



CYPRUS - National Report

Migrant and Youth Social Inclusion through Entrepreneurship (MySite)



Funded by the Erasmus+
Program of the European Union

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Project Background

The MY-Site project targets local and Third Country National (TCN) youth who are interested in entrepreneurship. It aims to compile research on the needs of young entrepreneurs and the resources available in each participating country as well as the obstacles faced.

The reports (national reports for each participating country and a comparative report) are the corner stone for the development and implementation of training courses on entrepreneurship to 10 local young people and an additional 10 TCNs in each participating country, so that TCNs are not isolated in this learning experience but get to know and interact with local youth. The goal is to provide TCN youth and local youth with the opportunity to explore entrepreneurship together, thus promoting the social inclusion of TCNs.

1. Introduction

The current state of entrepreneurship regarding migrants in Cyprus (labour migrants, students, asylum seekers) is not in the best shape, especially in the case of young people. Young TCN entrepreneurs find it difficult to establish their businesses in Cyprus due to bureaucratic, procedural, political, legal and cultural hurdles which they are faced with.

Currently, even though there have been visible improvements in the area of entrepreneurship over recent years through the tax incentives offered by the state, programs executed by various organizations and varied other areas: the area is still in need of significant improvement towards the facilitation of the development of current and future entrepreneurs who engage and will engage in business within the Republic of Cyprus.

This report is split into 5 main sections. The first section is about the country context and it provides an overview of the country in an effort to help orientate the reader and allow them to make informed inferences in the comparative report. The first section includes information about the population of Cyprus, the overall employment and unemployment rates, the employment and unemployment rates of youth, self-employment rates, total number of immigrants, and information about the state of play of entrepreneurship in the country and others.

The second section discusses the legal, policy and institutional framework. The second section details the specific legal provisions on entrepreneurship, the legislative actions that facilitate entrepreneurship, the policy framework covering entrepreneurship topics, the institutions related to the job market and business start-up, and an overview of the procedures for setting up a new business.

The third section goes through the main opportunities and facilitation measures for entrepreneurship; it discusses initiatives for a) Entrepreneurship / structural opportunities, and b) opportunities linked to the context.

The fourth section analyses challenges and barriers for entrepreneurs. It focuses upon the key challenges and obstacles that young and migrant entrepreneurs in Cyprus face, which are categorised into the legal framework, policies, financial means and services, sociocultural challenges and barriers, and other challenges.

The fifth and final section summarises the key findings of the report and provides a list of recommendations that could improve conditions for young and migrant entrepreneurs in Cyprus.

2. Country Context¹

According to Eurostat 2017, Cyprus has a population of 854,802.² In the fourth quarter of 2017, the total number of unemployed people in Cyprus was 47,006, out of which 38,216 were Cypriots, 5,487 were EU Nationals and 3,302 were Non-EU Nationals.³ The self-employment rates in Cyprus for insured persons for 2016 was 70% (27,404) for Greek-Cypriots and others, 0,2% (26) for Turkish Cypriots, 11% (920) for aliens, and 18,8% (2593) for EU citizens. In total, self-employment covers the 7% (30,943) of all insured employees.⁴

According to the Monthly Migration Statistics of the Civil Registry and Migration Department, in July 2016 the total number of immigrants with residence permits was 63,203 with the main countries of origin being India, on the top, followed by Russia and China. With regard to the main types of residence permits these are divided as: Domestic Employment 29.82% (18,844), Immigration Permits 14.72% (9,302), General Employment 11.74% (7,423), International Protection 11,13% (7,036), and Family Members of Cyprus 10.29% (6,503).

According to national statistics, the yearly average numbers for youth unemployment (Not in education, employment or training) for 2017 are as follows: 159 persons under 20, 2,152 persons between 20-24 years old, 4,593 persons between 25-29 years old, and 9,403 persons between 30-39 years old.⁵ Empirically, we see that young people are hesitant towards active entrepreneurship, whereas migration entrepreneurship is almost inexistent. A small number of initiatives are implemented in/by the private sector (e.g. NGOs, private higher education institutions and organisations, etc.).

Taking tax incentives into consideration, we see that additional measures were approved in early 2013 to: 1) reduce loan rates, 2) protect business owners, 3) decrease the cost of utilities and rent charges in industrial areas, and 4) accelerate the procedure for issuing building permits.⁶

With regard to the ease of doing business, according to doingbusiness.org, economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. The rankings are determined by sorting the aggregate distance to frontier scores on 10 topics, each consisting of several indicators, giving equal weight to each topic. The rankings for all economies are benchmarked to June 2017. Cyprus' score is 53 for 'Ease of Doing Business', 50 for 'Starting a Business', 120 for 'Dealing with Construction Permits', 67 for 'Getting Electricity', 92 for 'Registering Property', 68 for 'Getting Credit', 43 for 'Protecting Minor Investors', 44 for 'Paying Taxes', 45 for 'Trading across Borders', 138 for 'Enforcing Contracts', and 21 for 'Resolving Insolvency'.⁷

¹ See also Appendix 1

² Eurostat 2017

³ LABOUR FORCE SURVEY, 4th QUARTER 2017

⁴ General Statistical Data from the Social Insurance Website

<http://www.mlsi.gov.cy/mlsi/sid/sidv2.nsf/All/D8161436B525F009C22580EC0032E540?OpenDocument>

⁵ Statistical Service Cyprus,

http://www.cystat.gov.cy/mof/cystat/statistics.nsf/labour_32main_keyfarchive_gr/labour_32main_keyfarchive_gr?OpenForm&yr=2017253116E50D172111DF059D0C7AAAE3E2&n=2017

⁶ http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_301262.pdf

⁷ <http://www.doingbusiness.org/rankings>

Cyprus scores 48th on the Economic Freedom Ranking of the Heritage Foundation Index, which falls under the category of ‘Moderately Free’.⁸

With regard to global competitiveness ranking, upon checking the Global Competitiveness Index 2017–2018 which measures national competitiveness (defined as the set of institutions, policies and factors that determine the level of productivity), it can be seen that Cyprus has considerably improved its position. Cyprus has moved up to the 64th place (out of 132 countries) from 83rd the previous year⁹. A look into the individual ratings, however, shows that those relating to business have not fared that well. Regarding the “ease of doing business” for example, Cyprus’ rank deteriorated to 53 in 2017 (45th in 2016). This ranking is considerably lower when compared to the country’s average ranking from 2008 to 2017.¹⁰ Similarly, “business Confidence” in July 2018 was reduced when compared to the beginning of the year when it reached an all-time high.¹¹

Financial situation

After expanding by 3.9% in 2017, a nine-year high, Cyprus’ economy continued its cycle in early 2018, posting 3.8% (y-o-y) growth in the first quarter of 2018. Growth was driven by solid domestic demand and, lately, exports. Consumer sentiment continued to improve, while business confidence across major sectors either increased or levelled off, suggesting continued momentum in the coming quarters.

The composition of growth shifted somewhat in early 2018. Investment, after breaking a historic high in the last quarter of 2017, fell in the first quarter of this year.¹²

The financial crisis on the island of Cyprus has created less opportunities for the national business environment (and sectors/fields related/connected). Though business-wise less initiatives have been initiated by the public sector (e.g. Ministries and other governmental services), some but a few initiatives can be observed in the private sector. Both sectors are seeking to make use of external funding (e.g. EU funding),¹³ besides own/internal funding.

3. Legal, Policy and Institutional Framework

The current section discusses specific legal provisions, legislative actions and policy measures covering entrepreneurship, whilst providing an overview of the institutions related to the job market and of the procedures related to setting up a new business. The general legal framework regarding entrepreneurship poses several obstacles for TCNs, especially due to the Visa requirement procedures. Similarly, students and Asylum Seekers can only work in specific sectors, without having the right of being self-employed.

