

Inclusive Entrepreneurship Policies,  
Country Assessment Notes

# Cyprus

2020

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

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# Foreword

Inclusive entrepreneurship policies seek to ensure that everyone has an opportunity to create a sustainable business for those with realistic potential, regardless of their background. Business creation by people from under-represented and disadvantaged groups (e.g. women, youth, seniors, immigrants, the unemployed, people who experience disability) helps generate jobs, thereby fighting social and financial exclusion while stimulating economic growth.

These policies have become much more relevant with the COVID-19 pandemic, which has led to rapidly increasing unemployment and inactivity. Addressing this jobs crisis is one of the top policy priorities in European Union and OECD countries and inclusive entrepreneurship schemes have strong potential for moving some unemployed people back into work. Moreover, these policies can be leveraged to help re-boot economies as there is untapped growth potential among some of the target groups.

This note is the fourth country assessment note prepared by the Organisation for Economic Co-operation and Development (OECD) in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each EU Member State. Each note provides an overview of the entrepreneurship activities by women, youth, seniors, immigrants and the unemployed. It also provides an assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector.

The 2020 notes include a special section on entrepreneurship support for people who experience disability. This section provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses. It also contains a new section on entrepreneurship framework conditions to provide additional context for interpreting the tailored policies and programmes.

These country-specific notes are part of a wider programme of work by the OECD and the European Commission that includes “The Missing Entrepreneurs” publications, the Better Entrepreneurship Policy Tool ([www.betterentrepreneurship.eu](http://www.betterentrepreneurship.eu)), a series of Policy Briefs on specific target groups, policies and issues, and national policy reviews of youth entrepreneurship and women entrepreneurship. This work stream examines how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice. For more information please refer to: [www.oecd.org/employment/leed/inclusive-entrepreneurship.htm](http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm).

# Acknowledgements

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Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor.

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# Key messages

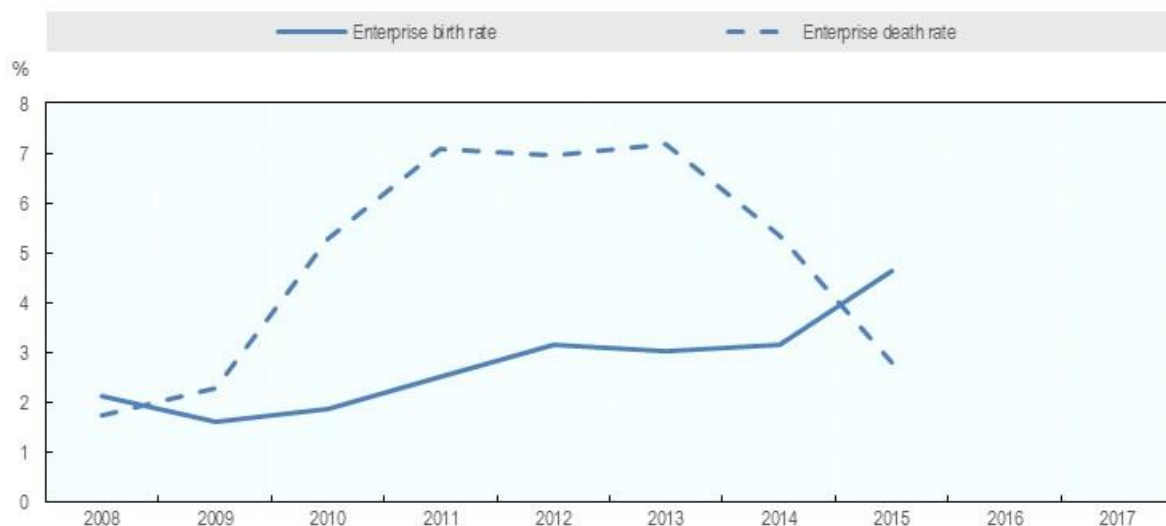
- The framework conditions for entrepreneurship are of varied quality. The prevalence of entrepreneurship skills, for example, ranks slightly above the European Union (EU) median. However, the regulatory environment is often regarded as difficult for entrepreneurs and access to finance remains a challenge.
- Self-employment rates have declined slightly over the past decade, but the share of those with employees is half of what it was ten years ago. The gender gap in self-employment is slightly smaller than the EU average, notably among those that are employers.
- Early-stage entrepreneurship rates are above the EU average for the period 2015-19 and it is estimated that there are approximately 54 000 early-stage entrepreneurs (i.e. those who are in the process of starting a business or managing one that is less than 42 months old). Despite these high activity rates for most population groups, youth were only slightly more likely than the EU average to be engaged in early-stage entrepreneurship activities between 2015 and 2019 (8.9% vs. 7.9% for the EU).
- Eliminating all of the gaps in entrepreneurship activity rates across population groups (i.e. applying the early-stage entrepreneurship rate of men who are 30-49 years old to the whole population) would result in an additional 34 500 entrepreneurs. About 75% of these “missing” entrepreneurs are female, 40% are over 50 years old and 25% are youth (20-29 years old).
- There is limited tailored public support for under-represented and disadvantaged groups in entrepreneurship, which is expected given the size of the country. Some tailored support has been developed for women and youth but more could be done for other groups, especially to facilitate access to start-up finance. Part of this gap is caused by non-participation of the banking sector in EU entrepreneurship programmes (e.g. COSME, Horizon).
- To strengthen inclusive entrepreneurship policies and programmes in Cyprus, it is recommended to:
  - Create an interactive entrepreneurship platform containing information about all entrepreneurship promotion measures, programmes and initiatives;
  - Develop entrepreneurship campaigns promoting role models, success stories and networking initiatives for women and youth so that entrepreneurship is presented as a potential career path; and
  - Re-introduce microfinance schemes that are targeted at entrepreneurs for under-represented and disadvantaged groups (immigrants, seniors, unemployed).

# 1 Inclusive entrepreneurship trends

## Conditions for entrepreneurship

Overall, the business entry and exit is much less dynamic than in the majority of European Union (EU) countries. With the onset of the financial crisis in 2008 (Figure 1.1), the business exit rate declined back to the long-term rate of about 2% between 2013 and 2015. On the other hand, the business entry rate has steadily increased over the past decade, reaching nearly 5%. This was more than double the entry rate in 2009 and exceeded the exit rate in 2015. Since 2015, the business population has grown (note that data for 2016 and 2017 are not available).

Figure 1.1. Business entry and exit rates



Note: Enterprise birth rate is the share enterprise births in the reference period (t) divided by the number of enterprises active in t. Enterprise death rate is the share enterprise deaths in the reference period (t) divided by the number of enterprises active in t. The construction sector is excluded from these rates.

Source: Eurostat (2020), Business demography statistics, <https://ec.europa.eu/eurostat/web/structural-business-statistics/data/main-tables>.

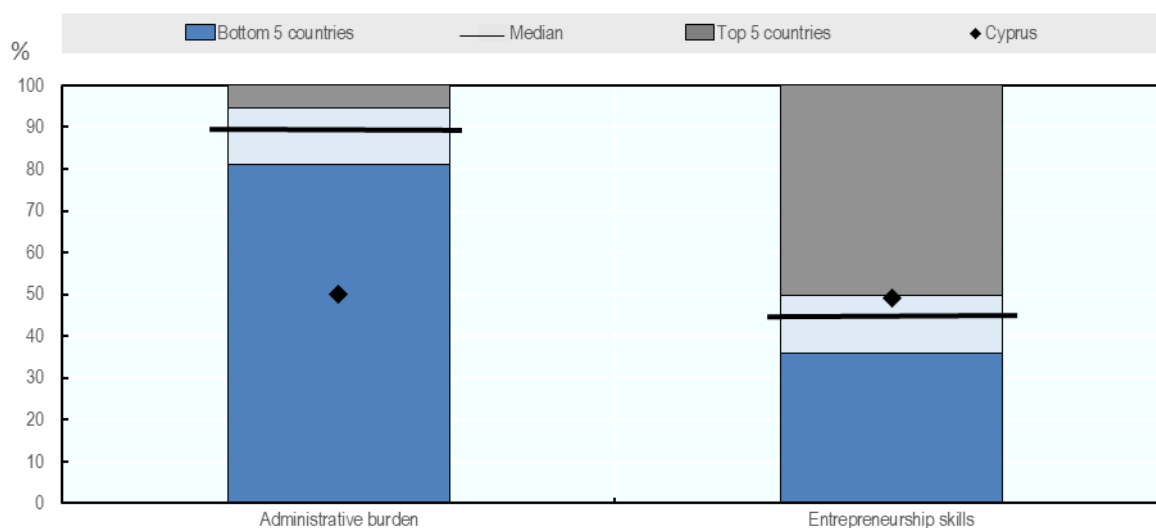
The regulatory environment for new start-ups is often cited as being burdensome. The World Bank Doing Business Survey indicates that the level administrative burden on new business start-ups is among the heaviest in the EU. Consequently, it ranks among the bottom five countries in the EU (Figure 1.2).

However, the share of the population who report that they have entrepreneurship skills is well above the median for EU Member States. Over the period 2015-19, about half of the population indicated that they had the skills and knowledge to start a business. This was higher than the median for the EU (45.0%) and nearly in the top five countries (Figure 1.2).

Financing remains one of the core challenges for all entrepreneurial activities in Cyprus. This challenge is more pronounced than in most countries because the financial crisis in 2008-09 led to a substantial restructuring and consolidation of the financial sector. According to the National Policy Statement (2015), which set the government's policy priorities for the period 2014-20, 92% of Cypriot entrepreneurs strongly believe that securing funding is a prerequisite for the proper function of their businesses.

**Figure 1.2. Conditions for business creation, 2019**

Ranking relative to other European Union Member States



Note: The median score reported represents the median among EU Member States. Administrative burden is a score of 1 to 6 given to a country to reflect the relative scale of the administrative burden that new start-ups face. Entrepreneurship skills is the share of the population who report that they have the skills and knowledge to start a business. This indicator is an average of the period 2015-19.

