

## **I. DESCRIPTION OF THE RURAL DEVELOPMENT PROGRAMME**

### **1. TITLE OF RURAL DEVELOPMENT PROGRAMME**

Rural Development Programme 2007-2013 for Cyprus

### **2. CURRENT SITUATION, STRATEGY CHOSEN**

#### **2.1. Situation in terms of strengths and weaknesses**

The Cypriot economy and more specifically the rural one, is in a transitional period due to the new economic environment that was created after the EU accession. The economy is still adapting to the new legal and regulatory framework, whilst it functions in complete competition conditions of the internal market. Competition pressure on the Cypriot agricultural products from similar EU products as well as from third countries is continuously increasing. The CAP reform will not have significant impact during the reference period as the products concerned are of limited importance for Cyprus.

The contribution of the agricultural sector to the GDP results, with small fluctuations, to an average of 3,1% (mainly agricultural crops and livestock-farming). The contribution of the forestry sector to the GDP is insignificant; however its environmental and social contribution should be underlined. The food industry sector contributes around 3,6% to the GDP. Agriculture products' (primary and secondary sectors) contribution to the total exports value was 37%. Nevertheless the agricultural trade balance was negative due mainly to the importance of processed products imports.

From the a total of 925.100 hectares, approximately 589.880 hectares are under effective control of the Republic of Cyprus out of which 26% is agricultural land, 54% forests areas, 7% arid and non cultivated land, while the remaining 13% are urban areas.

Annual crops represent 69,8% of the total agricultural land, pluriannual corps 26,4%, pasture lands the 0,3% and fallow land 3,5%. Four products cover 80,3% of the agricultural land and these are: cereals with 47,4%, plants for animal feed 15,5%, vineyards 8,2%, olives and carobs 9,2%.

Generally the structure of agricultural holdings and the number of individual holdings shows that entrepreneurship is rather high in Cyprus (45.000 holdings out of which 99% are personal companies). However the small size of holdings (3,5 Ha per holding) and land parcelling (5 parcels per holding on average) are adversely affecting the equitable and efficient management of agricultural investments. Land consolidation needs are high in all sectors except in the fields of citrus and potatoes. In addition to this, there is a strong need for modernisation and restructuring of the agricultural sector due to the technological progress and the continuous evolution of the consumer's needs. This, in combination with the dry/hot climate, the low soil fertility, the lack of water and the ageing as well as low education of the rural population (something that hinders innovative actions) is a factor that contributes to the deterioration of competitiveness of Cyprus's agricultural economy. Furthermore, sectors such as poultry, pig and cattle,

which are reasonably competitive, face certain specific problems such as waste management disposal. Finally the distance from the internal market and the high transportation cost especially for the voluminous agriculture products affect adversely competitiveness.

The most important Cypriot agricultural products are the typical Mediterranean ones like potatoes (mainly early), vegetables, citrus fruit, olives, wine products. The most important animal products are meat (beef, pork, poultry and goat/sheep) and milk (cow and goat/sheep). As for processed Cypriot agricultural products (including traditional products) opportunities appear to be solid within the internal and third markets: “haloumi”, “lountza”, “trahanas”, “flaouna”, “soutzoucos”, “Posirti Piitsilias”, “zivania” and “Coumandaria”.

Despite a partial decline, the environmental situation in Cyprus remains relatively satisfactory. The pressure however from fast growing development led to its degradation in certain regions of the country the last years. The population reduction and the decline of the economic activities in the mountainous and semi-mountainous regions, led to the downgrading of the anthropogenic and natural environment. However, a rich biodiversity still exists since a large number of different species and endemic species of plants and animals are still found in abundance.

The land abandonment and the intensification of production are amongst the main environmental problems of the rural areas. Due to abandonment of the mountainous and semi-mountainous regions, the danger of soil erosion has increased in the last years. Scarce rainfall, the predominance of slopes, limited soil depth, small percentage of organic substance, limited vegetation and the frequent occurrence of fires are issues of concern.

37 regions that cover 14% of the total territory under effective control of the Republic of Cyprus have been selected under the "NATURA 2000" network. Management plans for these areas are under preparation as well as a database for definition of High Nature Value areas.

The limited availability of water is another major problem. The increased drought occurrences – due to climatic changes – as well as the increased water demand are worsening the situation. Water management is performant with appropriate infrastructure for water collection and distribution with minimal water losses, already established before accession. Soil erosion and desertification are also issues of concern.

The rural population's percentage is much lower than the urban population and fluctuated around 30,6% of the total population of Cyprus in 2004. Cyprus does not use the OECD definition of rural areas, but defines them as all non urban areas on the basis of the national cadastre. The rural population is still heavily dependent on the primary sector. At the same time the agricultural profession becomes less appealing and the number of those engaged in the primary sector is constantly declining. Another important problem that the Cypriot agricultural sector has to deal with is the agricultural education level, as well as their age-related structure, since around 48% of the agricultural holdings owners are over the age of 55. The need is therefore acute for the retention of the rural population and especially of the young and educated persons in the countryside and for improvement of the human potential that is engaged in the agricultural sector. The need for diversification of the rural economy is therefore acute and a package to make the rural areas more attractive is necessary. Basic services existed even before accession, but

are not of the same level and quality as the ones provided in urban centers. The main weakness is identified in the road connections and in particular between villages and agricultural holdings as well as in public transport connections between urban centers and villages.

The Leader initiative is new to Cyprus as it was not eligible during the programming period 2004-2006. However, the preparation for the setting up of the LAGs was initiated and at this stage LAGs have been created covering 84 communes and 25% of the territory under effective control of the Republic and 10% of the total population (31% of the rural population).

Some additional problems and weaknesses of Cypriot agriculture are the high opportunity cost, the small number of research centres and the non- existence of a national university that could cover sufficiently the agricultural sector, the gradual abandonment of the countryside, as well as the lack of previous experience and the limited coverage of the Leader Local Action Groups.

