



**Expert evaluation network  
delivering policy analysis on the  
performance of Cohesion policy 2007-2013  
Year 2 – 2012**

**Task 2: Country Report on Achievements of  
Cohesion policy**

**Cyprus**

**Version: Final**

**Lena Tsipouri with the assistance of Dariya Rublova  
National and Kapodistrian University of Athens**

**A report to the European Commission  
Directorate-General Regional and Urban Policy**

## Contents

Executive summary .....	4
1. The socio-economic context .....	5
2. The regional development policy pursued, the EU contribution to this and policy achievements over the period .....	6
The regional development policy pursued .....	6
Policy implementation .....	8
Achievements of the programmes so far .....	11
3. Effects of intervention .....	20
4. Evaluations and good practice in evaluation .....	21
5. Further Remarks - New challenges for policy .....	29
References .....	30
Interviews .....	32
Annex 1 - Evaluation grid for examples of good practice in evaluation .....	33
Annex 2 - Tables .....	34

## List of abbreviations

- AIR Annual Implementation Report
- CUT Cyprus University of Technology
- DESMI Research Promotion Foundation's Framework Programme for Research, Technological Development and Innovation
- EAFRD European Agricultural Fund for Rural Development
- ECB European Central Bank
- EIB European Investment Bank
- EIF European Investment Fund
- EC European Commission
- FEI Financial Engineering Instruments
- FLPG First Loss Portfolio Guarantee Product
- FP Framework Programme
- FRSP Funded Risk Sharing Product
- IMF International Monetary Fund
- IPR Intellectual Property Rights
- JASPERS Joint Assistance to Support Projects in European Regions
- JEREMIE Joint European Resources for Micro to Medium Enterprises
- JESSICA Joint European Support for Sustainable Investment in City Areas
- MCIT Ministry of Commerce, Industry and Tourism
- NSDP National Strategic Development Plan
- OP Operational Programme
- PENEK Programme for the Support of Young Researchers
- RES Renewable Energy Sources
- RPF Research Promotion Foundation

## EXECUTIVE SUMMARY

Regional development policy continues as planned despite austerity constraints. ERDF and Cohesion Fund resources are overcommitted and implementation is in most cases according to schedule. However, year 2012 is expected to be rather difficult one for Cyprus and macroeconomic policy will be the single most significant concern of the government, possibly leading to a shift away from regional development, as a Memorandum is being negotiated with the EU-ECB-IMF<sup>1</sup> Troika and is expected to be concluded in the last trimester of 2012.

National pre-financing of the projects promoted with ERDF/Cohesion Fund support, incorporation of the new infrastructure projects and over-commitment of the programmes have been adopted as a means to speed up the absorption of the Community funds. The downside of this is more complexity and that it became more difficult to maintain programme coherence. The Joint European Resources for Micro to Medium Enterprises (JEREMIE) and the Joint Assistance to Support Projects in European Regions (JASPERS) instruments are adopted to ensure additional means for business finance, which is drained as a consequence of the crisis.

Delays are observed mainly in Major Projects, namely two major environmental protection projects: in the provinces Limassol and Nicosia and the Cultural Centre in Nicosia. The former are likely to be implemented within the programming period as, despite resistance, their progress is continuing. There are serious doubts about the latter, since the crisis calls for austerity and the national matching funds cannot be ensured. Problems regarding RTDI are addressed and absorption is expected to move smoothly in the future.

Evaluations are now carried out, mainly to comply with the Structural Funds guidelines (more thematic ones are expected in the future). Results of an RTDI evaluation are expected in 2013 or 2014. The mid-term evaluation suggested that only slight amendments/updates are needed to be made.

Future challenges for Cohesion policy include:

- Although the programme is implemented smoothly, it is unlikely that it will allow to significantly improve the competitiveness of the country. Entrepreneurship funds are thinly spread and, in most cases, benefit micro-enterprises and consultants. This reduces unemployment rather than addressing foreign markets or making significant contributions to productivity.
- The austerity measures likely to be adopted after 2012 will further influence the drained business sector and compensation mechanisms will be necessary.
- The smooth completion of the current programme does not seem to contain any serious challenge. The impact of the transport projects is already visible and the experience has paved the way for an ambitious programme during the 2014-2020 period.

---

<sup>1</sup> Troika: EU, European Central Bank (ECB) and International Monetary Fund (IMF).

## 1. THE SOCIO-ECONOMIC CONTEXT

Main points from previous country report:

- The economy was affected by the crisis but less than in other Southern countries with signs of recovery within 2010, thanks to the tertiary service sector, while the construction sector continued to demonstrate negative growth rates. Three main events which took place are likely to affect future economic development: a massive blast at a munitions dump in Southern Cyprus, the political turbulence of the Arab Spring and (on the positive side) significant gas reserves found in the Cypriot continental shelf.
- Regional development policies were hardly affected by the crisis and fiscal consolidation. Promoting of more than initially planned infrastructure projects with the budget exceeding the initial budget foreseen for the priority axis was used as a means to confront the consequences of the crisis.

After a slight recovery in 2010, Cyprus, alike the EU27 as a total, demonstrates downward development trend with the GDP growth rates, although still positive, but falling from 1.1% in 2010 to 0.5% in 2011, which is only a third of the EU-average in the same year (1.5%) (see Excel Table 2). Eurostat forecasts expect the downward trend to continue in 2012 with a negative growth of -0.8%<sup>2</sup>. Unemployment continued to increase reaching 7.7% in 2011 in comparison to 6.2% in 2010 (see Excel Table 1).

In order to mitigate the effects of the crisis, the government followed an expansionary fiscal policy, which resulted in excessive fiscal deficits. Fiscal consolidation measures have been introduced but, coupled with the deteriorating credit and labour market conditions, they had a negative impact on growth. The vicious cycle between the reduced economic activity and growing fiscal deficits has been further deteriorated by the Greek Private Sector Involvement, which led holders of Greek government bonds to accept a reduction of the debt. The banking sector on the island was heavily exposed to Greek government bonds and this led the whole economy to increasing financial troubles in 2012 and a request for ESF support. The government points out that directing Structural Funds to small and medium-sized enterprises is important in order to address the current recession<sup>3</sup>. On the positive side, the 2010 explosion proved having less serious impacts than originally anticipated<sup>4</sup>. By May 2013, all is expected to return to pre-blast levels<sup>5</sup> reducing charges and high electricity costs industries, businesses and households.

Regional development policy continues as planned despite austerity constraints. ERDF and Cohesion Fund resources are overcommitted and implementation is in most cases according to schedule. Disparities between urban and rural areas are not closing as the dynamic service sector is concentrated in urban areas, while rural areas lacking modern infrastructure, adequate services and transport networks cannot cope with the impacts of the crisis. Structural Funds support for the revitalisation of rural and urban areas is foreseen for this programming period

---

<sup>2</sup><http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsieb020&plugin=1> as on 29/06/2012

<sup>3</sup> [www.cyprusnewsreport.com/?q=node/5702](http://www.cyprusnewsreport.com/?q=node/5702)

<sup>4</sup> The exceptional increase in the final electricity bill will be reduced by 1.21% (from 6.96% to 5.75%)

<sup>5</sup> <http://www.kathimerini.com.cy/index.php?pageaction=kath&modid=1&artid=96036>

and the relevant measures are being implemented. Funding is, however, insufficient to turn the tide.

Year 2012 is expected to be rather difficult for Cyprus and macroeconomic policy will be the single most significant worry of the government, possibly reducing focus on regional development. On 25<sup>th</sup> of June 2012 the Cypriot Government made an official request to the Eurogroup for financial support and became the fifth Eurozone country applying for support. The purpose of the request is to help the financial sector recapitalise after the adjustment of the Greek debt. In particular, the request was triggered by the need to recapitalise the banks that had not been able to secure sufficient private capital by the deadline of 30<sup>th</sup> of June 2012 set by the European Banking Authority. A Memorandum is negotiated with the EU-ECB-IMF Troika expected to be concluded in the last trimester of 2012. The exact terms of support are still unknown<sup>6</sup>, but definitely the measures foreseen in the programme will lead to further financial austerity. This will, however, not generate any serious impact on the current ERDF implementation, as all national matching funds are already committed. It is also unknown at that stage whether the Cypriot government intends to request applying the 85%-15% rule. Gas extraction is not expected to start in 2012, hence any impacts from it will only be visible in the next programming period.

On the positive side, as from 1<sup>st</sup> of July 2012 Cyprus has undertaken the six-month Presidency of the Council of the EU. The Presidency gives a unique opportunity to the country to benefit primarily from the enhancement of its presence in the EU and the international scene as well as from the reinforcement of its role as a strategic partner in the Eastern Mediterranean.

## **2. THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND POLICY ACHIEVEMENTS OVER THE PERIOD**

### **THE REGIONAL DEVELOPMENT POLICY PURSUED**

Main points from previous country report:

- As Cyprus is one single NUTS 2 region, the development policy is designed and implemented at the national level. The whole territory of the country is eligible for ERDF support with the total funds allocated reaching approximately EUR 640 million<sup>7</sup>.
- The interventions included in the Operational Programme (OP) “Sustainable Development and Competitiveness” were developed with the ambition for the business sector to become a “key player” in the economic cooperation between the EU, the Middle East and North Africa and serve as a hub for the provision of high value added international business services.

