Cyprus Island-Wide Entrepreneurship Ecosystem Analysis Report
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Introduction
Introduction

CyprusInno is thrilled to present its first island-wide entrepreneurship and business ecosystem survey assessment. Over the past few months, CyprusInno has conducted an island-wide research effort to better understand the needs and challenges of entrepreneurs across Cyprus with the objective of using the data to inform the entrepreneurial ecosystem on identifying needs and gaps, and furthermore unite ecosystems by bringing together all stakeholders for collaboration.

We were particularly pleased to see the diverse range of respondents - entrepreneurs in Cyprus who represented multiple age groups, industries, and business types, and who represented cities from all across the island, and many of whom find themselves in a position to grow their teams, expand their businesses domestically and internationally, and continuously innovate and increase profitability. However, they face many challenges along the way. They lack access to funding, fear the impact of overall economic conditions on their businesses, face competition in their respective sectors, desire more government support, and experience talent gaps in acquiring and retaining talent.

CyprusInno firmly believes in working together across the island to identify gaps in the ecosystem based on the needs of the entrepreneurs, and to furthermore fill those gaps in order to strengthen the island-wide ecosystem. As a result, the true needs of entrepreneurs on both sides of the island, which are often very similar, remain largely unmet. A roadmap to further developing the island-wide entrepreneurial ecosystem in Cyprus through research and stakeholder engagement could significantly increase island-wide collaborative business initiatives, identify and address the needs of local entrepreneurs, and further solidify the island-wide entrepreneurial ecosystem.

To this end, we were also encouraged to find that while familiarity and knowledge of the Green Line regulations for island-wide trade were very low amongst respondents, appetite towards using the Green Line for business collaboration and market expansion was very positive, with 70% of respondents having an interest in expanding their businesses through Green Line trade and over 75% of respondents interested in collaborating with other business owners across the Green Line. However, we uncovered strong challenges that hold entrepreneurs back in achieving this level of collaboration, which we believe the ecosystem can solve by working together.

The data presented in this report will be used as a guide to inform a continued, open-ended dialogue with various stakeholders across the island to create tactical plans and joint initiatives that address the findings and promote supportive public policy to reinforce and grow the island-wide entrepreneurship ecosystem in Cyprus.
Basis of the Report

This report is a summary of the findings of CyprusInno’s first island-wide entrepreneurship and business ecosystem survey conducted from December 2019 to February 2020 with over 350 respondents representing every city across the island. The survey was distributed via social media channels (Facebook, Instagram, LinkedIn, Twitter), email, and with the support of various partner organizations island-wide (i.e. Chambers of Commerce). The survey was made available in English, Greek, and Turkish.

Topics explored in this analysis included challenges faced when starting, growing, and scaling a business in Cyprus, talent gaps, entrepreneur profiles, growth opportunities, and more. An integral part of this survey also assessed general familiarity with regulations for conducting business across the Green Line, as well as how it is currently being used by business owners in Cyprus and what opportunities exist to enhance collaboration across the Green Line.

The findings from our survey were supplemented with follow-up discussions with entrepreneurs in the ecosystem. Their thoughts on their needs and challenges with regards to their own businesses, as well as expanding their businesses and/or partnering across the Green Line, can be found towards the end of this report.

A copy of the survey can be found at survey.cyprusinno.com.
Summary of Key Findings
73% of businesses were founded by Cypriots born in Cyprus.

The average founder was male (76%), 36 years old when founding their business, and had a university degree (38%). The majority of businesses were founded in teams (2 or more founders per startup).

Startups are on average 3.3 years old.

38% perceive Customer Services as a large talent gap.

2/3 of the startups are self-funded.

1/3 of businesses are planning to expand outside of Cyprus in the next 3-5 years.

6% are currently using the Green Line regulations to do business in Cyprus. 70% are interested in doing business across the Green Line and 75% are interested in partnering with a business owner across the Green Line.

45% of entrepreneurs are expecting a positive business outlook for Cyprus over the next 12 months.
Entrepreneurs in south Cyprus are planning to raise around **26x times more capital** than entrepreneurs in north Cyprus (€100K vs. €2.6M).

57% of entrepreneurs in the north find **limited market potential** as a challenge vs. 40% of entrepreneurs in the south.

27% of founders in the north were female vs. 20% in the south (compared to an EU average of 16%). The **average founder** in the north was 34 years old when founding their business vs. 39 years old in the south.

32% of entrepreneurs in the north sought **bank loans** when starting their businesses vs. 23% in the south.

44% of entrepreneurs in the south are planning to **expand outside of Cyprus** vs. 26% of entrepreneurs in the north.

45% of entrepreneurs in north said yes to being interested in **collaborating with business owners across the Green Line** vs. 30% of entrepreneurs in the south.

More entrepreneurs in the north have a **negative business outlook** for Cyprus (27%) vs. 11% in the south.

Around 2/3 of entrepreneurs in the north have **other work commitments** in addition to their business vs. 47% in the south.
Who Are These Entrepreneurs and What Do Their Businesses Look Like?

Entrepreneurs and small business owners, and entrepreneurship and business ownership in general, are the critical components of the foundation of any economy and of society as a whole. Over 350 of these entrepreneurs across Cyprus representing multiple industries and business types participated in this survey. Let’s get to know them and their businesses.
Respondents represented entrepreneurs from all over the island.

52% of survey respondents were entrepreneurs and business owners living in the north, while 48% reported living in the south. There were more female respondents from the north vs. the south. Overall, there was a significantly lower representation of female entrepreneurs. However, island-wide data showed a higher female entrepreneurship representation than the EU average (15.6%).*

Entrepreneurs represented every city across the island and multiple types of businesses.

The highest volume of respondents were from Nicosia (39%).

The top three business types represented by entrepreneurs were innovative startups (32%), traditional businesses (28%), and family businesses (28%).
The average founding age of entrepreneurs island-wide was 36 years old

Entrepreneurs in the north are founding businesses at a slightly younger age than entrepreneurs in the south.

Average founding age in the north is 34, slightly lower than the EU average (35 years old) and approximately 5 years younger than entrepreneurs in the south (39 years old).*

Most respondents who reported owning a business in Cyprus were born in Cyprus. 27% of entrepreneurs surveyed were born abroad and are doing business in Cyprus.

73% of respondents were born in Cyprus

Nicosia: 37%
Famagusta: 12%
Other - S. Cyprus: 10%
Limassol: 9%
Other - N. Cyprus: 6%
Other:
- Turkey, 10%
- Europe, 9%
- Abroad, 6%
- Greece, 2%
86% of respondents had previous entrepreneurial experience, having founded at least one other business.

There is no statistically significant difference between the figures in the north and the south, nor across gender.
39% of entrepreneurs hold a postgraduate degree

33% of entrepreneurs reported having received a MSc or MA degree. This figure is much lower than the EU average of 53%.*

Only 6% of entrepreneurs reported a doctorate level of education, lower than the EU average of 13%.*

The volume of high school graduates or equivalent in the north (30%) over indexes against the south (16%) and against the EU average (13%). Entrepreneurs in the south overall had a higher level of postgraduate education.