As strong points of Cypriot agriculture are considered the high level of the know-how, entrepreneurship and the existence of “business type” units of adequate size in certain sectors (e.g. pig and cattle breeding), the high percentage of national forests that contributes to their efficient management, the climate conditions that allow early production of various Mediterranean products, the rich biodiversity and the beauty of landscape of the rural regions that encourage the growth of alternative forms of activities in the countryside.

## **2.2. Strategy chosen**

Strengthening the competitiveness of the primary and secondary agricultural sector in Cyprus and reviving the Cypriot countryside, while protecting the environment are part of the national priorities for rural development. Exploiting internal market possibilities and exporting to third countries are major objectives for Cyprus during 2007-2013. The protection of the then natural environment and rural landscape constitute as well strategic priorities in the context of multifunctional role of agriculture and forestry and the Göteborg objectives. Supporting economic diversification of rural part of the country, focusing on mountainous, semi-mountainous and remote areas via the promotion of entrepreneurship is finally a strategic objective for Cyprus. The semi-mountainous, remote areas and villages around 500m of altitude will be prioritised as it is expected that they will benefit as well from the rapid growth rates and development observed during the past years in coastal and plain areas in Cyprus. Via Leader, a bottom up approach will be followed by implementing soft measures and actions in all three axes. Local governance improvement and mobilisation of the endogenous potential of the rural areas constitutes a priority at this early stage.

The national strategy for the rural development will be implemented through three fundamental priority axes as follows:

| Axis 1 | Axis 2 | Axis 3 |
|--------|--------|--------|
| 44,99% | 44,41% | 10,60% |

Axis 4 aiming at the improvement of local developmental capacity (Axis LEADER) has been allocated 2,70% implemented in all three Axes. Technical Assistance amounts to 1,79% of the total financial allocation.

### **3. AXES AND MEASURES**

#### **3.1. Priority Axis 1: Improving the competitiveness of the Agricultural and forestry sector**

##### **MEASURE 1.1: «Vocational training and information actions»**

###### Intended aims and targets of the measure:

Educational and training activities as well as better dissemination of the information to all adults active in the fields of agriculture, food industry and forestry.

###### Type of actions implemented:

Educational and vocational training. Priority will be given to trainees applying to measures of the RDP where mandatory training is foreseen.

Information and diffusion of knowledge in the sectors of agriculture, food industry and forestry, including land management and environment, Natura 2000 requirements, cross compliance, animal welfare, innovative practices and other.

Two categories of training of courses will be provided, a general one for "beginners" and young farmers (action a) and an advanced one for farmers requiring specialised training (action b).

###### Type of beneficiaries and implementing body:

Department of Agriculture of the Ministry of Agriculture, Natural Resources and Environment which will ensure the distribution of the foreseen fees to trainers and participating farmers

###### Rate/Amount of support: Rate/Amount of support:

The support covers 100% of the eligible actions. When the trainers are civil servants, only transport, accommodation and compensation for work outside working hours is foreseen.

##### **MEASURE 1.2: «Setting up of young farmers »**

###### Intended aims and targets of the measure:

Reinversing the age pyramid of the farmers and reviving the country side; creating viable and competitive holdings, providing incentives to young people to remain in rural areas.

###### Type of actions implemented:

Setting up of young farmers on the basis of a business plan. The young farmers undertake the obligation to possess or acquire adequate skills and competences within 36 months and to implement a business plan in order to create a viable agricultural holding. Participation in the measure is for ten years at least. The level of the support (€25.000-€40.000) for setting up is differentiated according to the level of investments as stated in the business plans and according to the region (LFAs or other) of setting up.

Type of beneficiaries: young farmers below 40 years, registered as farmers in the national social security fund, spending at least 80% of their working hours in farming activities. The first installation is defined as the setting up as a head of holding by buying

or renting a holding and/or acquiring animal capital. The setting up has to take place at a maximum 12 months before the submission of the application. The decision will be taken by the administration at the latest 18 months after the setting up.

Rate/Amount of support: Rate/Amount of support:

The support covers 100% of the eligible actions. No interest rate subsidy is foreseen.

Amount of support:

From 25.000€ to 40.000€ modulated by the area of setting up and by the level of investments foreseen in the business plan.

### **MEASURE 1.3: «Early retirement»**

Intended aims and targets of the measure:

Transmission of the farms to younger farmers, increase of their size and productivity, reversing the ageing of the population and ensuring a satisfactory income to the retired farmers.

Type of actions implemented:

Promotion of the voluntary retirement of the elderly farmers and replacement by younger farmers with a simultaneous modernisation and where appropriate consolidation of the agricultural holdings.

Type of beneficiaries:

Farmers between 55-65 years old not yet retired from the national fund of social insurances that are transmitting their farms to farmers 20-49 years old (natural or legal entities).

Rate/Amount of support:

100% - Amount of support:

The level of their compensation is fixed at €850 per month. The support per retired farmer will not exceed €10.200 annually and the total support per retired farmer should not exceed €153.000.

If a national pension is received, it is off set with the support received by this measure and can not exceed €850.

### **MEASURE 1.4: «Use of agricultural advisory services»**

Intended aims and targets of the measure:

Provision of advisory services to farmers regarding regulatory requirements of cross-compliance, GAEC as well as community occupational safety standards.

Type of actions implemented:

Use of advisory services by farmers and forest cultivators covering cross-compliance, Good Agricultural and Environmental Conditions, occupational safety standards, maintenance of the levels of hygiene and animal welfare, qualitative reorientation of the production and finally acquisition of skills for the management of a viable holding. Book keeping (annual screening, balance of all activities including financial inputs and outputs, energy, plant products, veterinary assistance, animal feed, seeds, production, marketed products, turnover, etc.)

On a basis of a call for expression of interest the bodies providing advisory services will be accredited. In case no interest will be expressed following the above mentioned procedure, the Department of Agriculture can undertake these duties. Only transport, accommodation and compensation for work outside working hours are eligible for public servants.