⁸ <https://www.heritage.org/index/ranking>

⁹ <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>, page 100

¹⁰ <https://tradingeconomics.com/cyprus/ease-of-doing-business>

¹¹ <https://tradingeconomics.com/cyprus/business-confidence>

¹² https://ec.europa.eu/info/sites/info/files/economy-finance/ecfin_forecast_summer_12_07_18_cy_en.pdf

¹³ <http://www.fundingprogrammesportal.gov.cy/en/home>

Legal provisions and legislative actions

At the end of 2017, the Minister of the Interior presented the Bill on Investment Facilitation, which aims at simplifying the process linked to the issuance of licenses and at the substantial facilitation of investments. The radical changes proposed by the bill streamline the process of licensing investments, reducing bureaucracy, and through an institutionalized process based on modern practices, create a single centre of services to investors. Significant reforms promoted by the bill include the issuance of building permits, the Urban Planning and Building Permit, by a single authority (the Department of Urban Planning and Housing), the abolition of unnecessary and repeated consultations, and the provision of comprehensive information and guidance on the licensing of investments. A more significant reform is that each investor acquires his own well-established central contact point and an exclusive Project Manager for his investment.¹⁴

Moreover, the Council of Ministers in collaboration with the Ministry of Energy, Commerce, Industry and Tourism formulated and approved the National Policy Statement on Enhancing the Business Ecosystem in Cyprus, on December 14, 2015. The Policy Statement includes targeted actions on 5 Priority Axes: Cultivating business culture, improving the business environment, boosting entrepreneurial innovation, facilitating access to finance, and promotion of access to markets.¹⁵

A bill entitled "The Social Business Law" 2018, defines social enterprises as businesses that fit within one of two categories: a), a general-purpose social enterprise, that focuses on offering positive impact on society, or b), an integration social enterprise which employs a minimum of 40% of its employees from vulnerable population groups. The bill establishes a relevant register, as well as the Action Plan for the Enhancement of the Ecosystem of Social Enterprises, has been approved by the Council of Ministers on January 9, 2018.¹⁶ The bill also includes a targeted action plan based on the

¹⁴ <http://www.reform.gov.cy/gr/%CE%B5%CF%80%CE%B5%CE%BD%CE%B4%CF%8D%CF%83%CE%B5%CE%B9%CF%82-%CE%BA%CE%B1%CE%B9-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CF%8C%CF%84%CE%B7%CF%84%CE%B1/%CE%B2%CE%B5%CE%BB%CF%84%CE%B9%CF%83%CF%84%CE%BF%CF%80%CE%BF%CE%AF%CE%B7%CF%83%CE%B7-%CE%B4%CE%B9%CE%B1%CE%B4%CE%B9%CE%BA%CE%B1%CF%83%CE%AF%CE%B1%CF%82-%CE%BA%CE%B1%CE%B9-%CE%B8%CE%AD%CF%83%CF%80%CE%B9%CF%83%CE%B7-%CE%BD%CE%BF%CE%BC%CE%BF%CE%B8%CE%B5%CF%83%CE%AF%CE%B1%CF%82-%CE%B3%CE%B9%CE%B1-%CF%84%CE%B7-%CE%B4%CE%B9%CE%B5%CF%85%CE%BA%CF%8C%CE%BB%CF%85%CE%BD%CF%83%CE%B7-%CF%84%CF%89%CE%BD-%CE%B5%CF%80%CE%B5%CE%BD%CE%B4%CF%8D%CF%83%CE%B5%CF%89%CE%BD>

¹⁵ <http://www.reform.gov.cy/gr/%CE%B5%CF%80%CE%B5%CE%BD%CE%B4%CF%8D%CF%83%CE%B5%CE%B9%CF%82-%CE%BA%CE%B1%CE%B9-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CF%8C%CF%84%CE%B7%CF%84%CE%B1/%CE%B4%CE%B9%CE%B1%CE%BC%CF%8C%CF%81%CF%86%CF%89%CF%83%CE%B7-%CF%80%CE%BB%CE%B1%CE%B9%CF%83%CE%AF%CE%BF%CF%85-%CF%80%CE%BF%CE%BB%CE%B9%CF%84%CE%B9%CE%BA%CE%AE%CF%82-%CE%B3%CE%B9%CE%B1-%CF%84%CE%B7%CE%BD-%CE%B5%CE%BD%CE%AF%CF%83%CF%87%CF%85%CF%83%CE%B7-%CF%84%CE%BF%CF%85-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CE%BF%CF%8D-%CE%BF%CE%B9%CE%BA%CE%BF%CF%83%CF%85%CF%83%CF%84%CE%AE%CE%BC%CE%B1%CF%84%CE%BF%CF%82>

¹⁶ <http://www.reform.gov.cy/gr/%CE%B5%CF%80%CE%B5%CE%BD%CE%B4%CF%8D%CF%83%CE%B5%CE%B9%CF%82-%CE%BA%CE%B1%CE%B9-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CF%8C%CF%84%CE%B7%CF%84%CE%B1/%CE%BA%CE%BF%CE%B9%CE%BD%CF%89%CE%BD%CE%B9%CE%BA%CE%AE-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CF%8C%CF%84%CE%B7%CF%84%CE%B1>

successful practices of other states with an application deadline until 2020. These actions include the cultivation of a social enterprise culture, the improvement in accessibility to funding and the creation of a favourable business environment, with the aim of promoting integrated policy within the sector.

The Cyprus Start-up Visa National Plan will allow talented entrepreneurs from non-European Union (EU) and non-EEA countries to establish themselves in Cyprus and set up start-ups with a high-development potential in Cyprus, provided that they meet specific criteria. On the one hand, the enterprise must be innovative, and on the other, the business plan must provide that the enterprise's head offices and tax domicile be established in Cyprus.¹⁷

In 2017 a new piece of legislation was introduced called "The Aliens and Immigration (Conditions of entry and residence of third-country nationals in the Republic for the purposes of research, study, internship, voluntary service, student exchanges or training programs) Law". This bill acknowledges the fact that the non-EU immigrant community consists of highly qualified people, students and researchers which are a major asset to the Union. In practice, the bill offers a criteria-based entry procedure for TCN and their families, and upon completion of the TCN's research, study or work, they shall have the right to remain on the territory of the Republic of Cyprus for 9 months, offering the opportunity to seek employment or to set up an enterprise in their associated area.

Finally, at the beginning of 2017 there was an announcement for tax incentives for innovative businesses.¹⁸ The tax incentives include exemption of investment in start-ups and innovative companies from the investor's taxable income (up to a maximum amount of 50% of the taxable income). Additionally, a deduction from taxable income of up to €150,000 per year, as well as the right of allocation and distribution of the discount in a 5-year period, is included. All these incentives include investment in shares, loans or granting guarantees to innovative companies.

Legal Framework for employment of TCNs

TCN entrepreneurship in Cyprus is a new field. Until recently it was not placed highly on the political agenda. Actors in the private sector (e.g. NGOs, migration integration services, social inclusion trainers and workers, etc.) tried to tackle the issue early on, and sought opportunities to support entrepreneurship and entrepreneurial activities in the Cypriot society.

¹⁷ <http://www.reform.gov.cy/gr/%CE%B5%CF%80%CE%B5%CE%BD%CE%B4%CF%8D%CF%83%CE%B5%CE%B9%CF%82-%CE%BA%CE%B1%CE%B9-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CF%8C%CF%84%CE%B7%CF%84%CE%B1/startup-visa>

¹⁸ <http://www.reform.gov.cy/gr/%CE%B5%CF%80%CE%B5%CE%BD%CE%B4%CF%8D%CF%83%CE%B5%CE%B9%CF%82-%CE%BA%CE%B1%CE%B9-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CF%8C%CF%84%CE%B7%CF%84%CE%B1/%CF%86%CE%BF%CF%81%CE%BF%CE%BB%CE%BF%CE%B3%CE%B9%CE%BA%CE%AC-%CE%BA%CE%AF%CE%BD%CE%B7%CF%84%CF%81%CE%B1-%CE%B3%CE%B9%CE%B1-%CE%B5%CF%80%CE%B5%CE%BD%CE%B4%CF%8D%CF%83%CE%B5%CE%B9%CF%82-%CF%83%CE%B5-%CE%BD%CE%B5%CE%BF%CF%86%CF%85%CE%B5%CE%AF%CF%82-%CE%BA%CE%B1%CE%B9-%CE%BA%CE%B1%CE%B9%CE%BD%CE%BF%CF%84%CF%8C%CE%BC%CE%B5%CF%82-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%AE%CF%83%CE%B5%CE%B9%CF%82>

The status of TCNs in Cypriot law in relation to employment is particularly complex, with the majority of TCNs enjoying limited rights. We could unofficially distinguish the TCNs who seek employment in Cyprus into two main categories; a) wealthy third country nationals, and b) the remaining TCNs.

Wealthy TCNs can buy their citizenship and thus enjoy all the rights as Cypriot nationals. According to the Cyprus Investment Programme, any TCN can invest two million euros in Cyprus and receive citizenship (Cypriot and thus European).¹⁹

The TCNs who cannot afford to buy their citizenship, can be distinguished in four subgroups; students, employees, asylum seekers, and recognised refugees. In short, students are allowed to work after having their student permit from the Immigration Authorities. They sign a contract of employment and submit it to the competent authority for approval. However, they are not allowed to be self-employed, they are only allowed to work in very specific occupations and sectors of economic activity and only part-time (max. 20 hours per week). Typical occupations included are petrol-station and car-wash assistants, care givers for elderly, agriculture/farming, fishing, bakeries, and fast-food delivery drivers. The prerequisites are for them to be full-time students of accredited universities or colleges in Cyprus and to have spent at least six months studying full-time in Cyprus.²⁰

Employees face a very peculiar situation as the key prerequisite for issuance of working visa is that they must have found their employer before their arrival to Cyprus.²¹ Furthermore, following their arrival to Cyprus, their working visa is linked to their employer and they are required to find a new job before they leave their old one. There are also significant limitations regarding the sectors in which TCNs can be occupied. These, for example, include farms, house-keeping, and accountants in foreign companies.