Source: World Bank (2019), Ease of Doing Business Survey; GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

## Recent labour market trends

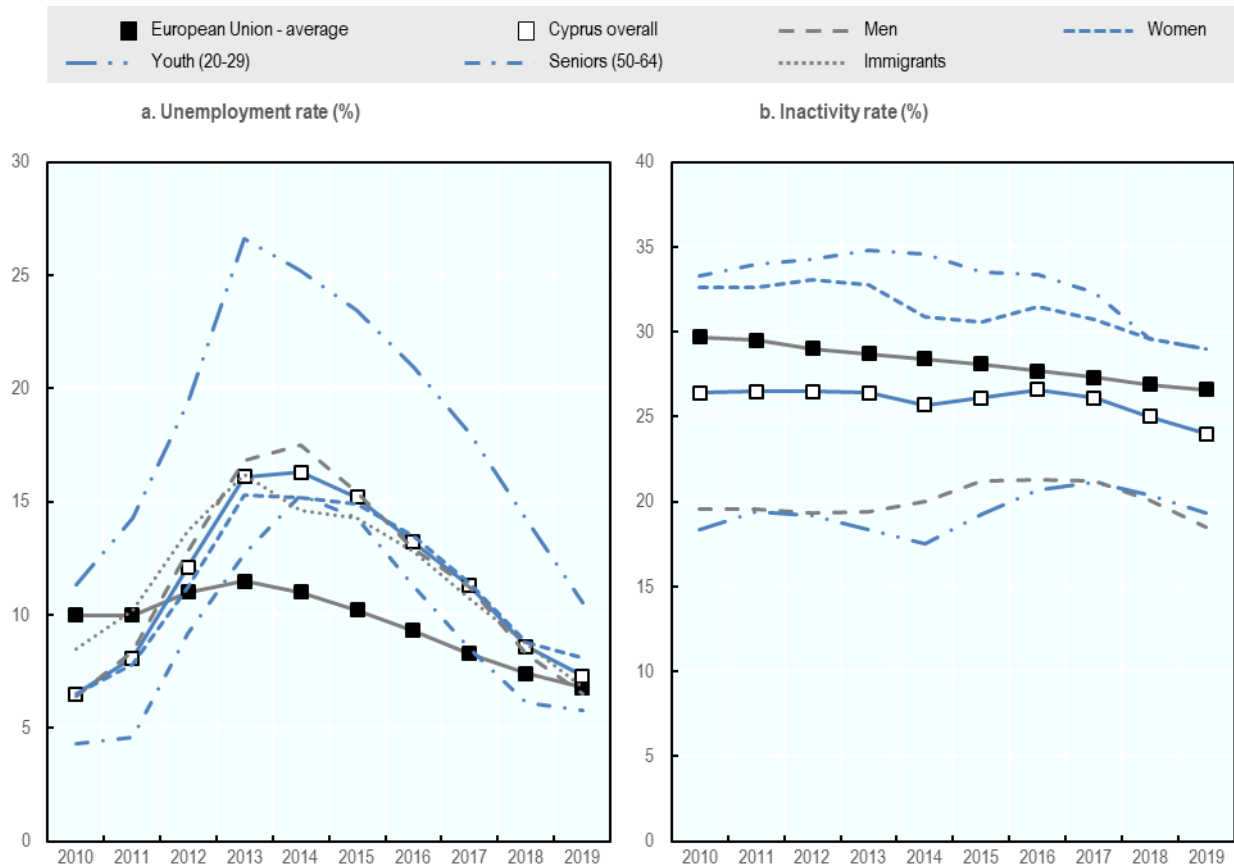
The unemployment rate in Cyprus declined to 7.3% in 2019, down from 16.3% in 2014 (Figure 1.3). Women are slightly more likely than men to be unemployed, but the gap is relatively small (6.5% for men and 8.1% for women in 2019). By contrast, unemployment among older people (50-64 years old) has been declining faster than the national average in recent years. At 5.8% in 2019, it was significantly under the Cyprus average, but still the third-highest unemployment rate in the EU among this age group. Youth unemployment is high and particularly high in Cyprus. The youth unemployment rate more than doubled between 2008 and 2013, when it peaked at 26.6%. It has steadily decreased since to 10.6% in 2019, which is just below the EU average (11.1%).

Inactivity rates have also trended downwards over the past decade, particularly since 2016 (Figure 1.3). Overall, about 24% of the labour force was inactive in 2019 – which is slightly below the EU average (26.6%). Inactivity has declined among women and seniors than other groups, with inactivity rates falling about four percentage points each. However, inactivity increased for youth since 2014.



### Figure 1.3. Unemployment and inactivity

Proportion of the labour force that is unemployed and proportion of the working age population that is inactive



Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

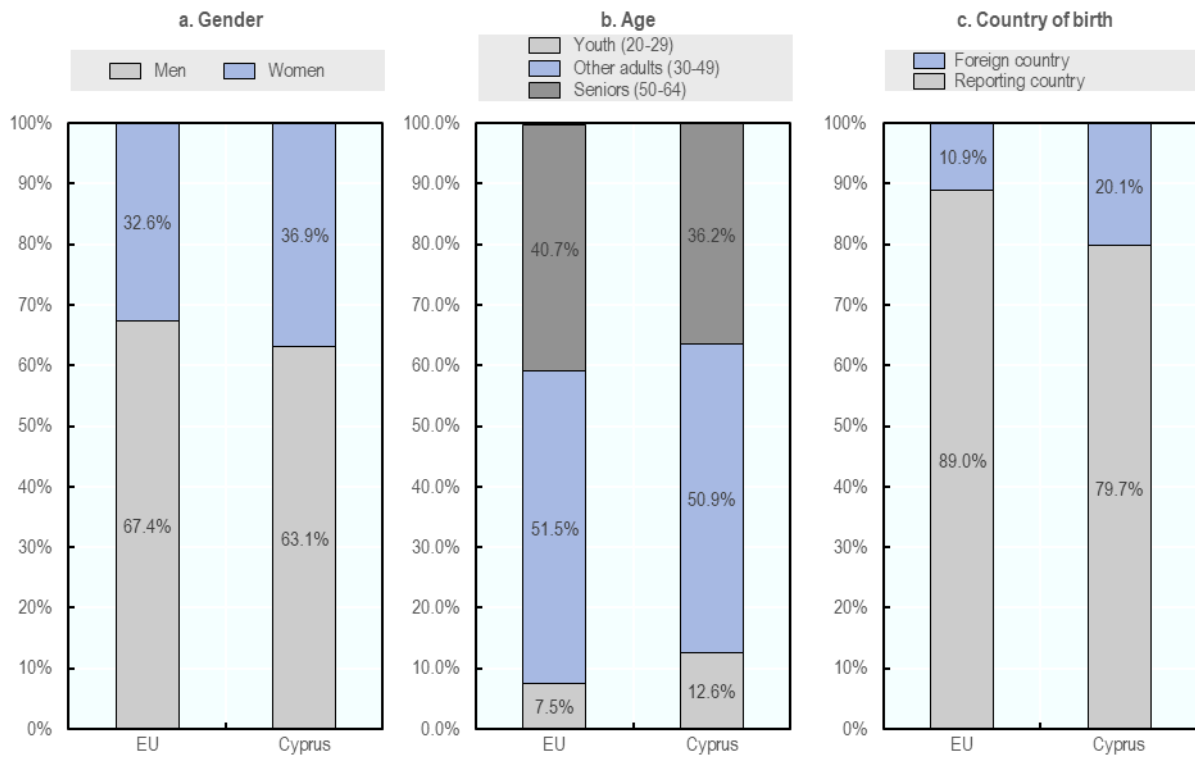
### Self-employment activities

The picture of self-employment is relatively similar to the overall EU picture in terms of personal characteristics of the self-employed. Among the self-employed, men outnumber women two-to-one and half were between the ages of 30 and 49 (Figure 1.4). However, there was a major difference with the EU average in terms of place of birth – a much higher share of the self-employed in Cyprus were born in another country (20.1% vs. 10.9%).

More than one-in-ten working people were self-employed (11.1%) in 2019, which was slightly below the EU average (12.5%) (Figure 1.5). This proportion has declined over the past decade, falling from 14.3% in 2010. A decline in self-employment rates was observed across most demographic groups, including men, youth, women, and older people. Seniors continue to be the group with the highest rate of self-employment in Cyprus (15.6% in 2019), close to the EU average for seniors (16.5%). At 7.1%, youth was the group with the lowest share of self-employed workers, also close to the EU average for this group (5.5%). Cypriot men were more likely than 1.5 times as likely women to be self-employed in 2019 (13.5% vs. 8.5%).

