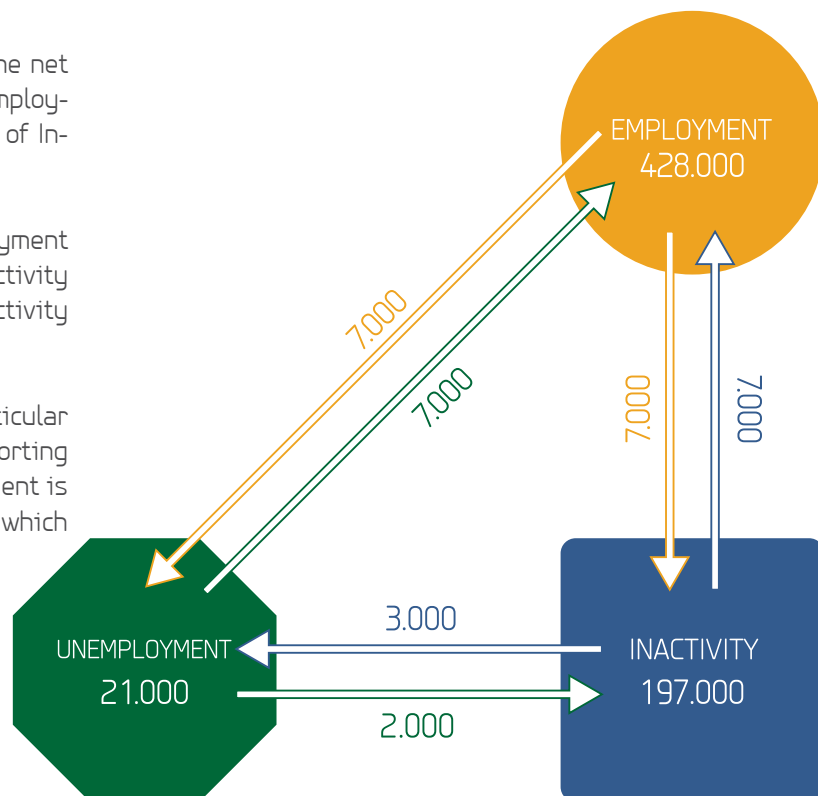
Each pool maintains a starting number of persons (stock), which changes according to the moving flows. The figure below is based on data of the 1st quarter of 2022 in relation to the quarter 4th of 2021.

It can be seen that between Q1 2022 and Q4 2021, the net flow of Employment was zero, the net flow of Unemployment increased by 1.000 persons while the net flow of Inactivity decreased by 1,000 persons.

It can also be concluded that the net inflow to Employment from Unemployment was zero, the net flow to Inactivity from Employment was zero and the net flow from Inactivity to Unemployment amounted to 1,000 persons.

The above findings indicate that there are no particular changes in the labor market since during the reporting period most net flows were zero. A positive development is the small negative change in the net Inactivity flow, which indicates that the labor force has been increased.

Figure 6 - Stock and Flows of Employment-Unemployment-Inactivity Q1 2022 – Q4 2021



4. CYPRUS RECOVERY AND RESILIENCE PLAN 2021-2026 REFORMS AND INVESTMENTS

Reforms:

- **Reform 1:** Reform of the Social Insurance System and Restructuring of the Social Insurance Services
 - Elaboration of Consultant recommendations for changes in the legislation for the reform of the social security system
 - Processing proposals in the context of a study (Technical Assistance) for the restructuring of the Social Insurance Services
- **Reform 2:** Flexible Work Arrangements in the Form of Telework
 - The Bill was submitted to the Law Office for legislative review (May 2022)

Investments:

- **Investment 1:** Improving the Effectiveness of the Department of Labour and Public Employment Services and reinforcing support for young people
 - Four mobile units: The signing of the contract is expected at the end of July 2022
 - Employment Consultants: On 24/6/2022 a new announcement was made, the deadline for submitting offers is on 26/7/2022.
- **Investment 2:** Establishment of Multifunctional Centres and Childcare Centres
 - Social Welfare Services (27 houses, subsidy plan): in progress the preparation of the Subsidy Scheme which will be unified with the sponsorship plan for Investment 3. The announcement of the plan is expected in September 2022.
 - The study within the framework of the Technical Support Instrument (TSI) is expected to be signed in July by the European Commission and the Contractor (duration: 24 months)
- **Investment 3:** Establishment of home structures for children, adolescent with Conduct disorders, persons with disabilities and people in need of long-term care (LTC)
 - Social Welfare Services (3 houses, announcement): the final draft of the documents has been completed, it will be put before all the involved bodies for approval. It is expected to be submitted to the Council of Ministers for approval in August and then the call for expressions of interest will follow.
 - Social Welfare Services (18 houses, sponsorship plan): the preparation of the Sponsorship Plan is in progress. The announcement is expected in September 2022.

- Department of Social Integration of Persons with Disabilities: (5 houses) – at the tendering stage (deadline 30/9/2022)

- **Investment 4:** Child Centres in Municipalities

- Care Center in the Municipality of Agios Athanasios: the completion of the project is expected by the end of the year
- Child Care Center in the Municipality of Ajia Napa: the construction of the Care Center is in progress
- Child Care Center in the Municipality of Paralimni: the tender documents are expected to be submitted to the competent public procurement authority
- Child Care Center in the Municipality of Yermasoyia: the preparation of tender documents is in progress, planning approval is awaited

- **Investment 5:** Construction of Two Model Special Education Schools

- Tender documents have been prepared and submitted to the competent public procurement authority for review.

The total budget through the RRP for the labor market is estimated at €78,9 million, while the total budget amounts to €1,2 billion. So far, an amount of €157 million has been disbursed for Cyprus, which is the pre-financing amount.

Results show that the RRP can increase the GDP of Cyprus cumulatively by about 3,2% in the short run (2022-2023) and by 7,1% in the medium run (2022-2026), compared to the baseline development of the economy without the RRP⁵.

In the short term, GDP growth is mainly induced directly by RRP investments and to a lesser extent by an increase in productivity and by additional employment stimulated by the Plan.

In the medium term, the effect of productivity becomes stronger thanks to the implementation of reforms and the investments in digital and energy efficient equipment and infrastructure. The Plan also is expected to increase employment by more than 2,5%, or by around 11.000 new jobs during the period 2021-2026, which can significantly reduce the unemployment rate in Cyprus.

⁵ Report on the Impact Assessment of the Recovery and Resilience Plan of Cyprus Preliminary Draft Economics Research Centre, University of Cyprus