With regard to asylum seekers, during the first month from the submission of the asylum application, applicants are not permitted to work. Once that month has passed, and until the decision on their application has been made, asylum seekers are only permitted to work in specific fields. These are: agriculture, animal husbandry and fishery, manufacturing (occupations allowed: forage production laborers), waste management (occupations allowed: drainage and waste processing labourers, garbage and trash collection & processing labourers, recycling labourers, offal processing labours), wholesale trade-repairs (occupations allowed: gas station and car wash labourers, freight handlers of wholesale trade), and other fields (occupations allowed: building and outdoor cleaners, distributors of advertising and informative material, food delivery).²²

It is important to note that Section 21B of the Cyprus Refugee Law²³ provides that a person who is recognized as a refugee, or is a beneficiary of subsidiary protection, receives equal treatment to the citizens of the Republic, regarding wage-earning employment and self-employment. Thus, refugees have the same rights as Cypriot citizens to employment. There are no restrictions, or need, for the

¹⁹ <http://www.moi.gov.cy/moi/moi.nsf/All/36DB428D50A58C00C2257C1B00218CAB>

²⁰ <http://www.mihub.eu/en/info/info-by-topic/employment>. For more info also see: http://www.mlsi.gov.cy/mlsi/dl/dl.nsf/page5h_en/page5h_en?OpenDocument

²¹ <http://www.moi.gov.cy/moi/crmd/crmd.nsf/All/BDEF8347CE1FEB98C2257D2C0039FE33?OpenDocument>

²² http://www.mlsi.gov.cy/mlsi/dl/dl.nsf/page5j_en/page5j_en?OpenDocument

²³ Ο περί Προσφύγων Νόμος του 2000 (6(I)/2000), http://www.cylaw.org/nomoi/enop/non-ind/2000_1_6/full.html

Labour Department to approve, and stamp, a contract of employment between an employer and a recognized refugee.²⁴

It is important to note, however, that only a handful of persons get recognition. Statistics from the second quarter of 2018 showed that out of 380 total decisions, only 15 were granted Refugee status, 165 received Subsidiary Protection and 200 were rejected²⁵.

Finally, as from 1st May 2004: nationals from EU member states (incl. European Economic Area countries and Switzerland) can work in Cyprus without restrictions. However, they will need to register if they intend to stay longer than 3 months and take up employment in Cyprus. They must apply for a registration certificate to the Civil Registry and Migration Department as soon as they secure employment and in any case within a period of 4 months since the date of entry to Cyprus. EU nationals working in Cyprus have the same rights as Cypriot nationals with regard to pay, working conditions, access to housing, vocational training, social security, and trade union membership. Dependent family and relatives, such as children, also enjoy the same rights.²⁶

Policy framework covering entrepreneurship (including migrant entrepreneurship)

2017 saw the drafting of The National Youth Strategy. The National Youth Strategy (NYS) is the first policy document for the new generation of Cyprus. The Strategy reflects the state's vision for young people and commits the state to taking measures to achieve specific goals in **eight fields of action** that affect young people's lives. The strategy was the result of extensive dialogue between the responsible government services and young individuals. Among the 8 fields of action, one is Employment and Entrepreneurship. Its two objectives are to develop, support and promote entrepreneurship among young people, and to reinforce the employability of young people and their integration into the labour market, while safeguarding their labour rights. In pursuit of these objectives, the NYS established an integrated, cross-sectoral mechanism for designing, implementing and monitoring all interrelated policy areas that affect young people, ensuring that there is a medium and long-term plan for improving their situation. Additionally, the NYS considers young people as valuable citizens who can actively and creatively contribute to the development and prosperity of their own country, therefore it involves young people in policy formulation, implementation and evaluation with the aim of meeting the needs and challenges of all young people²⁷.

²⁴ http://www.mlsi.gov.cy/mlsi/dl/dl.nsf/page5j_en/page5j_en?OpenDocument

²⁵ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Table_5_First_instance_decisions_by_outcome_and_recognition_rates,_2nd_quarter_2018.png

²⁶ [http://www.mlsi.gov.cy/mlsi/dl/dl.nsf/All/8C2740D030AB2E39C22580A50026B97A/\\$file/booklet%20on%20living%20july%202010%20english.pdf](http://www.mlsi.gov.cy/mlsi/dl/dl.nsf/All/8C2740D030AB2E39C22580A50026B97A/$file/booklet%20on%20living%20july%202010%20english.pdf)

²⁷ <http://www.cedefop.europa.eu/en/news-and-press/news/cyprus-adoption-first-national-youth-strategy>

Institutions related to the job market and business start-up

The two main institutions in the Republic of Cyprus that are linked or regulate the labour market, including self-employment and entrepreneurship, are the Ministry of Labour and the Ministry of Energy, Commerce, Industry and Tourism.

The former offers Programmes for Employment incentives, examples are the “Scheme providing incentives for employment of the unemployed” (involves financial aid of 60% of the yearly wage cost), “Scheme providing incentives for hiring individuals with disabilities” (involves financial aid of 75% of annual wage cost) and “Scheme providing incentives for hiring disadvantaged individuals” (involves financial aid of 65%).²⁸

Additionally, the Ministry of Energy, Commerce, Industry and Tourism mandate includes its obligation to boost entrepreneurship, competitiveness and innovation, stimulating term investment, improve the business environment, improve the tourism product and the effective protection of consumers and competition.²⁹

Procedures related to setting up a new business

International companies can set up subsidiary companies in the Republic of Cyprus on the same terms as domestic companies. The administrative procedures for setting up a company have been simplified, reflecting the importance given to the transformation of Cyprus into an international business centre. According to the General Procedures for Establishing a Business, local and foreign investors may establish any of the following legal entities or businesses in the Republic of Cyprus: Companies (private or public), Cooperatives (general or limited), Business names, European Company (SE), and Branches of foreign companies.

For the start up of a business it is necessary for the entrepreneur to decide on whether he/she wants to be a sole trader, establish a partnership or a company. The first step is for the applicant to make an application for ‘Domain Name Approval’. Upon approval of this phase, provided they follow the rules of their associated trade area, sole traders or partnerships can proceed and do business. If the applicant wishes to establish a company it is necessary for them to send documents and an application to the Companies Registrar, so that it can issue a certificate of incorporation establishing a corporate legal body.

The whole procedure of registering a company in Cyprus is usually dealt with by lawyers, who offer a complete service, which ranges from €700 to €2,500. The lawyer stamps the memorandum and articles of association and submits them to the companies’ registrar, along with the registered address form and the directors and secretaries list. If the company is a for-profit entity, then in addition a shares list is also required.³⁰

Any person who earns a wage or profit in the Republic of Cyprus, either as an employed person or as a self-employed person, is insured with the Social Insurance Scheme. In addition, each employer must be registered with the Employers Register.³¹

²⁸ <http://www.mlsi.gov.cy>

²⁹ <http://www.mcit.gov.cy>

³⁰ <http://www.cyprus.gov.cy/portal/portal.nsf/gwp.getGroup?OpenForm&access=0&SectionId=business&CategoryId=Businesses&SelectionId=Applications%20/%20Forms%20regarding%20changes%20to%20the%20details%20of%20private%20companies&print=0&lang=en>

³¹ <http://www.businessincyprus.gov.cy/mcit/psc/psc.nsf/All/36E97B625EBA6A80C22575EE002F2522>

It is necessary for a business to register at the Tax Department for income tax and Value Added Tax (VAT). Income tax registration is obligatory for every registered company of the Republic of Cyprus, as well as every person that has an annual revenue of over €19,500. VAT Registration is required if a person or company has earned more than €15,600 in the previous 12 months, or if he is to do so in the next 30 days. To complete this part, the applicant must complete two forms and provide them to the Department of Taxation.³²

According to experts interviewed for the purposes of this research, costs (including costs for opening a business and expected costs for the first year), time and necessary space (e.g. setting up a business with a home address) varies according to the type of business and other specificities.

4. Opportunities and Facilitation Measures for Entrepreneurship

The following section is split into two subsections; a) Initiatives for Entrepreneurship/structural opportunities, and b) Opportunities linked to the context. The first aims at listing the existing initiatives aimed at strengthening youth and migrant entrepreneurship, categorised into those which are government/government-funded programs or programs facilitated by private organisations. The second aims at exploring factors which help facilitate access to entrepreneurship.

a) Initiatives for Entrepreneurship/structural opportunities

Initiatives for Youth

The report identified numerous actors, including the Cyprus Youth Council (CYC) which is an NGO and various centres, Ministries and other bodies, who have ongoing initiatives aimed at strengthening youth and migrant entrepreneurship. These actors mainly implement government/government-funded programs.