**Figure 1.4. Composition of the self-employed**

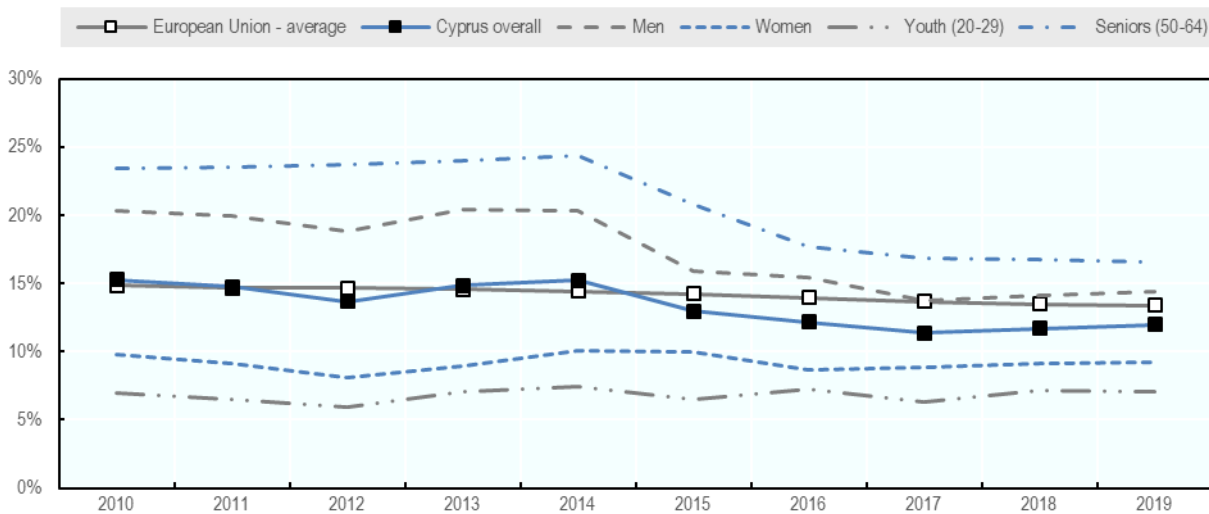
Proportion of self-employed workers, 2019



Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

**Figure 1.5. Self-employment rate**

Proportion of employment that is self-employed



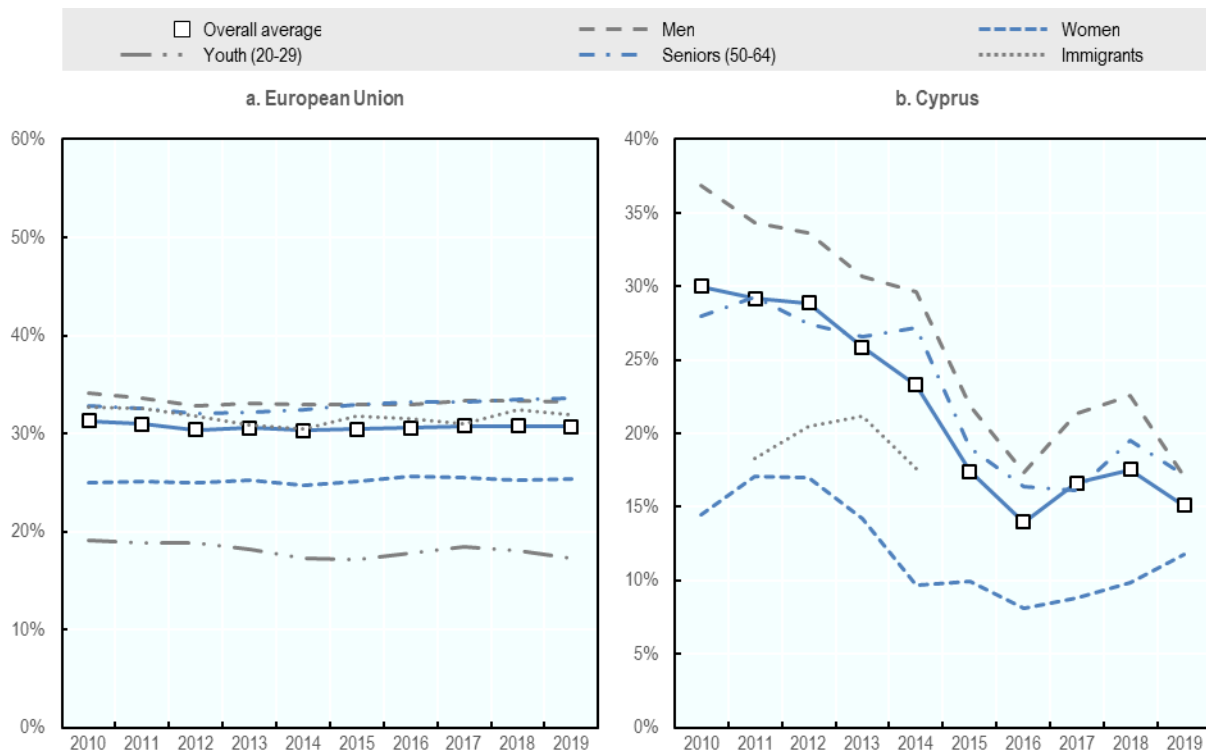
Note: Data for youth includes the estimate for the age group 20-24 years old, which is of low reliability.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The share of the self-employed who had employees has declined significantly over the past decade (Figure 1.6). In 2010, 30.0% of the self-employed had at least one employee, but this share declined to 15.1% in 2019. This proportion was well below the EU average in 2019 (30.7%). This decline was observed across all target groups, however self-employed women appeared to be more resilient over the past decade. The share of self-employed women with employees declined from 14.4% in 2010 to 11.8% in 2019.

**Figure 1.6. Self-employed as employers**

Proportion of the self-employed who employ others



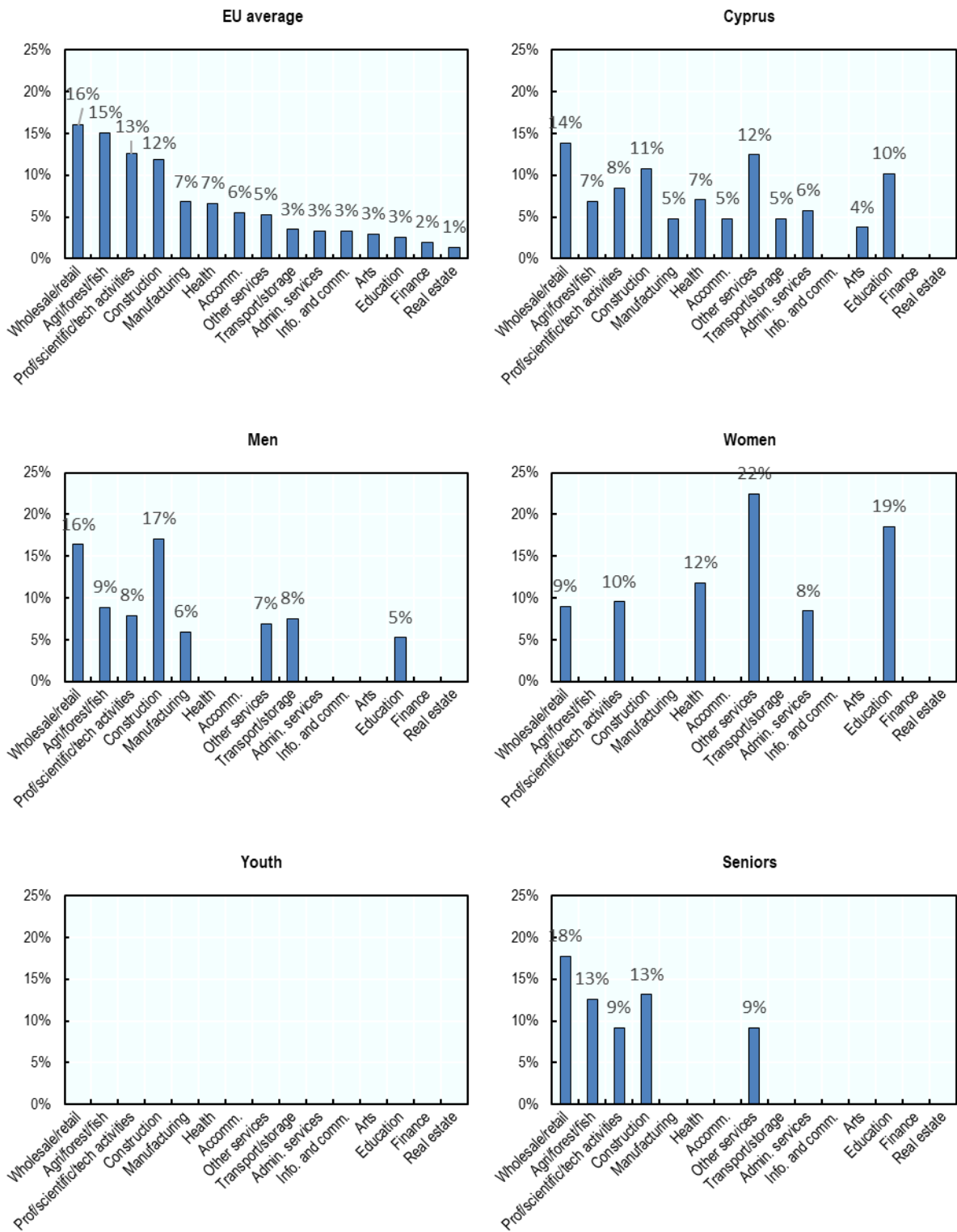
Note: Reliable data for youth is not available. Reliable data for immigrants is not available for 2010, 2015-17 and 2019.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The self-employed appear to be more evenly spread across many sectors than the EU average (Figure 1.7). Self-employed men were most active in Wholesale and retail trade in 2019 (16.4%) and were spread fairly evenly across other sectors. However, self-employed women were more concentrated in Other services (22.5%), Education (18.5%), and Human health and social work activities (11.8%). Data for self-employed youth are not available.