---

<sup>6</sup> This will depend on the request of the Cypriot authorities meaning whether it will concern only the recapitalisation of the banking system or the refinancing of government debt as well. According to the first assessments, the financial needs of the country constitute EUR 6,000 million. In such a case, Cyprus could request as much as EUR 10,000 to 11,000 million (source: <http://www.naftemporiki.gr/news/cstory.asp?id=2215211>). Cyprus is currently negotiating with Russia and China in seek of a loan to cover its debt refinancing needs.

<sup>7</sup> EUR 213 million under the Convergence objective (Cohesion Fund), EUR 399 million under the Regional Competitiveness and Employment Objective (“phasing-in” support by the ERDF and the ESF) and EUR 28 million under the European Territorial Cooperation Objective (ERDF financing).

- Based on the allocated resources, priority is given to environmental infrastructure followed by the actions concerning the business environment with significant amounts channelled to investments, RTDI and SME support. Territorial development, transport and energy benefit from ERDF support as well. No shifts of priorities or in the allocation of the Community funding have taken place, as all programmes progress rather smoothly. Shifts are taking place within the same axis.
- National pre-financing of the projects promoted for ERDF/Cohesion Fund support, incorporation of the new infrastructure projects and over-commitment of the programmes have been adopted as a means to speed up the absorption of the Community funds.
- The JEREMIE and JASPERS instruments are adopted to ensure additional means for business finance, which is drained as a consequence of the crisis.
- Additional EUR 1.8 million has been allocated to the cross-border programme with three Greek regions.

Based on the findings of the Evaluation Report of the Implementation Process of the OP “Sustainable Development and Competitiveness” the strategic objective (the improvement of the competitiveness of the economy) remains of utmost priority in light of the crisis and its negative consequences on the business sector. Even for the sectors which showed significant improvement in the last years<sup>8</sup> there are still important needs before one can consider that they can ensure sustainable growth and diminishing of divergence with the EU average. The contribution of the OP to confronting the consequences of the crisis was assessed as particularly important given that about 43.5% of the public expenditure of the Programme is focused on the priority areas vital to confront the crisis<sup>9</sup>. Changes proposed by the evaluation report concern mainly the revision of some parameters in the context of the same strategy and objectives. It is proposed that more emphasis should be given to such categories of interventions as energy production from the Renewable Energy Sources (RES), energy conservation, reinforcement of the productive environment and especially innovative activities in firms. The report also underlines the need to reconsider the necessity of the few projects and actions of the OP that are not being implemented or those demonstrating significant delays in their implementation and may be unable to end during the current programming period. The reasons of the few projects likely to face problems are partly associated with social resistance (waste management) and partly with financial constraints (Cultural Centre of Nicosia).

Measures addressing unemployment are included in the OP “Employment, Human Capital and Social Cohesion” co-financed by the ESF. ERDF is involved through the scheme supporting youth entrepreneurship (taking the high demand for such grants into consideration). This contributes to tackle youth unemployment by increasing opportunities for young people unable to find a job to launch their own business.

---

<sup>8</sup> Such as RTDI, Information Society, human potential (in terms of education levels) as well as improvements in the road and port infrastructures, better connections to ports and airports and reduced environmental burdens in the urban areas which were achieved through the interventions foreseen in the OP.

<sup>9</sup> Evaluation study of the implementation process of the OP “Sustainable Development and Competitiveness”

Serious liquidity problems increasingly faced by SMEs unable to access finance (banks are drained) have recently become a focus of the government's concern. Support to enterprises is provided in two ways: first, facilitating SMEs to access finance through the activation of Financial Engineering Instruments (FEIs) and, second, through the implementation of traditional support measures which provide enterprises with non-refundable grants. FEIs have for the first time been introduced in the current programming period and constitute the base of the JEREMIE initiative, co-financed by the ERDF and the European Investment Fund (EIF). It is composed of two schemes: the Funded Risk Sharing Product (FRSP) (started in 2010 and targeting very small and small companies aiming at funding their expansion) and the First Loss Portfolio Guarantee Product (FLPG) (started in 2011 and targeting very small and small start ups as well as medium-sized companies seeking to collateralise part of their loan portfolio). It is expected that the total amount of EUR 70 million will be shared in the form of new loans. On the other hand, the traditional support to enterprises delivered through the OP "Sustainable Development and Competitiveness" reached more than EUR 68 million<sup>10</sup>.

In order to facilitate the implementation of JEREMIE, an amendment was adopted at the end of 2011, which allowed for financial support other than for further expansion, which was the original exclusive aim of the JEREMIE funds<sup>11</sup>.

## **POLICY IMPLEMENTATION<sup>12</sup>**

Main points from previous country report:

- The implementation process of the OP up to the end of 2010 was satisfactory and generally in line with what was planned.
- 88.5% of the OP budget was activated (93 calls were launched with total budget of approximately EUR 513 million).
- Implementation rates accelerate as time goes by 824 projects were in the process of being implemented with total public expenditure approximately EUR 628 million (or 108.3% of the OP budget (more than two times that of 48.8% by the end of 2009).
- Particular progress was recorded in the areas of transport and environment (water management) and Urban and Rural Rehabilitation.
- Concerning actual spending, by the end of 2010 the total amount of certified eligible expenditure paid by beneficiaries increased almost two and a half times since the end of 2009 reaching EUR 104.5 million.
- Significant delays were reported in initiating two environmental protection Major Projects. JASPERS was used to accelerate the process.

---

<sup>10</sup> The amount concerns the public expenditure of the projects incorporated in the fourth and fifth priority axes of the OP, as well as those incorporated under the Special Objective of the differentiation of the economic base of rural areas. Evaluation study of the implementation process of the OP "Sustainable Development and Competitiveness.

<sup>11</sup> This seems to be a very important provision in light of difficult economic conditions when the survival constitutes the main worry of the majority of enterprises.

<sup>12</sup> The indicators used in this section come from the AIR for 2011, which relate to the situation up to the end of 2011. A more up-to-date view of the aggregate position (though not of the situation in the different policy areas) is presented in the Synthesis Report for 2012 of the Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013 which is based on data for payments from the ERDF and Cohesion Fund up to the end of 2012, i.e. after the present report was completed.



- Additional projects were used in order to eliminate the risk of losing the Community funds. This has led to over-budgeting in some priority axes.
- Some delays were reported in the submission of the expenditure and monitoring bulletins from the beneficiaries caused by the relatively late computerisation of the whole monitoring system.
- Concerning the Greece-Cyprus cooperation programme, the proposals submitted to the 1<sup>st</sup> Call were evaluated but the process of the selection of the projects and preparation of the relative contracts was still on-going.

Rapid implementation continued in 2011. By the end of the year, all the priority axes of the OP “Sustainable Development and Competitiveness” were entirely activated. All the calls planned were announced for the Specific Objectives with the exception of the two Major Projects in the area of solid waste management; indeed, despite their progress, no calls have been announced so far. Significant progress was made with respect to the implementation of almost all the projects incorporated in the OP. This resulted in relevant achievements in terms of quantitative outcomes and results.

During 2011, 24 calls were launched (budget: EUR 12 million) which correspond to 2.1% of the total public expenditure of the OP. In total, by the end of 2011, 117 calls were launched with total public budget of approximately EUR 524.9 million (which means that 90.6% of the OP budget was activated). Taking into consideration the two Major Projects in the field of solid waste management which are still in a preparatory phase, the budget of the OP may be considered as fully activated.

1,008 projects were incorporated with total budget (public expenditure) of approximately EUR 681.4 million (or 117.5% of the OP budget). 210 projects were incorporated within 2011 with the budget of EUR 80 million (or 13.8% of the total budget of the OP) of which 3 projects (EUR 40 million) are the public contract projects, while 207 are those incorporated in the context of support schemes. Additional 34 projects (0.34% of the public expenditure) were incorporated under the support scheme call announced in 2012. Although the annual rates of projects incorporation are slightly lower than that in the previous year, this is reasonable as the majority of the projects planned to be included in the OP had already been incorporated in the previous periods.

Delays are recorded mainly in the following initiatives/areas:

- Two major environmental protection projects: significant delays still concern the construction and operation of transit stations and waste treatment and disposal plants in the provinces Limassol and Nicosia. According to the AIR 2011, delays are mainly due to the complexity of planning of the Major Projects associated to local communities resistance. To address the problem, efforts are concentrated in finding solutions through slight modifications to initial plans, in order to achieve consensus rather than impose unilateral decisions.
- Additional problems regard calls and implementation of the RTDI projects incorporated in the framework of the Research Promotion Foundation (RPF)’s grant schemes. According to the AIR 2011, the delays are mainly due to the specificity of the nature of research projects resulting in low absorption of the funds in comparison with what was planned. Delays were also associated with governance issues of the RPF. The

Management Authority in cooperation with the RPF takes measures focusing on the procedures' simplification and acceleration of the incorporated projects' implementation. In addition, funds were shifted to a new grant scheme operated by the Ministry of Commerce, Industry and Tourism (MCIT) within the same priority axis. Its objective is to support business innovation making sure that beneficiaries and targets will not overlap with other entrepreneurship support schemes.

- Due to the downgrade of the creditworthiness of the Bank of Cyprus<sup>13</sup>, in summer 2011 the provisions "About the loss of creditworthiness" were activated and the implementation of JEREMIE (in particular, of the first instrument, the FRSP) was interrupted. The implementation of the FRSP re-launched in November once the new policy on the protection of signatories from the credit risk was adopted.
- According to the OP on-going evaluation, there is a serious concern that, due to procedural delays in the incorporation of the Major Project promoted in the area of Urban Rehabilitation (Cultural Centre in Nicosia), the implementation might not be completed within the current programming period.