Type of beneficiaries:

Farmers and forest cultivators. Priority will be given to young farmers.

Rate/Amount of support:

80% - Maximum €1500 per holding

**MEASURE 1.5: «Modernisation of agricultural holdings»**

**SUB-MEASURE 1.5.1: «Modernisation of agricultural holdings»**

Intended aims and targets of the measure:

Improvement of the competitiveness of the agricultural sector and the overall performance of the agricultural holdings via the enhancement of the physical capital.

Type of actions implemented:

Fixed capital, water basins and irrigation systems, agricultural machinery and equipment, planting costs for restructuring of varieties, new technology infrastructure, general costs for architects, engineers and advisors, purchase of land for young farmers up to 10% of their total eligible expenditure.

Sectoral breakdown including targeting which is translated into eligible investments and actions per sector are detailed in the draft RDP both for animal and plant production. The requirements and targets to assess the overall improvements of performance of the holdings are detailed as well as the expected added value of the measure.

Type of beneficiaries:

Farmers, (natural or legal entities).

Rate/Amount of support:

The level of support covers 50% of the total eligible expenses in the Less Favoured Areas and 40% in the remaining areas. For young farmers an additional support of 10% is provided.

The upper support ceiling is fixed at €400.000 (€600.000 for young farmers) per agricultural holding during the whole duration of the RDP 2007-2013 and the minimum is fixed at €3.000. The sub-measure is divided in two categories depending on the importance of the investment.

**SUB-MEASURE 1.5.2: «Management of waste in agricultural holdings»**

Intended aims and targets of the measure:

By implementing this sub-measure, the modernisation and the environmental upgrading of piggeries, dairy sheds and poultry farms/slaughterhouses is expected via investments for projects aiming at the sound environmental and waste management.

Type of actions implemented:

Fixed capital, basins and machinery for separation of sewages, basins for evaporation of organically processed sewages, solid waste storage, electronic and mechanical

equipment, systems for the transportation and dissemination of waste in the farms, installations and equipment for the production of biogas and electricity as well as composting, installation and appliances for the third level of processing of the sewages and expenses for the studies. The relevant investments will be linked to the farm and proportional to its size and waste capacities.

Type of beneficiaries:

Individuals or legal entities, owners of piggeries, dairy sheds and poultry farms

Rate/Amount of support:

The support will cover 50% of the eligible expenditure in Less Favoured Regions and 40% in the remaining regions.

Maximum €90.000 for piggeries less than 400 trueie; between €40.000 and €400.000 for the systems of organic treatment of waste, composting, etc. as well as for poultry. It is eligible to sell the energy produced only if there is a small surplus not exceeding 5% of the total income of the holding and if the composting and energy used out of the holding do not exceed 45% of the total energy and compost production.

**MEASURE 1.6: «Adding value to agricultural and forestry products. Processing and Marketing »**

Intended aims and targets of the measure:

Development of new products with high added value, creation of new technologies and promotion of innovative investments, improvement and rationalisation of the commercialisation networks or the processing methods, improvement and monitoring of quality and the sanitary conditions, protection of the environment, preservation and promotion of traditional and organic products and job creation.

Type of actions implemented:

Actions are foreseen for the following sectors: Milk (cow and goat), Honey, Olive products, wineries, fruits and vegetables, flowers and pharmaceutical plants, animal feed, egg and poultry, slaughterhouses for cows and rabbits, retering, cereals, almonds and forest products. Construction and improvement of immovable property purchase of machinery and equipment including computer software are eligible. The requirements and targets to assess the overall improvements of performance of the holdings are detailed and the expected added value of the measure was calculated.

Type of beneficiaries: SMEs as defined by 2003/361/E for the agricultural sector, only micro-enterprises for forestry sector as defined by recommendation 2003/361/E.

Rate/Amount of support:

The upper ceiling of support reaches 40% of the eligible costs for the three following type of beneficiaries: The maximum amount of support per SME is €400.000. and €170.000 for micro enterprises. For forestry micro enterprises de minimis will apply. For young farmers running micro enterprises in the agricultural sector, a maximum of €250.000 is foreseen.

**MEASURE 1.7: «Land development planning for livestock-farming »**

Intended aims and targets of the measure:

Creation and improvement of animal husbandry zones

Type of actions implemented:

Infrastructure for the creation of the zones, studies linked to the project, connection to road, electricity and water networks, improving existing livestock farming areas including landscaping in order to integrate better the zones to the physical environment.

Type of beneficiaries:

Department of Agriculture of the Ministry of Agriculture, Natural Resources and Environment, local authorities, associations and other organised bodies.

Rate/Amount of support:

100% for infrastructure and 70% for landscaping while the remaining 30% will be covered by the local authorities or organised groups which requested from the state to undertake these actions.

**MEASURE 1.8: «Participation of farmers in food quality schemes and information and promotion activities»**

The measure is divided into two sub-measures: Art. 32 of R. (EC) 1698/2005 (code 132) is the legal basis for Sub-measure 1.8. and Art. 33 of R. (EC) 1698/2005 (code 133) is the legal basis for Sub-measure 1.8.2.

**SUB-MEASURE 1.8.1: « Participation of farmers in food quality schemes »**

Intended aims and targets of the measure:

Support to farmers participating in Community or national food quality schemes aiming the safeguarding of the quality of products or the methods used for production, the increase of the value added of the primary agricultural products and the increase of marketing opportunities.

Type of actions implemented:

Control and certification expenses from the competent authority or from a recognised private body confirming compliance with the scheme.

Two schemes are proposed: organic production (list of 26 products) and Wines of denominated origin ("Coumandaria" and 4 other wines).

Type of beneficiaries:

Farmers (natural and legal entities).

Rate/Amount of support:

The support is calculated according to the level of the fixed cost or/and the fixed annual cost that arises from participating in these supported schemes for a maximum of five years. The maximum support is €3.000 annually per holding for five years.

