

## Rural Development Programme (RDP) of Cyprus

Πρόγραμμα Αγροτικής Ανάπτυξης  
2007-2013<sup>1</sup>

(Rural Development Programme 2007-2013)

### Relevant Contact Details

**Address:** Department of Agriculture of the  
Ministry of Agriculture, Natural Resources  
and Environment, 1411  
Nicosia, Cyprus

**Telephone number:** + 357 2408307

**Managing Authority Website:**

[http://www.moa.gov.cy/moa/da/da.nsf/dml/aboutus\\_gr/dmlaboutus\\_gr?OpenDocument](http://www.moa.gov.cy/moa/da/da.nsf/dml/aboutus_gr/dmlaboutus_gr?OpenDocument)

**Other useful links:**

Rural Development Programme (RDP):

[http://www.moa.gov.cy/moa/da/da.nsf/dml/development\\_gr/dmldevelopment\\_gr?OpenDocument](http://www.moa.gov.cy/moa/da/da.nsf/dml/development_gr/dmldevelopment_gr?OpenDocument)

National Strategy Plan (NSP):

[http://www.moa.gov.cy/moa/da/da.nsf/dml/development\\_gr/dmldevelopment\\_gr?OpenDocument](http://www.moa.gov.cy/moa/da/da.nsf/dml/development_gr/dmldevelopment_gr?OpenDocument)

Cyprus National Rural Network (NRN):

<http://www.ead.com.cy>



**Map of Cyprus**  
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### General socio-economic situation in rural areas of Cyprus

Cyprus is an island located at the eastern end of the Mediterranean sea and is considered to be the South-Eastern boundary of Europe. It lies at the point of intersection of three continents - Europe, Asia, and Africa: Turkey is located in the north of the island; Syria, Lebanon and Israel in the East; Egypt in the South; and Greece in the West. It has a total surface of 9,251 km<sup>2</sup>; out of which 5,899 km<sup>2</sup> are under effective control of the Republic of Cyprus.

The RDP provides baseline figures for Cyprus in 2003 and these state that: Cyprus in 2003 had a population of 689,565 inhabitants, of which 215,115 (31%) lived in rural areas, while the remaining 69% lived in the urbanised areas of Nicosia, Limassol, Larnaca and Pafos; the unemployment rate was 4.7%, amongst the lowest between the EU Member States. Other RDP baseline data shows that rural areas in Cyprus occupied 26% of the territory, while 24% were forests, 30% other forest areas, 7% abandoned land and the remaining 13% urban areas. Furthermore, agriculture contributed 3.1% to GDP, 21.2% to exports and employed 6.7% of the total workforce. The food industry contributed 3.6% to GDP, 15.9% to exports and employed 3.7% of the total workforce.

<sup>1</sup> The text of this summary sheet was finalised in March 2010, following the adoption of the Health Check and European Economic Recovery Package and additional funds from Modulation.

Since its integration to the EU, the economy of Cyprus and in particular its agricultural economy is in a transition phase. Two years after its full integration, it is still adapting to the new legal framework, while it operates in perfect competition conditions within the internal EU market. The continuous liberalisation of the international trading activity and the extensive character of agreements within the Euro-Mediterranean Cooperation create pressure to Cypriot agricultural products, which now have to compete with similar products from European and other countries.

Main strengths of the rural economy are the climate conditions which favour the production of Mediterranean products, the existence of high-quality facilities in specific farming sectors, and the positive impact of buoyant tourism activity over most of the year which acts a demand factor for the production and consumption of agricultural products. Furthermore, Cyprus is rich in rural cultural heritage and traditions that favour diversification of agricultural activity. However constraints like: ageing rural population, low education levels in rural areas, little scientific research in the field of agriculture, limited and highly fragmented agricultural land (that mainly cause problems to the less competitive products of Cyprus - olive oil, wine products, etc) constitute the most significant challenges that Cyprus needs to address. In terms of the environment, Cyprus is rich in biodiversity and natural landscapes, however, the dry climate, low soil productivity in certain areas and scarcity of water constitute factors that limit the competitiveness of agriculture.