Two important initiatives which aim at strengthening youth and migrant entrepreneurship are 'Youth and Women Entrepreneurship' and 'Startups4peace'.³³ The Youth Women Entrepreneurship initiative aims to develop, support and promote entrepreneurship among young people and women who wish to be active in various sectors of economic activity. Startups4Peace is an annual competition and mini-acceleration program that aims to bring the communities of Cyprus together and provide them with the motivation, knowledge and the means to build and grow new business ventures. The competition is organized by the Embassy of Finland in Nicosia, and Startup4peace is supported by a number of partners.

Moreover, the CYC³⁴ focuses on promoting dialogue and cooperation between youth in Cyprus and connecting them with youth across the world. CYC has implemented several actions and activities on the wider topic of business. The majority have been concerned with fighting unemployment, whereas some were specifically about entrepreneurship. One of those actions is titled 'Ζωντανές ιστορίες νεαρών επιχειρηματιών'³⁵ (Alive stories of young entrepreneurs). The action was open to the public and focused on presenting the experiences of young entrepreneurs, allowing the young participants to engage in a dialogue with CYC during the speeches. Another example is the

³²<http://www.businessincyprus.gov.cy/mcit/psc/psc.nsf/All/CD98C0B707F5386EC22579E5002462E9?OpenDocument>

³³ More information can be found here: <http://www.startups4peace.com/>

³⁴ More information can be found here: <http://cyc.org.cy/en/>

³⁵ More information can be found here: https://europa.eu/youth/cy/event/56/13951_ro

Employment Guide for newcomers in the labour market and a training course entitled 'Who wants to become entrepreneur'.³⁶ The training course took place in 2015, over the course of one week, with 24 participants from different countries. The project consisted of workshops and group discussions related to entrepreneurship and provided guidance in order to present the major notions that revolve around entrepreneurship and the methods for practicing it in a professional manner.

In addition, Centre 4 Entrepreneurship (C4E)³⁷ is an initiative of the University of Cyprus which focuses on fostering a culture of innovative entrepreneurship within the University and developing relevant in-house expertise. The Centre provides the University of Cyprus community with high-quality services and the connections required to bring scientific innovations and novel ideas produced inside the University to global marketplaces and contributes to the creation of a sustainable innovation ecosystem in Cyprus.

Initiatives for Migrants

The Ministry of Interior has also worked on entrepreneurship, by granting Cypriot Citizenship to non-Cypriot entrepreneurs through the "Scheme for Naturalization of Investors in Cyprus by exception".

Other relevant initiatives from the government include the Start-up Visa³⁸ and the Tax Incentive. ANAD (Αρχή Ανάπτυξης Ανθρώπινου Δυναμικού or Human Resource Development Authority of Cyprus) provides opportunities from entrepreneurs and its mission is to create the conditions for planned and systematic training and development of the human resources of Cyprus at all levels, and in all areas to meet the needs of the economy within the framework of the social and economic policy of the state.

Some of the funding opportunities come from the Cyprus Promotion and Research Foundation, KEBE (Cyprus Chamber of Commerce and Industry) and the Enterprise Europe Network. The Cyprus Promotion and Research Foundation is a national body responsible for supporting and promoting research, technological development and innovation. The Foundation's mission is carried out through the design and management of grant projects for research projects and innovative activities, as well as supporting the integration of Cypriot researchers into research activities in the international sphere. The Cyprus Chamber of Commerce (CCC) and Industry is a private corporate body which functions under special laws and is financially independent. It is a union for Cypriot businessmen with a membership that exceeds 8,000 enterprises. The CCC's goals are to promote the interests of the business community within the framework of the broader interests of Cyprus and to strengthen private initiative, maximizing the contribution of the business community to the country's progress and contributing towards continuous and balanced growth worldwide.

The Enterprise Europe Network of the European Commission aims to help businesses innovate and grow on an international scale and is the world's largest support network for small and medium-sized enterprises. Alongside funding opportunities, the network provides expertise and contacts to

³⁶ More information can be found here: <https://naturkultur.eu/training-course-who-wants-to-be-an-entrepreneur-in-limassol-cyprus/>

³⁷ More information can be found here: <https://www.c4e.org.cy/index.php>

³⁸ More information can be found here: http://www.reform.gov.cy/assets/mainmenu/168/docs/startup_visa_scheme_english_version.pdf

facilitate international partnerships, advice for international growth and support for business innovation.

There are also programs facilitated by private organizations. Two such programs, called Idea³⁹ and A Really Inspiring Space (ARIS)⁴⁰, include initiatives that strengthen youth and migrant entrepreneurship. They have a 9-month cycle comprised of Accelerator Training and an incubation phase for the development of the MVP (Minimum Value Product). The program hosts groups of members from multiple countries. Idea and ARIS provide a package of support services and seed funding in the incubation phase to help develop an MVP. ARIS is a programme generously funded by the Bank of Cyprus and Deloitte and aims at providing aspiring entrepreneurs at their early stages with an innovating workspace where they can turn their ideas into thriving businesses. Finally, as far as the private organizations are concerned, Stelios Philanthropic Foundation provides funding for bi-communal business initiatives.

Regarding NGOs, CARDET⁴¹ is an organisation which aims to inspire innovation, leadership, and social change. CARDET promotes and encourages youth entrepreneurship and is the lead partner of a project called 'EntrInno'. EntrInno is an interactive online game, structured as a course, which instructors can use to help youth develop skills related to entrepreneurship. The game focuses on developing the entrepreneurship skills of collaboration, networking, experimentation, leadership, creativity, decision making, goal setting, strategic visioning, communication, time management, and problem solving.⁴²

'BLEND IN: Language, Cultural and Social Orientation for Young Refugees' is another project from CARDET. BLEND IN conducts research on the needs of young migrants when they first arrive in their host countries. This two-year ERASMUS+ funded project (2016-2018) aims at providing a mobile application with useful information for the first days of a migrant's experience in their new host country. The BLEND IN 'app' addresses young migrants, refugees and asylum seekers in a host country with important arrival information such as on education, employment, language and communication, and health and safety. This information can be the starting point for a newcomer in the receiving society. The application is a useful resource in the hands of a young migrant entrepreneur as it empowers TCNs to integrate into the social and cultural life of the island, a necessary pre-requisite for them to advance on an entrepreneurship level. It is also a useful resource for a social trainer and migration centre employee to share with the young migrant target group.⁴³

BRAVE (Bricking Adult's future Via Empowerment) is a two years ERASMUS+ funded project (2017-2019) that aims to improve personal motivation and professional skills of female and male participants (e.g. teamwork skills, risk-management skills, decision-making skills, reflection and critical thinking skills, etc.). BRAVE aims to do this through innovative educational methodologies which include, among others, the Lego Serious Play method, collaborative and participatory learning, and reflection. The project focuses on empowering participants to find employment or start up a business. The project supports the development of critical thinking, personal motivation, self-resilience, study, evaluation, and decision-making skills. For the case of Cyprus, the target group

³⁹ More information can be found here: <https://www.ciim.ac.cy/idea-programme/>

⁴⁰ More information can be found here: <https://www2.deloitte.com/cy/en/pages/about-deloitte/articles/aris.html>

⁴¹ More information can be found here: <https://www.cardet.org/>

⁴² More information can be found here: www.entrinno.org

⁴³ BLEND IN mobile application may be found at: <https://play.google.com/store/apps/details?id=org.cardet.blendin>
Further information regarding the project may be reached at: <http://blend-in.eu/en/>

consists of both local and migrant participants, giving them all the possibility to succeed in the business world.⁴⁴

URBAGRI4WOMEN focuses on "Innovative practices and joint urban initiatives to foster the integration of migrant women in the receiving society within urban agriculture practices". It is an innovative, two-year, AMIF funded project (2016-2018) aimed at migrant women's integration within the framework of urban agricultural practices. Migrant and local women work together in growing and cultivating vegetables, fruits and aromatic herbs and get involved in innovative actions. The programme can be considered as a good practice in migration integration and migration entrepreneurship field for its philosophy, its potential, and the educational programme it hosts. The project's education programme includes modules such as Europe, the Languages of Europe, Entrepreneurship, and Horticulture.⁴⁵

CARDET provides training programs that are funded by the EU and that are related to entrepreneurship. Another is ACE⁴⁶, which is a project that focuses on strengthening the competencies of adult educators, supplying them with innovative and attractive training material and ICT tools based on the Lifestyle entrepreneurship (LSE) approach and enhancing the professional development of adult educators by introducing innovative education methods. These include blended learning, reversed/flipped training, open education recourses (OER), developing OERs tailored to needs of adult educators in order to support digital integration in learning to reach the learners from disadvantaged backgrounds, increasing the motivation and reduce disparities in learning outcomes of adults learners with fewer opportunities and from disadvantaged backgrounds using LSE approach and ICT tools with the long perspective of getting self-employed. An additional example is COOP-in⁴⁷ which is a project that aims to raise awareness of the opportunities and challenges in implementing social innovation at work by developing a Social Innovation Training Kit.