**SUB-MEASURE 1.8.2: «Publicity activities and promotion of products in the framework of the food quality schemes»**

Intended aims and targets of the measure:

Support to Producer Groups for informing consumers and promoting products produced in the framework of the supported food quality schemes.

Type of actions implemented:

Information, promotion and publicity within the internal market for the two schemes foreseen in the previous measure. Brand names are excluded.



Type of beneficiaries:

Producers groups

Rate/Amount of support:

The support is limited to 70% of the eligible costs with an upper limit of €100.000 for three years.

**MEASURE 1.9: «Encouragement of setting up and administrative operation of Producer Groups»**

Intended aims and targets of the measure:

Encouragement for the setting up of Producer Groups and Unions of Producer Groups via a flat-rate aid based on the turnover or the value of annual marketed production.

Type of actions implemented:

The setting up and administrative operations of Producers Groups and Unions of Producers Groups.

Type of beneficiaries:

The support will be granted to Producer Groups and Unions of Producer Groups that are recognised by the National Competent Authority until the 31 December 2013 and will be provided in annual instalments for the first five years following the date that the Producer Group has been recognised. In the case of the setting up of a Union of Producers Group, the beneficiary is the Union and not its constituents. Relevant eligibilities apply only for the Producers Groups and sectors not eligible under the First Pillar.

Rate/Amount of support:

Flat rate for five years in a digressive manner. 5% of the production value (up to 1 Million Euro) for the first two years and then 4%, 3% and 2% for the third, fourth and fifth year. 2,5% of the production over 1 Million euros for the first two years and then 2%, 1,5% and 1,5% for the remaining years.

The maximum support per Group is set to €100.000 for the first two years and then €80.000, €60.000 and €50.000 for the three remaining years.

**Priority Axis 2**

**Improving the Environment and the Countryside**

**MEASURE 2.1: «Natural handicap payments in Less Favoured Areas»**

Intended aims and targets of the measure:

Support for Less Favoured Areas in order to compensate partially for income forgone due to natural handicap for agricultural production. The measure is intended to be implemented in the eligible Less Favoured Areas (313 communities) covering 81.373 Ha (59% of the areas under effective control).

The objectives of the measure are to ensure a continuous use of the agricultural land, the protection of the environment, land management with sustainable means.

Type of actions implemented:

Undertake agricultural activities for a minimum of five years, on a surface of minimum 0,3 Ha and to apply GAEC (up to 2008) and full cross compliance (starting 2009).

Type of beneficiaries:

Farmers (physical and legal entities).

Rate/Amount of support:

The level of support in the eligible Less Favoured Areas is differentiated in three categories according to:

- (a) Altitude (>800m) or 500m (and less than 800m with more than 15% slopes);
- (b) Physical or socioeconomic disadvantages;

Within the two categories differentiated premia are foreseen depending the size of the holdings (smaller or larger than 10Ha) and the type of cultivated crops.

LFAs classified on the basis of physical disadvantages: €150 per Ha for arable crops and €120 per Ha for other crops. LFAs classified on the basis of economic structure of agricultural holdings: €100 per Ha and €70 per Ha for other crops.

Above 10 Ha, the aforementioned amounts will be reduced by 30%.

**MEASURE 2.2:** Reinforcement of biodiversity in Natura 2000 Areas.

Intended aims and targets of the measure:

This agrienvironmental measure has a transitional character, until the management plans of the Natura 2000 areas are approved.

The aims and targets are preservation and promotion of sustainable farming systems, protection and enhancement of the biodiversity in these areas, preservation of the natural environment as well as support to maintain farming activities in these areas.

Type of actions implemented:

The GAEC statutory obligations apply until 2008 and starting 2009 full cross compliance as foreseen by the SAPS applied in Cyprus.

Creation of buffer strips between holdings during the nesting period where only mechanical cultivation is allowed. Logging in the buffer strips is also forbidden. Participation in the measure is compulsory for a minimum of 5 years. There are 37 Natura zones in Cyprus (18 agricultural land) and once the management plans become available (9 in April 2008) new legal basis and eligibilities will be considered.

Type of beneficiaries:

Farmers (natural and legal entities). Minimum land size is required for participation in this measure.

Rate/Amount of support:

€35 per 220m of buffer of 2m large (length of buffer strips for a decare) strip are foreseen until the management plans are available. At that time, the amount will be revised accordingly to the provisions of the management plans.

**MEASURE 2.3:** «Agro-environmental Commitments»

This measure consists of eight sub-measures. Farmers undertake specific agro-environmental commitments going beyond the minimum mandatory standards. Article 39

of R. (EC) 1698/2005 (code 214) is the legal basis of all eight sub-measures. The methodology of calculation takes into account the additional costs (see additional labour, mechanical methods, etc), the gain from non application of the conventional practices (see cost of non applicable expenses such as the cost of herbicides/fertilisers, etc.) and the income foregone where applicable.

Type of beneficiaries:

Farmers (natural and legal entities). In order to increase the environmental efficiency of this measure and to avoid land abandonment, other agricultural land managers are also eligible.

**SUB-MEASURE 2.3.1: «Agro-environmental commitments in vineyards »**

Intended aims and targets of the measure:

Reduction of chemical weeding in vineyards.

Type of actions implemented:

Mechanical cultivation or any other mechanical method of weed killing (100% reduction of chemical weeding). This action shall be carried out twice per year during the growth cycle of the vines.

The minimum eligible area is 0.1 Ha and the contracts have a duration of five years.

Rate/Amount of support:

€600 per Ha for mechanical weeding per year for five years plus an additional €200 for the holdings situated above 800m altitude and where slopes of more than 15% exist.

**SUB-MEASURE 2.3.2: «Agro-environmental commitments in potatoes»**

Intended aims and targets of the measure:

Reduction of pesticides, fertilisers, sustainable use of available natural resources, protection of public health, improvement of soil fertility in potatoes growing areas where environmental problems exist and soil fertility has been reduced due to the intensive production methods in use.