Following the European Economic Recovery Package, in recognition of the greater emphasis now being given to the 'new challenges' facing agriculture and rural areas, the RDP was revised in 2009 to place additional emphasis on the 'new challenges' of water management, biodiversity, climate change and development of broadband infrastructure in rural areas. In relation to biodiversity, Cyprus has 38 areas which belong to the Natura 2000 Network, while agricultural land covers 13,000 ha of this Network. There is also a network of 7 forest protected areas (Nature Reserves and National Forest Parks) covering an area of 23,079 ha (representing 6% of the forest and wooded areas of Cyprus). The country is committed to the preservation of these areas and has developed several management plans to this end. In relation to water management, particular importance is paid to the protection of water resources and aquatic ecosystems with the promotion of the application of European Directives (e.g. the Water Framework Directive). The main objective of Cyprus is to completely eliminate the dependency of water supply from rainfall and to use as much as possible desalination units (thus avoiding water shortage problems such as the ones experienced in 2008 due to an extended drought). In relation to climate change, given the 83% increase of GHG emissions in Cyprus during 1990-2007, an objective has been set to reduce emission levels by 5% by 2012. Another important problem in Cyprus is the low access to ICT for the population in rural areas. According to the Broadband Performance Index – BPI, Cyprus is the second worst performer after Bulgaria in the EU-27 (and Norway). Despite good broadband penetration percentage in urban areas, there is a high cost of services, low coverage and low speed in rural areas. The country has therefore set as an objective to cover 100% of its territory with broadband access by 2010.

## **RDP strategic objectives**

The RDP's strategic objectives are the following:

- a) Strengthen the competitiveness of the agricultural and forestry sector, with emphasis on the products where Cyprus has a comparative advantage both within the internal market

- and third markets;
- b) Protect the environment and enhance biodiversity, while ensuring sustainable use of natural resources and landscape conservation;
  - c) Improve the quality of life of the rural population and encourage diversification of the rural economy mainly in the mountainous and semi-mountainous areas.

The RDP strategy takes into account key socio-economic and environmental issues, in particular: the country's ageing rural population, low incomes of farmers, the absence of research centres, low innovation levels, low average educational level of farmers, small size and high fragmentation of rural land, as well as the need to preserve the natural environment and its potential for the development of tourism activities. The strategy is closely linked to the National Strategic Plan for Rural Development.

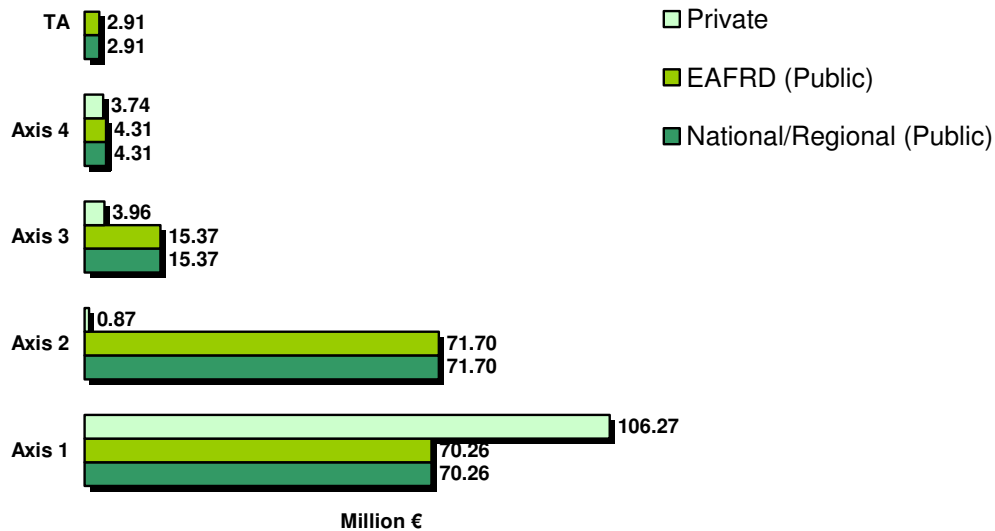
Taking into account the additional financing in the revised RDP and the socio-economic context in rural areas, greater strategic priority is now given to water management, biodiversity, climate change and broadband infrastructure. The revised strategy aims to contribute to the adaptation of agriculture to new challenges through agri-environmental measures and to achieve 100% broadband coverage in the country.