Figure 1.7. Self-employment by economic activity

Distribution of the self-employed by sector, 2019

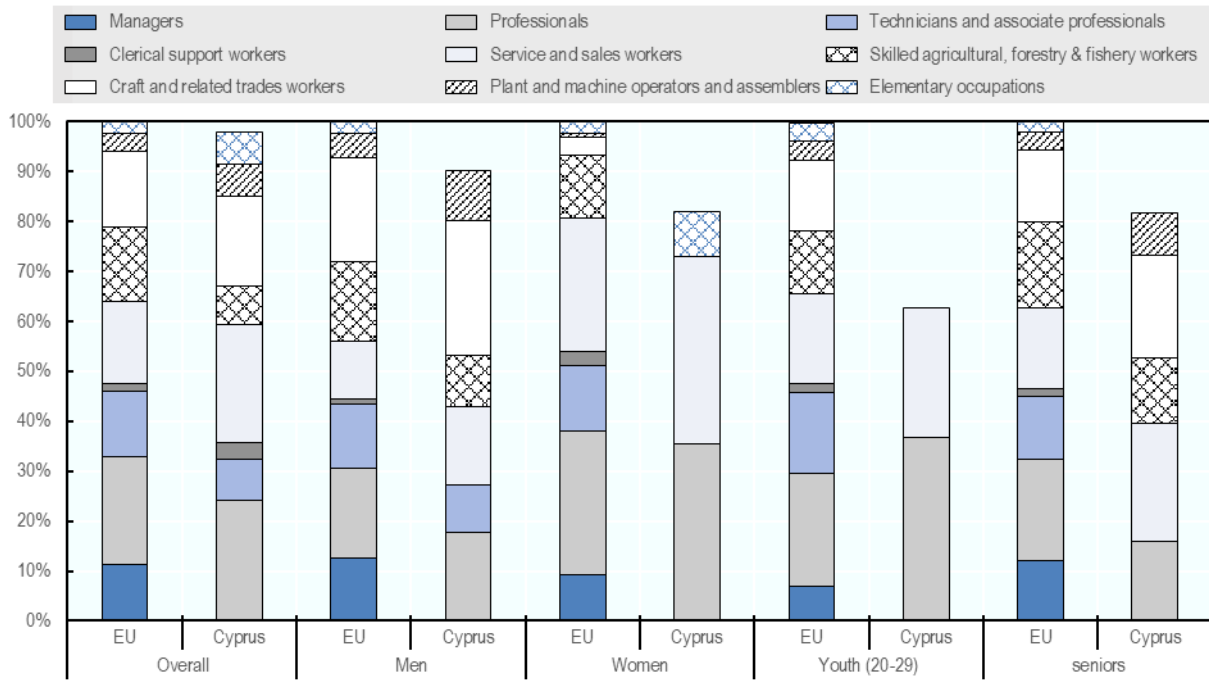


Note: Reliable data for youth is not available and some data for men, women and seniors are suppressed due to the quality of the estimates. Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The distribution of self-employment by occupation looks quite different in Cyprus relative to the EU average due to the structure of the small economy (Figure 1.8). Self-employed men were the most active as Craft and related trades workers (26.9%), whereas self-employed women were heavily concentrated in Service and sales workers (37.6%) and Professionals (35.4%). Youth were also mostly working as Professionals (36.8%) and Service and sales workers (25.9%).

**Figure 1.8. Self-employment by occupation**

Distribution of the self-employed by occupation

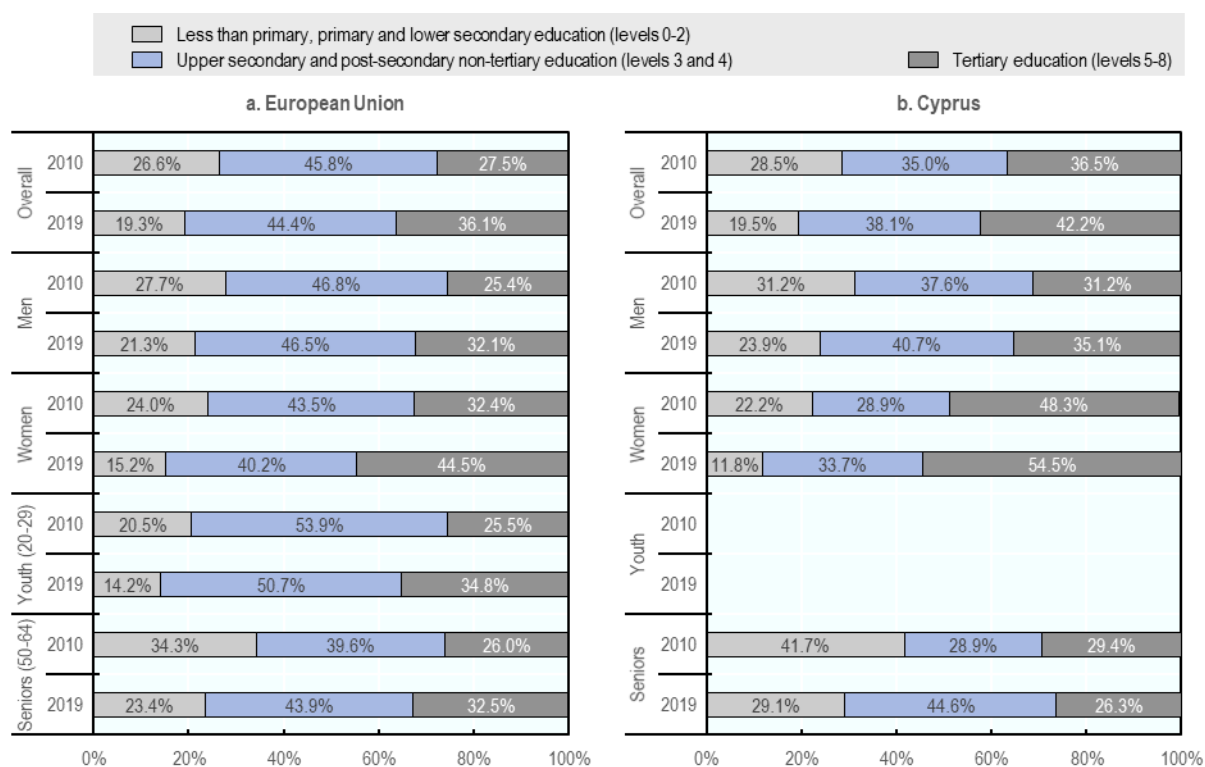


Note: Reliable data for youth is only available for 2 ISCO08 occupation out of 10 and the calculation includes data for age group 20-24 which is unreliable.  
 Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The education level of the self-employed in Cyprus has increased, on average, over the past decade (Figure 1.9). In 2019, 42.2% of the self-employed had a tertiary education, which was above the EU average (36.1%). Self-employed women were particularly likely to have a tertiary education (54.5%). These trends are consistent with general increases in the share of the labour force who have a higher education.

**Figure 1.9. Self-employment by education level**

Disbution of the self-employed by educational attainment



Note : Reliable data is not available for youth.

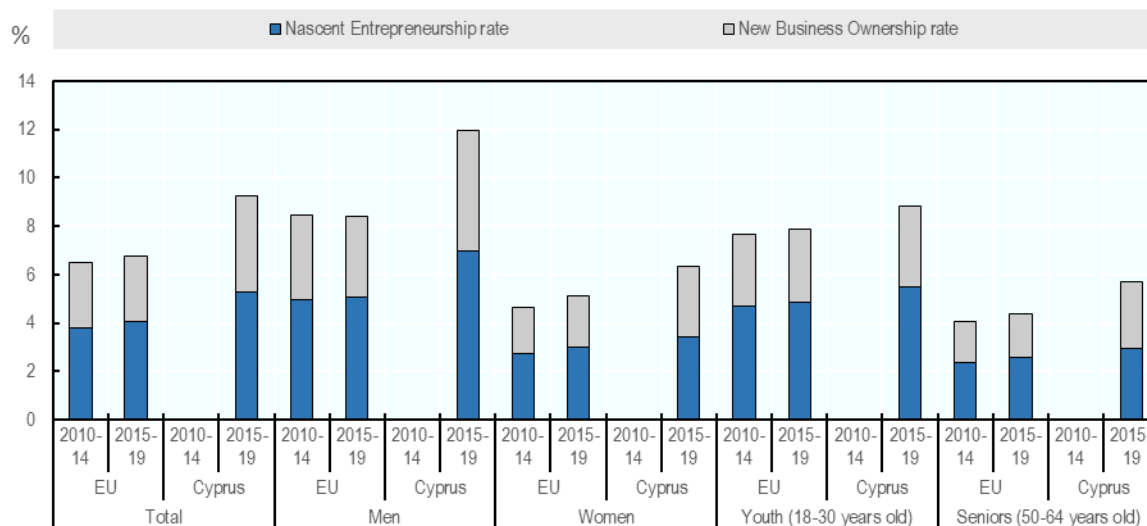
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

## Entrepreneurship activities

The level of entrepreneurship activities can be examined with the use of the Total early-stage Entrepreneurial Activity (TEA) rate, which measures the share of individuals in the working-age population, who are involved in setting up or managing a new business (less than 42 months old). Overall, 6.8% of the working-age population was starting or managing a new business between 2015 and 2019. This share can be further divided in nascent entrepreneurs (4.0%) and new business owners (2.7%). Both of these measures were slightly above the EU average for this period. There was a substantial gender gap in early-stage entrepreneurship activities over this period. Men were about one-and-a-half times more likely than women to be involved in early-stage entrepreneurship activities over this period (8.4% vs. 6.3%) (Figure 1.10).

**Figure 1.10. Nascent entrepreneurship and new business owners**

Proportion of the population (18-64 years old) that self-report being engaged in nascent entrepreneurship activities or new business owners



Note: The nascent entrepreneurship rate is defined as the proportion of the adult population (18-64 years old) that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. The new business ownership rate measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Nearly one-fifth (19.4%) of early-stage entrepreneurship activities between 2015 and 2019 were launched because the entrepreneur could not find employment (Figure 1.11). This, was slightly above the EU average for the same period (18.8%). Among the targeted social groups, women (24.7%) and seniors (18.3%) were the most likely to have started a business due to a lack of employment opportunities. While entrepreneurs from all groups were more likely than their EU counterparts to be driven by necessity, the gap was largest for youth and women. The higher rate of the necessity of entrepreneurship among youth may be partly linked to the high youth unemployment rates.