Business was the most common academic specialization, representing approximately 30% of the respondents. More entrepreneurs in north Cyprus studied social sciences, while more entrepreneurs in south Cyprus studied science and finance.

IT, Retail, and Hospitality were the top three industries represented

23% of entrepreneurs reported that their business was in the IT industry, while 19% were in the Retail industry.

Some sectors, such as Hospitality, IT, and Tourism, were more prominent amongst entrepreneurs and businesses in the north than in the south (11% vs. 4%, 17% vs. 11%, and 9% vs. 6%, respectively).
More than half of entrepreneurs are running businesses that are 5+ years old

44% of businesses in the north were founded before 2015, reportedly less than in the south (58%).

Businesses are on average 3.3 years old (3.1 years in the north, 3.6 years in the south), higher than the EU average of 2.5 years.*

More than half of entrepreneurs have other commitments outside their own businesses

A higher portion of entrepreneurs in the north have other commitments outside their business (i.e. other job, freelance work) than in the south (63% vs. 47%, respectively).
The majority of businesses are founded in teams of two or more founders

43% of entrepreneurs in the south reported being solo founders, higher than entrepreneurs in the north (33%) and higher than the EU average (21%).

53% of entrepreneurs reported that “general management” was a prominent skillset of the founding team, while “development (tech)” was least reported as part of the founding team’s skillset, especially in the north.

Teams remain small, but plan to expand over the next 12 months

Approximately 69% of businesses reported having 1-5 full-time employees.

The volume of businesses with more than 10 employees is higher in the south (23%) than in the north (13%).

52% of businesses are planning to increase their employment over the next 12 months by 1-2 employees.

20% of businesses in the south have plans to employ more than 5 individuals within the next 12 months.
Manufacturing businesses had on average more employees than businesses in other industries.

Professional services businesses had on average the smallest team sizes.
17% of businesses founded before 2015 reported having 15 or more employees, higher than the average (11%).
Retail and professional services entrepreneurs were older than the average entrepreneur.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>33.7</td>
</tr>
<tr>
<td>Retail</td>
<td>37.8</td>
</tr>
<tr>
<td>Hospitality</td>
<td>34.9</td>
</tr>
<tr>
<td>Tourism</td>
<td>35.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>36.2</td>
</tr>
<tr>
<td>Professional Services</td>
<td>37.5</td>
</tr>
<tr>
<td>Media</td>
<td>33.2</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>35.2</td>
</tr>
<tr>
<td>Finance</td>
<td>34.9</td>
</tr>
<tr>
<td>Education</td>
<td>34.8</td>
</tr>
</tbody>
</table>
Innovative startups and social enterprises were the youngest business types reported.

Family businesses on average have been around the longest.
Amidst a desire to grow sustainably, fundraise, increase profitability, innovate, and expand their teams, entrepreneurs reported facing challenges along various stages of their journeys. We wanted to find out what challenges they were facing in order to work on ways to solve them.
The desire to become an entrepreneur was the top motivator for starting a business

Motivations for entrepreneurs to launch their businesses were consistent in both the north and the south, as well as across business types.

17% of entrepreneurs in the south found themselves driven to start a business by inspiration from other business owners, while in the north this number was much lower (8%).

The low ranking of inspiration from other business owners as a motivator for starting a business may be attributed to a lack of local success stories.
Most of entrepreneurs self-funded their businesses when they started

68% of entrepreneurs self-funded the launch of their business.

30% of entrepreneurs reported their starting business capital was provided by friends and family, and 28% received a bank loan.

The low percentage of reported angel investment and venture capital signals a significantly low deal flow across the island.
32% of entrepreneurs in the north received a bank loan when starting their businesses, much higher than entrepreneurs in the south (23%).

More high school or equivalent graduates used a bank loan to start a business, while more graduate or post-graduate degree holders self-funded.

42% of family businesses received startup capital from friends and family, higher than average (30%).

Gender, having a commitments outside the business, nor business type significantly altered the type of startup capital reported by the entrepreneur.
42% of family businesses were capital-supported by friends and family, higher than average (30%).
35% of businesses are planning to raise capital in the next 12 months

Entrepreneurs in the south are planning to raise approximately 26x more capital than entrepreneurs in the north.

This can be due to the value difference between Turkish Lira and Euros. Even though more entrepreneurs in the north said they are looking to raise capital than in the south, the total amount still remains low.

Most of the capital entrepreneurs are planning to raise in the next 12 months is for innovative startups.
Capital requirements (funding) is the top challenge entrepreneurs face when starting, operating, and growing their businesses.

Talent acquisition and retention are more of a challenge when growing a business. Social pressure is a bigger challenge when starting a business.

Societal pressure/culture/mentality decrease as a challenge with business growth similar to government bureaucracy/regularity requirements.

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Starting</th>
<th>Operating</th>
<th>Growing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital requirements (funding)</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Government bureaucracy</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>General economic/business conditions</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Competition in the sector</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Regulatory requirements</td>
<td></td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Talent acquisition and retention</td>
<td></td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Societal pressure/ culture/ mentality</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>(i.e. fear of failing)</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Language barriers</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Starting: 61%  
Operating: 41%  
Growing: 53%
When **starting a business**, general economic/business conditions is a bigger challenge among entrepreneurs in the north.

45% of entrepreneurs in the north reported challenges related to general economic/business conditions vs. 28% in the south. Societal pressure & fear of failing was reported to be a greater challenge for female entrepreneurs when starting a business.
Slight differences were observed in challenges faced when starting a business across business types.

Government bureaucracy, regulatory requirements, and societal pressure were all greater challenges for social entrepreneurs.

This could be due to the more progressive, forward-thinking missions of social enterprises and fear of how they will be received by society. This can also be due to the lack of a legal form for social enterprise in Cyprus.
When operating a business, general economic/business conditions is still a larger challenge faced by entrepreneurs in the north.

51% of entrepreneurs in the north reported challenges related to general economic/business conditions vs. 31% in the south.

Language barriers were reported a greater challenge for female entrepreneurs when operating a business.
Slight differences were observed in challenges faced when operating a business across business types.

Competition in the sector was a greater challenge for traditional and family businesses than innovative startups and other types of businesses.
General economic/business conditions remains a challenge amongst entrepreneurs in the north when growing a business

51% of entrepreneurs in the north reported challenges related to general economic/business conditions vs. 28% in the south.

Societal pressure is a greater challenge for female entrepreneurs when growing their businesses.
Slight differences were observed in challenges faced when growing a business across business types.

Talent acquisition and retention for tech companies moves from a top 5 to a top 2 challenge from starting to operating a business.
Entrepreneurs are looking to innovate in their service and customer experience over the next 3 years

Where entrepreneurs find themselves currently innovative and where they seek to innovate over the next three years was consistent amongst respondents in both the north and the south.
Lack of financial resources is the largest roadblock for entrepreneurs trying to be more innovative.

