



# CYPRUS

OECD Global Action on Promoting Social and Solidarity Economy Ecosystems

In Cyprus, there is no national framework around the social and solidarity economy (SSE). The Social Enterprise Law was passed in 2020. 581 SSE entities provided 3 529 jobs in 2020.

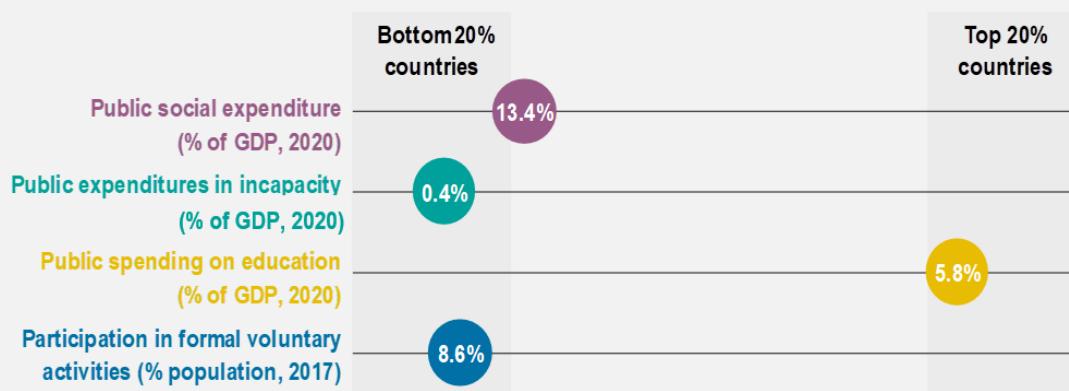
## SOCIO-ECONOMIC INDICATORS

Cyprus is a unitary country and a member of the European Union. It is a high-income country with a very high human development level.

|        | GDP per capita | Labour force participation rate | Youth not in employment, education or training (NEET) | Poverty rate | Gini coefficient | Rural population |
|--------|----------------|---------------------------------|---|--------------|------------------|------------------|
| Cyprus | USD 49 742     | 84.9 %                          | 14.7%   | 13.9%        | 0.294 / 1        | 31.9%            |
| OECD   | USD 53 937     | 73.2%                           | 14.8%   | 11.0%        | 0.313 / 1        | 23.1%            |

Note: Data from Cyprus refer to 2022, except for rural population (2021). OECD data refer to 2022, except for poverty rate (2019) and Gini coefficient (2020). GDP per capita for Cyprus is a provisional value, for OECD is an estimated value. See sources at the end of the document.

## Country position in selected social indicators



Note: For each indicator, the position of the bubble on the line represents the country's ranking compared to OECD and EU countries. Higher rankings are on the right. The panel of countries for the international ranking can vary from an indicator to another due to data availability. See sources at the end of the document.

## SOCIAL AND SOLIDARITY ECONOMY ECOSYSTEM

### Definition of the social and solidarity economy in Cyprus

The social and solidarity economy (or social economy) is not defined in any legal or official text in Cyprus. The country defines the social enterprise as follows:

A **social enterprise** is an enterprise registered in the Register of Social Enterprises as a social enterprise of general purpose or as a social integration enterprise. Registered social enterprises must provide goods or services with at least seventy percent (70%) of its revenue coming from business activities, apply predetermined procedures regarding the distribution of profits, be managed in a business-like, responsible and transparent manner, with the participation of members, employees and/or customers, and implement remuneration policies and practices to limit the wage gap. Social enterprises of general purpose pursue their social mission through the promotion of social, cultural and/or environmental actions, and reinvest at least eighty percent of their surplus in their social purpose. Social integration enterprises pursue their social objectives through the integration in their labour force of persons with disabilities and individuals belonging to vulnerable groups, and reinvest at least forty percent of their surplus in their social purpose.

Note: For more information, please refer to the [Law on Social Enterprises \(2020\)](#), Article 6.

## Institutional frameworks



### Institutions

The **Ministry of Labour, Welfare and Social Insurance** is involved in SSE policy and other ministries and authorities (**Ministry of Commerce and Industry**, **Ministry of Finance**, **National Authority for Innovation**) can provide dedicated measures in favour of the SSE. The **Commissioner of Cooperative Societies and Social Enterprises** oversees the compliance of all registered cooperative societies and social enterprises with the respective legislations. In 2018, Cyprus developed the **Action Plan for the Development of the Social Enterprise Ecosystem** which includes measures and incentives for activating or expanding social enterprises.