Type of actions implemented:

Two actions are foreseen:

Crop rotation (1 year potatoes, 1 year set aside, 1 year cultivation of another crop) and application of organic fertilisers.

Integrated Crop Production (ICP) such as Eurepgap, including the rational use of fertilisers, pesticides and water. This ICP allows the rational use of water and the reduction of fertilisers and pesticides currently used.

Mechanical cultivation or any other mechanical method of weed killing (100% reduction of chemical weeding). This action shall be carried out twice per year during the growth cycle of the vines.

The minimum eligible area is 0.5 Ha and the contracts have a duration of five years.

Rate/Amount of support:

€375 per Ha for Integrated Crop Management for five years.

€25 per Ha for mechanical weeding per year for five years.

### **SUB-MEASURE 2.3.3: «Agro-environmental commitments in citrus fruits »**

#### **Intended aims and targets of the measure:**

There are 5500 Ha of cultivated areas where intensive production methods are used. The reduction of pesticides, chemical weeding, sustainable use of available natural resources, protection of public health, improvement of soil fertility, protection against soil erosion, protection and enhancement of biodiversity.

#### **Type of actions implemented:**

Integrated Crop Production (ICP) such as Eurepgap, including the rational use of fertilisers, pesticides and water. This ICP allows the rational use of water and the reduction of fertilisers and pesticides currently used.

Mechanical cultivation or any other mechanical method of weed killing (100% reduction of chemical weeding).

The minimum eligible area is 0,5 Ha for the Integrated Crop Management and 0,3 Ha for mechanical cultivation.

#### **Rate/Amount of support:**

€550 per Ha for Integrated Crop Management for five years.

€300 per Ha for mechanical weeding per year for five years.

### **SUB-MEASURE 2.3.4: «Agro-environmental commitments in arable crops »**

#### **Intended aims and targets of the measure:**

Increasing soil fertility and quality as well as reduction of the use of pesticides and fertilisers resulting also in an overall improvement of the quality of the products.

#### **Type of actions implemented:**

Introduction of a biannual crop rotation scheme (1 year cereal, 1 year set aside) or a tri-annual (1 year set aside and 2 years cereals or other crop such as lentils, chickpeas etc.) During the set aside year, two or even three cultivations are foreseen for the elimination of weeds.

#### **Rate/Amount of support:**

€48 per Ha per year for the biannual crop rotation and €32 for the triannual rotation. The minimum eligible area is 1 Ha. Six years contracts are signed.

### **SUB-MEASURE 2.3.5: «Preservation of traditional varieties vineyard varieties and endangered species»**

#### **Intended aims and targets of the measure:**

This sub-measure is divided into two categories:

- a) Preserving endangered animal species in the sense of Annex IV of Reg. (EC) 1974/2006 (Cypriot cow: 230 animals, and "pachyouro" sheep: 500 animals)
- b) preserving traditional varieties of vineyards in danger of disappearing. These varieties exist in mountainous and semi-mountainous areas with slopes and in very small quantities: 0,7 Ha "Promara", 120 Ha "Maratheftiko", 110 Ha "Lefkada", scarce traces of "Canella", "Spourtico" etc. The mechanical weeding has to be done manually due to the slopes and terraces where these vineyards are planted, hindering the access of tractors and increasing labour costs.

Type of actions implemented:

Raising and conserving the local animal breeds for five years and mechanical cultivation and/or mechanical weeding (two to three per year) for endangered vineyards as well as the obligation to maintain them in a good condition for five years.

Rate/Amount of support:

€300 per Livestock Unit for cows and €375,5 per Livestock Unit for sheep. A derogation from the maxima of 100 € and 175,5 € per Livestock unit respectively for the Cypriot cow and the "pachyouro" sheep is foreseen.

€900 per Ha per year for endangered vineyards.

**SUB-MEASURE 2.3.6: «Agrienvironmental obligations for traditional trees and bushes»**

Intended aims and targets of the measure:

Preservation of the traditional landscape and protection of biodiversity with emphasis in the Less Favoured Areas by promoting the preservation of traditional varieties/types of almond trees, carob trees, hazelnut trees, "polemidias" (mespilus germanicus), etc with environmental friendly methods, preservation of flowering and other bushes as well as traditional pharmaceutical/aromatic plants which are a feature of Cyprus' landscape such as Rosa damaskina, "tremithia" (tremithus), "shinia" (lentiscus), "spatzia" (sage), etc. These trees and bushes are in remote areas having limited production, if any, capacities.

Type of actions implemented:

Mechanical cultivation or any other mechanical method of weed killing (100% reduction of chemical weeding). This action shall be carried out twice or three times per year.

The minimum eligible area is 0,1 Ha.

Rate/Amount of support:

Maximum €600 per Ha for orchards, while for traditional bushes and aromatic plants the support amounts to €400 per Ha.

**SUB-MEASURE 2.3.7: «Development of Organic Products »**

Intended aims and targets of the measure:

This measure aims at encouraging the organic production both in the animal and plant sector in order to enhance environmental protection and biodiversity, reduce inputs and also increasing the quality of the products

Type of actions implemented:

Implementation of an overall system of agricultural production with environmental friendly methods (see organic and mechanical cultivation) according to the provisions of R. (EC) 2092/91. Applies both for animal and plant production.

Rate/Amount of support:

- 1) Vineyards, multiannual aromatic plants: €1000 per Ha.
- 2) Non irrigated orchards, crops, vegetables, potatoes, annual plants: €750 per Ha.
- 3) Annual non irrigated crops including cereals and plants for the production of organic animal feed: €380.
- 4) For organic animal production: €450 per Ha of pasture land.

As concerns categories 1 and 2, a derogation of 100€ and 150€ per Ha from the maxima is foreseen.

**SUB- MEASURE 2.3.8: “Support for the conservation of natural habitats and wildlife”.**

Intended aims and targets of the measure:

Preservation of habitats necessary for the reproduction of wild fauna, provision of the necessary biomass for wild birds and mammals feeding.

