

European Cohesion Policy in Cyprus

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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

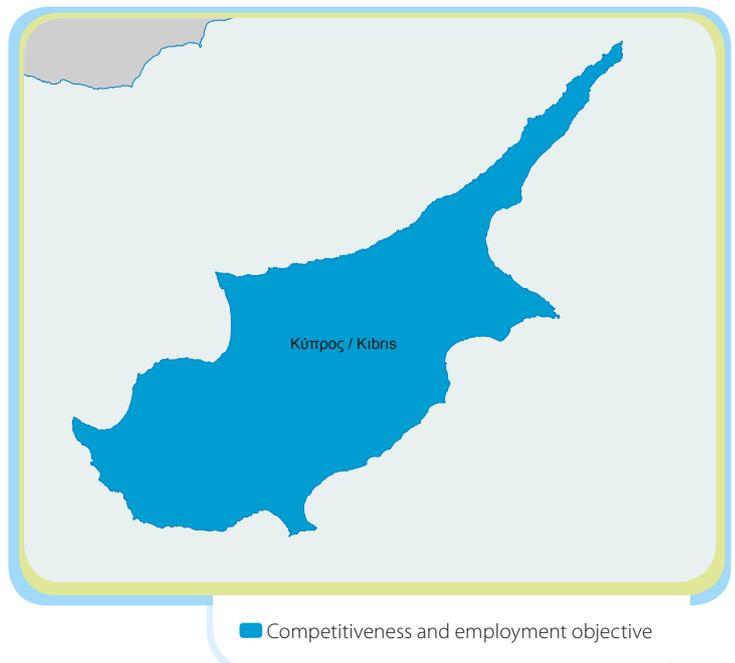
Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

IMPACT AND RESULTS OF COHESION POLICY IN CYPRUS

Cyprus became eligible for Structural Funds investment when it joined the EU in mid-2004. Support was aimed, in particular, at the development of all areas facing structural difficulties, whether industrial, rural, urban or dependent on fisheries. Given the relatively small amount of funding involved, measures were limited in number and concentrated on the areas in most need, and on agreed priority themes to maximise use of resources and visibility of results. The EU funds committed during that period amounted to **€113 million**, boosted by significant additional contributions from the private sector amounting to around €30 million.

Cohesion Policy 2007–13



Since 2004, European funding has helped support **almost 180 small and medium-sized enterprises (SMEs), creating almost 500 permanent jobs.**

In the field of tourism, one of the island's most important industries, **over 470 km of tourist routes have been created.**

Some **larger-scale projects** implemented include the upgrading of the Agios Athanasios and Germasoyia interchange on the Nicosia-Limassol motorway, as well as investment in waste disposal facilities in Larnaca and Famagusta.

A SNAPSHOT OF ACHIEVEMENTS

€113 million invested from 2004–06:

- nearly 500 permanent jobs created
- 470km new tourist routes built
- better transport links on the Nicosia-Limassol motorway.



EUROPEAN INVESTMENT IN CYPRUS – 2007–13

For the 2007–13 period, Cyprus has been allocated approximately **€640 million**: €213 million under the Cohesion Fund, €399 million under the Regional Competitiveness and Employment Objective¹, and €28 million under the European Territorial Cooperation Objective. This will be implemented through two programmes: The first, ‘Sustainable Development and Competitiveness’, will receive funding from the European Regional Development Fund (ERDF) and the Cohesion Fund, while the second, entitled ‘Employment, Human Capital and Social Cohesion’, will receive funding from the European Social Fund (ESF).

All of Cyprus constitutes a single region; however, the European Community *acquis* is suspended in the areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control.

FUNDS FOR CYPRUS IN MILLION € 2007–13

Objective	Fund	EU	National Public	Total
Total Convergence	CF	213	38	251
Regional Competitiveness and Employment	ERDF	279	49	328
	ESF	120	30	150
Total Regional Competitiveness and Employment		399		
Total European Territorial Cooperation*	ERDF	28	-	28
TOTAL		640	117	757

Figures have been rounded up

* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The relaunch of the Union’s Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union’s agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called ‘Lisbon objectives’.

It is expected that almost 60% of the EU funding in Cyprus will be invested in activities directly contributing to the Growth and Jobs Agenda.

MAIN PRIORITIES OF COHESION POLICY IN CYPRUS, 2007–13

Some **€227 million will be invested in the environment**, (38% of the total allocation), making this one of the highest proportions amongst the Member States. Particular emphasis will be placed on investments designed to **mitigate climate change** and encourage the use of **renewable sources of energy**, with an expected increase from 4.5% to 9% in the contribution of renewable energy to total energy consumption.

Investment in **research & development (R&D) and innovation** also ranks high in the priorities. With some €96 million allocated, or 16% of the total Community contribution, an increase in R&D

expenditure from 0.37% of Gross Domestic Product (GDP) in 2004 to 1% is expected.

Closely related is **investment in information and communications technologies (ICT)**, products and services. **Funds will contribute €15.3 million** to this area. Support will be specifically focused on improving e-services to businesses and citizens.

Improving accessibility in rural and urban areas, and investing in **transport links** between rural and urban areas, as well as in clean urban transport, will receive support totalling €89 million. Community funds are expected to contribute towards **increasing the use of travel by public transport from 2% to 10%**.