Amongst female entrepreneurs, technology is the biggest challenge they face in being more innovative.
Entrepreneurs find it difficult to access basic resources

Entrepreneurs ranked access to the following resources an average of 2 on a scale of 1-5 (1-very difficult, 5-very easy).

Ease of access to these resources was generally consistent across business types.

Social enterprises and innovative startups found it slightly less difficult than other types of business to access mentors.

Entrepreneurs scored access to government support as the lowest.
Entrepreneurs in the north have more difficulty accessing partnerships, skilled talent, and private sector support.

Ease of access to various sources were consistent between female and male entrepreneurs.
Over 70% of entrepreneurs plan to grow their business over the next 3-5 years by improving their existing product/service.

A much larger percentage of businesses in the south are planning to expand outside of Cyprus and/or acquire a related business over the next 3-5 years than businesses in the north.

More female than male entrepreneurs reported a focus on expanding their businesses to new markets within Cyprus over the next 3-5 years, while more male than female entrepreneurs planned to expand outside of Cyprus.
More innovative startups and tech companies plan to expand outside of Cyprus over the next 3-5 years than other types of businesses.
More entrepreneurs in the north reporting plans to prioritize investment in research and development than entrepreneurs in south (38% vs. 28%, respectively).

49% of male entrepreneurs reported plans to prioritize better management, higher than female entrepreneurs (32%).
Understanding the Island Ecosystem at the City Level

A deeper understanding of what drives city-level economies and the experiences of entrepreneurs within certain cities can help build bridges across our island. We wanted to identify these city-level entrepreneurial characteristics to ultimately explore how city ecosystems across Cyprus could connect and cooperate.
Approximately 50% of entrepreneurs find limited market potential, lack of government support, and lack of talent as challenges for these economic drivers in their cities.

Limited market potential, cash flow, and lack of government support are larger challenges for industries in the north (57% vs. 40%, 43% vs. 30% and 52% vs. 44%, respective).

Entrepreneurs rated Education as the top economic driver across Cyprus

The hospitality industry also ranked highly across Cyprus.
The top 3 economic drivers reported across cities were similar

There is great opportunity for city ecosystems across the island to collaborate in their top industries.

<table>
<thead>
<tr>
<th>Nicosia (north)</th>
<th>Nicosia (south)</th>
<th>Limassol</th>
<th>Kyrenia</th>
<th>Famagusta</th>
<th>Larnaca</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>Media</td>
<td>Finance</td>
<td>Education</td>
<td>Education</td>
<td>Hospitality</td>
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<td>Hospitality</td>
<td>Education</td>
<td>Hospitality</td>
<td>Hospitality</td>
<td>Hospitality</td>
<td>Tourism</td>
</tr>
<tr>
<td>Retail</td>
<td>Finance</td>
<td>Tourism</td>
<td>Tourism</td>
<td>Agriculture</td>
<td>Education</td>
</tr>
</tbody>
</table>
Reported talent gaps across cities show us where collaboration on skill-building can take place

<table>
<thead>
<tr>
<th>Max Talent Gap</th>
<th>Min Talent Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td>Nicosia (s)</td>
</tr>
<tr>
<td>Software development</td>
<td>Larnaca</td>
</tr>
<tr>
<td>Fundraising</td>
<td></td>
</tr>
<tr>
<td>General entrepreneurship</td>
<td></td>
</tr>
<tr>
<td>Marketing/PR/Branding</td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>Kyrenia</td>
</tr>
<tr>
<td>Data analysis</td>
<td>Larnaca</td>
</tr>
<tr>
<td>Partnership development</td>
<td></td>
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<tr>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>Project management</td>
<td>Famagusta</td>
</tr>
<tr>
<td>General management</td>
<td>Larnaca</td>
</tr>
<tr>
<td>Finance and accounting</td>
<td>Kyrenia</td>
</tr>
<tr>
<td>Other</td>
<td>Larnaca</td>
</tr>
<tr>
<td></td>
<td>Nicosia (s)</td>
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<td></td>
<td>Larnaca</td>
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</tbody>
</table>

93% of entrepreneurs in south Nicosia have a positive or neutral business outlook for Cyprus over the next 12 months.

The most negative business outlook came from entrepreneurs in Kyrenia (38%) and north Nicosia (29%).

Only 36% of manufacturing businesses are expecting positive business outlook, lower than average (50%).
12% of entrepreneurs currently residing in Limassol have launched 5 or more businesses, higher than island-wide average of 4%
30% of entrepreneurs residing in south Nicosia have 10 or more employees

Only 10% of entrepreneurs residing in north Nicosia have 10+ employees, lower than the average of 18%.
35% of entrepreneurs are planning to expand to the Greater Europe region in the next 3 years

The Middle East is the second most popular region for expansion, with 22% of entrepreneurs planning to enter the Middle East in the next 3 years.

16% of innovative startups and 15% of tech companies have plans to expand to North America and Canada in the next 3 years.

Tech entrepreneurs have a higher tendency to plan international expansions (15% Africa, 12% APAC, and 12% South America).
45% of professional services businesses and 40% of IT businesses are planning to expand to Greater Europe.

28% of manufacturing businesses and 27% of professional services businesses are planning to expand to the Middle East.
More entrepreneurs in the south plan to enter multiple new international markets in the next 3 years.
Customer service, software development, and fundraising skills were reported as some of the largest talent gaps across the island.

Female entrepreneurs find Customer Service a much bigger talent gap than male entrepreneurs (49% vs. 34%).

Entrepreneurs in the north find Research and Sales a much bigger talent gap than the entrepreneurs in south.
42% of entrepreneurs residing in south Nicosia found software development a lacking skill

47% of entrepreneurs residing in Kyrenia found a lack in skills related to Customer Service, Fundraising, and Marketing/PR.

52% of entrepreneurs residing in Larnaca found general entrepreneurship as a lacking skill.
43% of entrepreneurs reported a positive business outlook for Cyprus over the next 12 months.

More entrepreneurs in the north had a negative business outlook than entrepreneurs in the south (27% vs. 11%), while more entrepreneurs in the south expressed a positive business outlook than entrepreneurs in the north (49% vs. 41%).

Business outlook for entrepreneurs across Cyprus is consistent between females and males.
Cyprus has a very unique, often overlooked context of entrepreneurship in a post-conflict society. While this creates challenges, it also poses great opportunity. If we can work together island-wide, we can serve as a model for the rest of the world on how a collaborative and cooperative society through innovation and an entrepreneurial mindset can build a more peaceful and prosperous nation. Business collaboration across the Green Line is one of those collaboration mechanisms. Therefore, we asked the tough questions to see who knows about Green Line regulations for trade, who is using them, and who is interested in using them to collaborate island-wide.
Entrepreneurs reported low familiarity with and knowledge of the Green Line regulations for trade

Average familiarity scored 2.2 for entrepreneurs in both the north and south.