Concerning actual spending of the allocations provided, since the end of 2010, the total amount of certified eligible expenditure paid by beneficiaries increased twofold reaching EUR 180.9 million or 31.2% of the overall allocations of the Programme (from EUR 104.5 million in the end of 2010). Additional expenditure of EUR 4.9 million has been certified by mid-April 2012.

The AIR 2011 stipulates that measures (as they are determined in the EC Regulations) to increase effective implementation were adopted for the specification and simplification of all the procedures related to selection, monitoring and control of the projects that have been or are to be incorporated in the Programme. In addition, support is provided to all the beneficiaries and intermediaries related to the implementation of the incorporated projects.

Concerning the Greece-Cyprus cooperation programme, the proposals submitted to the 1<sup>st</sup> Call were evaluated and 34 projects (total budget: about EUR 31 million) were incorporated in the three Axes of the Programme (Competitiveness, Natural and Cultural Environment and Accessibility and Security). The second call was published in October 2011 (total public expenditure: EUR 6 million, from which ERDF: EUR 4.8 million) and concerned the Axis 2: Natural and Cultural Environment and the Axis 3: Accessibility and Security Axes. Three projects of the total budget EUR 4.2 million were selected for the Axis 2 and one project of the total budget of EUR 1.6 million for the Axis 3. The third call of the total budget of EUR 12.4 million was published in January 2012.

The total amount of certified eligible expenditure paid by beneficiaries increased significantly since the last year and reached EUR 7.2 million (or 12.1% of the overall allocations of the Greece-Cyprus Cooperation Programme). Despite the economic crisis, the actual implementation of the incorporated projects is progressing well. Thus, within 2011, the majority of the projects initiated their actual implementation and some of them have already completed more than 50% of their physical content.

---

<sup>13</sup> Together with other Cypriot banks mainly due to their significant exposure to Greek economy.

## ACHIEVEMENTS OF THE PROGRAMMES SO FAR

Main points from previous country report:

- Until 2010 activation, incorporation and actual implementation were progressing with increasing speed but it was still relatively early for most of the indicators foreseen to be monitored and assessed.
- Enterprise support is the area which presented the most visible results including firms supported for technological upgrade, new companies created by female and young entrepreneurs as well as the activation of JEREMIE.
- ERDF support for the development of human resources was only addressed through researchers' skills development schemes with no tangible results at the end of 2010.
- Transport and telecommunications had already progressed. The first stage of the expansion and upgrade of the Limassol Port was fully completed in 2010, while construction studies related to the 2nd stage of the project were already on-going. The construction of the road links with the motorway Limassol-Paphos has also started. Sustainable urban road transportation started early but there were some delays in implementation. In the area of telecommunications, during 2010, all the six planned projects targeting the diffusion of the use of ICT were incorporated but no tangible outcomes were recorded.
- In the case of Environment and Energy, the management of waste water and water resources benefited from significant progress with visible impacts on the quality of life of the population, while solid waste management still lacked maturity. Tangible outcomes were recorded in alternative and renewable sources of energy with the completion of the establishment of the photovoltaic, solar heating and cooling systems of 1,100 kW in 13 public buildings, 48 schools and 4 camps.
- The progress of territorial development policy was already satisfactory in 2009. Large surfaces were revitalised in the urban centres (16,935 sq. m. by the end of 2010 or one fourth of the planned 70,000 sq. m. by 2015) and a considerable share of the population benefited from it (85,000 or over one third of the total target of 213,278 people for 2015). Significant delays, however, were recorded with respect to the construction of the Cyprus Cultural Centre in Nicosia (Major Project).
- The main weakness remained in the Greece-Cyprus Cooperation Programme. Since the announcement of the first call (December 2009), no projects had launched their implementation by the end of 2010.

Significant progress was recorded in 2011 with respect to both projects' launch and actual implementation in different policy areas. This produced outcomes which are visible, if we look at the indicators. Relative progress by individual areas is similar with that of last year.

As in 2010, the most noticeable results characterising the Enterprise support policy area relate to the nature of the projects. Progress is observed in the transport infrastructures with the completion of some - and continuation of other - mainly road infrastructure projects. Territorial development progressed already very satisfactorily in the previous two years. Significant problems still concern the environment infrastructure, particularly with respect to the implementation of the projects for the construction of the integrated domestic solid waste management facilities.

As regards the Greece-Cyprus Cooperation Programme, since the implementation (actual and financial) of some of the incorporated projects had not been completed by the end of 2011, the indicators of the Programme are still lacking.

A more detailed analysis of the achievements by Policy Area is provided below. As no tangible outcomes of the Greece-Cyprus Cooperation Programme are available, the following analysis is based exclusively on the achievements of the projects incorporated in the OP "Sustainable Development and Competitiveness".

The structure and the way the information are presented in the AIR 2011 of the OP "Sustainable Development and Competitiveness" have not been changed in comparison with last year. The only exception is the JEREMIE reporting guidelines, which had to comply with the overall requirement of this facility. The AIR was enriched with more information available on OP's achievements (including some new indicators assessed) following the Programme's implementation developments.

### **Enterprise support and RTDI**

With respect to the Enterprise support and RTDI policy area, there is some incompatibility between the achievements' indicators provided within last year's and this year's AIR: much of last year's reporting was based on estimates and instalments rather than actual number of companies (as indicated in a footnote of the 2010 AIR). Grants were counted and hence sometimes there was double counting in the number of companies. As there were no available data, the rough estimates were considered an acceptable approximation allowing at least an overview of progress. The indicators reported in this year's report are based on explicit company counting.

The nature of the support and the early launch of the implementation of the schemes in the area of Enterprise Support resulted in timely and satisfactory tangible outputs (which was not the case for the other priority areas). The total number of enterprises supported by the direct support for technological upgrade in the sectors of manufacturing increased significantly by the end of 2011 reaching 205 (from 44 in 2009 and 137 in 2010). If compared with the target value of 220 firms by 2015, the progress is more than satisfactory. The mid-term evaluation showed that the scheme had a positive effect on the increase in sales and, to a lesser degree, on the improvement of profitability. The evaluation study concludes that 40% of the investment plans could not have been implemented and 162 job positions could not have been created without the support provided by the scheme. On the negative side, expenditure for the technology transfer reached only 0.07% of the total amount of the investment plans, meaning that the contribution of the scheme to innovation is rather negligible. The new scheme is about to be introduced by the MCIT within 2012 targeting directly innovative activities in enterprises. There is no clear evidence concerning the effects of the scheme on the improvement of export activities.

Ten firms have been supported (out of 22 set as a target by 2015) by the Grant Scheme for Rural Tourism by the end of 2011; nine of them are the new ones. There is no evidence on job creation but according to the estimates of the mid-term evaluation the total estimated number of new jobs is 145 of which the two-thirds are for women.

Youth and female support schemes continue to progress well. Eight enterprises have been created by women and 27 by young people (the goal for 2015 is 125 and 150 enterprises in total). These numbers are very different from those reported in the 2010 Report as they refer to the firms that have already completed their investment plans and have received 100% of the subsidy. A lot of firms are still in the process of creation. Many of the projects implemented under these schemes (especially, the female one) concern traditional activities (hairdresser's salons, spa, restaurants, etc.). Both schemes are expected to lead to the creation of a number of new jobs as this is among the prerequisites of support. According to the findings of the evaluation, 156 and 289 new jobs are created from the projects implemented under the first call of the female and youth entrepreneurship schemes. Interest to these schemes increased during the second call, as the crisis led to increasing unemployment and more people thought of becoming entrepreneurs.

There are no actions directly addressing youth unemployment, but the young entrepreneurship scheme is the one which (up to date) successfully supports entrepreneurship and job creation among young people. The on-going evaluation suggests that the next calls should give more emphasis to unemployed young people and women. The promotion of research skills is also addressed to young people.

FEIs promoted under JEREMIE are the main mechanisms allowing SMEs to access finance, following the internal problems of the banking sector. Although specific sectors have been prioritised (renewable energy, R&D, informatics and communications, waste management, cultural and social services), in practice loans are granted to all sectors with high demand from the retail sector. Through the FRSP, 99 loans have been granted to SMEs of initial capital of EUR 8.2 million of which EUR 7.7 million (or 38% of the total volume of the portfolio) have already been paid to SMEs. The implementation of the second product, the FLPG, resulted in approval of two loans (EUR 0.1 million) under the first portfolio and four loans (EUR 0.25 million) under the second portfolio<sup>14</sup>.

In the area of RTDI the achievements are not so satisfactory. Delays continue to be observed in the implementation of the projects promoted by the RPF in the framework of DESMI<sup>15</sup> (as described in the previous Chapter on the implementation). In 2011, 13 projects of DESMI 2008 were completed with the remaining projects expected to be completed in the second semester 2012 once the control procedures are closed and the final payments are made. With respect to DESMI 2009-2010, negotiations have not been completed for slightly more than 100 projects yet. Moreover, the RPF assesses that the total public expenditure of the co-financed by the ERDF research projects will reach EUR 59.5 million (and not EUR 70 million as initially assessed) for the period 2007-2013 due to certain overhead expenditures not being eligible for co-funding.

Thematically, the majority of the incorporated projects are carried out in the areas of Technology and Information Technology, especially those concerning the development of R&I in enterprises. The on-going evaluation of the OP highlighted that emphasis on research

---

<sup>14</sup> AIR, pp. 62-65.