The policy will help **stimulate entrepreneurship** with almost €34 million expected to be invested in measures such as stimulating new production processes in enterprises, providing services of high added value, and supporting cooperation, technology transfer and business start-ups. For example, **some 360 new businesses are expected to be created** in the manufacturing and services sectors.

Some €11 million of the funds will be invested in **building a skilled and adaptable workforce**, in particular by **raising levels of skills and qualifications**. Programmes should contribute to creating a flexible and inclusive work-force, helping individuals to adapt to change and sustain employment.

Around €61 million from the funds will be invested in **continuous training to improve skills and knowledge**. Two of the expected results are: 50% increase in the intake capacity of a modernised apprenticeship system; and 2 500 public-service employees acquiring strategic, administrative and leadership skills.

THE ESSENTIALS 2007–13

- €227 million to protect the environment
- €96 million for RD&I
- €89 million to improve accessibility in rural and urban areas
- €61 million for training to improve skills and knowledge

Attracting and keeping people in the labour market, enhancing social integration by applying active employment policies, tackling disadvantage in the workforce and helping to overcome barriers to the labour market, in particular for vulnerable groups, is a strategic objective of the Cohesion Policy in Cyprus. The funds allocated to this objective will be **almost €35 million**.

Four urban areas – Nicosia, Larnaca, Limassol and Pafos – will be supported as part of integrated plans for sustainable urban development.

The JASPERS (Joint Assistance in Supporting Projects in European Regions) initiative assists the Cypriot authorities in preparing project applications. For example, JASPERS is already providing assistance in preparing the two major environment projects, the public transport pilot project and the closure of old landfills.

¹ The Regional Competitiveness and Employment Objective is applicable to 172 regions in the EU, representing 65% of the EU-27 population. It aims to enhance the competitiveness and attractiveness of regions, as well as to boost their employment levels. It should be noted that the rural development and fisheries policies are separate and do not form part of this brochure.

● BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The **European Territorial Cooperation Objective** is financed through the ERDF for the period 2007–13 and supports cross-

border, transnational and interregional cooperation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

For the 2007–13 period Cyprus participates in **seven cooperation programmes**:

- two cross-border programmes with Greece and Turkey;
- the Mediterranean transnational cooperation programme;
- four interregional cooperation programmes²: URBACT, ESPON, INTERACT and INTERREG IVC.

² INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

● THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

In October 2008 the European Commission proposed to grant €7.6 million in aid from the European Union Solidarity Fund to help Cyprus meet emergency costs resulting from damage caused by an exceptionally severe drought. The aid will mainly help to reimburse the cost of emergency measures such as the transportation of water from Greece.



The European Solidarity Fund helps cover the cost of drought

Cyprus
€640 million for 2007–13

**Boosting
growth, jobs and
competitiveness**



Regional Policy on the ground

THE REVITALISATION OF KALOPANAYIOTIS

Implementation period: 2006–08

EU contribution (ERDF) 50% of total cost €5.3 million

Kalopanayiotis, a mountainous area of the Nicosia district, is one of the many communities in Cyprus with an ageing and decreasing population (numbering 283 inhabitants in 2001). The community's main cultural heritage attraction is the Ayios Ioannis Lambadistis Church, a Byzantine monument included on the UNESCO list of world heritage monuments. The church and the nearby museum with its Byzantine paintings attract many visitors, mostly from abroad, but they tend to stay in the community only for the time required to visit the church and the museum.

This picture, however, has already started to change with support from the EU Structural Funds and more specifically the European Regional Development Fund (ERDF). Three infrastructure projects costing a total of €5.4 million have been co-financed by the Structural Funds. A number of private enterprises involved in rural tourism activities are financed by State aid schemes also co-financed by the ERDF.

The aim of these projects has been to create an improved and more attractive visitor offer. Restoration work has been carried out on existing building façades and traditional stone structures and paths of the traditional centre of Kalopanayiotis. The landmark 'Lavrentios' residence has been re-developed and converted into a cultural centre to host cultural events organised by groups from Kalopanayiotis village but also from neighbouring villages.

Within the framework of the scheme for the promotion of tourism in rural communities, private initiatives relating to the establishment of tourist accommodation, tavernas and coffee shops are co-funded in the community to attract more visitors.

The revitalisation of Kalopanayiotis is expected to set an example in implementing integrated programmes to revitalise other rural communities and to improve the quality of life of their inhabitants.

HISTORICAL MUSEUM OF KOUMANDARIA WINE IN ZOOPIGI

**Project budget: €2.9 million,
co-financed by ERDF 2004–06**

Completion of project: 1 December 2008

Zoopigi is a village to the west of Limassol with a total population of 198 people. The project supported the re-design and restoration of a traditional building, originally used as a 'Koumandaria' winery, and now converted into a Historical Museum of Koumandaria Wine. The old machinery and equipment have been restored and placed as exhibits in the museum. The museum also contains other traditional tools that have been used in the area. The project will contribute to the further development of rural tourism in the area.



Restoration of traditional centre of Kalopanayiotis



More information

EU Regional Policy

http://ec.europa.eu/regional_policy/

Cohesion Policy in Cyprus

http://ec.europa.eu/regional_policy/atlas2007/cyprus/index_en.htm

National website

<http://www.structuralfunds.org.cy>

European Social Fund

<http://ec.europa.eu/social/>