### **Expected impacts / outcomes of the policies**

Expected socio economic outcomes include an innovative and more competitive agricultural economy, able to support the population's needs, higher productivity of the rural population without reducing the respective level of employment, the establishment of small-scale infrastructure for agro-tourism activities, protection/revival of the agricultural cultural heritage and overall improved quality of life in rural areas. Expected environmental outcomes include enhanced biodiversity and agricultural land of high natural value, increased use of alternative sources of energy, the latter contributing in particular to the fight against climate change.

Expected impacts from 2009's RDP amendment relate to improving the situation in Cyprus in relation to new challenges, including a reduction of pesticides and chemical fertilisers, rational use of water, increased workers' safety, increased sustainability of natural resources, improvement and promotion of biodiversity and increased protection of the soil from erosion. Expected impacts from the policy emphasis given on broadband infrastructure include increased broadband coverage; better economic and social support to the communities covered by broadband connection and increased quality of life in rural areas. Modifications in output and results indicators are presented below under each axis.

## RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding) of €443,970,615



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader). Approximately 56% of the overall RDP budget in Cyprus is allocated to axis 1 (€246,795,732 million); approximately 32% is allocated to axis 2 (€144,270,066 million), 8% to axis 3 (€34,710,792 million) and 3% to axis 4 (€12,367,847 million), with 1% available to fund Technical Assistance (€5,826,178 million).

Within axis 1, National/Regional public funding represents approximately 28% share of the axis funding; EAFRD 28%; and private funds 43%.

Within axis 2, National/Regional public funding represents approximately 50% share of the axis funding; EAFRD 50%; and private funds 1%.

Within axis 3, National/Regional public funding represents approximately 44% share of the axis funding; EAFRD 44% and private funds 11%.

Within axis 4, National/Regional public funding represents approximately 35% share of the axis funding; EAFRD 35%; and private funds 30%.

Within technical assistance, National/Regional public funding represents approximately 50% share of the technical assistance funding and EAFRD 50%.

As a consequence of the RDP revisions in 2009, Cyprus has been assigned an additional budget totalling €4,080,000 (including €2,040,000 of EAFRD and a further €2,040,000 of national/regional public funds) focused on agri-environment payments and on the provision of basic services to the economy and rural population. All the new funds derive from the

European Economic Recovery Package (EERP). Cyprus did not receive any additional financial allocation following the Health check of the CAP as it will not receive any modulation amounts before 2013. Other small amendments are of technical nature and include clarifications and updates in order to improve programme implementation.

## Axis Information<sup>2</sup>

### ***Axis 1 objectives – Improving the competitiveness of the agricultural and forestry sector***

The improvement of competitiveness constitutes major strategic priority for the Cypriot agriculture. Most of the emphasis of this axis is on modernisation of agricultural holdings (measure 121; 54% of total budget for axis 1). This is followed by adding value to agricultural and forestry products (measure 123; 24%) and early retirement (measure 113; 6%).

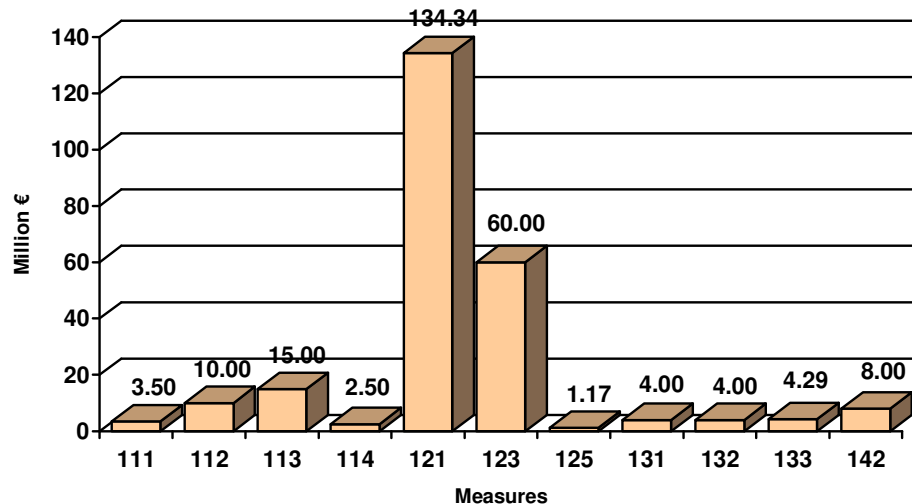
Result targets for axis 1 include a total of 850 farmers that have successfully completed training activities, a total number of 260 agricultural holdings that have introduced innovation, total additional value added of €46.38 million and value of production created under quality schemes, depending on the measure, between €50 and €80 million.