Knowledge of the specifics of the Green Line regulations such as allowed products, taxation, paperwork, etc. scored slightly lower at 2.0 amongst entrepreneurs in both the north and the south.

Overall, low average knowledge and familiarity of the Green Line regulations for trade was generally consistent amongst entrepreneurs in both the north and south.
Familiarity with and knowledge of the Green Line regulations for trade was slightly lower amongst women.

Female entrepreneurs scored an average 2.0 vs. male entrepreneurs (2.2).

Similarly, familiarity in terms of allowed products, taxation, paperwork, etc. for female entrepreneurs is slightly lower than for male entrepreneurs (1.8 vs. 2.0, respectively).
Familiarity with and knowledge of the Green Line regulations for trade was slightly higher amongst more highly educated entrepreneurs.
Social entrepreneurs reported the highest level of familiarity with the Green Line regulations for trade. This may be due to more social enterprises conducting business on both sides of the island or featuring team members from both sides of the island.
Familiarity with and knowledge of the Green Line regulations for trade scored similarly low across different industries.

Manufacturing entrepreneurs scored their familiarity with and knowledge of the Green Line regulations for trade the highest (2.5).
70% of entrepreneurs responded “yes” or “maybe” to having an interest in expanding their business through the Green Line.

16% of entrepreneurs tried doing business across the Green Line in the past, but only 6% of entrepreneurs reported currently using the Green Line regulations to do business.
Entrepreneurs in the north were generally more interested in expanding their business through the Green Line.

79% of entrepreneurs in the north responded “yes” or “maybe” to whether they were interested in expanding their business through the Green Line compared to 60% in the south.

More entrepreneurs in the north have either tried or are currently conducting business across the Green Line than entrepreneurs in the south (10% and 7% vs. 14% and 5%, respectively).
Less female entrepreneurs on average have tried using the Green Line to expand their businesses than male entrepreneurs.

This is consistent with their lower familiarity and knowledge with the Green Line regulations for trade (see previous pages).

Female entrepreneurs also reported less interest in conducting business across the Green Line, and less female entrepreneurs are currently conducting business across the Green Line.
Tech companies, innovative startups, and traditional businesses are more open to expanding through the Green Line regulations.

This could be attributed to the ease of digital collaboration. However, only 3% of tech entrepreneurs reported using the Green Line regulations to conduct business.

20% of family businesses have tried doing business across the Green Line, higher than the average of 13%.
14% of manufacturing businesses are currently using the Green Line regulations for trade, more than double the reported island-wide average of 6%.

42% of tourism businesses are interested in expanding through the Green Line regulations, higher than the reported island-wide average of 29%.
73% of entrepreneurs from south Nicosia, Limassol, and Famagusta responded “yes” or “maybe” to having an interest in expanding their business across the Green Line.
Over 75% of entrepreneurs said “yes” or “maybe” to whether they would be interested in collaborating with business owners across the Green Line.

84% of entrepreneurs in the north showed interest in collaborating with business owners across the Green Line, higher than entrepreneurs in the south (67%).

90% of entrepreneurs who have not tried doing business across the Green Line are not interested in collaborating.
Nearly 80% of tech entrepreneurs showed interest in collaborating with other business owners across the Green Line.

Family businesses showed the least interest in collaborating with other business owners across the Green Line.

86% of IT businesses are interested in collaboration with businesses across the Green Line, higher than average of 75%.
No professional service businesses reported doing business across the Green Line

14% of manufacturing businesses are currently using Green Line regulations, higher than the average of 6%.

42% of tourism businesses are interested in expanding through the Green Line regulations, higher than the average of 29%.
Interest in expanding one’s business across the Green Line varied greatly by industry across the island.
Challenges Faced in Conducting Business Across the Green Line

**"Bureaucracy"**
"The governmental officials responsible for supervising and licensing those operations do not have the knowledge nor the willingness to do an appropriate job. Indefinite delays."

"I have to meet the government officer every time for each product I want to export and this causes a loss of time."

"Regulations are not transparent."

"There are difficulties for tourists, they are not allowed to rent cars, and there have been cases of facing threats."

"All permits are governed in Nicosia. Famagusta does not have a relevant branch."

"... However, in order to have permits, we need to visit Nicosia. This causes loss of time and money."

"Difficulties for tourists, they are not allowed to rent cars, and there have been cases of facing threats."

"Border crossing irregularities."

"Border crossing is a hassle, must be more effective."

"Psychological barriers on Greek side not wanting to buy Cypriot Turkish products."

"It is very difficult to gain the customer’s trust in the products coming from the north."

"We are having difficulties because the phone charges are still based on roaming."

"Double VAT charge makes our products expensive. This is intensified by the Turkish lira’s low value against the euro."

"VAT prevented competition on the price."

**Insights – Key Findings**

Most of the challenges are related to regulations and how accurately and efficiently they are implemented by officials.

Nicosia is the main source for document gathering. Further small branches in cities may support Green Line trade.

Border-related and trust-related concerns were observed, including psychological barriers.

VAT charge is reported to be a challenge.
Barriers Preventing Business /Trade Across The Green Line

- "Government policies, customs bureaucracy."
- "Lack and pollution of information."
- "Lack of information, language barrier."
- "Embargo."
- "Embargoes and regulations."
- "Negative attitude of the administrations."
- "Citizenship issue."
- "Political pressure."
- "Lack of appropriate guidelines and procedures by the government."
- "Not enough knowledge of the Green Line regulations."
- "Trust issues, including political pressure and negative attitudes are holding entrepreneurs back from conducting business across the Green Line."
- "Lack of information on the Green Line regulations is also a strong barrier."
- "The presence of embargoes serves as a barrier to trade."

Similarly, most of the barriers preventing entrepreneurs from conducting trade across the Green Line are related to regulations and how accurately and efficiently they are implemented.
Most entrepreneurs are interested in collaborating with business owners across the Green Line with the understanding that it will help to gain trust and help build a better island.

Expanding business and seeking new opportunities to increase sales is a motivator for doing business across the Green Line.
Entrepreneurs reported nationalism, lack of desire to collaborate, and bureaucracy as issues causing them not to be interested in working with across the Green Line.

In some cases, lack of interest in collaboration was due to the entrepreneur’s line of business not being easily adaptable to be operated across the Green Line.

**Insights – Key Findings**

- “Only if and when a political solution is found and we are on equal footing.”
- “Too much bureaucracy, unwillingness to work together.”
- “At the current stage, the obstacle is due to nationalism.”
- “I do not want any relation to other side.”
- “We’re in the service sector, not in our field of activity.”
- “I can’t sell real estate across the Green Line.”
- “I believe it is not relevant to our services.”
The findings from our survey were supplemented with follow-up discussions with business owners in the ecosystem. We captured their deeper thoughts on needs and challenges with regards to their own businesses, as well as expanding their businesses and/or partnering across the Green Line.