Type of actions implemented:

Annual sowing of indigenous mixtures of seeds within agricultural holdings for ensuring appropriate feeding and breeding conditions for wildlife species in agricultural areas. No harvesting or commercial exploitation of the sowed areas is allowed for 15% of the total land of the holding.

The minimum eligible area is 0,1 Ha and the contracts are signed for five years.

Rate/Amount of support:

€65 per Ha.

**MEASURE 2.4: «Afforestation»**

The Measure consists of three sub-measures as follows:

Sub-Measure 2.4.1: Afforestation of agricultural land

Sub-Measure 2.4.2: First establishment of agro forestry systems

Sub-Measure 2.4.3: Afforestation on non-agricultural land

**SUB-MEASURE 2.4.1: « Afforestation of agricultural land »**

Intended aims and targets of the measure:

Protection against soil erosion and desertification, reinforcement of biodiversity, protection and improvement of water resources, improvement of the landscape.

Type of actions implemented:

Afforestation of agricultural land covering: a) planting expenses, b) maintenance expenses for the first three years following afforestation c) income foregone for a maximum of 15 years following the planting/seeding. Sectoral and geographical targeting exists on the basis of the severeness of environmental problems faced: arable crops in plains, citrus in Arapaka regions, vineyards in Larnaca, Limassol and Pafos districts, fruit trees in the mountainous areas.

Linkage with the National Forest Programme, the National Fire protection Plan and the Community Forest Strategy exists.

Type of beneficiaries:

Natural and legal entities or their associations. Public authorities and local authorities. Support for the afforestation of agricultural land owned by public authorities shall cover only the cost of establishment.

In case of afforestation of rented land, a five year contract is requested as a minimum and the beneficiary has the obligation to keep the afforested areas in good forest conditions for an extra five years after receiving their last payment from this measure.

Rate/Amount of support:

Establishment costs: 100% for public entities, 80% for the private sector in LFAs and Natura 2000 and 70% in the remaining areas.

Maintenance expenses: standard costs in table 1, Annex IV.

Annual premium per Ha for loss of income: €700 for farmers or their associations for 15 years, €150 per Ha for all other beneficiaries.

**SUB-MEASURE 2.4.2: « First establishment of agro forestry systems »**

Intended aims and targets of the measure:

Agriforestry systems are a very attractive land use means due to their ecologic value, their role in the protection of biodiversity, the improvement of the landscape but also for their protective value when acting as windbreaks for agriculture land in areas affected by frost or heavy wind.

Type of actions implemented:

Installation of windbreaks for the protection of irrigated agricultural cultivations from external factors, include among other, the following actions, acquiring seedlings, establishment actions, replanting for losses up to two years after the establishment. The list of eligible actions and standard costs are provided in Annex.

Planting density requirements are included in a table in the measure. The eligible species are "Cupressus seprevirens", "Tetraclinis articulate", "Tamariw aphylla", "Casuiarina" and "Myoporum tenuifolium". All species are indigenous.

Type of beneficiaries:

Farmers either owning or renting agriculture land. The beneficiaries have to keep the windbreak for a minimum of five years. Minimal eligible areas are defined per crop cultivated and in case the land is rented contracts of a minimum five years are requested as well as a signed declaration of the land owner accepting the setting up of a windbreak on his land.

Rate/Amount of support:

80% in LFA and Natura 2000 areas and 70% in other areas.

Amount of support:

Standard costs are defined in Table 1 of Annex IV. The calculations are based on figures from 2004, 2005 and 2006 and the average cost is €14 per tree.

**SUB-MEASURE 2.4.3: « Afforestation of non-agricultural land »**

Intended aims and targets of the measure:

Abandoned land in rural areas exists for different reasons such as urban pool and ceased activities in extended areas (see as old mines). Various environmental problems arise from land abandonment such as desertification, fires, soil erosion, deterioration of the landscape, etc. The objective of this measure is to help alleviate these problems and provide protection against soil erosion and desertification, reinforcement of biodiversity, protection and improvement of water resources, improvement of the landscape etc.,

Type of actions implemented:

Afforestation of non-agricultural land, including aid for the establishment cost of the plantation, annual aid per Ha for the first three years after installation and expenses for

the maintenance of the plantation in order to ensure the success of the afforestation. This last action is eligible only in case of abandoned agricultural land.

The afforestation foreseen has to be adapted to the local conditions and to the local environment. Especially for Natura 2000 areas and in water basins areas, the afforestation will be compatible with the management plans for these areas where available. An afforestation plan is requested concerning the type of trees, the method of planting, the preparation of the soil, the period of plantation, the protective measures, etc. The afforestation has to be adapted to the local environmental conditions.

Type of beneficiaries:

Natural and legal entities or their associations. Public authorities and local authorities with restrictions regarding the support.

Rate/Amount of support:

Establishment costs: 100% for public entities, 80% for the private sector in LFAs and Natura 2000 and 70% in the remaining areas.

Maintenance expenses: 100% Three instalments based on Standard cost as defined in Table 1 of Annex IV. The calculations are based on figures from 2004, 2005 and 2006.

**MEASURE 2.5: «Restoring forestry potential and introducing prevention actions »**

Intended aims and targets of the measure:

Reduction of number of fires, of annually burned land, of the average burned areas per fire, of early fire detection and intervention as well as restoring the forestry potential.

Type of actions implemented:

Improvement of the existing system for the protection of forests and other wooded land from fires as well as re-forestation of burned regions. The measure includes the following two actions: 1) prevention of fires (fire protection infrastructure, maintenance of fire protection stripes, amelioration of the forest fire monitoring system including communications) and 2) reforestation of burned areas.

Type of beneficiaries:

1) Prevention of fires: Different beneficiaries are defined per type of eligible actions (Table 3 of Annex VI) including, natural and legal entities or their associations, local authorities and municipalities, public law bodies and public authorities. The actions foreseen in this measure will be implemented in accordance to the "Forest Fire Protection Plan" of Cyprus.