There are no modifications to axis 1 indicators following the 2009 RDP update.

Strategic objectives	Specific objectives
Improve competitiveness of the agricultural sector	- Orient agricultural products towards exports promotion and towards a better adjustment to the continuous competitive pressures from similar products by neighbouring countries and other EU countries
Promote the production of high quality products as well as products with high added value	- Improve methods for the standardisation, storage, packaging and distribution of agricultural products
Invest in human and natural capital	- Promote entrepreneurship, knowledge transfer, introduction of innovative actions, modernisation of production resources and innovation.

<sup>2</sup> Detailed information on the individual measures can be found in Annex I.

**Axis 1 indicative budget breakdown by measure: Total allocated budget (including national /regional public funds + EAFRD + private funds) of €246,795,732**



There were no financial modifications in relation to axis 1 following the 2009 RDP update.

**Axis 2 objectives - Improving the environment and the countryside**

The main emphasis of this axis is on agri-environment payments (measure 214; 56% of total budget for axis 2), followed by payments to farmers in areas with handicaps, other than mountain areas (measure 212; 28%) and natural handicap payments to farmers in mountain areas (measure 211; 6%).

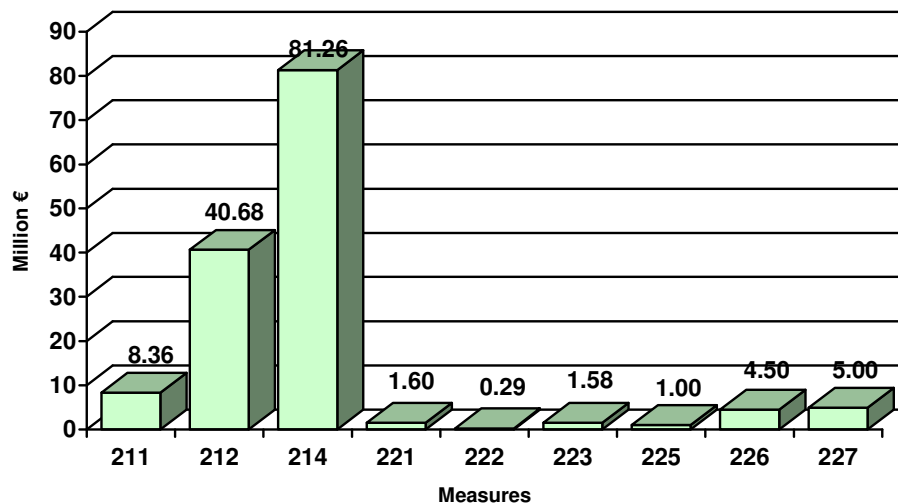
Result targets for axis 2 include a total of 101,846 ha of successfully managed surface that contributes to the improvement of biodiversity, a total of 16,115 ha under soil quality improvement and a total of 15,640 ha managed so that agricultural land abandonment is avoided.

Specific modifications to output and result indicators have been made in order to take account of the amendments to the RDP and include an increase of the result target concerning the supported area that contributes to the promotion of biodiversity and areas of high natural value (an additional 600 hectares –new total of 4,000 ha- will be covered by measure 214 'agri-environment payments'). Changes in output indicators include increases in the number of farmers supported, in the total area covered by agri-environmental support and in the number of natural areas covered by agri-environmental support.

Strategic objectives	Specific objectives
Maintenance of agricultural land and natural landscapes	<ul style="list-style-type: none"> <li>- Maintain agricultural land and natural landscapes in mountainous and semi-mountainous areas of the island;</li> <li>- Address the intensification of agriculture and livestock production phenomenon;</li> <li>- Maintain and further improve biodiversity</li> <li>- Promote targeted agri-environment measures (e.g. organic farming methods, long-term fallow, maintenance of traditional vineyards, integrated production, etc.);</li> </ul>