### How many “missing” entrepreneurs are there?

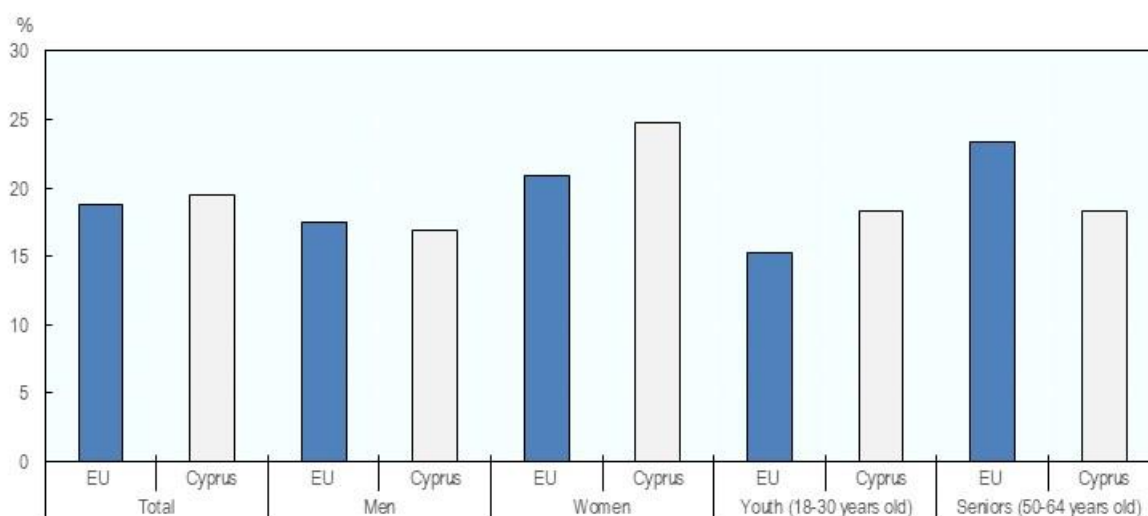
The gaps in early-stage entrepreneurship rates across population groups suggest that there are many “missing” entrepreneurs. There are currently about 54 000 early-stage entrepreneurs in Cyprus (i.e. those starting or managing a business that is less than 42 months old) and this number would increase by about 34 500 if the early-stage entrepreneurship rate for core-age males (30-49 years old) was applied to the whole population.

A similar exercise can be done for each population group by applying the rate for core-age males to each group (i.e. women, youth, seniors, immigrants). This shows that about 75% of these “missing” entrepreneurs are female, 40% are over 50 years old and 25% are youth (20-29 years old).

Public policy should not seek to convert all of these “missing” entrepreneurs into actual entrepreneurs. Entrepreneurship is a labour market activity that involves risk and it is not suitable for everyone. Nonetheless, the exercise of estimating the number of “missing” entrepreneurs can illustrate the scale of entrepreneurship gaps and the potential benefits if some of the gaps in activity rates were reduced.

**Figure 1.11. Necessity entrepreneurship**

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that self-report that their entrepreneurship is necessity-driven, 2015-19



Note: Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

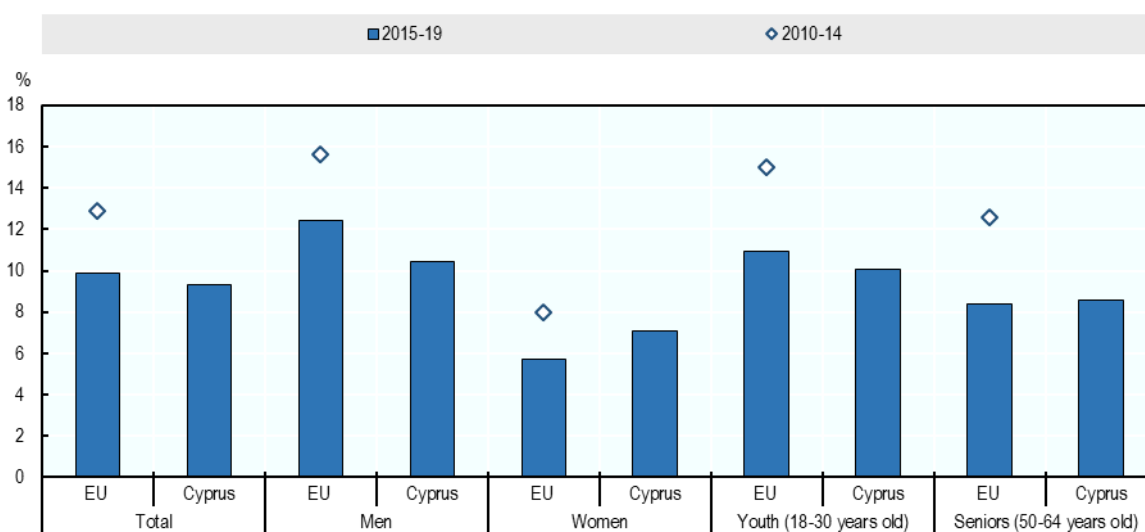
Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.



A slightly below-average share of entrepreneurship activities appear to be growth-oriented. Between 2015 and 2019, 9.3% of early-stage entrepreneurs expected to create at least 19 jobs over the next five years relative to 9.9% for the EU overall (Figure 1.12). Youth were the most likely to expect to become significant job creators (10.1%) while few seniors did (8.6%). The gender gap in growth-oriented entrepreneurs is present. Still, it is relatively small – about 10.4% of male entrepreneurs expected to create at least 19 jobs over the next five years relative to 7.0% of women.

**Figure 1.12. Growth-oriented entrepreneurship**

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that expect to create at least 19 new jobs over the next five years



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

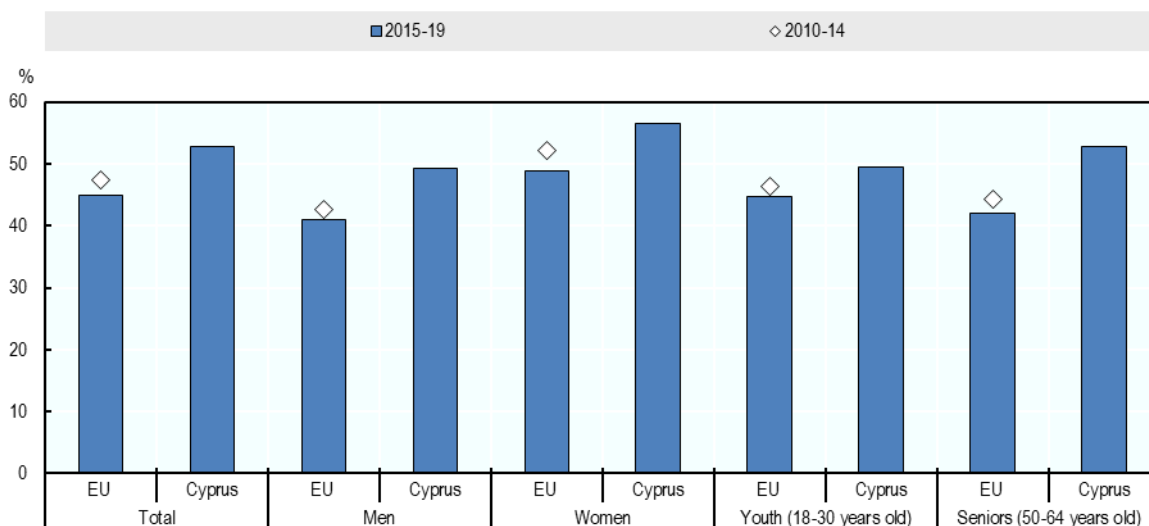
## Barriers to business creation

Fear of failure was cited as an obstacle to business creation by 52.8% of Cypriots between 2015 and 2019, which was above the EU average (45.0%) (Figure 1.13). Among EU Member States, only Greece had a higher proportion of the population that indicated that a fear of failure was a barrier to business creation. Among the population, women (56.5%) and older people (52.9%) were the most likely to report this barrier, although the gap is not substantial since more than half of men (49.3%) and youth (49.6%) also reported this barrier.

Another commonly reported barrier to business creation is a lack of entrepreneurship skills. However, this does not appear to be a major obstacle in Cyprus. Over the period 2015-19, about half of Cypriots believed they had the skills and knowledge needed to start a business (Figure 1.14). As noted earlier, this was above the EU average (42.5%). However, there is a significant gender gap since men were 1.3 times more likely than women to report having entrepreneurship skills (57.9% vs. 43.8%). Youth (48.8%) were, and older people (45.9%) were both more likely to report having entrepreneurship skills than the EU average.

**Figure 1.13. Fear of failure**

“Does a fear of failure prevent you from starting a business?”  
Percentage of population who responded “yes”, 18-64 years old

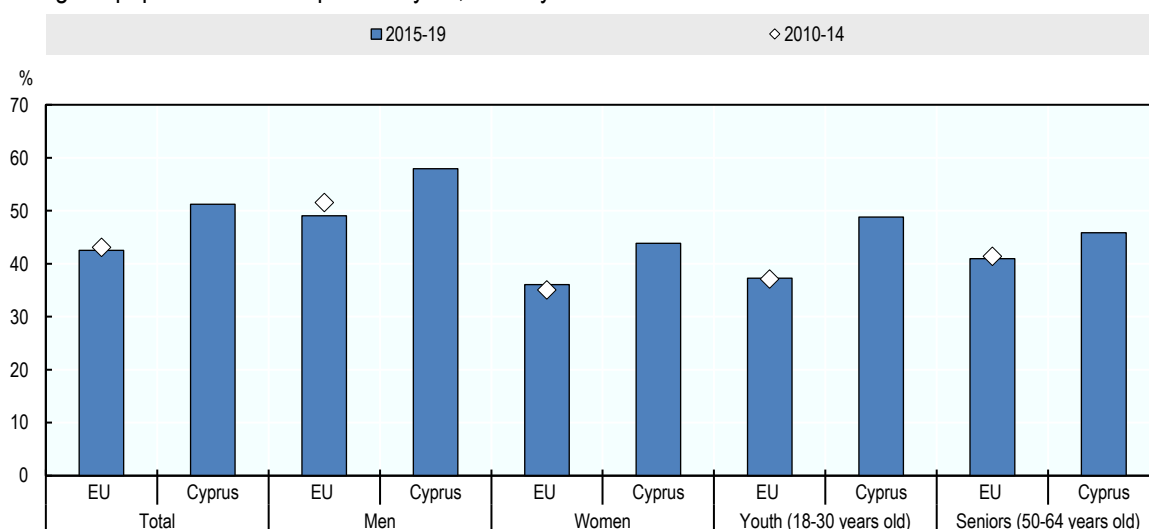


Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

**Figure 1.14. Entrepreneurship skills**

“Do you have the knowledge and skills to start a business?”  
Percentage of population who responded “yes”, 18-64 years old



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

# 2 Inclusive entrepreneurship policy framework

## Overview and assessment

Table 2.1. Characterisation of the inclusive entrepreneurship policy context

		Women	Immigrants	Youth	Seniors	Unemployed
1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked)	National	✓		✓		✓
	Regional					
	Local					
2. A group-specific entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy)		✓		✓		✓
3. Clear targets and objectives for entrepreneurship policy have been developed and reported for different target groups						
4. Monitoring and evaluation practices for entrepreneurship support are strong and wide-spread				✓		

Note: A check-mark indicates the level policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

### **Policy responsibility**

**The Ministry of Energy, Commerce, and Industry (MECIT)** has formulated a National Policy Statement for the Entrepreneurial Ecosystem, a multi-annual plan to enhance existing entrepreneurial activity in Cyprus. The National Policy aims to cultivate an entrepreneurial culture, especially among the younger generations, improve the business environment, update the relevant legal framework and provide additional funding opportunities for businesses.