With regard to initiatives that directly aim at strengthening youth enterprise (including planned projects that have not yet begun), and which are from the Government or are government-funded programs, the most relevant is the Youth Entrepreneurship programme which is run by the Youth Board of Cyprus. The Youth Entrepreneurship programme, in cooperation with the Ministry of Commerce, offers a program for the support and encouragement of youth entrepreneurship. It is funded by E.U. and the Cypriot government and includes seminars and trainings. It is for people between 20 and 40 years old.

With regard to programs facilitated by private organizations, we identified only a handful of initiatives aimed directly at migrant entrepreneurs. More specifically, according to an expert, very few programmes can be found in the Cypriot context which directly address migrant entrepreneurship. However, a number of migrants' integration initiatives and projects, funded nationally or by the EU, do refer to migrant entrepreneurship indirectly. These include municipalities and other organisations and institutions' programmes focusing on language learning and ICT skills.

We identified three such projects from NGOs; DiSoCi, INTERGR8 and Eva. Firstly, DiSoCi is a project that focuses on digital, social and civic competences development for adult educators working with migrants and refugees. Its aims are 1. To evaluate the level of adult educators' competences to work with migrants and refugees 2. to encourage the continuing and professional development of Adult

⁴⁴ More info can be found here: <https://www.cardet.org/what-we-do/projects/102-bricking-adult-s-future-via-empowerment>

⁴⁵ Further information on Urbagri4women may be reached at: <http://www.urbagri4women.com/>.

⁴⁶ More information can be found here: <http://www.ace-erasmusplus.eu/>

⁴⁷ More information can be found here: <http://coopinproject.eu/>

educators by using the innovative education models and Open Education Resources (OER) for their digital, social and civic competences development, and 3. to increase the motivation and reduce disparities in learning outcomes of migrants, refugees and other diversified groups, by suggesting digital programme for their competences' development. One of the chapters of the program specifically includes 5 OER about social enterprises.⁴⁸

Secondly, INTEGR8 (Harnessing the Potential of Migrant Women as Integration Experts) is a two-year AMIF funded project (2016-2018) that aims to train migrant women to train and empower others in order to become leaders of their own integration. Its innovation lies in the fact that, for the first time, migrant women are considered capable to become leaders with regard to migrants' integration. The program hosts an educational program with modules such as mindfulness, empowerment, participation and engagement, communication, collaboration, and networking. All modules foster personal and professional skills that are important within the framework of entrepreneurship, since it can potentially empower migrant women; particularly in a country like Cyprus, where there are vast linguistic and cultural obstacles.⁴⁹

Lastly, EVA, a European Entrepreneurship VET Model and Assessment Framework for Ethnic Minorities, is a project co-financed through the EU's ERASMUS+ Programme. The partnership behind the project is made up of organisations from 5 countries, which include Denmark, Italy, Germany, Malta, and Cyprus. The main goal of this project is to support and promote migrant and ethnic minority entrepreneurs and help these groups to overcome difficulties, which might prevent them from starting and growing businesses in Europe (EVA-project). According to its website, the project offers an innovative training model based on the detection and accreditation of the entrepreneurship skills of migrants. The online interactive learning platform includes an evaluation and orientation system where a skills assessment tool will measure the "degree of entrepreneurship" of the individual and guide them into relevant training according to their needs. The available modules are about enterprise skills, starting your business, access to finance, sales and marketing, language, culture, communication, and networking. Furthermore, a virtual reality simulation environment will train the users by reproducing real situation. The learning programme will be piloted with migrants in each country in order to test its effectiveness and will also be shared with key stakeholders at the national level, ensuring their understanding, adoption and recommendation of the platform within key learning environments (job centres, learning institutes etc.). After these steps, the project will produce a collection of experiences and policy recommendations based on the testing of the different methodologies developed in the project, which can be used to recommend actions for relevant stakeholders at the European Level⁵⁰

⁴⁸ More information can be found here: <http://disoci.eu>

⁴⁹ INTEGR8 e-Learning Platform may be reached at: <http://integrateproject.eu/elearning/login/index.php>
Further information regarding the project may be found at: <http://integrateproject.eu/en/>.

⁵⁰ Migration and Innovation, A challenge for all 21st century societies. Emily Kouzaridi

Funding Opportunities

According to the ILO report:

The Entrepreneurship Fund is an initiative developed jointly by the European Investment Bank and the Ministry of Finance. A loan of 125 million euros from the European Investment Bank supported (since December 2016) the establishment of a state-owned fund for the financing or guarantee of small and medium-sized ventures in various sectors of the economy, including services, tourism and energy.⁵¹

The Joint European Resources for Small and Medium-sized Enterprises (JEREMIE) aims to promote access to finance for SMEs with a funding envelope of 20 million euros. The initiative comprises two financial products (Funded Risk Sharing and First Loss Portfolio Guarantee) offering loans with lower interest rates, longer repayment and grace periods and lower collateral requirements. By early 2013, approximately 300 loans were approved and disbursed.⁵²

The SME (Small to Medium-Sized Enterprise) competitiveness grant scheme, co-funded by the EU Structural Fund and the Government of Cyprus with 26.7 million euros, supports enterprises in the manufacturing sector to upgrade their technology base and promote innovation. By the end of 2012, over 270 enterprises were supported (of which 25 were start-ups), with the creation of over 300 new jobs. In addition, there is a funding envelope of 4 million euros for the development of innovative products and services in SMEs.⁵³

The scheme for the enhancement of women and youth entrepreneurship, managed by the Ministry of Commerce, Industry and Tourism, provides financial support to young people (20 to 39 years old), and women (18-55 years old), planning to set up a business in the manufacturing, trade, service and tourism industries. The scheme requires participants to contribute their own resources, up to 75 per cent of the total capital required. Since 2010, this programme has invested 2.4 million euros for the creation of 114 youth-led ventures and 2.3 million euros for 135 businesses managed by women. The total funding envelope for the period 2007-2013 is 18 million euros.⁵⁴

One expert, when asked if their organisation provides any programs or trainings for young and migrant entrepreneurs, answered negatively but, she stressed the importance of language skills and said that “we offered free Greek language lessons for migrants, and the language skills is maybe the most crucial factor when it comes to the integration of the migrants and the improvement of their life conditions since when they learn the language they can find a better job, and feel more welcomed”. This links to the previous clarifications about the programmes for general integration being central for the promotion of entrepreneurship amongst young TCNs.

⁵¹ http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_301262.pdf

⁵² http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_301262.pdf

⁵³ http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_301262.pdf

⁵⁴ http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_301262.pdf

b. Opportunities linked to the context

Based on the interviews, some factors, besides legislation and policies, and beyond the above-mentioned initiatives, are proven to help facilitate access to entrepreneurship. One factor is previous working experience. One example is of an entrepreneur working with his brother in his own business in a restaurant for years, which gave him the experience of managing a kitchen and thus a restaurant. He also gained experience in marketing through this and has a specialization in marketing through a module in his degree. He gained further experience in hostels which he was working in abroad. Another presented factor is academic knowledge. An example of an entrepreneur who did not have a very relevant academic background, although her MA was in Management of Non-Profit Programs. Despite specialising in post-war situations and sustainability, she said that the management aspect of the MA helped her as an entrepreneur but, it definitely did not prepare her to be one and start her own business. An additional factor is help from other businessmen, an example of which is an entrepreneur who mentioned that the fact that her father was a successful entrepreneur and he had maybe helped her somewhat.

Continuing, networking was presented as a very important factor, especially with other entrepreneurs. As an entrepreneur said, “one needs to market his/hers ideas and pitch countless times to people. Network so that your nets are as wide as possible. Be open to meeting people and being able to ask around. The biggest help was the other entrepreneurs in Cyprus who are a little bit ahead of us. Fantastic source, much more than the actual running programs that exist now and the Government”. Another entrepreneur mentioned that he received support from a local business man. That was the only support he got and now they are working together with others.

Next is the factor of persistence and perspective, an example being the entrepreneur who mentioned that she tried and failed many times and she considers this to be a valuable lesson. She improved with each attempt. She considers that her business ideas were always good and she would pursue them in different ways, as now she has more knowledge on how to run a business. She believes that it is all a process and it requires a lot of hard work and passion, alongside time and energy. ‘You need to believe in your idea in order to succeed. You need to willingly make sacrifices of your personal life and resources in order to have your business run’.

The final aspect is taking advantage of a venue which already fulfils preconditions. The interviewee here stated for that this aspect was very helpful for an entrepreneur. He recalls that taking advantage of these preconditions helped him overcome obstacles of the rental values that exist in Cyprus. He outlines ‘I was lucky because I found a place (a bit outside from the city centre), which had a low rent and it already had the necessary preconditions. Otherwise I wouldn’t be able to start’.