### Legal instruments

In 2020, the **Social Enterprise Law** was passed, aiming to regulate the registration of entities in a Social Enterprises Registry.



### Stakeholder engagement

The Cypriot National Competence Centre is placed to support the development of social enterprises in Cyprus assisting both national authorities and the ecosystem at the European level. It's part of the EC-funded project "Facilitating United Approaches to Social Innovation in Europe" (FUSE). SYNTHESIS Center for Research and Education and Center for Social Innovation (CSI) represent the Cypriot National Competence Centre.

## Main figures

In Cyprus, **581 SSE entities** provided **3 529 jobs** in 2020. **Associations** were the most common legal form, representing **52.5%** of all SSE entities.

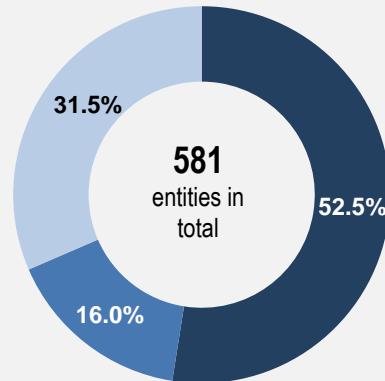
### SCOPE

In the absence of an official definition of the SSE, data on the SSE are provided according to a common understanding of what entities can be seen as part of the field. Additionally, the Social Enterprises Law of 2020 establishes a register for social enterprises and defines the criteria to be recognised as a social enterprise. Data on registered social enterprises are not available yet.

### SSE ENTITIES

- Associations
- Cooperatives
- Foundations

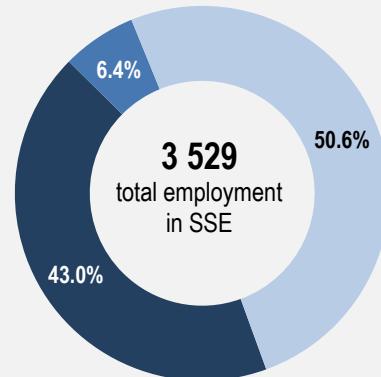
Number of SSE entities (2020)



### EMPLOYMENT

- Associations
- Cooperatives
- Foundations

Employment in the SSE (headcounts, 2020)



Note: The above data on number of associations and foundations, and employment in the SSE have been retrieved from the Statistical Business Register, provided by the Statistical Service of Cyprus. The number of cooperatives is retrieved from the Register Authority of Cooperative Societies and Social Enterprises. See sources at the end.

## Legal frameworks

Legal frameworks to support the development of the SSE can be adopted at the national and subnational levels. They can regulate the SSE as a whole, or specific legal entities of the SSE (such as associations, cooperatives, mutual societies, foundations and social enterprises).

|  |  |
|--|--|
| <b>For the SSE</b>                                 | <ul style="list-style-type: none"><li>Not available.</li></ul>   |
| <b>For specific SSE entities at national level</b> | <ul style="list-style-type: none"><li>Cooperative Societies Law (22/1985) - <a href="#">Link</a></li><li>Law on Associations and Foundations and Other Related Issues (104(I)/2017) - <a href="#">Link</a></li><li>Social Enterprise Law (2020) – <a href="#">Link</a></li></ul> |

Note: The list above is not exhaustive of all existing legal frameworks around SSE in Cyprus.

## Fiscal treatment

Different fiscal treatment can be established for the social and solidarity economy as a whole, or for specific SSE entities, at the national and subnational level.

| Fiscal treatment of SSE entities  | Fiscal treatment for contributors to the SSE  |
|---|---|
| <ul style="list-style-type: none"><li>The income of a public benefit organisation which was incorporated exclusively and solely for the promotion of arts, sciences or sports from which it does not seek to gain profits for itself or its members, and whose activities are limited only to such causes, can be exempted from income tax, if approved by the Council of Ministers/Minister of Finance.</li><li>In the case of social enterprises, the Ministry of Finance approved the exception of the Compulsory Special Contribution of Defense (17%) on the deemed stay of profits, after taxes, which are transferred to special non-distributable reserves of social enterprises.</li></ul> | <ul style="list-style-type: none"><li>Donations made by individual donors to approved charitable institutions are fully deductible without any limitation.</li><li>Donations made by corporate donors to approved charitable institutions are deductible (under certain conditions).</li><li>The Ministry of Finance announced a bill for tax relief on natural persons who invest in social enterprises. The tax relief is up to 50% of the taxable amount in the year the investment is made, up to EUR 150 per year, for a period of 5 years based on the relevant provisions of the bill.</li></ul> |

Note: The list above is not exhaustive. Information is retrieved from OECD desk research and "Relevant taxation frameworks for Social Economy Entities" published in 2023 by the European Commission.