	<ul style="list-style-type: none"> <li>- Provide targeted support to Natura 2000 areas (including forest areas);</li> <li>- Improve/upgrade soil conditions;</li> <li>- Improve the quality and quantity of water resources and systems;</li> <li>- Reduce climate change impacts;</li> </ul>
Sustainable development of forests	<ul style="list-style-type: none"> <li>- Support the multi-functional role of forests;</li> <li>- Protect public and private forests from forest fires;</li> <li>- Reinforce the social role of forests;</li> <li>- Support afforestation for environmental purposes.</li> </ul>

**Axis 2 indicative budget breakdown by measure: Total allocated budget (including national /regional public funds + EAFRD + private funds) of €144,270,066**



Following the 2009 RDP update, the total budget for axis 2 is €144,270,066 including an additional €2,260,000 (€1,130,000 EAFRD + €1,130,000 national/regional public funds) that is targeted at measure 214 (agri-environment payments), in particular sub-measure 2.3.3 'agri-environmental obligations for citrus fruits' as this action contributes simultaneously to more than one new challenges. This sub-measure addresses climate change (adaptation of crops to increased temperatures and reduction of GHG emissions through reduced use of fertilisers), water management (rational use of water to address the lack of water problem), and biodiversity. More precisely, this sub-measure uses mechanical means of pests control instead of pesticides which contributes in a considerable manner to the minimisation of underground water pollution helping substantially the sustainable use of water. At the same time, the incorporation or the maintenance of plant biomass in the soil reduces evaporation and thus the water needs of crops. Also by doing so, organic carbon in the soil is increased and carbon dioxide emissions reduced. Finally the increased biodiversity of micro-organisms in the soil considerably improves soil fertility which is an important indicator of sustainable agricultural ecosystems. Furthermore, integrated management systems are employed which ensure environmental protection and food safety.

**Axis 3 objectives - The quality of life in rural areas and diversification of the rural economy**

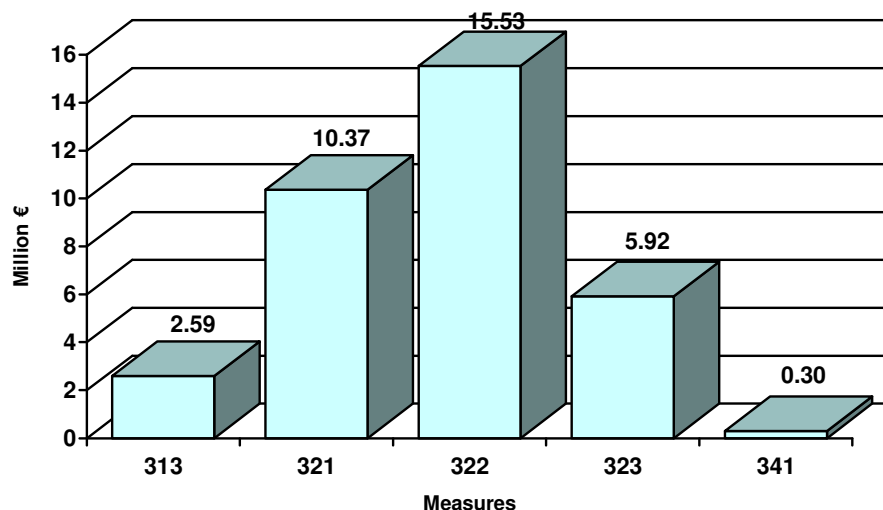
The emphasis of this axis is on village renewal and development (measure 322; 45% of total budget for axis 3), basic services for the economy and rural population (measure 321; 30%), conservation and upgrading of the rural heritage (measure 323; 17%) and encouragement of tourism activities (measure 313; 7%).

Result targets for axis 3 include a total of 200,000 new visitors and a total of 230,000 population that benefit from improved services.

Specific modifications to output and result indicators have been made in order to take account of the amendments to the RDP and include new result targets, namely, a population of 5,065 in rural areas benefiting from improved services and a 10% increase in broadband penetration in rural areas.