<sup>15</sup> Research Promotion Foundation's Framework Programme for Research, Technological Development and Innovation (DESMI)

infrastructures is increasing<sup>16</sup>, while the introduction of innovation in enterprises is still lagging. Nine (out of 12 the target value up to 2015) strategic research infrastructure projects are currently being implemented, but no one is still completed. Progress in outcome indicators was made in projects where the contractor is a research centre (159 by the end of 2011, which is by far higher than the target of 110 by 2015) as well as the number of cooperation projects between enterprises and research centres (162 out of 50 target value).

The internal evaluation of DESMI revealed several problems including overlaps in some actions. The representatives of the business sector claim that the mechanism promoting support for RTDI activities in enterprises is still too complex. Conversely, the administration claims that firms sometimes (not seldom) apply for support seeking for financial resources rather than the essential assistance and involvement in innovation. More targeted approach is needed based on the extended consultation with enterprises. The major problem, however, is the fact that the main “beneficiaries” of such programmes remain consultant companies and not the productive sector. Among the programmes promoted by the RPF, EUROSTARS is the one most valued, while the support in terms of Innovation vouchers or Intellectual Property Rights (IPR) support are under-exploited.

Moreover, policy is not sufficiently evidence-based. Impact assessments are not explicit and the budget is spread thinly among many small programmes without focusing on few selected areas. The administration is aware of these problems and expects improvements as governance is gradually changing:

- A new General Director of the RPF has been appointed and the organisation is running smoothly again.
- The creation of the two Councils of Research (Ministerial and Scientific), which took place two years ago and was delayed because of internal complications is expected to give new directions and increased focus on RTDI policy.

### **Human Resources**

The vast majority of interventions targeting Human Resources development are included in the OP “Employment, Human Capital and Social Cohesion” and co-financed by the ESF.

Few measures are run by the RPF that promotes human resources in research (such as “Programme for the Support of Young Researchers (PENEK)” and “DIDACTOR - PhD Degrees in Cooperation with Enterprises”). Although they target both research centres and enterprises, the vast majority of the programmes’ beneficiaries are researchers working or/and elaborating their PhD in the research/academic units<sup>17</sup>.

---

<sup>16</sup> The total budget of the incorporated projects corresponds to more than 45% of the total budget of DESMI.

<sup>17</sup> According to the findings of the on-going evaluation of the OP “Sustainable Development and Competitiveness”, 21 out of 23 doctoral students supported by in the framework of DIDACTOR work in research centres and only two students have been employed in the enterprises in order to utilise the results of their research in the productive process of an enterprise. The majority of the projects incorporated under the PENEK support the researchers working out their PhD in an academic organisation with only a few being employed in enterprises and elaborating their doctorate in cooperation with academic organisations.

Programmes promoting human resources in research (such as PENEK) need evidence on the career paths of the beneficiaries. The internal evaluation of DESMI reveals that only few PhD students who benefited from the programme continue the research path. An external evaluation of all DESMI and RPF activities is launched in 2012 and is expected to shed light on these aspects.

### **Transport and telecommunications**

Good progress continued to be recorded with respect to the Road and Port Infrastructure projects promoted by the OP “Sustainable Development and Competitiveness”. Works concerning upgrading of the Port in Limassol have recorded tangible outcomes since 2009 and continue to progress well. One of the two road projects has been completed, while other is progressing smoothly.

In particular, by October 2011, the construction of the Interchange near the GSP Stadium<sup>18</sup> was completed and the project was delivered for exploitation three months ahead of schedule. Moreover, by the end of March 2012, one of the six construction contracts was completed and part of the road that links the Port with the motorway Limassol-Paphos (Major Project) is in operation. The road is a part of the TEN-T and, when completed/reconstructed, will be 7.2 km long<sup>19</sup>. Both projects in total foresee reconstruction of 6.21 km of TEN roads (more than the programming target of 4.9 km), 1.7 km were reconstructed by the end of 2011 (completion of the Interchange near the GSP Stadium). Furthermore, the construction of 3.2 km of new TEN road is expected to be completed (no tangible results are available in the AIR as the relevant index has not been assessed yet). For comparisons, the total length of the motorways in the country is 257 km<sup>20</sup>. Moreover, the projects foresee the construction of six hubs (one of which is already completed) and the reconstruction of the two existing hubs as well as the construction of 2.2 km of new secondary roads (already constructed with the completion of the Interchange near the GSP Stadium).

The reconstruction/construction of the motorways are highly important in the case of Cyprus since the operation of other means (such as railways) would not be viable in a small insular country. Thus, the reconstruction of the road trans-European networks, especially of those parts that connect gateways (ports and airports) with the urban centres, are of a particular importance and will lead to lower time and cost of commercial and passengers transportation.

Considering the significant progress made until now and the almost lack of delays, it seems that the projects will be timely completed and will achieve their targets. Based on the analysis of the projects being implemented (as referred in the on-going evaluation study of the OP), it is assessed that the journey time of trucks and heavy vehicles in the part Port in Limassol – Limassol - Paphos Motorway will be reduced by 10 minutes.

In the area of sustainable urban road transportation, the on-going evaluation referred a well rapid implementation within the time-frameworks set. The construction of the Archaggelos Avenue in Nicosia ended in June 2011. Furthermore, 1.8 km of new road networks with exclusive bus lines, 6.3 km of reconstructed road and three underground cross-walks which will

---

<sup>18</sup> Pancyprian Gymnastic Association Stadium in Nicosia.

<sup>19</sup> Evaluation study of the implementation process of the Operational Programme “Sustainable Development and Competitiveness.”

<sup>20</sup> EUROSTAT, table “road\_if\_motorwa” extracted on 18.07.2012.

serve the persons with disabilities were delivered for exploitation. It is assessed that the project results in a reduction of bus time by 8 minutes and a corresponding reduction of accidents in the urban road network in the area<sup>21</sup>.

An above-the-ground part of the Transfer Station in the Solomou Square in Nicosia has also been completed. This led to the upgrade of a central bus station, the establishment of the passenger information system in 12 bus stations as well as the exploitation of exclusive bus lines of 0.37 km. In total 2.2 km of exclusive bus lines were constructed from both projects. The only index assessed until the end of 2011 and referred in the corresponding table in the AIR 2011 is the new index indicating the length of the exclusive bus lines constructed and showing the progress of only 0.37 km out of 1.8 km target by 2015. The exclusivity of bus lines is in general difficult to measure as there are interruptions that allow access.

In the area of telecommunications, the projects' main target is the diffusion of the use of ICT (including Data warehouse, Geographic Information System, e-filing, etc.). Good progress is achieved with respect to the share of citizens/enterprises using the Internet to access Public Services. The progress is especially visible for enterprises (83.7% of them uses the Net thus the result is already above the target of 71% by 2015 and in comparison to the baseline value of 44.3%).

### **Environment and energy**

In general, projects are progressing smoothly in the area of waste water resources<sup>22</sup>. Concerning the Major Project targeting the establishment of the drainage system in Kokkinochori (total budget: EUR 96.7 million), 14 contracts have already been signed (out of which four are the construction contracts for the collection network) and the works are in progress. One of the construction contracts has already been implemented. The evaluation study estimates that based on the relevant incorporated projects, the potential for the Waste Water Treatment will reach 28.4 million cubic metres annually<sup>23</sup> against the target of 28.1<sup>24</sup> million cubic metres. By the end of 2011, the increase of 0.31 million cubic metres has already been recorded as it was shown in the relevant output indicator in the AIR 2011. It is also estimated that, if properly implemented, the incorporated projects will result in the connection of 19,177 individual supplies with the created networks. Based on the incorporated projects, the additional population served by the projects of the waste water treatment reaches 67,125 citizens (while the total population in Cyprus in 2011 is slightly more than 860,000<sup>25</sup>).

Solid waste management projects continue to lie behind schedule. The index estimated for the period by the end of 2011 showed that the percentage of population served by sanitary landfills reaches only 0.8%, while the target was set at 100% by 2015. Significant delays concerning the

---

<sup>21</sup> Evaluation study of the implementation process of the OP "Sustainable Development and Competitiveness.

<sup>22</sup> With the exception a significant delay recorded concerning contract award for the construction of the Waste Water Treatment Station in the Astromeriti area after an appeal submitted to the Tenders Review Authority regarding the Call for the Study-Construction-Operation of the Station. The contract, eventually, is expected to be signed in July 2012.

<sup>23</sup> Or 7,537 cubic metres a day, from which the major volume of 5,114 cubic metres coming from the Major Project in Kokkinochori.

<sup>24</sup> The target value is proposed to be changed to 28.7 million cubic metres.

<sup>25</sup> Statistical Service of Cyprus.



implementation of the two projects for the construction of the integrated domestic solid waste management facilities, recorded already last year, have still not been overcome. According to the both AIR 2010 and AIR 2011, these delays are related both to the general complexity of the large-scale projects in the field of environment and to the local communities' resistance. However, the authorities believe that all prerequisites are now met and there is no danger of project cancellation in either case. In case the projects are not eventually implemented, non-compliance with the provisions of the European Commission (EC) Regulation regarding sanitary landfills will trigger serious consequences.

Projects in the field of RES are characterised by comparatively high demand. Good progress with outcomes already visible is recorded in alternative and RES with the completion of the second project (in addition to the first one completed last year and out of three planned until 2015). The project concerned the provisions for the establishment of solar heating and freezing systems in the Department of Mechanical Engineering and Materials Science and Engineering of the Cyprus University of Technology (CUT). The progress and high additional demand have paved the way for shifting additional resources to this field.