Thoughts from Entrepreneurs
What (if anything) makes you hesitant about using the green line regulation to do business and/or from doing business on both sides of the island?

“Afraid that this would be considered negative by banks or other institutions especially as the company is led by a non-Cypriot but EU person where quite some discrimination has been experienced before.”

What do you need in order to allow you to do business across the green line? (i.e. partner, paperwork, knowledge/materials, etc.)

“Not much, but would need to get some assurance that this would not negatively affect my business in any ways.”

 Anything else you would like to add?

“It is quite hard as a non-Cypriot to run a business in Cyprus as there is a lot of discrimination especially with banks and governmental institutions.”
Thoughts on Conducting Business Across the Green Line

What (if anything) makes you hesitant about using the green line regulation to do business and/or from doing business on both sides of the island?

“I have no idea if and how it’s possible to do business with the occupied areas.”

What do you need in order to allow you to do business across the green line? (i.e. partner, paperwork, knowledge/materials, etc.)

“I have no idea.”

Anything else you would like to add?

“My impression was that it is not allowed to do business with Turkish Cypriot companies on the occupied side of the island. If it is possible, I would be willing to cooperate with other businesses and promote my business to possible clients.”

Business Type: Consultancy

Location: Larnaca
Thoughts on Conducting Business Across the Green Line

What (if anything) makes you hesitant about using the green line regulation to do business and/or from doing business on both sides of the island?

“Paperwork as well as no apparent legal way to solve differences with trading partners in the north. Which court (in the south or in the north can I make an appeal to, for example?)”

What do you need in order to allow you to do business across the green line? (i.e. partner, paperwork, knowledge/materials, etc.)

“A partner.”

Anything else you would like to add?

“Yes, the Chamber of Commerce is charging an administration fee to validate that the goods are Made in Cyprus. The fee is too expensive. From one hand, KEVE would like to encourage intra-communal commerce and on the other hand it charges for the invoices to be validated. Also, there is considerable administration cost to get the original invoice validated. It would be easier if this procedure was done electronically.”
Thoughts on Conducting Business Across the Green Line

What (if anything) makes you hesitant about using the green line regulation to do business and/or from doing business on both sides of the island?

“Increase business consultancy service to share the know-how.”

What do you need in order to allow you to do business across the green line? (i.e. partner, paperwork, knowledge/materials, etc.)

“Consultancy service to create a partnership in south Cyprus.”

Anything else you would like to add?

“Increased confidence building and find a partner to share know-how between both sides.”

Business Type: Consultancy

Location: Nicosia
Thoughts on Conducting Business Across the Green Line

What (if anything) makes you hesitant about using the green line regulation to do business and/or from doing business on both sides of the island?

“Political uncertainty and disorder.”

What do you need in order to allow you to do business across the green line? (i.e. partner, paperwork, knowledge/materials, etc.)

“A partner, information.”

Anything else you would like to add?

“Your job is very valuable, and it is an important step for Cypriots to live in peace and security again. Organize more meetings and lead the island to run joint business. Also, the day and time of the meetings are very important. Many business owners or employees may not be able to attend meetings held from the work tempo, although they desire to.”

Business Type: Supermarket

Location: Nicosia
Thoughts on Conducting Business Across the Green Line

What (if anything) makes you hesitant about using the green line regulation to do business and/or from doing business on both sides of the island?

“I am unaware of business regulations with regards to business partnerships or business operations in the north. There is not enough exposure on current regulations. I was unaware of this possibility as well as trade in general for both sides. What laws/regulations exist? Where is this information available?”

What do you need in order to allow you to do business across the green line? (i.e. partner, paperwork, knowledge/materials, etc.)

“More information on regulations/laws. Documentation, laws governing this possibility, etc. A possible channel to connect interests in similar industries through which both sides can express interest in.”

Anything else you would like to add?

“Congratulations on the work you are doing. I think it’s important that both sides reach mutual agreements on many levels, but importantly on environmental, economical, and educational levels before any possible full solution will come to pass. B2B could be part of a lasting change. But again, I have no knowledge of regulations at this point.”
Thoughts on Needs and Challenges
In the survey, we asked you what challenges have you faced when starting, operating, and growing your business? Please expand upon your biggest challenge in each of these phases and what you would need to help you overcome this challenge.

Starting your business - your biggest challenge and what you needed or would have needed to overcome it

“As far as it concerns Cypriots born here, the way of making decisions is much too difficult and concerns are always in the way. People from other countries are more open for new business ideas and open for cooperation.”

Operating your business - your biggest challenge and what you need to overcome it

“Find financing and funds to buy high quality machines to operate.”

Growing your business - your biggest challenge and what you need to overcome it

“Find financing, best way would be leasing, but the Cypriot banks are not willing and not able to operate with new (hahaha) ideas, which are working in Europe for the past 30 years.”

What is the top thing that prevents you from being more innovative and why? What do you need to overcome this?

“We are absolute innovating.”

In our survey, access to relevant and skilled talent, funding, partnerships, government support, private sector support, and mentorship all ranked quite low. Why do you think this is so and what in your opinion can be done to improve access to these?

“The banks are the biggest problem for me. They don’t give loans to people not coming from the Island, they are too old fashioned…too much mistrust, too little servicing and at the same time much too expensive. There are so many examples of [this behavior] of the banks. This is a big field of problems for entrepreneurs. Additionally, there could be support from the government in raising funds to grow the business. From our personal experiences, a new business needs around 2 years to come up and run.”

Anything else you would like to add?

“I would like very much models of business leasing here in Cyprus which does not exist right now.”
In the survey, we asked you what challenges have you faced when starting, operating, and growing your business? Please expand upon your biggest challenge in each of these phases and what you would need to help you overcome this challenge.

**Starting your business - your biggest challenge and what you needed or would have needed to overcome it**

“The biggest challenge is to convince yourself to quit (from your current job) and start building your own business. All you need is to believe in yourself, change your mind and understand that if you fail it is not the end of the world.”

**Operating your business - your biggest challenge and what you need to overcome it**

“The biggest challenge is to get out of your comfort zone and try things you never tried. For example, I couldn’t present in front of many people, but if you are running your own business you have to do it or you’re losing opportunities.”

**Growing your business - your biggest challenge and what you need to overcome it**

“Cashflow. You need to try new things, try to get new business and "push" for payments.”

What is the top thing that prevents you from being more innovative and why? What do you need to overcome this?

“Again, related to cashflow. Without extra budget, you cannot attend events, seminars, or buy new tools.”

In our survey, access to relevant and skilled talent, funding, partnerships, government support, private sector support, and mentorship all ranked quite low. Why do you think this is so and what in your opinion can be done to improve access to these?

“The majority of online resources are not very clear and have very old websites that prevent you even for asking for information.”

**Business Type:** Performance Agency  **Location:** Nicosia
Thoughts on Needs and Challenges

In the survey, we asked you what challenges have you faced when starting, operating, and growing your business? Please expand upon your biggest challenge in each of these phases and what you would need to help you overcome this challenge.

