

Integration Programs by Local Authorities

Forum: "Employment and Entrepreneurship for Third Country Nationals (TCNs): Challenges and opportunities"

Topic: Existing situation on employment and entrepreneurship for TCN in Cyprus

Nikos Stathopoulos, NVK Advent Consulting Ltd



Integration Programmes for TCNs
by Local Authorities

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από Τοπικές Αρχές



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Content of Presentation

- EU Policy on Immigrant Entrepreneurship
- Existing situation in Cyprus
- Developing an action plan to promote immigrant entrepreneurship



EU Policy on Immigrant Entrepreneurship

Background (1)

According to the OECD, migrants are more entrepreneurial than natives. **Risk takers**

A foreign-born self-employed person who owns a small or medium firm creates between 1.4 and 2.1 additional jobs. **Small in size**

Migrants represent an important pool of potential entrepreneurs in Europe. **valuable human capital**



EU Policy on Immigrant Entrepreneurship

Background (2)

European migrant businesses are mainly micro-businesses with no or very few employees.

They are also small in comparison with indigenous businesses as regards turnover and profit.

Qualified migrants populations often face **legal difficulties, limited labour markets and career opportunities** that push them into self-employment.

Despite the fact that migrants have higher business creation rates than the rest of the indigenous population, they fail more due to a lack of information, knowledge and language skills. **Highest business failure.**



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EU Policy on Immigrant Entrepreneurship

The EU has publicly recognized the key contribution that migrant entrepreneurs can make to sustainable growth and employment.

The European Agenda for the Integration of Third-Country Nationals stresses the important role of migrants as entrepreneurs and states that "**their creativity and innovation capacity should also be reinforced**".



EU Policy on Immigrant Entrepreneurship

The European Commission aims to support an environment attractive to all forms of entrepreneurship, where also **business support services** reach all potential entrepreneurs, including those from more vulnerable groups, with the aim to make the EU in its entirety stronger and more cohesive.

Within the EU, migrants represent an important pool of potential entrepreneurs, but can face, as other more vulnerable groups, specific legal, cultural and linguistic obstacles.

These issues need to be addressed in full to give support equitable to that received by all other entrepreneurial groups.



EU Policy on Immigrant Entrepreneurship

Highly-qualified non-EU nationals can already be admitted as workers under **the Blue Card Directive.79**

National and European policies should also consider the potential of qualified migrants for the creation of businesses and jobs.

In particular, support measures and policy initiatives should help attract talented would-be entrepreneurs wishing to create global companies based in Europe.



EU Policy on Immigrant Entrepreneurship

The European Union:

- Is proposing **new policy initiatives** to attract migrant entrepreneurs and to facilitate entrepreneurship among migrants already present in the EU or arriving for reasons other than setting up business, building on the best practices developed in the Member States, including those by local authorities.
- Is encouraging **legislation reform** aimed at removing legal obstacles to establishment of businesses and giving qualified immigrant entrepreneurs a stable Permit.



EU Policy on Immigrant Entrepreneurship

The **Member States** are to:

- Remove legal obstacles to establishment of businesses by legal migrant entrepreneurs, such as considering initiatives to give to qualified immigrant entrepreneurs or **immigrant graduates of a European university-level** institution a stable permit to allow them to set up a business in Europe, which can be extended if pre-defined targets in terms of job-creation, turnover or raising of new funding are achieved.
- Facilitate access to information and networking for migrant entrepreneurs and prospective migrant entrepreneurs by, e.g., creating relevant information centres in areas densely populated by migrants



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Existing Situation in Cyprus

There are mainly three types of immigrant enterprises in Cyprus:

- The **foreign interest companies** who register and operate in Cyprus, employ foreign and local professional staff.
- The new **immigrant investment program** for entrepreneurs and investors, which attracts investors with an incentive to obtain Cypriot citizenship.
- The **endogenously sprung immigrant entrepreneurship** demonstrating economic mobility of migrants in Cyprus include SMEs and micro business mainly in the area of tourism, ethnic shops, ethnic restaurants, as well as other skilled business (travel, shipping, trade, media producers, beauty shops, etc.) and self-employment as technicians (electricians, auto mechanics, multimedia, beauticians etc.)