The energy generated from RES estimated for the end of 2011 (the annual turnover) reached 1,562,244.6 KWh compared to the target of 3,800,000 KWh by 2015 and is entirely supported only by the first project completed in 2011. The indicator will increase further in the next AIR when it will be possible to quantify the energy generated from the second completed project. The increase in the capacity of renewable energy production equal to 1.1 MW (very close to the planned 1.4 MW by 2015) has been recorded, which constitutes 0.1% of the total established capacity in the island (1,118 MW).

Judged from the progress recorded in the indicators, the evaluation study concludes that there is a need to accelerate projects' incorporation and implementation with respect to the construction of solid waste treatment facilities. It is also important to make further emphasis on the interventions targeting production of energy from the renewable sources in order to achieve the targets set. Moreover, the implementation of the OP should be compatible with the increased needs of the island in energy taking into consideration the high potential of the country in RES utilisation.

### **Territorial development**

Although the measurable outcomes and results are still limited<sup>26</sup>, progress in the implementation of the interventions is satisfactory. According to the AIR, the level of implementation reached 50.2% by the end of 2011 and 53.9% by 31 March 2011 (increased by 25% since the end of 2010).

In the context of the scheme targeting the enrichment of the tourist product, five out of twelve incorporated projects (out of target 80) have already been completed and led to the upgrading of 728 beds (390 in 2011 in comparison to 338 in 2010). It is expected, however, that both indicators will show variation from the initial targets set and for this reason the Managing

---

<sup>26</sup> The majority of the indicators for already visible outcomes and results were assessed in the previous years and concern revitalisation of urban areas (in the framework of the four revitalisation plans for four cities) and completed regulative plans for the mountainous areas

Authority is about to modify the target from 80 to 20 investment plans and from 2,885 to 2,000 beds. An increase in the number of upgraded accommodations was also observed<sup>27</sup>.

With respect to the progress in the outcomes related to the projects implemented in the urban areas, the values of indicators remain the same as last year. According to the evaluation study, target for the population benefiting from the urban revitalisation is fully covered based on the incorporated projects, while a significant percentage of the target has already been achieved from the interventions completed in 2009 (85,000 or approximately 14.6% of the total urban population in the island)<sup>28</sup>. At the same time, 97 (out of 67 planned) regulative plans for the mountainous areas were completed so far of which 55 were completed within 2011.

Consultations with the potential beneficiaries showed that they have no interest for the projects concerning the expansion and use of the ICT in mountainous territories, the upgrade and reinforcement of the public infrastructures in primary and secondary health care in the rural areas as well as the support to the autonomous or hospitals' public centres offering secondary and/or tertiary health care. As the budget of the Axis has already been over-budgeted, no such projects will be co-financed by the OP.

No significant problems occurred in 2011. Small delays were observed in the implementation of the projects incorporated in the framework of the rural development support.

---

<sup>27</sup> Based on the analysis of two completed projects.

<sup>28</sup> We calculated the percentage based on the figures for the total urban population in Cyprus (67.4% of the total population or almost 581 thousands in 2011) from the Statistical Service of Cyprus [http://www.mof.gov.cy/mof/cystat/statistics.nsf/populationcondition\\_21main\\_gr/populationcondition\\_21main\\_gr?OpenForm&sub=1&sel=2](http://www.mof.gov.cy/mof/cystat/statistics.nsf/populationcondition_21main_gr/populationcondition_21main_gr?OpenForm&sub=1&sel=2)

**Table 1 – Main physical indicators and achievements**

Policy area	Main indicators	Outcomes and results (physical outcomes plus brief note on what has been achieved)
Enterprise support and RTDI including ICT	Outcome: No. of cooperation projects enterprises - research institutions	162 (target 2015: 50, baseline: 62)
	Research Projects Undertaken by Research Centre (No.)	159 (target 2015: 110, baseline: 132)
	Enterprises directly supported for technological upgrading in the manufacturing and service sectors (No.)	205 (target 2015: 220, baseline: 130) <i>- positive effect on increase in sales and, to a lesser degree, on the improvement of profitability</i> <i>- 40% of the investment plans could not have been implemented, while 162 job positions have not been created without the support</i>
	Enterprises supported through grants in the area of Female Entrepreneurship (No.)	8 <sup>1</sup> (target 2015: 125, baseline: 32) <i>- Many of them concern traditional activities</i> <i>- 156 new jobs are created from the projects implemented under the first call</i>
	Result: New Enterprises Created (No.)	35 <sup>1</sup> (target 2015: 60, baseline: 0)
Increase access to finance by SMEs	Use of the Network for their service from the Public Services (%)	for citizens: 14.1 (target 2015: 24.7, baseline: 12.7) for enterprises: 83.7 (target 2015: 71, baseline: 44.3)
	-	-
Human Resources (ERDF only)	Result: Increase in employment of researchers (No.)	331 (target 2015: 1,360, baseline: 1,133)
Youth unemployment (ERDF only)	Outcome: Enterprises Supported through grants in the Area of Youth Entrepreneurship (No.)	27 <sup>1</sup> (target 2015: 150, baseline: 42)
	Result: New Enterprises Created by Young People (No.)	27 <sup>1</sup> (target 2015: 150, baseline: 42) <i>- 289 new jobs are created from the projects implemented under the first call</i>
Transport	Outcome: Upgrade (reconstruction) of TEN roads (km)*	1.7 (target 2015: 4.9, baseline: 0) <i>- One of the two road projects has been completed, while the other is progressing smoothly</i>
	Length of the exclusive bus lines (km)*	0.37 (target 2015: 1.8, baseline: 0)
Environment and energy	Outcome: Public infrastructure projects in the sector of RES (No.)	2 (target 2015: 3)
	Production of energy from renewable sources (kWh)	1,562,244.63 (target 2015: 3,800,000, baseline: 310,000) <i>- This production is entirely supported by the first project completed in 2011 and would increase further taking into account the second completed project which it is still impossible to be quantified</i> <i>- The increase in the capacity of renewable energy production is 1.1 MW</i>
	Waste water treatment (million cubic metres)	0.31 (target 2015: 28.06 <sup>2</sup> , baseline: 25.68) <i>- Based on the incorporated projects, the additional population served by the projects of the waste water treatment reaches 67,125 citizens</i>
	Result: Population served from sanitary landfills (% of the total population)	0.8 (target 2015: 100, baseline: 26.6) <i>- Huge delays in two major projects – risk for them not to be implemented in the current programming period</i>
Territorial development (urban areas, tourism, rural development,	Outcome: Regulatory Plans in the mountainous areas*	97 (target 2015: 67, baseline: 0)
	Result:	728 (target 2015: 2,885 <sup>3</sup> , baseline: 48,091)

Policy area	Main indicators	Outcomes and results (physical outcomes plus brief note on what has been achieved)
cultural heritage, health, public security, local development)	No. of beds upgraded in tourist establishments	- <i>The increase in number of guests in the upgraded accommodations</i>

<sup>1</sup> *The figures concern the enterprises that have completed their investment projects and have received 100% of the grant*

<sup>2</sup> *The target value is proposed to be changed to 28.7 million cubic metres*

<sup>3</sup> *The target value is proposed to be changed to 2,000 beds*

*\*New indicators proposed after the evaluation of the existed indicators in the specific study taken place in 2009<sup>29</sup>*

### 3. EFFECTS OF INTERVENTION

Main points from previous country report:

- Impacts from the interventions co-financed by the Community funds are still quite limited and no evaluation studies or econometric estimates that measure the effects of the Cohesion policy implemented was completed until the end of 2010.
- Support to entrepreneurship and RTDI are the areas where the effects were already visible such as the improvement of the business environment. The time lags between interventions and the diffusion of their impact throughout the economy resulted in the fact that the improvement in competitiveness was not visible yet.
- The EU funding plays also an important role in promotion of innovation: Cyprus over-performs in some indicators (Innovation Union Scoreboard 2010) and maintains its position as Innovation Follower.
- Significant contribution to the improvement of the quality of life in the selected societies was made through the implementation of the projects targeting to the better waste management and e-government.

In 2011, the contributions of the interventions co-financed in the framework of the Cohesion policy have become more visible. This is mainly due to the completion (or progress) of several projects, especially in the areas of road and port infrastructure, entrepreneurship and renewable energy sources.

Similarly to the last year, the most significant progress was made in the area of support to entrepreneurship, where implementation has already become perceptible. Strong support provided through grant schemes and a number of enterprises supported contribute to the improvement of the business environment. Moreover, the emphasis on the entrepreneurship of the most susceptible population layers (such as young people and women) as well as on the most relevant sectors (such as tourism) helps to better address the consequences of the crisis and contributes to sustain economic development.

Overall impacts on competitiveness are, however, uncertain/debatable since among the enterprises supported there are many micro-shops operating in traditional sectors. Focus on innovativeness was highlighted as necessary for the future calls. Moreover, the on-going evaluation report of the OP "Sustainable Development and Competitiveness" remarked that a

<sup>29</sup> Planning Bureau, 2009a

shrink in manufacturing activities and impoverishment of industrial base have been observed. Further increase in unemployment rates, especially among young and female population, may be mainly explained by further deterioration of economic crisis and inhibit a through impact analysis of the interventions using counterfactuals.

Both the support in the form of grants and the circulation of the JEREMIE financial products in the market facilitated the access to finance for small and medium enterprises, which constitute the vast majority of the businesses in the country.

The RTDI support schemes, although facing problems in their implementation such as delays and budget limitations, brought about some positive consequences. Recently Cyprus has progressed in terms of the expenditure on R&D and the number of researchers and this can be attributed partly to the ERDF.