According to the 3<sup>rd</sup> Progress Report - Policy Statement: Strengthening the Business Ecosystem in Cyprus, issued in February 2019 (in Greek) by the MECIT – the governance system is an indispensable condition for the prosperity of the entrepreneurship policy. This system of governance ensures both the implementation of the actions and the co-ordination of the multi-level cooperation required by all stakeholders through the public and private partnerships. In this context, the **Co-ordination and Monitoring Committee** is successfully operating. The Co-ordination and Monitoring Committee has been established and operates under the chairmanship of the Director-General of the MECIT.

The role of the **non-governmental sector** in stimulating and/or implementing targeted entrepreneurship support programmes for different target groups is limited. Only two institutions have been identified in this respect: GrantXpert Consulting and the Stelios Hadjioannou Foundation. GrantXpert Consulting specialises in consulting services for EU funding programmes and structural funds through training on available EU funding opportunities, supporting the application process and offering project management

services for funded proposals. The Stelios Hadjiioannou Foundation supports bi-communal<sup>1</sup> entrepreneurial proposals that are submitted and evaluated by a group of experts. The further inclusion of non-governmental stakeholders could be beneficial as they hold valuable knowledge on the issues faced by different groups and could facilitate the implementation of targeted entrepreneurship support programmes.

### ***Inclusive entrepreneurship strategies and objectives***

A priority for the government is to enhance the innovation performance of the firms and institutions. According to the Global Entrepreneurship Monitor and the National Report conducted for 2018-19 on the Entrepreneurship in Cyprus, continued advancements are observed since late 2018 in the national system for research and innovation (R&I). Recent developments include the launch of a reformed integrated governance system for R&I and the adoption of “Innovate Cyprus” – a new strategic framework for R&I (2019-23), which highlights objectives that aim to address the challenges of the country’s national ecosystem for research and innovative entrepreneurship. The primary objective of the effort is to extend the productive base of the economy through knowledge-intensive sectors and support in this way sustainability in new and existing entrepreneurial ventures.

Furthermore, the Ministry of Education has developed a set of activities intended to guide students of all ages towards entrepreneurship and creativity. This effort is supported by several governmental and non-governmental organisations and networks across entrepreneurial competitions on yearly basis. Universities have also strengthened their curriculums from an entrepreneurial perspective, offering certificates and minor degrees in entrepreneurship. Attaining this objective, an e-government strategy is being implemented, tending to simplify the legal procedures required to register a company and the existing legal framework is being improved, with the purpose of enabling spin-offs through public universities. Training for teachers is also offered by the Cyprus Pedagogical Institute aiming to expand educators’ entrepreneurial and communication skills by introducing tools for the advancement of creative thinking, innovative ideas, participation and self-confidence.

Furthermore, the objectives specified in the Action Plan for Growth, are in line with the targets of Europe 2020, for smart, sustainable and inclusive growth. The Action Plan for Growth which is still being applied in the Cyprus National Programme 2019, had been prepared by the Presidency’s Unit for Administrative Reform; was approved in February 2015 and updated in 2017 by the Council of Ministers; it includes around 70 targeted actions with specific timeframes aiming to enhance the competitiveness of the economy, increase productivity and unlock the country’s investment potential.

### ***Monitoring and evaluation practices***

According to the **Cyprus National Reform Programme** (2017), the emphasis placed by the Government on enhancing the economy’s competitiveness and productivity requires the establishment of a mechanism to systematically monitor the performance of the country in relation to international competitiveness benchmarks. Inclusive entrepreneurship policies and programmes are intended to be assessed through this mechanism, in the form of an annually prepared and published Competitiveness Report, which will provide an analytical tool for the comprehensive assessment of country’s performance and facilitate the dialogue between governmental and non-governmental sectors, as well as assisting in setting the agenda for reforms aiming at competitiveness improvements. The inclusion of the monitoring and evaluation of international indicators into the national policy framework will facilitate the design of the appropriate actions and policies for growth.

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<sup>1</sup>The initiative aim to promote co-operation between Greek-Cypriots and Turkish-Cypriots.in the form of joint entrepreneurial initiatives.

Furthermore, the Government has pledged to evaluate and consider the findings and policy recommendations of the 3<sup>rd</sup> GEM report, prepared by the Centre for Entrepreneurship of the University of Cyprus, since the report can be a valuable tool for the promotion of the entrepreneurial activity in island.

## Recent developments

### ***Policy measures in response to COVID-19 to support entrepreneurs and the self-employed<sup>2</sup>***

During the COVID-19 crisis, the government developed a Special Scheme for Self Employed Workers, offered by the Ministry of Labour, Welfare and Social Insurance. The aim of the scheme was to provide financial support to self-employed workers that (a) have suspended their work completely and the nature or manner in which they are to be operated has not been modified and (b) have partially suspended their work, i.e. they have a decrease in turnover of more than 25% in the month of March 2020 and are forecasting an equivalent decrease in their turnover for the month of April 2020, as compared to the relevant months (March and April) of the previous year and the decrease in their turnover is solely due to the pandemic of COVID-19. In instances where the company did not operate in the previous year, the comparison is made with the months preceding March 2020. The Special Allowance for Self-Employed Workers (weekly) equalled to 60% of the amount of the weekly amount of insured earnings (EUR 300 – EUR 900) and concerned a period of four weeks.

The "ReCOVer20" Programme, provided by the Youth Board of Cyprus<sup>3</sup> is about financing pilot actions or activities aimed at addressing the effects of the new COVID-19 pandemic, locally, highlighting the feeling of solidarity and practical support in individuals, groups and communities affected by the pandemic crisis. Funded actions should include the element of intervention and respond to specific social challenges at the local level, while they should be based on innovation and / or copying good practices. Actions should be aimed at initiating a social change, even if it is not immediately visible. Indicative actions may be about vulnerable groups, including refugees and asylum seekers, people with disabilities, people living in isolation, or remote areas, etc. The amount received by the approved funded actions will not exceed EUR 5 000.

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<sup>2</sup> Policy measures up to mid-July 2020 have been considered. However there might be changes in duration and amount of existing measures respectively new measures upcoming.

<sup>3</sup> The Youth Board of Cyprus was founded in 1994 as a public legal entity pursuant to the Youth Board Law of 1994 (N.33 (I)/94), which was passed unanimously by the House of Representatives. Since the beginning of its operation on the 2nd of June 1994, when the first Board of Directors was appointed, the organisation has offered young people multiple opportunities for active participation in social activities in Cyprus and abroad.

# 3 Assessment of current and planned inclusive entrepreneurship policies and programmes

## Developing entrepreneurship skills

### Overview and assessment of policies and programmes

Table 3.1. Characterisation of schemes for developing entrepreneurship skills

		<b>Tailored:</b> Are public programmes tailored for the target group (i.e. dedicated)?	<b>Consultation:</b> Are the targeted entrepreneurs consulted during the design of programmes?	<b>Outreach:</b> Are appropriate outreach methods used for different target groups?	<b>Delivery:</b> Are specialist organisations used to deliver programmes?	<b>Take-up:</b> Does the support have high take-up among target group?	<b>Scale:</b> Is the scale of available support sufficient?	<b>Impact:</b> Does evaluation evidence show a positive impact?	<b>Integrated:</b> Is the programme delivered linked other related supports?	<b>Links:</b> Do tailored programmes link to mainstream support programmes?
Women	1. Entrepreneurship training		✓					✓		
	2. Entrepreneurship coaching and mentoring									
	3. Business consultancy, including incubators/accelerators		✓					✓		
Immigrants	1. Entrepreneurship training									
	2. Entrepreneurship coaching and mentoring									
	3. Business consultancy, including incubators/accelerators									
Youth	1. Entrepreneurship training		✓					✓		
	2. Entrepreneurship coaching and mentoring									
	3. Business consultancy, including incubators/accelerators		✓					✓		
Seniors	1. Entrepreneurship training									
	2. Entrepreneurship coaching and mentoring									
	3. Business consultancy, including incubators/accelerators									
The unemployed	1. Entrepreneurship training									
	2. Entrepreneurship coaching and mentoring									
	3. Business consultancy, including incubators/accelerators									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Policies and programmes for the development of entrepreneurship skills are currently very limited. Business start-up training programmes are not widely available and existing programmes are generic and do not address the specific barriers faced by different groups. The 2015 National Policy Statement and RPF Restart 2016-20 express a commitment to building and strengthening entrepreneurial skills in the country. In this context, education reforms were recently introduced entrepreneurship education in school curricula. This has the potential to not only support youth in entrepreneurship but also initiate transformation towards a more entrepreneurial one.

As part of the current “Youth Entrepreneurship Support Scheme” and the “Female Entrepreneurship Support Scheme”, the Ministry of Energy, Commerce, Industry and Tourism offers business counselling and mentoring to entrepreneurs who received a financial grant in order to support them developing their business. Some entrepreneurship training programmes for the unemployed are also offered through the Employment of Long-term Unemployed Scheme and the Employment of Unemployed in Retail Micro-enterprises (1-4 employees) scheme.