5. Challenges and barriers for entrepreneurs

This part of the report will focus on the Challenges and Obstacles that entrepreneurs face. These challenges and obstacles are categorised into the legal framework, policies, financial means and services, sociocultural challenges and barriers, and other challenges. The section is heavily based on

the information collected through interviews with experts and entrepreneurs and it includes obstacles faced specifically by TCNs where applicable.

a) The Legal Framework

The majority of the interviewees, both experts and entrepreneurs, expressed serious concerns about the legal framework. There are numerous main challenges regarding the legal framework, especially with regard to TCNs. Their rights, either as students, asylum seekers or workers are so limited they are not eligible to access self-employment opportunities which, as demonstrated above, are dependent on wealth. An expert, during the interview, expressed the opinion that the status of national legislation on entrepreneurship is good, but it needs improvement. She claimed that the legal framework regarding entrepreneurship has changed in the past five years, but the changes have not yet made a strong impact. She continued to say that all changes have been toward a more positive environment that promotes entrepreneurship.

Specificities in legislation are also identified as a challenge. An entrepreneur mentioned that there is not always a specific law which governs the character of the company. Moreover, he mentioned that *'When you apply to get suggestions on how you can use your venue, the suggestions arrive to you and what is mentioned is that 'you can do x, y, z businesses with reservation'*. The result of this is that the authorities cannot promise that they will accept it. The same entrepreneur outlined that, in some cases, the law for permissions for setting up specific businesses requires taking specific steps. For example, he said that he wanted to get a permission for a coffee house and the law required specific traditional chairs. He also referred to very strict opening hours. Another example that he mentioned is that there were requirements for a specific storage area for a restaurant he wished to establish. *'If you don't have it, you cannot do the business. So, I decided to do a 'coffee house' but it limits me a lot (the entrepreneur) because I cannot offer food or some alcoholic beverages. I can't even serve coffee other than Cyprus coffee which I have to brew on the sand'*. As he claimed, *'If there is not a specific law about the specific character of the business you want to set up, then you cannot set up that business'*.

Beyond these, the same entrepreneur tried to establish a walking-tours business. Walking tours are not popular (if at all) in Cyprus, but, even so, in pursuit of establishing his walking tours business, he faced legal obstacles from the competent authorities. The whole process of communication lasted for a year, and in the end, he was not allowed to establish such a business. Based on the law, walking tours require professionals who have studied about the subject, which the individual had never pursued, thus the authorities were not able to give him permission to start such a business. He expressed his interest to talk about Cypriot mythology, urban legends and the history of the town through the stories of people (something which was not included in that law), but they still did not allow that. The only solution would have been to attend a specific course offered by the same authority, but the course was no longer available.

b) Problems with the Legal Framework for TCNs

The main obstacles for TCNs are that they are not allowed to work beyond certain job sectors and beyond the attachment to an employer (unless they are wealthy business people), let alone be able to set up their own businesses.

One challenge/obstacle has to do with the strict requirements. An entrepreneur said that there is no significant support from the state and even when there is, there are problems with the prerequisites. He referred to a program (funded by, approximately, 80% from EU funds) which requires the state to hold a competition for young entrepreneurs to apply and receive a personal business consultancy. However, it is not widely known, regardless of the fact of it being advertised online. He mentioned a prerequisite for young entrepreneurs, which involves having a business registered and having a work-cycle of 6 months. He emphasizes that:

'It is a Ministry in Cyprus that puts these additional requirements on the European program. So, the State provides no help itself, and the one it provides through EU programs are setting obstacles to young entrepreneurs because of the requirements which the State decides to have...The State helps already recently closed businesses because the prerequisites in these programs apply directly to businesses which existed and closed down. This shows that the State focuses on helping in restarting companies and not starting new ones, thus people who have already experience than those who do not have'.

He also outlined that:

'They started their business plan with the opportunity of the announcement of a specific Entrepreneurship programme. They created their plan and they started working on it. Once they did their application, they lost every hope of getting funding because they found out (unofficially) that in the previous round of the programme the businesses which received funding were those which proceeded with a business consultant, sometimes even assigned by the government. When they attended the informative event for that programme, they had been informed that a specific Ministry which funds the programme has its own consultants and that with 1000 euros it is almost certain that your business plan will be accepted. Due to ethical reasons, he did not do that'.

Another entrepreneur said that even the application process of some entrepreneurship programmes is challenging, stating that *'the application was huge and required a large amount of proof and information regarding the start-up of the business'.*

There were other challenges mentioned. One young interviewee said that the permissions to set up a business are up to the discretion of each individual officer. Another problem that was identified through interviews is that there are many 'and others' in state policy documents and rules. For example, *'speakers are not allowed, as well as music devices with high wattage and others'*.⁵⁵ The police reported an entrepreneur because he was playing music with a pick-up in a tavern he was working at.

c) Financial Means and Services

In terms of obstacles and challenges which have to do with financial means and services, some of those identified have to do with the lack of funding, or the lack of knowledge, required to cope with funding opportunities, taxes, conditions for receiving loans, salaries, investment, rental prices and electricity. Some of the identified challenges relate to services with the bureaucracy, a lack of communication between authorities and service fees.

Lack of funding is a very common challenge and barrier. One expert interviewed for the purposes of the report expressed the opinion that lack of funding and minimum or inexistent funding

⁵⁵ http://www.cylaw.org/nomoi/enop/non-ind/2007_1_124/full.html

opportunities can be the most common challenge. Moreover, she said that a lack of skills in seeking funding opportunities and resources is also a problem. Lastly, she spoke about lack of skills in succeeding in funding opportunities (e.g. completing funding applications and reports, succeeding in an interview concerning funding, etc.) as another challenge.

Furthermore, there is an agreement between the experts and the young entrepreneurs who were interviewed that even when funding exists, challenges can still arise. One entrepreneur mentioned an experience she had in which she participated at a start-up scheme providing training and funding, in the end she did not accept the funding because of disagreements in the terms. Another entrepreneur mentioned schemes which in the first round of funding give only a very low percentage of the total expenses needed to initiate the business activity. He gave an example of a scheme which gave funding to approximately 17 businesses, yet, only two of those succeeded, both belonging to the same entrepreneur. He claimed that *'This particular entrepreneur also attended another entrepreneurship program and that's why it managed to survive'*. He also reiterated that the majority of the business plans which arise through participation in such schemes fail to reach fruition. Another entrepreneur even had to sell his car, motorbike, laptop and camera in order to get capital for his business and he also moved back to his parents' house in order to save money. An expert expressed the opinion that *'Sometimes entrepreneurs do not have sufficient funds to start their business'*.

However, there are also those who suggest that the situation is not as bad as some assume. For instance, an expert emphasised that although the economic environment in Cyprus during the last 5 years has not been the best for start-ups due to the financial crisis, in the past few years the economy started to grow, so people are now more likely to take a risk and start their own business. Moreover, the expert suggested that it is now much easier for everyone to start something new since the internet and the social media are much more widely used compared to 5 years ago. She highlighted that *'Many people start their own small business by creating a Facebook page at the beginning, and then, they become known because of the power of the tool (the internet) and their networks. Some examples that I know of include a herbal cosmetics company and a DIY biscuits company'*. Another expert expressed the opinion that opening a business has become easier than ever before because of the assistance provided by organisations for new start-ups.

Taxes are also presented as a challenge. An entrepreneur explained that the legal form of the company (e.g. as business-owner or co-owner, or co-partner, or partner) affects the tax the company pays. This causes financial problems to the entrepreneurs as well as practical ones *'If your partner is registered as a co-owner, the tax is higher. So, it is better for my partner to be registered as an employee'*.

There are challenges in the conditions for receiving loans. For example, an interviewee asked for a permission for reforestation of a farming area with a new kind of tree and sought funding of 3000 euros. He was referred from the competent authorities to a specific bank loan and he found out that in order to get the 3000 euros bank loan, he had to deposit 3000 euros to the bank, which not only made no sense to him but he also did not have this amount, as *'If I had it in the first place, I wouldn't need the loan'*.

'Salaries also pose an issue as low salaries affect entrepreneurial efforts' as suggested by another interviewed entrepreneur. This is due to the fact that young individuals are unable to save up money from their low paid jobs, as the wages were already barely enough to cover living expenses.

An entrepreneur mentioned that if you are a Cypriot starting a business, it is very hard to attract the interest of foreign investment, representing another challenge. An entrepreneur stated his difficulty

in regard to attracting the interest of foreign investment, due to the fact that other larger companies and business on the same area overshadowed his attempts and gave him no opportunity to exposure.