Starting your business - your biggest challenge and what you needed or would have needed to overcome it

“Funding primarily. Innovation and innovative industries or concepts are mostly focused on technology in Cyprus. The banking sector is often severely dysfunctional in either comprehending new industries or professions, let alone being able to estimate risk assessments on it and fund it in any substantial manner.”

Operating your business - your biggest challenge and what you need to overcome it

“Lack of funding locally. Certain sectors such as via EU funding or funding from cultural services and/or EU cultural initiatives are detailed and have complex procedures which are opted for being an only resource. Proper funding or sponsorship initiatives by co-relating industries or market makers with interest in diverse industries need to be carefully linked up and introduced/build a link or network within which to better participate and oftentimes turn ideas and proposals into viable end products/services or results.”

Growing your business - your biggest challenge and what you need to overcome it

“The time-span and the self-funding are extremely challenging for most. This would entail that only the fortunate ones with sources of income generated from other factors need to be constantly ploughed into the initiative/new idea and the commitment required is second to none in committing yourself to the cause /your vision and fighting it through on your own for far too long. This is a true challenge as changes occur amidst the dynamic environment we are called to live and work in and disruptions occur constantly. Certain times the initiative is revived at other times brilliant ideas or innovations in the creative and often complex industry fall through and are lost. A loss both to the resources of the local economy, system and or heritage value as is the area of reference in my case.”
Thoughts on Needs and Challenges

What is the top thing that prevents you from being more innovative and why? What do you need to overcome this?

“Financial resources and organizational culture - soft skills lacking substantially, in depth insight on matters new or unheard of are not encouraged or facilitated and on the contrary are frowned upon. Innovation is not only IT related. A computer can never replace what a brilliant mind can come up with in the context of stimuli, it is exposed to every millisecond of its life.”

In our survey, access to relevant and skilled talent, funding, partnerships, government support, private sector support, and mentorship all ranked quite low. Why do you think this is so and what in your opinion can be done to improve access to these?

“Funding and government support and private sector support. Perhaps partnerships are grossly misunderstood and misinterpreted. Living in a divide does not help instill an environment of trust/collaboration/fair partnership or a give and take perspective. We live in a doomed status quo, by default. Other more fundamental parameters can be sought in textbook references of basic management. As for mentorship or skilled talent- mentorship needs to constantly be sought after whenever anyone is exposed to a brilliant idea or perspective. We are more prone to seek qualification-based rankings and titles than basic know-how or knowledge acquired in daily tasks and complex challenging economics faced by the Cypriots from decades of trade and or surviving industries.

With regards to skilled talent, what is the definition of a skilled talent worker exactly? Skills are considered a low level of craftsmanship, unless this is elevated within the context of a dialogue which clarifies that skilled labour and skilled talent is what potentially differentiates the context of all innovations and movements or schools of thought through time, then we remain bound to our narrow-minded cultures of high school grades of full marks, employees scoring amazing results in the social sector and highly qualified youngsters working merely to avoid depression.”

Anything else you would like to add?

“Thank you for giving me the opportunity to share my views.”
**Thoughts on Needs and Challenges**

In the survey, we asked you what challenges have you faced when starting, operating, and growing your business? Please expand upon your biggest challenge in each of these phases and what you would need to help you overcome this challenge.

Starting your business - your biggest challenge and what you needed or would have needed to overcome it

“When starting my business, the biggest challenge I faced was how to reach customers and relevant people who may need my services. The networking events helped me massively, and there were several events CyprusInno organised that helped me a lot. Events and other community gatherings are a great way to overcome these challenges.”

Operating your business - your biggest challenge and what you need to overcome it

“When operating my business, one of the biggest challenges is receiving payments from customers since people generally tend to not pay at all or pay only very little. They do not consider design as a service and most of the time ask for free designs. Maybe a tool for teaching people the importance of the services or finding a way to agree to the payment process might help.”

Growing your business - your biggest challenge and what you need to overcome it

“The previous reason is also a big problem for my business growth since I cannot return my work as an income. For what might be needed is a question for me as well at this point.”

**Business Type:** Advertisment  **Location:** Kyrenia

What is the top thing that prevents you from being more innovative and why? What do you need to overcome this?

“Living in a small island with a very small community which has particular views and opinions, it’s very hard to break barriers to represent something new or particularly innovative to people. For example, one family friend described our Instagram page very new and "progressive," but didn’t receive our services since they didn’t know what to expect. To overcome this, I might need a different approach to communicate to people (different marketing) but don’t necessarily know how.”

In our survey, access to relevant and skilled talent, funding, partnerships, government support, private sector support, and mentorship all ranked quite low. Why do you think this is so and what in your opinion can be done to improve access to these?

“Because the market is so small and everybody targets the same crowd, people think that if they share knowledge, funding, or give mentorship they will lose their share. Maybe changing that mindset can be a helpful way to introduce positive results on partnerships, mentorship, etc., and support the community.”

Anything else you would like to add?

“Thank you for helping small businesses like ours find a support system within the community and giving us feedback.”
In the survey, we asked you what challenges have you faced when starting, operating, and growing your business? Please expand upon your biggest challenge in each of these phases and what you would need to help you overcome this challenge.

Starting your business - your biggest challenge and what you needed or would have needed to overcome it

“A simple guide or maybe someone within local government to provide information/support. Like a buddy system of do’s and don’ts.”

Operating your business - your biggest challenge and what you need to overcome it

“Again, from government bodies or the municipalities, a point of contact to be able to seek advice or help about working within the structure of Cyprus and to comply with rules and regulations, assistance with documents being available in English or at least being written in Greek in a document format that Google can translate. For example there are documents on the government website, but they have been uploaded as PDFs...so it's not possible to copy and paste into Google translate or to open in chrome for automatic translation, which would be simple to do and all common languages could be displayed to interpret the Greek. The response from government employees is a simple no, that its only available in Greek.

The availability of information such as if there may be subsidies, grants, or startup schemes available, the criteria and how to access them. It is very easy to fall foul of rules unwittingly, yet if there are no guidelines or support available, how is one supposed to know the rules or obligations? Maybe small/new business advisors or a page on the government website could be a possibility?”

Business Type: Retail & Rental  Location: Deryneia
Thoughts on Needs and Challenges

Growing your business - your biggest challenge and what you need to overcome it

“The ability to withstand decreased winter business, even if not related to tourism, as many wage earners, customers have only 6 months income yet have the support of benefits for the winter. Self-employed people have year-round rents and not necessarily enough winter trade to stay afloat, and don’t have the cushion of any support. Access and inclusion into local community, to aid awareness of presence and exposure. Access to local or municipality publications (e.g. a list of local and approved locations or notice boards to cross into the local community and integrate foreign businesses). I think I'm basically saying that as a newbie, you don’t know what you don’t know, and whilst the general perception of the island is one of laid back, welcoming people, you can experience discriminatory practices and indifference as a legal immigrant trying to get established or grow.”