## Social impact measurement initiatives

Driven by a mission of social purpose, SSE entities are increasingly requested to demonstrate the positive value that they generate through their activities. Social impact measurement enables them to assess their positive contribution to society. A diverse range of possible initiatives are available to governments and practitioners to foster a social impact measurement culture.

|   |  |
|---|--|
|  <b>Evidence-based initiatives</b> |  <b>Guidance-based initiatives</b> |
| <ul style="list-style-type: none"><li><a href="#">Civil Society Country Reports and Monitor</a> △ CIVICUS</li></ul>   | <ul style="list-style-type: none"><li><a href="#">SIM4CSOs (2020)</a> △ Erasmus+</li></ul>                             |

Note: Evidence-based initiatives help produce and disseminate impact evidence to raise awareness on the social and solidarity economy as a whole, and to reduce the cost of accessing data for single and particularly small-sized entities. Guidance-based initiatives deliver guidance on social impact measurement approaches, which are tailored to the specific needs of the social and solidarity economy.

## FURTHER READING ON THE SSE IN CYPRUS

[Zenonos, E.: Social impact measurement in Cyprus and other European countries](#) | [CIVICUS CSI Country Reports](#) | [European Commission: Social Enterprises and their Ecosystems in Europe Cyprus Country Report](#) | [EU Social Economy Gateway - Cyprus](#)

## DATA SOURCES

- Socio-economic data refer to 2022 unless stated otherwise, and relate to data downloaded as of 17 July 2023. The data for Cyprus on labour force activity rate (age 25-64) (2022) (Labour Force Survey); youth not in employment, education or training (NEET) (2022) (Labour Force Survey); poverty rate (2022) (Survey on Income and living conditions (EU-SILC)); GINI coefficient (2022) (Survey on Income and living conditions (EU-SILC)), and rural population (2021) (Demographics statistics) were provided by the Statistical Service of Cyprus. Datasets used for OECD: GDP per capita, current PPP: OECD national accounts statistics, <https://doi.org/10.1787/na-data-en>; Labour force participation rate (15-64 year old); OECD Employment and Labour Market Statistics, <https://doi.org/10.1787/data-00310-en>; NEET (15-29 year olds, all levels of education); OECD Education at a Glance 2022, <https://doi.org/10.1787/19991487>; Poverty rate (after taxes and transfers, poverty line 50%); OECD Social and Welfare Statistics (database), <https://doi.org/10.1787/data-00654-en>; Gini coefficient (disposable income, post taxes and transfers) (OECD); OECD Income Distribution Database, <https://www.oecd.org/social/income-distribution-database.htm>; Gini index (Malta); World Bank, <https://data.worldbank.org/indicator/SL.POV.GINI>; Rural population (OECD); OECD, CFE Regions and Cities databases, <http://oe.cd/geostats>; Rural population (Cyprus); World Bank, <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=CY>; Public social expenditures (2020); public spending on incapacity (2020); public spending on education (2020) and participation in formal voluntary activities (2017) for Cyprus have been provided based on the classification of the functions of government (COFOG) by the Statistical Service of Cyprus. For OECD comparison: Public social expenditures: OECD Social Expenditure Database (SOCX), <http://dotstat.oecd.org/Index.aspx?QueryId=26920>; Public spending on incapacity: OECD (2022); Public spending on incapacity (indicator), <https://doi.org/10.1787/f35b71ed-en> (Public spending on incapacity refers to spending due to sickness, disability and occupational injury); Spending on education (primary to tertiary level, in % of GDP); OECD Education Statistics (database), <https://doi.org/10.1787/c4e1b551-en>; Participation in formal voluntary activities (% of people): Eurostat table [ilc\_scp19], based on the 2015 EU-SILC ad-hoc module.
- SSE data were collected through OECD questionnaire circulated in May 2022. The above data on number of associations and foundations, and employment in the SSE have been retrieved from the Statistical Business Register, provided by the Statistical Service of Cyprus. The number of cooperatives is retrieved from the Register Authority of Cooperative Societies and Social Enterprises.
- Further information on the methodology followed in the country fact sheets can be found [here](#).

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Note by the Republic of Türkiye

The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union.

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

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Local Employment and Economic Development (LEED) Programme  
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