Very high rental prices also pose a challenge. Rents in Cyprus have increased drastically recently, starting from 1500 euros per month as suggested by one entrepreneur. In central roads, it is much higher. In regard to renting, one entrepreneur states, *'I know for a rent of 3500 euros per month. I was lucky because I found a place a bit outside from the city centre, which had a low rent and it already had the necessary preconditions. Otherwise I wouldn't be able to start'*. Finally, electricity rates are very high and there is no reduction for businesses, even during the early stages of a business. Not only are there no reductions, but the electricity rates for businesses are higher than those of domestic electricity. Additionally, the size of the company is irrelevant in regard to electricity rates.

d) Services and bureaucracy

The challenge of bureaucracy is a theme that came up in many interviews. One entrepreneur stressed that there is no interconnection between taxes and archives for example, and this makes the entrepreneurial effort much harder. She also mentioned specifically that *'Even talking with the civil servants, many times is a hassle. As the situation is now, we spend many hours to do simple things. This is not effective, especially taking into consideration that many entrepreneurs at the beginning do not have the resources'*.

Another entrepreneur mentioned that he needed 8 years overall to get permission for his company. There were many refusals from the state along the way in providing those permissions because the venue that the entrepreneur had was not in line with the legal provisions around the business he wanted to start. He said *'Initially we asked for a permission to establish a multifunctional venue and they refused. Then we asked for a permission to set up a ceramics workshop place (for one of the two venues that he had) and a restaurant (for the second venue that he had) and they refused. 6 months ago, we received permission to set up a coffee house, which is the permission that you can get more easily.'*

Lack of knowledge and information is also presented as a challenge. An entrepreneur referred to the lack of the right information from the entrepreneurship training sessions she took part in as the trainers were not knowledgeable themselves. She explained that by saying that *'it is a very young initiative (the start-up community) so we are all learning together in Cyprus'*.

Another entrepreneur talked about the same problem but related it to the government. He said, *'there is no consistent information from the authorities. One officer might say something and the other something else'*. A TCN talked about something similar, more specifically tax, and the labour office as she said *'if you go to ask something, most probably you will be sent to 10 other places and still get no answer'*.

Lack of communication among different authorities constitutes another challenge. An entrepreneur faced this problem between a state authority and the local Municipality. He did all the necessary steps that were required by the state authority, but the Municipality asked him for more papers, which he had already completed and submitted. The Municipality could not find the papers in their archive. The officer thought the papers could be located in a warehouse at a different location. The delivery of the papers would take days, but the entrepreneur wanted them as soon as possible in order to apply for a funding before the deadline, which was in two days.

Services fees are also a challenge and a barrier for entrepreneurs. An entrepreneur said that the costs he had were higher than expected. He said, 'it depends on the size of the company that you want to set up, the legal obstacles that you will face and on many other factors'. He gave as examples the cost for an accountant, a consultant or a web developer, whilst adding that *'the more complicated your company is, the higher the cost. For example, if you want to set up a pub and you only sell beers, it is much more straight-forward for the accountant, so it is cheaper'*.

e) Sociocultural Challenges and Barriers

Lack of talent and networking appeared to be the two main sociocultural challenges and barriers. More specifically, as one entrepreneur mentioned, entrepreneurship is a new theme in Cyprus. With regard to networking, it appeared in many interviews as a challenge. One expert, for example, said that it is a challenge to be able to develop and maintain a good network of collaborators.

Other sociocultural challenges and barriers which were mentioned from experts include the underestimation of abilities and bullying by older people in higher positions, causing self-esteem issues, confusion and indecisiveness. Other challenges are a lack of self-confidence and personal support alongside a lack of support regarding professional issues such as time and risk management.

SOCIOCULTURAL PROBLEMS FOR TCNs

A TCN entrepreneur mentioned that it is harder for a foreign company to attract local customers because locals prefer local companies even if they are charging more. Another TCN, when asked if his status as a migrant has impacted his ability to start a business, said *'Very-very much. Usually, in Cyprus, many people are not open to immigrants and are reserved concerning business done by an immigrant. You have to focus on products which interest only immigrants'*.

Another TCN mentioned the problem with language barriers. According to the experts, the sociocultural challenges the migrants face are not knowing the language(s) spoken in the host society, and discrimination against migrants.

An expert said that many migrants are victims of discrimination and racist behaviours. As he outlined

'That is why it is more difficult for them to launch a new business in their host society and be accepted from the local community. As a result, they depend more on their compatriots to support their new beginning'. Finally, a challenge mentioned by an expert, that migrants lack in the *'Knowledge of how things work in Cyprus underneath the lines'* and *'Understanding the mentality because of the closed community mind system'*.

Finally, regarding the current political and economic conditions in Cyprus, an expert suggested that it is extremely challenging to start an enterprise. This is attributed to the fact that even if the economy of Cyprus is gradually improving, the state does not have a priority to efficiently facilitate start-up businesses. Another expert mentioned that *'I imagine it is very challenging for locals and migrants, since it requires to have a budget and connections. And even if you start an enterprise you need the resources to keep it'*. This statement is in reference to the active culture of nepotism in Cyprus, as Cypriots tend to help each other in various ways across the spectrum of sectors. A third expert mentioned that *'Youth entrepreneurship wasn't so encouraged in the last five years, due to limited financial criteria'*. On the other hand, she argues programmes on entrepreneurship are *'positive for*

young people with fewer entrepreneurial opportunities. Though, these kinds of programmes, in my opinion, lack social inclusivity, [have problems] of financial criteria and have no continuity’.

f. Ongoing Challenges

When asked about the ongoing challenges of a person once they start a new company or business, one expert expressed the opinion that this depends on each specific case, as every specific case of circumstances and facts can set rise to separate obstacles originating from different places, such as government authorities, or other regulatory bodies. Another expert said that it is not difficult to start an enterprise in Cyprus, however, she noted, *‘one needs to take wise steps in order to maintain and grow his/her business, considering financial issues especially’.* Another expert mentioned marketing, competitors, and collaborations. These financial difficulties also interrelate to competitors, as the relatively closed society of Cyprus would usually tend to buy goods and services from suppliers that they are familiar with, which could constitute a big challenge to a new competitor on the market.

A TCN mentioned that a challenge he encountered was lack of channels to advertise his business to the public, since traditional means of mass media can be very expensive.

Another challenge which was mentioned by an expert in an interview is networking, due to being new and relatively small in the market. They highlighted *‘It is a challenge to be able to develop and maintain a good network of collaborators’.*

As far as migrants are concerned, one expert confirmed what is argued in the legal discussion of this report, that

‘A migrant first faces the legal framework (status documents, human rights etc.) then the financial ones’. Another expert said that *‘migrant entrepreneurs face bigger challenges [than locals] since most of them are new to their host society. Additionally, many migrants are victims of discrimination and racist behaviour. That is why it is more difficult for them to launch a new business in their host society and be accepted from the local community. As a result, they depend more on their compatriots to support their new beginning’.*

6. Conclusions

The research findings show that the status of national legislation on entrepreneurship is improving and that the legal framework regarding entrepreneurship has changed in the past five years. Changes have been towards a more positive environment which promotes entrepreneurship. Examples include tax incentives, the Bill on Investment Facilitation (which aims at the reform of the issuance of licenses and the substantial facilitation of investments), the formation of the National Policy Statement on Enhancing the Business Ecosystem in Cyprus, and the bill "The Social Business Law" (which defines social enterprises and establishes a relevant register). As well as this, the Action Plan for the Enhancement of the Ecosystem of Social Enterprises which has been approved by the Council of Ministers on January 9, 2018, and the Cyprus Startup Visa National Plan, which will allow talented entrepreneurs from non-European Union (EU) and non-EEA (EEA) countries to establish themselves in Cyprus and set up / develop start-ups with a high- development in Cyprus.

However, there is significant room for improvement as legislation still causes serious problems to entrepreneurs. This is a strong indication that changes have not yet made a notable impact. Among the numerous challenges and barriers that entrepreneurs face are specificities in legislation, unhelpful prerequisites, taxes, conditions for receiving loans, lack of investment opportunities, high rental prices, and bureaucracy; to name but a few. These, and others, are of a catalytic significance for entrepreneurs.