Existing Situation in Cyprus

Opportunities

As of Feb 2017 the "**Cyprus Start-up Visa**" scheme was introduced that allows talented entrepreneurs from third countries individuals or in a team, to enter, reside and work in Cyprus in order to establish / operate / develop a start-up with a **high growth potential**.

The Scheme's goal is the **creation of new jobs, the promotion of innovation and research**, the development of the business ecosystem and consequently the economic development of the country. The introduction of the "Cyprus Start-up Visa" is part of the Policy Statement on Strengthening the Entrepreneurial Ecosystem¹.



Existing Situation in Cyprus

Obstacles to work mobility and entrepreneurship

In Cyprus, the majority of work and residence permits for migrant workers have a maximum term of four years (temporary visas), and are renewable for a further 12 months.

The migration policy stipulates that the migrant can change employers but not industry sector.

Therefore, self-starters migrant entrepreneurs are very few due to the restrictions in their status as immigrants in Cyprus.

Only immigrants with permanent residences status are allowed to start a business. These mainly include long-term residents who have obtained a Cyprus passport and the recognized refugees



Existing Situation in Cyprus

Opportunities

The **Ministry of Commerce and Industry** offers **start-up business financing schemes for youth and female entrepreneurship**. Very few immigrants have applied and only 2 have received a grant.

The EU structural Funds for the period 2014-2020 include allocation of funding for start-ups. Local Authorities, through the **Integrated and Sustainable Development Strategy for the programme period 2014-2020** can develop especially designed schemes and support structures for immigrant entrepreneurs

Challenges

Immigrant small businesses are self-sustained with minimal or no financing instruments available to them.

Migrant businesses rarely apply for bank loans as they lack collateral and guarantees. Thus the potential for growth is limited.

Lack of knowledge for subsidized employment schemes



Existing Situation in Cyprus

Business support networks

Since the outbreak of the financial crisis, there is a significant start up community developing in Cyprus in the form of start-up networks that help new enterprises get established, operate and network with markets. These networking platforms include:

- **Cyprus Enterprise Link** - CEL (with over 1.200 members and international networks),
- **Chrysallis LEAP** (dealing with green technologies),
- **IEEE Cyprus Entrepreneurs Network** (branch of an International network)
- and some other smaller initiatives such as **Hackathon, Start-Up Live, Start-Up Weekend**

These networks are available for Immigrant start-ups



Action that needs to be taken

Overview

Immigrants are underrepresented within the entrepreneurial population.

Cyprus has to pave the way for immigrants encouraging them to start up business, create jobs, empower them economically and socially and leverage their creative and innovative capacities.

Start-up initiatives should be sensitive to the needs of immigrant groups, their expectations and their norms with regards to how advice and information is delivered and received.

Actions should be based on integrated support schemes that promote human capital, as well as providing business advice and financial support.

Responsibility lies with government Ministries as well as the Local Authorities



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Action that needs to be taken

Steps to be taken (1):

- Map out skills of migrant community
- Promote the **Certification of professional skills** to competent authorities
- Provide intensive **training on linguistic skills** (Greek and English)
- Establish **business support centres** to promote entrepreneurship for vulnerable groups including immigrants
- Link with start-up business Networks and expertise
- Identify financing sources (i.e. microloans) and grant opportunities



Action that needs to be taken

Steps to be taken (2):

- Structure and deliver entrepreneurship courses
- Provide information on the business environment in Cyprus and related legal advice
- Link with business experts to assist in the development a business plan
- Provide management consultancy / mentoring during the starting and early stages of start-ups
- Network with business community and social partners



Action that needs to be taken

Key to support employment and entrepreneurship initiatives for immigrants is the provision of social services at the local level to reconcile family and work life for working parents, the self-employed and business owners.



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Than you for your attention!



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