2) Reforestation of burned areas: Natural and legal entities or their associations. Public authorities and local authorities with restrictions regarding the support.

Rate/Amount of support:

100% - Detailed list of standard cost per eligibility is provided in Tables 4 and 5 of Annex VI. The support will be provided in two phases, 60% after a first control upon completion of 60% of the project and the remaining 40% after completion of the project and final control.

**MEASURE 2.6: «Maintenance and improvement of the social and ecological role of the forests»**

The measure consists of three sub-measures as follows:



Sub-Measure 2.6.1: Non-productive investments

Sub-Measure 2.6.2: Forest-environment payments

Sub-Measure 2.6.3: Forest-environment payments in Natura 2000 areas

**SUB-MEASURE 2.6.1: « Non-productive investments »**

**Intended aims and targets of the measure:**

The main objective of the sub-measure is the protection of forests by organising the forest recreational services in order to protect the forest from these activities for which there is an increasing demand in Cyprus. The objective is to protect the forests from the non organised presence of public in the forests, the amelioration of the provided forest information and to increase the capacity of the forest recreational and camping areas, of the paths for nature observation and of the view points.

**Type of actions implemented:**

Creation of new and upgrading existing recreation and camping sites (non income generating), creation of visitors centers, creation of a visitors information center, creation of new and upgrading existing nature paths in, forest areas, view points, promotion of forestry heritage (see recreation of traditional chimneys/fonderie, watermills, bridges etc).

**Type of beneficiaries:**

Natural and legal entities or their associations, local authorities and municipalities, public law bodies and public authorities.

**Rate/Amount of support:**

100%-

Table 8 of Annex VI details the eligible cost per type of actions. The support will be provided in two phases: 60% upon completion of 60% of the project and the remaining 40% after completion of the project and final control.

**SUB-MEASURE 2.6.2: « Forest-environment payments »**

**Intended aims and targets of the measure:**

Maintenance and enhancement of the biodiversity, support the protective action of forests as regards erosion as well as for water quantity and quality, the protection and enhancement of the high value of forest ecosystems.

**Type of actions implemented:**

At the present stage, only one commitment will be undertaken which relates to the prevention of logging in specific eco-systems out of Natura 2000 areas (see "Pinus nigra Pallasiana", "Pinus Brutia", "Quercus infectoria veneris", "pistacia atlantica").

**Type of beneficiaries:**

Natural and legal entities or their associations, local authorities and their associations.

**Rate/Amount of support:**

Five year contracts with €45 per Ha per year for 10-40% coverage

Five year contracts with €109 per Ha per year for 40-80% coverage

Measure 2.6.2

|   | FEADR (1) | National Contribution (2) | Public expenditure (1+2) | Private contribution (3) | Total Cost (1+2+3) |
|---|-----------|---------------------------|--------------------------|--------------------------|--------------------|
| € | 250.000   | 250.000                   | 500.000                  |                          | 500.000            |
| % | 50        | 50                        | 100                      |                          | 100                |

### **SUB-MEASURE 2.6.3 : « Forest environment payments in Natura 2000 areas»**

#### **Intended aims and targets of the measure:**

The main objective is to protect and enhance biodiversity and the broader ecological role of forests as well as the protection and enhancement of the high value of forest ecosystems in Natura 2000 areas. 90% of the Natura areas in Cyprus are forests.

**Type of implemented actions:** economic support will be granted to the private forest owners in order to compensate costs incurred and income foregone resulting from the restrictions (interdiction of logging or any other economic activity) on the use of forests and other wooded land in Natura 2000 regions. Currently such an economic aid is only granted as compensation for income foregone from prevention of logging in specific eco-areas.

#### **Type of beneficiaries:**

Natural and legal entities and their associations.

#### **Rate/Amount of support:**

100%

#### **Amount of support:**

Five year contracts with €45 per Ha per year for 10-40% coverage

Five year contracts with €109 per Ha per year for 40-80% coverage

## **Priority Axis 3**

### **Diversification of the Rural Economy and Improvement the Quality of Life in Rural Areas**

#### **MEASURE 3.1: «Encouragement of tourist activities and conservation and upgrading of the rural heritage»**

#### **Intended aims and targets of the measure:**

Encouragement of a mild touristic development in order to maintain the population in rural areas, putting forward the environmental and cultural potential of rural areas, creation of a visitors stream with specific interests in rural areas, strengthening local products accessibility, complementarity with the other programmes supporting agri tourism.

#### **Type of actions implemented:**

Public investments in the tourism sector in rural areas (below 500m altitude except for action (b) which is not eligible under the Structural Funds) via the implementation of infrastructure projects having agro-tourism as the epicentre (see (a) small scale infrastructures such as preservation / re-establishment of traditional / classified buildings and their conversion into information centres, recreational infrastructures

such as cycling, (b) thematic itineraries as religious, historical, health, sports and cultural circuits, view points out of forest areas and (c) thematic museums).

Type of beneficiaries:

Local authorities via the District Administration Offices and the Department of Town Planning and Housing, the Cyprus Tourist Organisation (CTO), and LAGs.

Rate/Amount of support:

85% to 95% following national provisions applying to public and local authorities.

**MEASURE 3.2: «Conservation and upgrading of rural heritage»**

Intended aims and targets of the measure:

Public investments for the improvement of the physical environment of the rural communities so that they can become more attractive areas for the population, in order to retain young people and attract economic activities and new employment opportunities. Conservation and promotion of rural heritage, enhancement of the social and cultural infrastructure is also foreseen in this context.

Type of actions implemented:

Three categories: 1) development of communal/social centers (321) promoting culture, creating multiactivity centers for youth 12-30 years old, child 6-15 years old, libraries of new technologies, and centers of social care for elder people. No income generation is allowed and the running costs of the resulting structures are not eligible.