## Financing entrepreneurship

### Overview and assessment of policies and programmes

Table 3.2. Characterisation of schemes for facilitating access to finance

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Grants for business creation	✓	✓					✓		
	2. Loan guarantees									
	3. Microfinance and loans	✓	✓					✓		
	4. Other instruments (e.g. crowdfunding, risk capital)									
Immigrants	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
Youth	1. Grants for business creation	✓	✓					✓		
	2. Loan guarantees									
	3. Microfinance and loans	✓	✓					✓		
	4. Other instruments (e.g. crowdfunding, risk capital)									
Seniors	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
The unem- ployed	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

According to the National Policy Statement the financing entrepreneurship strategy for the period 2014-20 is based on four main pillars, 1) the European Structural and Investment Funds, 2) European Initiatives and Competitive Programs, 3) Bank financing and 4) Alternative forms and sources of funding. One of the main sources of funding are the European Structural and Investment Funds, which are used to support Cypriot companies through targeted sponsorship plans and the use of appropriate financial instruments. For the period 2014-20, EUR 73 million have been committed to the promotion of measures



that will strengthen the entrepreneurship and competitiveness of small and medium-sized enterprises. It is important to take advantage of relevant funding experiences for the period 2007-13 where key weaknesses in participation and implementation of these programs are identified and thus improvements are proposed for the new period 2014-20. Better targeting, simplification of procedures to facilitate participation in programmes, acceleration of approval and payment stages, the involvement of the private sector in the evaluation of proposals and the promotion of new measures are some of the new proposals for improvement.

Another important source of EU funding is the participation in European Initiatives and Competitive Programmes that contribute to the implementation of EU policies. Proposals shall be submitted by the interested enterprises or other bodies, directly to the European Commission, without the intervention of the Member States, and are evaluated on a competitive basis with corresponding proposals from other Member States of the European Union. According to the General Directorate of European Programmes, Coordination and Development, it is estimated that Cyprus will raise about EUR 250 million – EUR 300 million from the funds available through the European Initiatives and Competitive Programmes for the period 2014-20, slightly improving its participation in relation to the period 2007-13 where about EUR 150 million were raised. A significant part of the new amount can be channelled to the business community through programmes such as the Competitiveness Programme for Small and Medium Enterprises (COSME) and the Horizon 2020 Programme. One of the gaps identified in Cyprus is the non-participation of the banking sector in these programmes (COSME, Horizon), a participation from which businesses could also benefit.

Considering that bank financing a significant source of financing the entrepreneurial sector is the country's financial institutions. These financial opportunities seem to be significantly reduced after the 2013 economic crises, due to the decisions to consolidate the financial sector of Cyprus. In addition to the difficulty of banks to meet their own resources for supporting the financial needs of small and medium-sized enterprises, the participation of most banks in co-financed financial instruments supported by the Cypriot government seems to be of low efficiency. For example, the Cyprus Entrepreneurship Fund, which is one of the main tools offered by the Republic of Cyprus to support small and medium-sized enterprises, is supported by the participation of only one financial institution. In contrast, Cypriot financial institutions are showing much greater interest in direct borrowing from the European Investment Bank. Finally, the need for greater participation of banks in meeting the financial needs of small and medium-sized enterprises is evident. Strengthening their participation in European programmes and initiatives and further developing co-operation with both the government and other non-banking institutions, can substantially contribute to a more favourable environment for entrepreneurial activities.

Under the current unfavourable economic conditions and the high level of non-performing loans, commercial banks are reluctant to provide new loans to enterprises, especially to those who are considered high risk. Private financing initiatives have emerged, such as the creation of the first Cypriot Network of Business Angels (CYBAN) in 2013, the operation of the crowdfunding platform "We hug a cause" that was also created in 2013 and the development of venture capital transactions by a small number of companies operating in Cyprus.

- Cyprus Business Angels Network (CYBAN) is the only Angel Investment Network in Cyprus aiming to connect the most innovative, fast growing companies in order to smart equity finance. CYBAN is a full member of the European Business Angels Network (EBAN) the pan-European representative for the early stage investors, and the Global Business Angels Network (GBAN) a global community of business angel networks and organisations coordinated by the Global Entrepreneurship Network (GEN).
- "We Hug A Cause" is a Crowdfunding platform in Cyprus serving anyone in the world with a cause. The platform supports individuals with innovative ideas, start-ups, artists, entrepreneurs, organisations, bi-communal projects and people who have a cause in life to help others. The

platform is made up by a group of social entrepreneurs motivated to offer value to society at large.

An important decision for the development of the Business Capital market in Cyprus was the adoption of the 2014 law on Alternative Investment Organisations, about of the harmonisation of national legislation with the relevant directives of the European Union. This law aims to strengthen transparency and protect investment. Also, important actions are taking place at a European level, to explore the opportunities and risks associated with the purchase and financing carried out through the crowdfunding method. The support of the Cypriot government, both in the existing and new initiatives of the private sector, as well as the evaluation of the possibility of the government's own participation in new alternative financing mechanisms, is a priority by the Cypriot government.

### *Women*

The Ministry of Energy, Commerce, Industry and Tourism of the Republic of Cyprus in an attempt to promote and encourage entrepreneurship among women, introduced the "Scheme for the Enhancement of Women's Entrepreneurship". The scheme aims to develop, support and encourage entrepreneurship by women between the ages of 18-55, who wish to establish an enterprise in the sectors of manufacturing, services, tourist activities and e-commerce. Emphasis is given in the development of new technologies, in the use of innovative methods of production and promotion of products and services, in the growth of business skilfulness in the sector of environment and generally in the promotion of modern enterprising activities aiming at the creation dynamic and competitive enterprises. This scheme is targeted at women who had not any previous business activity in any sector, for at least a period of six months before the date of the submission of their proposal, are either unemployed or employees. Eligible candidates may participate in only one proposal and their participation must represent at least 75% of the total share per corporate capital. The grant is offered as a percentage (50%) on the approved budget with a maximum amount of EUR 70 000 for the manufacturing sector, and EUR 50 000 for the other sectors. The majority of businesses created are in the fields of manufacturing such as bakeries, small food factories, metal factories, of e-commerce, services such as law and accounting offices, surgeries, nurseries, mechanics, and tourism such as taverns, restaurants, bars, cafes, traditional small hotels, etc.

### *Youth*

The Ministry of Energy, Commerce, Industry and Tourism of the Republic of Cyprus in an attempt to promote and encourage entrepreneurship among young people, introduced the "Scheme of Youth Entrepreneurship". The current scheme is based on the Operational Programme 2014-20 for "Competitiveness and Sustainable Development" which is co-financed by the European Regional Development Fund and the Republic of Cyprus. The aim of the Scheme is to develop, support and encourage entrepreneurship by young people between the ages of 20-40 years old, who wish to establish an enterprise in the sectors of manufacturing, services, tourist activities and e-commerce. Emphasis is given in the development of new technologies, in the use of innovative methods of production and promotion of products and services, in the growth of business skilfulness in the sector of environment and generally in the promotion of modern enterprising activities aiming at the creation of dynamic and competitive enterprises. This scheme is targeted at young people who had not any previous business activity in any sector, for at least a period of six months before the date of the submission of their proposal, are either unemployed or employees. Eligible candidates may participate in only one proposal and their participation must represent at least 75% of the total share per corporate capital. The grant is offered as a percentage (50%) on the approved budget with a maximum amount of EUR 70 000 for the manufacturing sector, and EUR 50 000 for the other sectors.

The Youth Board of Cyprus is a public legal entity aiming to offer young people various opportunities for participation in social activities, in Cyprus and abroad. The Youth Board of Cyprus intensively supports

the Youth Entrepreneurship scheme which operates under the supervision of the Ministry of Commerce, Industry and Tourism (Industrial Development Service). The programme's goals are to develop, support and promote entrepreneurship among young people through financial support and educational training courses for the development of new and sustainable SMEs. It promotes the implementation of new technologies and innovative production methods, entrepreneurial development in the sector of environment, as well as entrepreneurial activities for the formation of dynamic, evolving and competitive businesses. Moreover, the Youth Board of Cyprus supports the programme "Students in Action", which is a new funding project run by the Ministry of Education and Culture in cooperation with the Youth Board of Cyprus. The programme's goals are to support research on youth related issues, to improve young people's employability by enhancing their skills and abilities and to boost youth entrepreneurship and innovation. In particular, the programme provides grants to students and groups of students for the implementation of business ideas, the development of innovation plans as well as initiatives that contribute to the cultivation of creative thinking and business culture among students.

## Entrepreneurship culture and social capital

### Overview and assessment policies and programmes

**Table 3.3. Characterisation of public policy actions to promote entrepreneurship and develop networks**

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives	✓	✓					✓		
Immigrants	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives									
Youth	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives	✓	✓					✓		
Seniors	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives									
The unemployed	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

There are five significant initiatives promoting entrepreneurial culture and social networking in Cyprus. Two of them are focusing on new start-ups, while one is for women and two for youth. These initiatives are working well overall.

**Enterprise Europe Network Cyprus** offers free integrated support services to Cypriot enterprises wishing to invest in research and development, technology and innovation. The Network provides information services for funding and legislation issues, internationalisation and finding partners, advisory services on technology transfer, innovation and intellectual property to all Cypriot enterprises, particularly small and medium-sized ones. It is a member of the European network Enterprise Europe Network and consists of the Research Promotion Foundation as Co-ordinator, the Cyprus Chamber of Commerce and Industry, and the European Office of Cyprus as members (Enterprise Europe Network Cyprus, 2020).

**Cyprus Business Angels Network (CYBAN)** is the only angel investment network in Cyprus, whose mission is to connect innovative fast growing promising companies to equity finance provided by their members, experienced and successful entrepreneurs and former CEOs of large both private and public organisations. Investors are high net worth individuals investing on their own or as part of a syndicate in high growth businesses, after selecting the 15 most innovative companies from the 100+ business plans submitted every year. Apart from funding, angel investors also provide strategic and operational advice and bring deep sector knowledge and contacts to the selected start-uppers. Since the Network's creation in 2013, its angels have invested more than EUR 3.6 million in eight companies, and seven of them are still alive today (Cyban, 2020).