What is the top thing that prevents you from being more innovative and why? What do you need to overcome this?

“Repeating myself but awareness of any EU or govt funding or start up grants/subsidies. Mentorship. A more open and welcoming organisational structure”

Business Type: Retail & Rental  Location: Deryneia

In our survey, access to relevant and skilled talent, funding, partnerships, government support, private sector support, and mentorship all ranked quite low. Why do you think this is so and what in your opinion can be done to improve access to these?

“It feels as if tourists of most nations are welcomed with open arms, but immigrant business start ups are viewed as imposters stealing from the meal or financial plate of locals.”

Anything else you would like to add?

“Personally, I have used all resources I have available, providing a service which is not widely offered, and I am living below an acceptable standard of living and may have to close my venture. I meet a service users need, am well regarded and trusted for the work I do, but seem to have to work harder/be more resilient to survive in the Cyprus world of self employment. I have been here permanently almost 8 years, and may have to close my business as the ongoing costs and structures are more than difficult to sustain a 'normal' life.”
In the survey, we asked you what challenges have you faced when starting, operating, and growing your business? Please expand upon your biggest challenge in each of these phases and what you would need to help you overcome this challenge.

**Starting your business - your biggest challenge and what you needed or would have needed to overcome it**

“I didn’t know where to start, how to buy the machines, how to calculate the net profit margin, etc. I needed guidance to overcome all of the difficulties. Someone who has experience in the field.”

**Operating your business - your biggest challenge and what you need to overcome it**

“I needed a team to help me in the operations. I needed someone at the production site, someone at the purchase and someone at the sale. I was alone and at some point I had motivational problems. However, if I had a team, everything would be more structured and planned. P.S. - I still don’t have a team.”

**Growing your business - your biggest challenge and what you need to overcome it**

“I had many options to grow my business, but I didn’t know which was the correct one or which one will take me to a better step/worse step. I had problems in my risk analysis. I needed guidance to discuss about the risks of each option.”

What is the top thing that prevents you from being more innovative and why? What do you need to overcome this?

“Financial resources. In my business, the raw materials are very expensive. This puts me back when it comes to being more creative.”

In our survey, access to relevant and skilled talent, funding, partnerships, government support, private sector support, and mentorship all ranked quite low. Why do you think this is so and what in your opinion can be done to improve access to these?

“Because our country is challenged with many different problems, these things you have mentioned are not even on the to-do list of our government or the private sector. There is lack of cooperation between the organisations. There are problems to be solved in the base of our establishments.”

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**Thoughts on Needs and Challenges**

**Business Type:** Entrepreneur  **Location:** Nicosia

Growing your business - your biggest challenge and what you need to overcome it

“I had many options to grow my business, but I didn’t know which was the correct one or which one will take me to a better step/worse step. I had problems in my risk analysis. I needed guidance to discuss about the risks of each option.”

What is the top thing that prevents you from being more innovative and why? What do you need to overcome this?

“Financial resources. In my business, the raw materials are very expensive. This puts me back when it comes to being more creative.”

In our survey, access to relevant and skilled talent, funding, partnerships, government support, private sector support, and mentorship all ranked quite low. Why do you think this is so and what in your opinion can be done to improve access to these?

“Because our country is challenged with many different problems, these things you have mentioned are not even on the to-do list of our government or the private sector. There is lack of cooperation between the organisations. There are problems to be solved in the base of our establishments.”
In the survey, we asked you what challenges have you faced when starting, operating, and growing your business? Please expand upon your biggest challenge in each of these phases and what you would need to help you overcome this challenge.

Starting your business - your biggest challenge and what you needed or would have needed to overcome it

“Lack of leverage in order to create my own service without needing to go in debt. I used the office of a friend and worked part-time to gain the money I needed to start my own office.”

Operating your business - your biggest challenge and what you need to overcome it

“Due to lack of a support system (not enough training and supportive service from the government and my professional federation), I had to make much smaller steps to assess risk better (though it was not needed that much).”

Growing your business - your biggest challenge and what you need to overcome it

“I need more support with my organizational skills (e.g. an admin or secretary), and that’s a difficult step as I need to leave some tasks on the side to find the right person and train them (which is NOT easy at all as I’ve tried).”

What is the top thing that prevents you from being more innovative and why? What do you need to overcome this?

“I’m very innovative in plan, but not on implementation. My difficulty in organizing my work is the first factor. Finding good staff (talent) and their salary (financial resources) is the second factor. To overcome this, I need to make space for a new member in my work (1) and find an intern for 6 months that will potentially become paid staff (2).”

In our survey, access to relevant and skilled talent, funding, partnerships, government support, private sector support, and mentorship all ranked quite low. Why do you think this is so and what in your opinion can be done to improve access to these?

“Skilled talent: Change our educational system to create more "officers" than "takers.

Funding: Change our educational and legal system.

Partnership: Change our educational system and offer more networking events from the private sector.”
In the survey, we asked you what challenges have you faced when starting, operating, and growing your business? Please expand upon your biggest challenge in each of these phases and what you would need to help you overcome this challenge.

**Starting your business - your biggest challenge and what you needed or would have needed to overcome it**

“Finding customers was the initial challenge of our business. There are no easy ways to overcome this other than demonstrating your business, getting yourself out there, and doing sales pitches either offline or online through social media.”

**Operating your business - your biggest challenge and what you need to overcome it**

“Operating the business creates many challenges. The major challenges that I see are in 2 main areas:

1- People: Finding great people/employees to work with is extremely difficult in Cyprus. Retaining the talent is even harder in a highly competing marketplace such as Cyprus. A greater focus from the schools in STEM subjects will help in having more people graduating with relevant degrees and enabling Cyprus to become competitive internationally in this area.

2- Money: A running business with high expenses needs to retain a good cashflow in order to avoid going into pitfalls. Delays in payments from clients or delays in delivery of projects cause this area to take a hit and in turn cause other issues. Maybe more startup grants or low or zero interest credit facilities for startups (at least for the first few years) could be a way to help overcome this hurdle.”

**Growing your business - your biggest challenge and what you need to overcome it**

“Growing the business has to do mostly with the number of skilled professionals available to join our business, which currently is a major challenge in Cyprus.”

What is the top thing that prevents you from being more innovative and why? What do you need to overcome this?

“More financial resources definitely would help make room for greater innovation.”
CyprusInno’s Thoughts
We need an island-wide effort to encourage and support female entrepreneurs

Low participation rates amongst female entrepreneurs, as evidenced by the low representation in this survey, is an alarming sign. No entrepreneurship ecosystem can afford unequal representation by 50% of its talent pool. Diversity of thought is critical for innovation. Cyprus needs more events, trainings, and other initiatives focused specifically on promoting and developing female entrepreneurs. More female entrepreneurs reported fear of failure and societal pressure as challenges when starting a business. More female entrepreneurs should also share their stories and serve as mentors to encourage a new wave of women in the field. This is something that we can tackle through island-wide collaboration.