The situation for TCNs is even worse, since they face the same difficulties as locals, alongside discrimination and a lack of networking, as well as strict limitations in their employment opportunities, let alone entrepreneurship. It is important to mention that even though EU citizens have equal rights and access to labour, the practice of the labour office is that an open vacancy is given firstly to a Cypriot, then to a European citizen and only if one is not available then a TCN will be considered. The Press and Information Office also stated

'The applications should be submitted along with the contract of employment certified by the Department of Labour of the Ministry of Employment and Social Insurance, which is the competent Department for ensuring that there are no Cypriots or citizens of Member States of the European Union available or adequately qualified for the specific job or post prior to recommending the employment of third country nationals'.⁵⁶

A positive development is the announcement made by the Civil Registry and Migration Department of the Ministry of Interior at the end of 2017 for a Public Consultation. The consultation introduced the legislation entitled "The Aliens and Immigration (Conditions of entry and residence of third-country nationals in the Republic for the purposes of research, study, internship, voluntary service, student exchanges or training programs) Law"^{57,58}, which aims to transpose EU Directive 2016/801. The rationale behind the legislative measures are that immigration from countries outside the European Union is a source of highly qualified people and, in particular, students and researchers are very beneficial groups that play an important role in the training of human capital. Human capital is a major asset of the EU, and guaranteeing unimpeded, sustainable and inclusive growth through skilled immigration will contribute to the achievement of the objectives of the Europe 2020 strategy. The bill will establish an entry procedure for third country nationals and their families, based on specific definitions and criteria. It provides a procedure for their mobility within the EU, the possibility of determining volumes of accession, providing that third-country nationals are or will be employed in an employment relationship, ensuring that third-country nationals are treated equally with citizens of the Republic in specific areas. One of the main changes brought about by the bill is that upon completion of the research or studies researchers and students shall be able to remain on the territory of the Republic, on the basis of a residence permit provided for in the bill. Researchers and students can remain for a period of nine months in order to seek employment or to set up an enterprise at the end of research or completed their studies. It should be noted that this leave does

⁵⁶ Leaflet 'General Employment Categories, Issue of Entry and Temporary Residence and Employment Permits (Aliens and Immigration Law Cap. 105 as amended until 2007)' published by the Press and Information Office

⁵⁷ «Ο περί Αλλοδαπών και Μεταναστεύσεως (Προϋποθέσεις εισόδου και διαμονής υπηκόων τρίτων χωρών στη Δημοκρατία με σκοπό την ερευνά, τις σπουδές, την πρακτική άσκηση, την εθελοντική υπηρεσία, τις ανταλλαγές μαθητών ή τα εκπαιδευτικά προγράμματα) Νομός»

⁵⁸ <http://www.moi.gov.cy/moi/CRMD/crmd.nsf/All/967A3A5F011EC88C22581F3003AC59A?OpenDocument>

not automatically give any right to access to the labour market, as it retains the right of Member States to take account of their labour market situation.

RECOMMENDATIONS

- **Recommendations to the legislative authority**

The two main recommendations are the ones of increasing flexibility and customizing taxes. The first topic of flexibility is in regard to the difficulty of issuing permissions for setting up specific businesses which are strict for no clear reason. To tackle this issue, the specific associated requirements need to be revised. Regarding taxation, there is no care for the specificities of each business. Whether a firm is big, small or has a high or low revenue, the taxation remains the same. Provision for more incentives, especially for the beginning of an enterprise would be very helpful.

- **Policy recommendations for relevant institutions**

Two recommendations are mentioned which are a customized support in every governmental body and more research findings to become widely available (for example on development plan of different areas and stating which roads will be closed for construction). These could facilitate entrepreneurs in their research stage when pursuing to start up a business by having access to relevant information on areas in which they might be interested in doing business in. Another recommendation relates to boosting the involvement and engagement of all stakeholders in order to allow all interested parties to get involved in strengthening youth enterprise (i.e. municipalities, higher education institutions, etc.).

- **Specific measures that can be adopted by government, relevant institutions, and NGOs to facilitate youth and migrant entrepreneurship**

There are two main measures which can be adopted and deal with consultation and networking. In terms of consultancy, new entrepreneurs need constant and adequate advice on many aspects of entrepreneurship. The government, relevant institutions and NGOs should provide consultancy opportunities or funding to the entrepreneurs for that.

In terms of networking, new entrepreneurs face many challenges, especially if they are new in the business sector without any relevant contacts. Special programs are needed to build relationships of trust between new entrepreneurs and local businesses, so the former can have the opportunity to enter into business relations that could benefit them financially. Also, improving networking through conferences or competitions must be considered.

- **Recommendations for future research**

Future research should take into account challenges and barriers that young entrepreneurs and migrant entrepreneurs face in their youth enterprise attempts and make suggestions on how to overcome these barriers. Additionally, it should consider challenges and barriers (e.g. funding-financial, legislation-legal, etc.) that authorities phase in designing and implementing initiatives aiming at strengthening young entrepreneurs and migrant entrepreneurs and recommend ways to solve these. Future research should also detect challenges faced among female and male young entrepreneurs, and migrant entrepreneurs, in their youth enterprise attempts (e.g. policies, funding, legislation, as well as social, cultural, educational and personal issues, etc.); and report on ways to solve problems and create more opportunities. Finally, it is necessary that future research frequently reviews and reports on good practices in the field in achieving expertise and advanced results in the field (and respective fields).

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<http://www.reform.gov.cy/gr/%CE%B5%CF%80%CE%B5%CE%BD%CE%B4%CF%8D%CF%83%CE%B5%CE%B9%CF%82-%CE%BA%CE%B1%CE%B9-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CF%8C%CF%84%CE%B7%CF%84%CE%B1/%CE%B4%CE%B9%CE%B1%CE%BC%CF%8C%CF%81%CF%86%CF%89%CF%83%CE%B7-%CF%80%CE%BB%CE%B1%CE%B9%CF%83%CE%AF%CE%BF%CF%85-%CF%80%CE%BF%CE%BB%CE%B9%CF%84%CE%B9%CE%BA%CE%AE%CF%82-%CE%B3%CE%B9%CE%B1-%CF%84%CE%B7%CE%BD-%CE%B5%CE%BD%CE%AF%CF%83%CF%87%CF%85%CF%83%CE%B7-%CF%84%CE%BF%CF%85-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CE%BF%CF%8D-%CE%BF%CE%B9%CE%BA%CE%BF%CF%83%CF%85%CF%83%CF%84%CE%AE%CE%BC%CE%B1%CF%84%CE%BF%CF%82>

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<http://www.reform.gov.cy/gr/%CE%B5%CF%80%CE%B5%CE%BD%CE%B4%CF%8D%CF%83%CE%B5%CE%B9%CF%82-%CE%BA%CE%B1%CE%B9-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CF%8C%CF%84%CE%B7%CF%84%CE%B1/%CE%BA%CE%BF%CE%B9%CE%BD%CF%89%CE%BD%CE%B9%CE%BA%CE%AE-%CE%B5%CF%80%CE%B9%CF%87%CE%B5%CE%B9%CF%81%CE%B7%CE%BC%CE%B1%CF%84%CE%B9%CE%BA%CF%8C%CF%84%CE%B7%CF%84%CE%B1>

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APPENDIX 1:

Population	
Population in 2017 (total)	854'802 ⁵⁹
Population in 2016 (aged 15-29)	188'375 ⁶⁰
Foreign population in 2017 (TCN)	7% ⁶¹
Employment	
Employment rate in 2017 (total)	65.60% ⁶²
Unemployed individuals in 2017 (total)	47'006 ⁶³
Unemployment rate in 2017 (total)	11.10% ⁶⁴
Employment – Youth	
Employed youth in 2017 (aged 15-24)	26'649 ⁶⁵
Unemployed youth in 2017 (aged 15-24)	4'552 ⁶⁶
Youth unemployment rate in 2017 (aged 15-24)	24.70% ⁶⁷
Entrepreneurship	

⁵⁹ Eurostat, Statistics Explained. "Population and population change statistics". https://ec.europa.eu/eurostat/statistics-explained/index.php/Population_and_population_change_statistics

⁶⁰ Eurostat, dataset [yth_demo_060]

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⁶³ *Ibid.*

⁶⁴ Eurostat, Statistics Explained. "Unemployment statistics". https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#undefined

⁶⁵ Statistical Service of the Republic of Cyprus. "Labour force survey 2017". http://www.mof.gov.cy/mof/cystat/statistics.nsf/labour_31main_keyfarchive_en/labour_31main_keyfarchive_en?OpenForm&yr=2017253116E50D172111DF059D0C7AAAE3E2&n=2017

⁶⁶ *Ibid.*

⁶⁷ Eurostat, Statistics Explained. "Unemployment statistics". https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#undefined

Self-employed in 2017 (total)	30'943 ⁶⁸
Self-employment rate in 2017 (total)	7% ⁶⁹
Self-employed youth in 2017 (aged 15-29)	5'000 ⁷⁰
Global Indexes	
World Bank Ease of Doing Business	53 rd ⁷¹
World Economic Forum Global Competitiveness Index	64 th ⁷²
Heritage Foundation Index of Economic Freedom (Ranking)	48 th ⁷³
Heritage Foundation Index of Economic Freedom (Classification)	Moderately free ⁷⁴
Heritage Foundation Index of Economic Freedom (score)	67.8 ⁷⁵

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⁶⁹ *Ibid.*

⁷⁰ Eurostat, dataset [yth_empl_040]

⁷¹ World Bank. "Ease of doing business index". <https://data.worldbank.org/indicator/IC.BUS.EASE.XQ>

⁷² World Economic Forum. "Global Competitiveness Index". <http://reports.weforum.org/global-competitiveness-index-2017-2018/competitiveness-rankings/>

⁷³ Heritage Foundation. "2018 Index of Economic Freedom". <https://www.heritage.org/index/ranking>

⁷⁴ *Ibid.*

⁷⁵ *Ibid.*