Revitalisation of selected urban areas and improvement of urban transportation (new road hubs and bus lines, new bus station) were observed, apart from better and quicker transportation, to improve traffic congestion and environmental impact (see on-going evaluation of the OP); this resulted in an improvement of quality of life of the local population as well as in a greater social cohesion. The increasing number of public services provided to citizens and enterprises through the Network also contributed to this outcome. Although by far less funds are earmarked and spent for rural areas from the ERDF, this is not expected to lead to increasing the gap between urban and rural areas, because the latter (Communities with less than 500 inhabitants) benefit from the European Agricultural Fund for Rural Development (EAFRD) support. The evaluation study concludes, however, that there is a need for more integrated approach in the rural areas.

Effects from the interventions in the field of waste and waste water treatment are still far from being visible as the major interventions are large-scale and thus need quite long time to be implemented. Serious delays make it doubtful whether the solid waste management facilities will be constructed during this programming period.

Although the interventions in the area of the renewable energy sources are progressing well (in exploitation of the solar energy), they are too limited in terms of budget and range of RES covered that they do not seem to make a difference. The on-going evaluation refers further dependence of the energy system on the oil<sup>30</sup> and increase in the gap in the efficiency of the energy system in comparison to other countries rapidly developing in this sector.

#### **4. EVALUATIONS AND GOOD PRACTICE IN EVALUATION**

Main points from previous country report:

- Public administration in Cyprus lacks an evaluation culture.
- Although no coherent strategy is still in place for evaluating the effects of interventions co-financed by the ERDF and Cohesion Fund, some important steps were taken. Two examples are the setting up of a Steering Committee for the Evaluation Activities of the OPs co-financed by the Structural and the Cohesion Funds for the period 2007-2013 and

---

<sup>30</sup> This is very likely to be changed in the near future with the launch of exploitation of the natural gas resources found recently on the island.

the presentation of the indicative plan for the evaluations that are going to be carried out in the current programming period in October 2010.

- The general objectives set for the evaluations include more extensive linkages between the monitoring and evaluation, strengthening of the importance of the indicators (especially, core indicators), greater focus on results and effects of the Programmes and the creation of an evaluation culture.

Progress in terms of evaluation was visible in 2011. The evaluations covered by the 2010 and 2011 country reports are listed below:

- Ex-Ante Evaluation of the OP “Sustainable Development and Competitiveness 2007-2013” (2007).
- Evaluation of the Indicators of the OPs “Sustainable Development and Competitiveness” and “Employment, Human Capital and Social Cohesion” (2009).
- Evaluation study of the projects included in the Single Programming Document for Objective 3 of the programming period 2004-2006 (2009).

The following two evaluations have been referred in the 2011 country report as on-going and were completed in 2012.

- First on-going evaluation of the implementation process of the OPs “Sustainable Development and Competitiveness” and “Employment, Human Capital and Social Cohesion” (May, 2011 – May, 2012).
- First evaluation of the Communication Plan of the OPs “Sustainable Development and Competitiveness” and “Employment, Human Capital and Social Cohesion” (April, 2011 – October, 2011).

The Board of the RPF has decided to launch an Evaluation Study for its own activities in 2012, expected to be finalised by 2014. The call was launched and is expected to be awarded at the end of 2012.

No shifts have been made with respect to the evaluation strategy in place. There have been only slight amendments in time schedules of the indicative plan for the evaluations. The (updated) evaluation plan as it has been presented in the third meeting of the Steering Committee for the Evaluation Activities is as follows:

- Two on-going evaluations of the two OPs (implementation: 2011 and 2012-2013).
- Four thematic evaluations:
  - Contribution of the OPs in the gender equality, in the equality of access opportunities for all and for the persons with disabilities (implementation: 2012-2013, possible update: 2015).
  - Effects on innovation and entrepreneurship (implementation: 2012).
  - Effectiveness of the active employment policies in Cyprus (implementation: 2015).
  - Effects on employment (implementation: 2015).
- Evaluation of the effects on the environment from the implementation of the OP “Sustainable Development and Competitiveness” (Strategic evaluation).
- Two evaluations of the Communication Plan for the two OPs (2011 and 2014)

The evaluation of the Communication Plan for the OPs “Sustainable Development and Competitiveness” and “Employment, Human Capital and Social Cohesion” as well as the first on-going evaluation of the implementation process of the OPs have been completed in 2012. The general focus and the detailed methodological approach of both evaluation studies have already been described in the 2011 country report<sup>31</sup>. Nevertheless, the reference to them is made in the table below.

Concerning the first evaluation, the findings of the study completed in October 2011<sup>32</sup> lead to the conclusion that only slight amendments/updates are needed to be made to the Communication Plan implemented for the two OPs in order to update the Plan and reinforce its effectiveness. According to the AIR 2011 of the OP “Sustainable Development and Competitiveness”, such amendments will not change the main features of the Plan as the strategy, the main targets as well as the main instruments included in the Plan will remain the same as determined by the initial programming.

The second evaluation was finalised in May, 2012. Since the evaluation study refers to the OPs as a whole it does cover all the policy areas included in each Programme. In particular, the evaluation includes two reports on the implementation of the OPs and the effects on the environment of the OP “Sustainable Development and Competitiveness”. The main findings of the report on the implementation of the OP “Sustainable Development and Competitiveness” and the report on the OP’s effect on the environment are presented in the table below. The financial data used in these reports cover the implementation period until 30 June, 2011.

In the context of the evaluation study on the implementation process of the OP “Sustainable Development and Competitiveness”, field researches for support schemes for female and youth entrepreneurship and the reinforcement of the competitiveness in SMEs in manufacturing as well as for the interventions in the sector of Rural Tourism were held.

The evaluation study concludes with recommendations for taking the appropriate measures to ensure full and effective utilisation of the resources allocated to the Programmes, efficiency of interventions as well as modification of the Programmes in the light of recent developments. Thus, apart from the abovementioned reports, another output of the study is the preliminary plans of the amended texts of the two OPs which will take into consideration the results of the studies. The latter have already been submitted and accepted by the Steering Committee. By the end of 2012, the final versions of the amended OPs prepared by the Planning Bureau are expected to be submitted to the EC.

As referred in the AIR 2011 of the OP “Sustainable Development and Competitiveness”, the main points of the proposed plan for amendment of the OP are the following:

- Reformulation of the current mode of the OP based on the new data.
- Due to the changes in the external environment, more emphasis should be given to such targets/categories of intervention as energy production from the renewable sources, energy conservation and support to the Productive Environment, especially to innovation in enterprises, etc.

---

<sup>31</sup> EC, 2011

<sup>32</sup> The main findings of the evaluation study are depicted in the table below.

- More focus on incorporation and implementation of inelastic projects is needed together with some amendments in the management.
- Reconsideration of the necessity of the projects and actions that are not being implemented or those that appear significant delays in their implementation (and hence possibly will not be completed during the current programming period) is needed.
- Updating of financial tables and, in general, of financial allocations is necessary. This is also the case for the system of indicators where there is such a need.

Two main points have been proposed. The first one concerns the promotion of additional projects for RES as well as the transfer of funds to the projects for the reinforcement of urban development. The second one concerns the promotion of additional support schemes for SMEs in combination with the enhancement of innovation in SMEs as well as support of youth entrepreneurship<sup>33</sup>.

As far as the Greece – Cyprus cooperation programme is concerned, the Evaluation of the information and publicity measures has been carried out. The evaluation covers the period from the acceptance of the Programme from the EC in December 2008 until the end of 2011. Considering that the Programme was only activated in 2011 when the first projects were selected, the Communication Plan is expected to be fully activated within 2011. Details on the objectives, main findings and the methodology used in the evaluation are included in the table below.

---

<sup>33</sup> 6th Meeting of the Monitoring Committee, presentation on the Evaluation Study of the OP “Sustainable Development and Competitiveness”, 20<sup>th</sup> June 2012.



**Table 2 - Evaluations**

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
<p>Evaluation of the Communication Plan for the OPs “Sustainable Development and Competitiveness” and “Employment, Human Capital and Social Cohesion” – October, 2011</p>	<p>10. Transversal aspects (communication activities)</p>	<p>1. Assess the arrangements and procedures for managing and administering the communication activities of the programme</p>	<p>Concerning implementation:</p> <ul style="list-style-type: none"> <li>- The progress in the implementation of a number of measures is particularly good.</li> <li>- The interventions targeting the general public (third target group) show the least satisfactory progress as the majority of them were only launched in 2010 and have the duration up to 2015. As the implementation of both OPs has been significantly progressed, the emphasis is increasingly given to the publicity of the implemented projects' results.</li> </ul> <p>Concerning the effects of implementation:</p> <ul style="list-style-type: none"> <li>- The research in enterprises shows very satisfactory levels of awareness of the potential beneficiaries on the co-funded programmes (70.5% which is higher share than the target of 60%).</li> <li>- Both the general public and the enterprises are well aware of the sectors, actions and projects of the OPs (in the case of general public, more than 45% which is by far higher share than the target of 20%).</li> <li>- The access to the information on the co-financed programmes was assessed as particularly easy by the general public (more than 69% in comparison to the target of 70%).</li> <li>- Both, general public and enterprises showed good knowledge of the two OPs (more than 59% in comparison to the target of 60%).</li> <li>- The 50% of the general public (target: 65%), especially the young people and urban centres population, assesses</li> </ul>	<p>3 and 4 Other quantitative and qualitative</p> <p>In detail: The methods used are mainly based on the following:</p> <ul style="list-style-type: none"> <li>- Bibliographic Research</li> <li>- Diagnostic Analysis</li> <li>- Quantitative Research of the Public</li> <li>- Primary Research of the Enterprises and Organisations with the use of structured questionnaires</li> </ul> <p>Data processing is implemented using statistical QUANTUM or/and SPSS.</p>	<p><a href="http://www.structuralfunds.org.cy/default.aspx?articleID=967">http://www.structuralfunds.org.cy/default.aspx?articleID=967</a></p>