The Cyprus entrepreneurship ecosystem needs deal flow

Most entrepreneurs reported self-funding their businesses at the start. There is a significant lack of venture capital funding and angel funding, yet many are planning to raise money. Fundraising was reported as a top challenge by all entrepreneurs across all ages and all types of businesses, and access to funding was ranked very low. Lack of financial resources is a top preventer to being more innovative. The ecosystem needs to work towards creating a more open environment for venture capitalists and angel investors to network with and hear from our entrepreneurs, and to offer more training on basics such as pitch deck creation and pitching in order to ensure our entrepreneurs are investment-ready. At the same time, entrepreneurs need to focus on selling in order to generate revenue and cash flow in lieu of access to external financing. This must be done with a global mindset as investors will look for the business’ potential to scale globally.

We need more local success stories

The majority of entrepreneurs in Cyprus did not report inspiration from other entrepreneurs as a motivator for starting their business. A lack of local success stories from tech entrepreneurs and innovative startups to look up to can be a significant attributing factor. However, there are many successful traditional business owners whose stories need to be heard and they can serve as a source of inspiration and knowledge. The lack of deal flow can also be attributed to a lack of local success stories.
Innovation in product/service and customer experience is a big opportunity

Most entrepreneurs across the island are looking to innovate in this category, and continuously innovating in product/service and customer experience is high on their priority list. There is also a talent gap in customer service and in software development, which, if addressed, can fuel this innovation. Also, this creates great business opportunities for those providing third party solutions.

Government support needs a significant boost

Access to government support rated the lowest amongst entrepreneurs all across the island. Government bureaucracy and regulations were consistently ranked as a top challenge when starting, operating, and growing a business. Additionally, in supporting the high interest entrepreneurs expressed in partnering across the Green Line and conducting business across the Green Line, the government can support public policy that diminishes the challenges these entrepreneurs face when trying to do business or partner across the Green Line.

Amazing opportunity for cities to work together to fill gaps and support economic drivers

All cities across the island shared top economic drivers in industries such as Tourism, Hospitality, Education, etc. All cities also reported talent gaps that, if aligned, could help them work together on joint initiatives to fill those gaps. For example, a talent gap of software development in Nicosia can be supported by the presence of software development talent in Larnaca. Additionally, cities that share similar talent gaps can work together. For example, cities that lack software development talent can work on trainings or on boosting STEM education amongst youth.
Cyprus needs to focus on creating strong entrepreneurial ties with international markets

Many entrepreneurs reported plans to expand internationally to markets such as Greater Europe, the Middle East, North America, Africa, and APAC. We were surprised by the interest in expanding to more unfamiliar markets such as the Middle East, Africa, and APAC. The ecosystem can focus on creating stronger entrepreneurial ties with the startup ecosystems of these countries, including activities such as ecosystem visits and international competitions. This needs to be further analyzed in order to determine specifically what these entrepreneurs need to expand internationally. An international footprint for entrepreneurs in Cyprus will also help with attracting investment.

Entrepreneurs in the north and the south of Cyprus face similar challenges

There is more that unites us when it comes to business and entrepreneurship, and it further solidifies the fact that we must work together across the island to solve our challenges, address our needs, and fill our gaps. More island-wide events and initiatives on entrepreneurial development at all levels can support this.

Cyprus needs more education on the Green Line regulations for trade

Familiarity with and knowledge of the Green Line regulations for trade ranked very low amongst all entrepreneurs, despite a high interest in potentially using them to partner or expand. Additionally, entrepreneurs reported lack of knowledge and access to resources on Green Line trade as a barrier to doing business or partnering across the Green Line. We see a great opportunity to work with both Chambers of Commerce to create more user-friendly, translated materials offered digitally to increase awareness and education. We also see an opportunity to hold more informational events and bring businesses together with the Chambers to solve these challenges.
There is an amazing opportunity for entrepreneurs to collaborate across the Green Line, and this requires more supportive public policy and administrative support

We were highly encourage to find that, while familiarity and knowledge of the Green Line regulations for island-wide trade were very low amongst respondents, appetite towards using the Green Line for business collaboration and market expansion was positive, with 70% of respondents having an interest in expanding their businesses through Green Line trade and over 75% of respondents interested in collaborating with other business owners across the Green Line. However, we uncovered challenges that hold us back in achieving this level of collaboration, which we believe the ecosystem can solve together. Reducing the administrative burden of doing business across the Green Line could help. This can also be addressed through Confidence Building Measures and additional technical committees on trade and entrepreneurship island-wide.

We need a refreshment of the Green Line Regulations for trade

The allowed products covered under the Green Line regulations need to significantly expand to include more products such as locally produced alcohol and other goods. Many entrepreneurs expressed interest in expanding their products and/or services across the Green Line, and the current regulations must be renewed to support them in doing so. The evolution of businesses over time has outpaced the regulations. Lowering taxes and custom fees would allow businesses in the south to easily access the APAC and Middle East markets through Turkey, and for businesses in the north to access Greater Europe. These expansion markets were of interest for a majority of entrepreneurs.

Advanced technologies can help bolster collaboration across the Green Line

Challenges and barriers faced by entrepreneurs interested in conducting business across the Green Line included the administrative burden of paperwork, high fees, lack of access to local offices for documentation, psychological barriers, lack of security related to solving legal issues and ensuring trust in partnerships, crossing irregularities, and difficulties with licenses and contracts. We believe many of these challenges can be solved through the development of new advanced technologies such as the use of blockchain and smart contracts to make transactions and licenses fast and secure, and ensure trust, consistency, and efficiency.
CyprusInno is an award-winning social venture operating the first and largest island-wide platform connecting Cypriot and other Cyprus-based entrepreneurs, startups, and innovators through a portfolio of digital tools and live events. Run by an inter-communal team, CyprusInno operates under the common vision of using entrepreneurship and innovation to bring communities together with a shared belief that economic freedom and entrepreneurial capital are highly effective peace-building mechanisms. By providing tools and resources for entrepreneurs across Cyprus to connect, network, collaborate, and exchange knowledge, CyprusInno has laid the groundwork for an island-wide startup ecosystem to help lead the social and economic growth of the island, as well as help bridge the divide through business.

CyprusInno’s digital platform hosts a community of 2.7k+ innovators, 25k+ social media followers, features 190+ startups and Cyprus’ first e-learning lab with 30+ hours of coursework and 200 students, and a suite of other digital tools such as a funding database, events calendar, and multimedia (live interviews). Offline, CyprusInno organizes startup networking events, trainings, and mentorship programmes with hundreds of attendees on the border of Cyprus in the UN Buffer Zone and around the island. Our mentorship programme features 18 startups and 13 mentors, pairing Greek Cypriot mentors with Turkish Cypriot startups and vice versa. We have made 3 EU/UN policy contributions.

We measure our impact through business collaborations, in value created through inter-communal partnerships, and through social metrics such as first-time interactions between hundreds (if not thousands) of Cypriots across the island.
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