2) Village renewal and development (322) promoting the rehabilitation of squares, parks, etc as well as the renovation of facades of private buildings

3) Conservation maintenance, re-establishment and upgrade of the cultural heritage (323) such as mills, bridges, paths, monasteries, etc.

Type of beneficiaries:

Local authorities (via the District Administrations Offices and the Department of Town Planning and Housing) and the AGs.

Rate/Amount of support:

85% to 95% following national provisions applying to public and local authorities.

**MEASURE 3.3: «Skill acquisition, animation and implementation»**

Articles 59 of R. (EC) 1698/2005 (code 341) are the legal base of this measure.

Intended aims and targets of the measure:

Assisting the PPP bodies to acquire the necessary capacities in order to draft and implement local development strategies. The ultimate objective is to develop these PPPs into LAGs.

Type of actions implemented:

Studies of the area concerned, collection of information for the area necessary for the local development strategy, training of staff involved in the preparation and implementation of a local development strategy, promotional events and training of staff and leaders as well as implementation of local strategies.

Type of beneficiaries:

PPPs, Department of Agriculture of the Ministry of Agriculture, Natural Resources and Environment only for training of staff involved in the preparation and implementation of local development strategies.

Rate/Amount of support:

100% - Running costs of the PPP, up to 15%

**Priority Axis 4**

**LEADER**

**MEASURE 4.1: «Implementation of Local Development Strategies »**

Intended aims and targets of the measure:

Implementation of local strategies through soft measures and/or actions of all axis of the draft RDP. 130.000 populations and 5.500 km<sup>2</sup> are expected to be covered by 6 LAGs. The LAGs will issue calls for expression of interest in their zones according to their local strategy. They will evaluate the proposals received and will transmit the selected projects to a Technical Evaluation Committee of the Department of Agriculture which will verify their regulatory compliance.

Type of actions implemented:

Submeasure 4.1.1: It is foreseen that measures 1.5.1 «Modernisation of agricultural holdings», 1.6 «Adding value to agricultural and forestry products. Processing and Marketing » and 1.8.2 «Publicity activities and promotion of products in the framework of the food quality schemes» will be implemented by LAGs. Priority will be given to LAGs whose strategy includes actions for increasing added value of local products and quality products.

Submeasure 4.1.2: It is foreseen that measure 2.6.1 « Non-productive investments » will be implemented by LAGs. Priority will be given to LAGs whose strategy includes actions for the sustainable use of natural resources.

Submeasure 4.1.3: It is foreseen that measures 3.1 «Encouragement of tourist activities and conservation and upgrading of the rural heritage» and 3.2 «Conservation and upgrading of rural heritage» will be implemented by LAGs. Priority will be given to LAGs whose strategy includes actions for reducing urbanisation, create new job positions, increase the quality of life and create added value for local products or implement quality systems.

Type of beneficiaries:

The natural or legal entities which have been selected from the LAGs.

Aid intensity And Amount of support:

Submeasure 4.1.1, 4.1.2 and 4.1.3:

The aid intensity and amounts of support of the correspondent measures of the RDP apply.

**MEASURE 4.2: « Translational and inter-regional cooperation»**

Intended aims and targets of the measure:

Implementation of cooperation actions in order to achieve the objectives of one or more axis of the draft RDP. The objective is to enhance cooperation and to exchange best and innovative practices between LAGs.

Type of actions implemented:

Implementation of cooperation actions and innovation between LAGs. Cooperation actions have to be compatible and complementary, supportive to the draft RDP Axis objectives and to the overall local strategy.

Type of beneficiaries:

LAGs

Rate/Amount of support:

The aid intensity and amounts of support of the correspondent measures of the RDP apply.

**MEASURE 4.3: « Running the LAGs, acquiring skills and animation»**

Intended aims and targets of the measure:

Support for the operation of the LAGs, acquisition of dexterities and animation activities.

Type of actions implemented:

Studies for the LAG's area of coverage, action to provide information about the areas and the local strategy, training for staff involved in the preparation and implementation of a local development strategy, promotional events and the training, running costs for the implementation of actions of the RDP (2007-2013) for Cyprus and participation in Leader seminars.

Type of beneficiaries:

LAGs

Rate/Amount of support:

100% for the implementation of the local strategy, maximum 20% running costs (of the total cost of the selected actions within the RDP (2007-2013) for Cyprus)

**Technical Assistance**

**MEASURE 5.1: « Technical Assistance»**

Intended aims and targets of the measure:

Ensuring the sound implementation and support for the measures of the RDP as well as monitoring and evaluation.

Type of actions implemented: Support for Technical Assistance which covers the preparation, the implementation, the monitoring, the control and the evaluation of the RDP 2007-2023, as well as certain expenses of the Managing Authority and of the Monitoring Committee aiming to safeguard the efficient and sound administrative and financial management. These include: Information and publicity of the RDP, installation and functioning of an electronic management system, monitoring and evaluation systems for the programming period, all other actions for the optimal implementation of the RDP

as well as the expenses for the infrastructure needed for the setting up the National Rural Network.

Type of beneficiaries:

Managing authority

Rate/Amount of support:

100%

#### **4. FINANCING**

##### **4.1. Financial plan by axis (in EUR total period)**

| Title   | Total Public Expenditure (1) | EAFRD Contribution Rate (%) | EAFRD Contribution |
|---|------------------------------|-----------------------------|--------------------|
| 1 Improving the competitiveness of the agricultural and forestry sector       | 140.521.676                  | 50                          | 70.260.838         |
| 2 Improving the environment and the countryside                               | 141,143,400                  | 50                          | 70.571.700         |
| 3 The quality of life in rural areas and diversification of the rural economy | 28,929,714                   | 50                          | 14.464.857         |
| 4 Leader  | 8626180                      | 50                          | 4.313.090          |
| 5 Technical Assistance  | 5,826,178                    | 50                          | 2.913.089          |
| Total   | 325047148                    | 50                          | 162.523.574        |