Strategic objectives	Specific objectives
Promote diversification of economic activities in rural areas	<ul style="list-style-type: none"> <li>- Revive economic activity especially in mountainous and semi-mountainous areas through infrastructure works and support of entrepreneurship;</li> <li>- Support tourism actions in complementarity with integrated interventions for tourism from the Structural Funds;</li> </ul>
Improve quality of life	<ul style="list-style-type: none"> <li>- Improve services in rural areas and the access to them;</li> <li>- Improve access to information and communication technologies in rural areas;</li> <li>- Reinforce management structures in rural areas and endogenous development through cooperation and bottom-up approach.</li> </ul>

**Axis 3 indicative budget breakdown by measure: Total allocated budget (including national /regional public funds + EAFRD + private funds) of €34,710,792**





Following the 2009 RDP update, the total budget for axis 3 is €34,710,792 including an additional €1,820,000 (€910,000 EAFRD + €910,000 national/regional public funds) that is targeted at a new measure 321 (basic services for the economy and rural population). The aim of the measure is to provide broadband access to 30 out of the 151 communities ("white spot areas"). More specifically a backbone passive infrastructure of fibre optics is going to be created within the communes and ending to a single spot, providing access to all interested providers. Public support will be provided for the creation of this infrastructure and will encourage actors of the sector to demonstrate an entrepreneurial interest and extend their networks to cover these "white spot" regions. The 151 communities have been separated in 5 equal subgroups (clusters) based on geographic criteria. An open public tender will be made to select the beneficiary/contractor for each cluster of communities. Each beneficiary will have to invest at least 30% of the total coverage cost. Furthermore, the network that will be created will be open, non-discriminating towards third party providers who will be able to provide services using any technology they wish. Supported operations fall under two types: creation and improvement of access to a permanent broadband infrastructure including backhaul facilities and land equipment (creation of broadband infrastructure of an open access network in "white spot" areas); installation of passive broadband infrastructure (installation of optical fibres). The new infrastructure will allow the provision of any technology (wired or wireless) for the provision of broadband services with speeds up to 15 Mbps.

#### ***Axis 4 objectives - Leader***

The emphasis of this axis is on quality of life and diversification (measure 413; 42% of total budget for axis 4), competitiveness (measure 411; 40%) and running local action groups, skills acquisition, animation (measure 431; 12%).

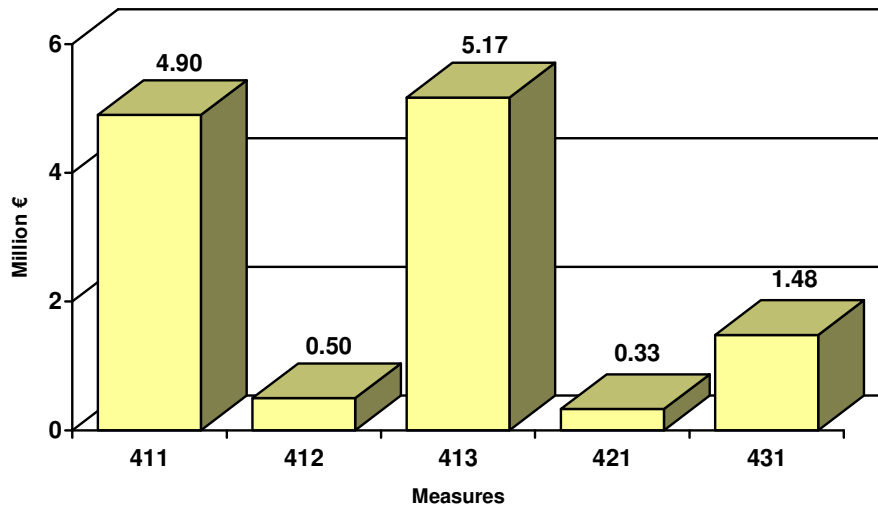
The main strategic objectives of axis 4 are the improvement of governance and the mobilisation of the endogenous potential of rural areas.

Result targets for axis 4 include a total of 33 implemented projects and a total of 85,000 km<sup>2</sup> with 130,000 population covered by local action groups (LAGs).

Number of LAGs operational in the RDP areas as of March 2010 was four.

There are no modifications to axis 4 indicators following the 2009 RDP update.

**Axis 4 indicative budget breakdown by measure: Total allocated budget (including national /regional public funds + EAFRD + private funds) of €12,367,847**



There were no financial modifications in relation to axis 4 following the 2009 RDP update.