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
			positively the Cohesion policy and its contribution to the development targets.		
Evaluation study of the implementation process of the OP "Sustainable Development and Competitiveness" - May, 2012	9. Multi-area (mode-term of OP)	2. Support monitoring, and check the progress made in implementing programmes	<p>- In general, the evaluation concludes that the financial targets for 2011 have been wholly covered as well as more than 70% of the target of 2012 has already been covered. Concerning physical outcomes and results, the quantitative targets have been achieved to a great degree.</p> <p>In particular:</p> <ul style="list-style-type: none"> <li>- There are significant delays in completion of the two Major Projects in the field of the environment infrastructure as well as the delay in submission of application of the Major Project (Cultural Centre) in the territorial development priority axis. Regularisation of financial data is needed for the Basic Infrastructures priority axis, while Productive Environment needs further reinforcement. The interventions introduced under the Knowledge Society and Innovation priority axis showed low implementation rates and the axis needs to be revised.</li> </ul> <p>Further details on the main findings of the evaluation by priority axis/specific target are provided in the context of the Chapter 2 of the present report.</p> <ul style="list-style-type: none"> <li>- The process for the achievement of the targets set for the strategic indicators<sup>34</sup> is</li> </ul>	<p>3 and 4</p> <p>Other quantitative and qualitative</p> <p>In detail: The methodological approach of the study includes the following:</p> <ul style="list-style-type: none"> <li>- SWOT analysis.</li> <li>- Coherence, Effects and Logical Analysis Matrixes.</li> <li>- Problems, Interventions, Targets and Expected Impacts Charts.</li> <li>- Bibliographic Research and</li> <li>- Diagnostic Analysis.</li> <li>- Field Research with the use of the specific questionnaires (for the selected objectives of the Programme).</li> </ul>	<p><a href="http://www.struculturalfunds.org.cy/default.aspx?articleID=968">http://www.struculturalfunds.org.cy/default.aspx?articleID=968</a></p>

<sup>34</sup> The strategic indicators include:

- Creation of direct gross job positions,
- R&D expenditure as a % of GDP,
- Population served from the Sanitary Landfills,
- Increase in the percentage of transportations through the Public Transportation System,

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
			judged as satisfactory (the only exception is the establishment of sanitary landfills). - It is also assessed that the OP contributes significantly to confronting the consequences of the crisis.		
Evaluation study of the effects on the environment from the implementation of the OP "Sustainable Development and Competitiveness" – November, 2011	9. Across all policy areas of the OP. Based on the three pylons of Sustainable Development, the environmental, social and financial consequences of the projects and actions have been evaluated.	3. The main objective of the report are: <ul style="list-style-type: none"> <li>- to analyse and prove the OP's environmental sustainability ;</li> <li>- to show up what are the OP's effects on the country environment and whether there is a need to take measures at the level of strategic planning or not.</li> </ul>	The study concluded that the effects foreseen in the initial programming (Strategic Study of the Effects on the Environment) are still valid today and no other effects escaped from the initial estimations have been located. The results of the study showed up that there is no need for updating/amendment of the Strategic Study carried out in 2006 in the context of the Ex-ante Evaluation. In case, however, of the amendment of the OP it is possible that the amendment of the Strategic Study will also be necessary.	3 and 4. <ul style="list-style-type: none"> <li>- Measurement of the changes in twenty environmental indexes.</li> <li>- Determining of the nature of the effect for each of the changes that have been detected.</li> <li>- For the negative effects, assessment of necessity and possibility of taking measures to confront them.</li> <li>- Field Research and visits on the spot in the projects that have been analysed according to the provisions of the Law 140 (1)/2005.</li> <li>- Assessment and evaluation of the effects on the environment at the level of the Programme as well as the contribution of the OP to the performance of the country as a whole.</li> </ul>	<a href="http://www.struculturalfunds.org.cy/default.aspx?articleID=968">http://www.struculturalfunds.org.cy/default.aspx?articleID=968</a>
Evaluation of the Information and Publicity Measures – CBC Programme "Greece – Cyprus 2007-2013"	9. Information measures and communication instruments of the Programme	1. The objective of the study is to assess the implementation of the Communication Plan of the Programme and the interventions foreseen.	- Implementation of the Communication Plan can be assumed as satisfactory. - As far as communication is concerned, it is judged that the Programme is progressing satisfactory and the communication targets are expected to be achieved wholly and within the time-frames set. - Some problems, however, have been located (such as the lack of consistency in graphic works, the orientation to direct and potential beneficiaries but not to the	4. The methodological approach was based on Desk Research. Documents and other material have been analysed in order to compare the results with the targets and methodologies described in the Communication Plan. The results of the communication actions were evaluated on the basis of the criteria (indicators) covering such issues as clearness, accessibility, optical identity, EU projection and	<a href="http://www.greece-cyprus.eu/phoca_download/download/Downloads07102011a13.pdf">http://www.greece-cyprus.eu/phoca_download/download/Downloads07102011a13.pdf</a>

- Contribution of the renewable sources to the total energy consumption,
- New enterprises created in the manufacturing and service sectors.

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
			general public, the lack of wider campaign).	orientation to the common target and determined in both, the Programme and the Communication Plan. The evaluation followed a double approach: - Evaluation of consequences and effectiveness of the messages of the Programme in accordance with the communication strategy of the Programme and - Evaluation of communication instruments with particular attention paid to the website and promotion actions.	

Note: (\*) Legend:

**Policy area and scope:** 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment)

**Main objective and focus:** 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives

**Method used:** 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative

## 5. FURTHER REMARKS - NEW CHALLENGES FOR POLICY

Main points from previous country report:

- Progress was made in absorption, implementation, impact and administrative capabilities as well as towards the improvement of the evaluation practices.
- The way Cyprus manages the resources provided by the Structural and the Cohesion Funds was characterised as satisfactory and may serve as an example for other EU countries.
- Future challenges are of two kinds and include:
  - Those regularly present, deriving mainly from the low uptake of Major Projects and some of the environment-related projects as well as low funding from the EU compared to the needs and development plans of the country.
  - Additional challenges emerging from the anticipated impact of the weakening economy of the country (such as lack of liquidity).

Based on the analysis made in the previous sections of the Report, all the points mentioned above remain pertinent for the current period (up to the end of 2011 and beyond). Visible progress was made concerning the launch and continuation of the actual implementation of the projects supported by the ERDF and the Cohesion Fund. Evaluations have been completed and an improving climate towards evaluation is observed.

Important challenges to be addressed in the remaining time include:

- Although the on-going evaluation assesses that the strategy and targets set in the OP as well as the focus on competitiveness remain in time, the increasingly unfavourable economic environment calls for more emphasis to business competitiveness, energy production from the renewable sources and energy conservation.
- Although competitiveness and entrepreneurship are receiving the necessary attention, to a large extent support is thinly spread to micro-companies offering traditional local services. In certain cases consultants play a more important role than the productive companies. This cannot increase national competitiveness and medium sized or larger companies with export chances needs to be identified and supported.
- The liquidity problems and expected increasing austerity after the Troika negotiations risk draining working capital for the business sector. While JEREMIE is trying to address such a problem, more may be needed in the future.
- Another implication highlighted in the evaluation study is that the significant over-budgeting used to ensure full absorption of the Structural Funds entails administrative complexity in order to retain implementation within the frameworks of the strategy and the objectives set.

## REFERENCES

### 1. Evaluations:

#### a) nation-wide evaluations across operational programmes

- Evaluation of the Communication Plan of the of the Operational Programmes “Sustainable Development and Competitiveness” and “Employment, Human Capital and Social Cohesion”

Scope: Across operational programmes

Focus: optimisation of the Communication Plan of the two OPs

Method used: Bibliographic Research and Diagnostic Analysis. Quantitative Research of the Public and Primary Research of the Enterprises and Organisations with the use of structured questionnaires are also envisaged. Data processing is implemented using statistical QUANTUM or/and SPSS.

Period referred: 2007-2013

#### b) Evaluations of specific operational programmes

- Evaluation study of the implementation process of the Operational Programme “Sustainable Development and Competitiveness”

Scope: Across all policy areas of the OP

Focus: On-going evaluation of the implementation of the OP in relation to the achievements of the targets set taking into consideration the sustainable development objective

Method used: SWOT analysis, Coherence, Effects and Logical Analysis Matrixes, Problems, Interventions, Targets and Expected Impacts Charts, Bibliographic Research and Diagnostic Analysis. For the selected objectives of both Programmes, Field Research will be carried out for which the specific questionnaires will be used.

Period referred: 2007-2013

### 2. Other references

European Commission, Regional Policy – Inforegio [European Cohesion Policy in Cyprus](#)

European Commission (2011) [Expert Evaluation Network. Delivering Policy Analysis on the Performance of Cohesion Policy 2007-2013. Year 1 – 2011. Task 2: Country Report on Achievement of Cohesion Policy – Cyprus.](#)

European Commission (2012a) European Cooperation Programme, *Cross-Border Programme Greece-Cyprus 2007-2013, Annual Implementation Report 2011*, June 2012 (in Greek)

European Commission (2012b) *Innovation Union Scoreboard 2010, The Innovation Union's performance scoreboard for Research and Innovation.* Available at: [http://ec.europa.eu/enterprise/policies/innovation/files/ius-2011\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/ius-2011_en.pdf).