### *Women*

The government has developed a plan to promote women's entrepreneurship during the period 2014-20. This is part of the General Operational Programme "Competitiveness & Sustainable Competitiveness" that is co-financed by the European Regional Development Fund and the Republic of Cyprus. The plan aims to develop, support and promote the entrepreneurship of women (aged from 18 to 55 years old) who wish to be active in business, utilising their knowledge, education and skills. Particular emphasis is placed on the use of new technologies, the use of innovative methods of production and promotion of products and services, the development of entrepreneurship related to the environment and in general the promotion of modern business activities. These provisions aim towards development of new sustainable, competitive and dynamically evolving SMEs. The total budget per applicant should not exceed EUR 140 000 out of which 50% is financed by the plan. The remaining may be covered either by own resources or by bank loans.

On the whole, promotion of women's entrepreneurship in Cyprus is mostly achieved through governmental funding to other organisations and institutions. For example, **The Hub" Cypriot Women's Leadership Network** aims to provide opportunities for networking, engagement and advancement, introduce innovation and successfully tackle gender bias. With the aim of promoting gender equality, the Hub aspires to provide a supporting mechanism for boosting Cypriot women leaders to actively participate in decision making at all levels in all sectors. "The Hub" is a structure through which women leaders are able to support and help each other achieve their professional goals, by fostering leadership and entrepreneurship through networking, coordination and collaboration. This project addresses the second pillar of the UN Security Council Resolution on Women, Peace and Security (Akti, 2020).

### *Youth*

The measures for the promotion of youth entrepreneurship generally mirror the regulations for the promotion of women's entrepreneurship. The Youth entrepreneurship aid plan is part of the General Operational Programme entitled "Competitiveness & Sustainable Competitiveness". This Operational Programme is co-financed by the European Regional Development Fund and the Republic of Cyprus and it refers to the period 2014-20. The measures target young people between 20 to 40 years of age, who are unemployed, employees or freelancers. The programme aims to develop, support and promote youth entrepreneurship through financial aid and training seminars. The expected outcome is to establish new and sustainable SMEs. Particular emphasis is placed on the use of new technologies, the use of innovative methods of production and promotion of products and services, the development of entrepreneurship in the environment and in general the creation of modern, dynamic, evolving and competitive enterprises. The total budget per applicant should not exceed EUR 140 000 out of which 50% is financed by the plan. The remaining maybe covered either by own resources or by bank loans.

The **Youth Board of Cyprus** launched a Youth Entrepreneurship Development Programme within the framework of the National Action Plan for Youth Employment. This new programme aims to support unemployed young people aged 15-29 years old wishing to get involved in entrepreneurship, as well as

to foster business culture in Cyprus. It aspires to offer young people with limited knowledge and network, the opportunity to find out their business potential, develop viable business activity and create positive working conditions for themselves (Onek, 2020).

**The C4E Centre for Entrepreneurship (C4E)** of the University of Cyprus, the biggest public university in the country, aims to offer the training, expertise, mentorship, support and connections required for undergraduate, postgraduate and doctoral students, researchers and young scientists to become successful entrepreneurs. C4E aspires to serve the common good by transforming new knowledge into novel products, processes and services, implemented by new or existing business, private or public organisations, governmental or non-governmental institutions. The Centre has three main objectives:

1. Promote a culture of innovative entrepreneurship within the University and foster the development of in-house expertise;
2. Offer the University community high-quality services and connections required for the implementation and the internationalisation of scientific innovations and novel ideas produced in the University; and
3. Contribute to the creation of a sustainable innovation ecosystem in Cyprus (Cyprusinno, 2020).

C4E organises successful events with the aim of bringing together multidisciplinary knowledge from researchers, practitioners, industry experts and successful entrepreneurs seeking for potential research, economic and technological synergies. In addition, C4E introduced the UCY Entrepreneur Award in 2019 with the aim of promoting and celebrating the achievements of the University's affiliates who have created societal and economic value through their entrepreneurial activities.

## Regulatory measures

### Overview and assessment of regulatory environment

Table 3.4. Characterisation of regulatory measures used to support entrepreneurship

			Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Maternity leave and benefits for the self-employed Access to childcare									
Immigrants	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Entrepreneurship visa Administrative and tax obligations can be met in several languages	✓		✓	✓	✓	✓			✓
Youth	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Student business legal form Reduced tax and/or social security contributions for new graduates									
Seniors	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Medical leave schemes for the self-employed									
The unemployed	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Welfare bridge to support those moving into self-employment Mechanisms for regaining access to unemployment benefits if business is not successful									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Cyprus has not enacted a comprehensive legal framework that regulates the entrepreneurship of specific groups of people who face unequal treatment within the society and the economy.

### *Immigrants*

The ever-increasing presence of immigrants in Cyprus has attracted the interest of various organisations, which focus on the labour rights of immigrants, social entrepreneurship and immigration policies. A number of Erasmus+ projects have been carried out targeting aspects of social inclusion of migrants. The Conference on the Social Integration of Immigrants, which took place in Nicosia in May 2014, identified a number of issues, many of which still persist. These include a lack of systematic training for new entrepreneurs, few synergies and collaborative schemes among communities and local government and the pending legislation on social entrepreneurship are prioritised by involved stakeholders.

A “Start-up Visa” scheme has also been developed by the Cyprus Presidency with the intend to stimulates killed entrepreneurs from countries outside the European Union and the European Economic Area (EEA) to enter, reside and work in Cyprus and establish entrepreneurial activity of potential for high growth.



# 4 Supporting people who experience disability in entrepreneurship

## Self-employment and entrepreneurship activities

Data on people with disabilities are not available for Cyprus. Government documents cite global estimates rather than data for Cyprus (e.g. The Strategic Plan for the Department for Social Inclusion of Persons with Disabilities).

## Policy framework

**Table 4.1. Characterisation of the entrepreneurship policy context for people who experience disability**

		People who experience disability
1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked)	National	✓
	Regional	
	Local	
2. A dedicated entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy)		
3. Clear targets and objectives for entrepreneurship policy have been developed and reported		

Note: A check-mark indicates the level of policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

The **Department for Social Inclusion of Persons with Disabilities** is generally responsible for policies related to supporting people who experience disability. Its mission is to promote social protection, social inclusion and employment of persons with disabilities. The Department works in four areas:

1. Provision of assessments and certifications of disability and functioning.
2. Provision of social benefits to persons with disabilities.
3. Provision of direct and indirect vocational rehabilitation and other support services.
4. Coordination of the effective implementation of the UN Convention for the Rights of Persons with Disabilities and the National Disability Action Plan.

However the most recent strategic plan on the Department's website is for 2015.

## Overview and assessment of policies and programmes

Cyprus has not enacted measures to promote entrepreneurship for people with disabilities. The state measures aim to promote their employment, vocational training, public sector recruitment and financial support. People with disabilities are treated as people who need social and financial assistance, not as active members of the society who can develop entrepreneurial initiatives.

# 5 Policy recommendations

Support for women and youth entrepreneurs have been developed to a certain extent, while support for other groups such as immigrants, seniors, the unemployed and people with disabilities are generally absent. To strengthen inclusive entrepreneurship support in Cyprus, the following recommendations are made:

1. **Create an interactive entrepreneurship platform** containing information about all entrepreneurship promotion measures, programmes and initiatives and providing opportunities for interaction among existing and future entrepreneurs, investors, policy-makers, public and private organisations involved in entrepreneurship. Entrepreneurship initiatives and opportunities specialised for disadvantaged groups, should be also included.
2. **Implement entrepreneurship campaigns promoting role models, success stories and networking initiatives for women and youth so that entrepreneurship is presented as a potential career path.** Although some important entrepreneurship networking initiatives have been developed, campaigns targeting at young and women existing and future entrepreneurs should be designed and implemented to motivate the above-mentioned target groups indicating business opportunities and developing entrepreneurial activity.
3. **Re-introduce microfinance schemes and create entrepreneurship initiatives specialised for under-represented and disadvantaged groups (immigrants, seniors, unemployed and disabled people).** Cyprus is struggling with an increasing number of immigrants due to the refugee crisis; both entrepreneurship training and opportunities for start-up activities would facilitate their professional integration. Moreover, due to COVID-19 unemployment rates are expected to significantly raise; therefore, providing guidance for entrepreneurial action could contribute to fighting unemployment.

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## Annex A. Methodology

Each country report was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with policy officers, entrepreneurship support organisations and other stakeholders. The information was then verified by government ministries, programme managers and other inclusive entrepreneurship stakeholders, including through the circulation of draft reports for comment and online seminars that were organised between June and September 2020.

The reports are based on a common assessment framework that was developed by the OECD Secretariat. The framework contains five pillars:

1. Policy framework
2. Entrepreneurship skills
3. Financing entrepreneurship
4. Entrepreneurial culture and social capital
5. Government regulations

The reports provide an overview of the current inclusive entrepreneurship policies and programmes. They also notes assess programmes against the following international good practice criteria, considering the “typical” entrepreneur in each of the different target groups (i.e. women, immigrants, seniors, youth, the unemployed, people who experience disability), in the “typical” region in the country. It covers schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. The international good practice criteria used in the assessment are:

- **Tailored:** Are public programmes tailored for the target group (i.e. dedicated)?
- **Consultation:** Are the targeted entrepreneurs consulted during the design of programmes?
- **Outreach:** Are appropriate outreach methods used for different target groups?
- **Delivery:** Are specialist organisations used to deliver programmes?
- **Take-up:** Does the support have high take-up among target group?
- **Scale:** Is the scale of available support sufficient?
- **Impact:** Does evaluation evidence show a positive impact?
- **Integrated:** Is the programme delivered linked other related supports?
- **Links:** Do tailored programmes link to mainstream support programmes?

A focus is placed on the most commonly targeted population groups, namely women, immigrants, youth, seniors and the unemployed. Other groups such as the Roma are covered by the report when relevant. A special thematic section was added on entrepreneurship support for people who experience disability (Section 4) to highlight their potential as entrepreneurs and to showcase the variety of tailored entrepreneurship schemes that are in place around the European Union.