### Monitoring and evaluation strategy

The RDP's monitoring system provides information on programme implementation through financial, output and result indicators as defined by the Common Monitoring and Evaluation Framework (CMEF). The Monitoring and Evaluation Committee uses this information to propose necessary amendments of the RDP for subsequent years. The Managing Authority heads the Monitoring and Evaluation Committee and is responsible for setting up a system for the collection of reliable financial and statistical data required for the elaboration of these indicators. The aim is to create an Integrated Information System in order to process electronically the applications for various measures and to enable exporting information and data for the calculation of indicators. During the first years of implementation of the RDP the Managing Authority has modified the existing monitoring system from the 2004-2006 period according to the RDP needs and uses it as an initial solution. In relation to reporting, the Managing Authority is responsible for drafting and submitting annual progress reports and the final report, as well as for submitting all the required evaluation reports.

### Communication and publicity

The main components of the communication and publicity strategy are: a) actions for informing potential beneficiaries, professional organisations, economic, social and environmental actors, organisations that promote gender equality and NGOs about the opportunities offered by the programme and the procedures for obtaining financial support; b) measures for informing actual beneficiaries of the EU contribution (e.g. details on co-financing requirements); c) measures for informing the general public of the role of the EU in the programmes and results obtained. Key target groups of the communication and publicity strategy comprise the rural population of Cyprus, any interested actors/authorities and the wider public. A variety of communication tools will be used to support these actions, including the Ministry's web page, press conferences, advertising through TV and radio spots,



workshops and conferences, informative meetings at regional level, a cultural network especially created to serve the RDP' s communicational needs, articles in specialised magazines and newspapers, posters, etc.

## Annex I – measure

Measures selected by the RDP	Measures selected by the updated RDP
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<b>Axis 1 - Improving the competitiveness of the agricultural and forestry sector</b>	<i>Promoting knowledge and improving human potential</i>	<b>111</b>	Vocational training and information actions
		<b>112</b>	Setting up of young farmers
		<b>113</b>	Early retirement
		<b>114</b>	Use of advisory services
		<b>115</b>	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	<b>121</b>	Modernisation of agricultural holdings
		<b>122</b>	Improvement of the economic value of forests
		<b>123</b>	Adding value to agricultural and forestry products
		<b>124</b>	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		<b>125</b>	Infrastructure related to the development and adaptation of agriculture and forestry
		<b>126</b>	Restoring agricultural production potential
	<i>Quality of agricultural production and products</i>	<b>131</b>	Meeting standards based on EU legislation
		<b>132</b>	Participation of farmers in food quality schemes
		<b>133</b>	Information and promotion activities
	<i>Transitional measures</i>	<b>141</b>	Semi-subsistence farming
<b>142</b>		Producer groups	
<b>143</b>		Providing farm advisory and extension services	
<b>Axis 2 - Improving the environment and the countryside</b>	<i>Sustainable use of agricultural land</i>	<b>211</b>	Natural handicap payments to farmers in mountain areas
		<b>212</b>	Payments to farmers in areas with handicaps, other than mountain areas
		<b>213</b>	Natura 2000 payments and payments linked to Directive 2000/60/EC
		<b>214</b>	Agri-environment payments
		<b>215</b>	Animal welfare payments
		<b>216</b>	Non-productive investments
	<i>Sustainable use of forestry land</i>	<b>221</b>	First afforestation of agricultural land
		<b>222</b>	First establishment of agroforestry systems on agricultural land
		<b>223</b>	First afforestation of non-agricultural land
		<b>224</b>	Natura 2000 payments
		<b>225</b>	Forest-environment payments
		<b>226</b>	Restoring forestry potential and introducing prevention actions
		<b>227</b>	Non-productive investments
<b>Axis 3 - Quality of life in rural areas and diversification of the rural economy</b>	<i>Diversify the rural economy</i>	<b>311</b>	Diversification into non-agricultural activities
		<b>312</b>	Support for business creation and development
		<b>313</b>	Encouragement of tourism activities
	<i>Improve the quality of life in rural areas</i>	<b>321</b>	Basic services for the economy and rural population
		<b>322</b>	Village renewal and development
		<b>323</b>	Conservation and upgrading of the rural heritage
		<b>331</b>	Training and information
<b>341</b>	Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy		
<b>Axis 4 - Leader</b>	<i>Implementing local development strategies</i>	<b>411</b>	Competitiveness
		<b>412</b>	Environment/land management
		<b>413</b>	Quality of life/diversification
	<b>421</b>	Implementing cooperation projects	
	<b>431</b>	Running the local action group, skills acquisition, animation	