European Commission, Eurostat ([www](#))

- Planning Bureau (2007a) [National Strategic Development Plan 2007-2013](#)
- Planning Bureau (2007b) [The Operational Programme Sustainable Development and Competitiveness, 2007-2013](#)
- Planning Bureau (2007c) [National Strategic Reference Framework for Cohesion Policy \(NSRF\), 2007-2013](#) (only in Greek)
- Planning Bureau (2009a) [Evaluation of the Indicators of the Operational Programmes “Sustainable Development and Competitiveness” and “Employment, Human Capital and Social Cohesion” \(Summary\)](#), December 2009
- Planning Bureau (2011a) [The Operational Programme Sustainable Development and Competitiveness, 2007-2013. Annual Implementation Report for 2010.](#) June 2011 (in Greek)
- Planning Bureau (2011b) [Indicative Evaluation Plan. Third meeting of the Steering Committee for the evaluation activities of the Programmes of the National Strategic Reference Framework for the period 2007-2013](#), presentation prepared by T. Patsali. November 2011
- Planning Bureau (2012a) [The Operational Programme Sustainable Development and Competitiveness, 2007-2013. Annual Implementation Report for 2011.](#) June 2012 (in Greek)
- Special Office for the Management of the Programmes of the European Territorial Cooperation Objective, Ministry of Economy and Finance of Greece (2008), [Operational Programme Cross-Border Cooperation Greece-Cyprus, 2007-2013 Programming Period](#), Thessaloniki, November 2008
- Statistical Service of Cyprus,  
[http://www.mof.gov.cy/mof/cystat/statistics.nsf/populationcondition\\_21main\\_en/populationcondition\\_21main\\_en?OpenForm&sub=1&sel=2](http://www.mof.gov.cy/mof/cystat/statistics.nsf/populationcondition_21main_en/populationcondition_21main_en?OpenForm&sub=1&sel=2)
- 6<sup>th</sup> Meeting of the Monitoring Committee, presentation on the *Evaluation Study of the Operational Programme “Sustainable Development and Competitiveness”*, 20<sup>th</sup> June 2012  
<http://www.cyprusnewsreport.com/?q=node/5702>  
<http://www.kathimerini.com.cy/index.php?pageaction=kate&modid=1&artid=96036>  
<http://www.naftemporiki.gr/news/cstory.asp?id=2215211>

## INTERVIEWS

Kalypso Sepou	Ph.D. - Head of Unit, European Research Programmes and International Collaboration, Research Promotion Foundation
Leonidas Antoniou	Head of National Research Programmes Unit, Research Promotion Foundation
Vassilios Tsakalos	Director General, Research Promotion Foundation
Toula Patsali	Planning Officer A', Directorate for Planning Structural Funds and Cohesion Fund, Planning Bureau
Efstathios Constantinides	Co-ordination Officer A', Directorate of Structural Funds and Cohesion Fund, Planning Bureau
Costas Antoniou	Co-ordination Officer, Directorate of Structural Funds and Cohesion Fund, Planning Bureau
Eliana Theodoulou	Coordination Officer , Directorate of Structural Funds and Cohesion Fund, Planning Bureau
Charis Soteriou	Planning Officer A, Directorate of Competitiveness and Research, Planning Bureau
Agathie Charalambidou	Planning Officer, Managing Authority, Planning Bureau
Sotos Melis	Planning Officer, Directorate for Planning Structural Funds and Cohesion Fund, Planning Bureau
Maria Theodorou	Commerce and Industry Officer, Ministry of Commerce, Industry and Tourism
Yannis Kontos	Director of Industrial Development Service, Ministry of Commerce, Industry and Tourism
George Hadjiafxentis	Senior Commercial and Industrial Officer Ministry of Commerce, Industry and Tourism
Kostas Christofides	Director, Assistant Director General, Industry and Services Department, Cyprus Employers and Industrialists Federation (OEB)
Leonidas Paschalides	Director, Department of Education and Development, Cyprus Chamber of Commerce and Industry
Andreas Kythreotis	PA to General Manager Retail Banking Cyprus, Bank of Cyprus



## ANNEX 1 - EVALUATION GRID FOR EXAMPLES OF GOOD PRACTICE IN EVALUATION

### Evaluation Grid A – Evaluation study of the implementation process of the OP “Sustainable Development and Competitiveness”

BASIC INFORMATION	
Country: Cyprus	
Policy area:	
Title of evaluation and full reference:	
Intervention period covered 2007-2013	
Timing of the evaluation 2012- Mid term review	
Budget: EUR	
Evaluator: LKN Analysis, OMAS SA, ENVIROPLAN	
Method: Process analysis, indicators, surveys, interviews	
Main objectives and main findings: The objective was the identification of absorption and physical progress in view of potential shifts of funding or priorities in the remaining time of the programme. The main findings refer to the significant role of the crisis and despite that the progress in certain key areas (RTDI funding). Overall the programme is considered as having been and remaining relevant and coherent.	
Appraisal: It is the first systematic work done in this area in Cyprus. The SWOT analysis is detailed and the surveys and interviews systematic. It complies with the terms of reference and concludes with recommendations as requested.	
CHECK LIST	
Score each item listed below from 0 to 2 as follows: 0: No; 1: Yes, but not fully; 2: Yes	
Report	
Are the objectives, methods and findings of the evaluation clearly set out?	2
Are the findings and recommendations clearly supported by the analysis?	1
Are the methods used suitable given the objectives of the valuation and have they been well applied?	1
Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?	2
Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?	2
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	1

## ANNEX 2 - TABLES

See Excel Tables 1 -4:

Excel Table 1 – Regional disparities and trends

Excel Table 2 – Macro-economic developments

Excel Table 3 - Financial allocation by main policy area

Excel Table 4 - Commitments by main policy area (by end-2011)

### Annex Table A - Broad policy areas and correspondence with fields of intervention (FOI)

Policy area		Code	Priority themes	
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres	
		02	R&TD infrastructure and centres of competence in a specific technology	
		05	Advanced support services for firms and groups of firms	
		07	Investment in firms directly linked to research and innovation (...)	
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...	
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...	
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)	
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)	
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	
		15	Other measures for improving access to and efficient use of ICT by SMEs	
	ICT and related services	11	Information and communication technologies (...)	
		12	Information and communication technologies (TEN-ICT)	
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)	
	Other investment in firms	08	Other investment in firms	
	2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees ...
			63	Design and dissemination of innovative and more productive ways of organising work
64			Development of special services for employment, training and support in connection with restructuring of sectors ...	
72			Design, introduction and implementing of reforms in education and training systems ...	
73			Measures to increase participation in education and training throughout the life-cycle ...	
Labour market		65	Modernisation and strengthening labour market institutions	

Policy area		Code	Priority themes
	policies	66	Implementing active and preventive measures on the labour market
		67	Measures encouraging active ageing and prolonging working lives
		68	Support for self-employment and business start-up
		69	Measures to improve access to employment and increase sustainable participation and progress of women ...
		70	Specific action to increase migrants' participation in employment ...
		71	Pathways to integration and re-entry into employment for disadvantaged people ...
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders
		3. Transport	Rail
17	Railways (TEN-T)		
18	Mobile rail assets		
19	Mobile rail assets (TEN-T)		
Road	20		Motorways
	21		Motorways (TEN-T)
	22		National roads
	23		Regional/local roads
Other transport	24		Cycle tracks
	25		Urban transport
	26		Multimodal transport
	27		Multimodal transport (TEN-T)
	28		Intelligent transport systems
	29		Airports
	30		Ports
	31	Inland waterways (regional and local)	
	32	Inland waterways (TEN-T)	
4. Environment and energy	Energy infrastructure	33	Electricity
		34	Electricity (TEN-E)
		35	Natural gas
		36	Natural gas (TEN-E)
		37	Petroleum products
		38	Petroleum products (TEN-E)
		39	Renewable energy: wind
		40	Renewable energy: solar
		41	Renewable energy: biomass
		42	Renewable energy: hydroelectric, geothermal and other
	43	Energy efficiency, co-generation, energy management	
	Environment and risk prevention	44	Management of household and industrial waste
		45	Management and distribution of water (drink water)
		46	Water treatment (waste water)
		47	Air quality
		48	Integrated prevention and pollution control
	49	Mitigation and adaption to climate change	

Policy area		Code	Priority themes
		50	Rehabilitation of industrial sites and contaminated land
		51	Promotion of biodiversity and nature protection (including Natura 2000)
		52	Promotion of clean urban transport
		53	Risk prevention (...)
		54	Other measures to preserve the environment and prevent risks
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including broadband networks)
		75	Education infrastructure
		76	Health infrastructure
		77	Childcare infrastructure
		78	Housing infrastructure
	Tourism and culture	79	Other social infrastructure
		55	Promotion of natural assets
		56	Protection and development of natural heritage
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
	Planning and rehabilitation	60	Other assistance to improve cultural services
		61	Integrated projects for urban and rural regeneration
	Other	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
		83	Specific action addressed to compensate additional costs due to size market factors
6. Technical assistance		84	Support to compensate additional costs due to climate conditions and relief difficulties
		81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...
		85	Preparation, implementation, monitoring and inspection
		86	Evaluation and studies; information and communication