



At a glance:

# CYPRUS'

## CAP STRATEGIC PLAN



CAP Strategic Plans support the transition towards a smart, sustainable, competitive, resilient and diversified agricultural sector, while ensuring long-term food security. They also contribute to climate action, the protection of natural resources and the preservation/enhancement of biodiversity, as well as strengthen the socio-economic fabric of rural areas.

CAP Plans support a wide range of interventions addressing the specific needs of Member States and their territories. Designed in line with a new result- and performance-oriented approach, they aim to deliver tangible results in relation to EU-level CAP specific objectives, while contributing to the European Green Deal.

For the first time, each CAP Plan defines a strategy covering all the main CAP funded instruments: direct payments, support for rural development and interventions specific to certain market sectors.

The needs of rural areas will also be addressed by other EU instruments such as the Recovery and Resilience Facility (RRF) or the European Structural and Investment Funds (ESIF).

The Russian aggression against Ukraine and the ongoing commodity price surge highlight the integral link between climate action and food security. In this context, the Commission invited Member States to review their CAP Strategic Plans to exploit all opportunities: to strengthen the resilience of the EU's agricultural sector; to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and to transform their production capacity in line with more sustainable production methods.

*Cyprus submitted its first proposal for a CAP Strategic Plan on 30 December 2021, after consultation with stakeholders. On 16 November 2022, Cyprus submitted a revised proposal, addressing the Commission's observations on the first draft. The Commission approved this proposal on 2 December 2022. This document presents some of the main features of the CAP Strategic Plan of Cyprus.*

## DID YOU KNOW?



The Cypriot farm labour force employs around 72 000 persons, the majority of which represents family holdings. Even if the unemployment rate between 2018 and 2020 has been reduced by 1% in rural areas, it remains the highest share in the country with 8.1%. Unemployment in rural areas remains an issue, especially for young people, in light of the aging population trend.

- All of the territory of Cyprus is classified as “intermediate rural area”, therefore, all of the population of Cyprus is considered to be rural.
- **Cyprus’ agricultural land covers approximately 135 560 hectares.** There are **about 34 940 farms, rather small in size**, with an average of 3 hectares. In fact, more than 75% of the farms occupy less than 2 hectares.
- About 60% of Cypriot farms produce **olives, citrus fruits or a combination of other permanent crops**, such as grapevine.



## 2. GOALS AND STRATEGY OF THE CAP STRATEGIC PLAN OF CYPRUS

The Cypriot CAP Plan will provide an opportunity to renew the agricultural potential of Cyprus, creating a robust primary sector. It aims to respond to the concerns of producers and consumers, to attract younger generations, maintain social cohesion and promote a sustainable rural development. In parallel, it intends to protect the environment in which farmers operate. The Plan will work with a view to shift towards a new agricultural model, which respects the use of natural resources and commits to preserving and improving them.

### 2.1 AN ECONOMICALLY SUSTAINABLE AND FAIRER CAP

Cyprus aims to increase the sustainability and resilience of the agricultural sector by expanding the production of high-quality agricultural products while improving the economic viability of small and medium-sized holdings. Cyprus allocates around EUR 155 million to support farmers' income with **basic income support** (about EUR 233 per hectare annually) to mitigate the risk of production decreases arising from price fluctuations and external influences.

Due to the importance of **haloumi cheese** (a registered Protected Designation of Origin (PDO), the main Cypriot agricultural export), the Cypriot Plan aims to enhance the sheep and goats farming sector. It will financially support the income of small sheep and goat farmers and will introduce measures to modernise farms and improve animal welfare, in order to increase productivity and the average holding size.

Cyprus aims to **improve farm competitiveness and market orientation** and will do so by contributing to investments, both in the primary sector and in the sector processing agricultural products. Farm modernisation and improvements in the production processes will help address the shortfalls in capital productivity and in turn the ability of Cypriot farms to operate on the international market. The farmers' position in the value chain will be improved by strengthening their negotiating position by fostering participation in collective schemes.

- ➔ *For the first time Cyprus applies the redistributive payment, granting additional EUR 28 per hectare for the first 30 hectares of farms. This will reinforce the income support for small and medium-sized farms.*
- ➔ *Cyprus encourages improved agricultural practices for sheep and goats farming, notably via specific annual support for sectors in difficulty (coupled income support), which will cover around 390 000 sheep and goats. Farmers are, for example, encouraged to deliver a minimum quantity of high-quality milk to certified dairy factories. The aim is to enhance the efficiency and sustainability of those farms.*



## 2.2 A GREENER CAP

Cyprus aims to increase its environmental and climate ambition as the country faces major challenges in these areas. Water management (quantity and quality) and soil preservation (fighting soil erosion and pollution) have been identified as the most important priorities.

Nevertheless, the Plan also addresses other important issues, such as the mitigation of, and adaptation to, climate change, the protection of biodiversity, forests and air quality.



To address water and soil challenges, the Cypriot Plan will **increase the efficiency of irrigation** (accounting for 70% of the total water consumption) with dedicated investments. It will encourage farmers to adopt **agricultural practices** that reduce soil and water pollution from agrochemicals, notably by decreasing the use of pesticides.

Cyprus will allocate EUR 66 million for environmental and climate objectives, such as organic farming, alternative methods of plant protection with a view to reducing pesticides, protecting biodiversity, reinforcing nature-protected areas as well as contributing to water savings and improving irrigation infrastructure. In order to achieve the doubling of the total agricultural land under organic farming, Cyprus will dedicate EUR 21 million to **support conversion to, and maintenance of, organic farming** methods.



- *The Cypriot Plan supports agri-environmental commitments in citrus cultivation. It aims to encourage risk assessments with agronomists, to carry out relevant analyses of residues of pesticides, to use traps and to promote integrated pest management. Approximately 5 000 hectares will be supported with about EUR 510 per hectare.*
- *More than 28% of the utilised agricultural area will be managed by farmers who commit to implementing practices that improve soil conditions. For instance, reducing tillage and covering soil with crops in sensitive periods will help protect soil against erosion. Moreover, crop rotations that include leguminous crops will greatly improve soil quality.*





## 2.3 SOCIALLY SUSTAINABLE CAP

To ensure the demographic renewal of the rural population, as well as the sustainable development of rural areas, Cyprus will reserve **more than EUR 7 million for different types of support to young farmers**. For example, the complementary income support for young farmers, paid over five years, will ensure adequate income support and will facilitate access to land for them. Furthermore, the setting-up aid will directly help young farmers to properly launch their businesses with reinforced business plan requirements. This support will be complemented by actions for education, training and the provision of advisory services.

The Plan foresees the improvement of rural livelihood. In order to boost job opportunities, local development and gender equality, including the increased participation of women in agriculture, Cyprus will **support the development of local businesses and increase investments to serve the local population**. This will lead to the creation of more than 900 jobs. Furthermore, to promote social inclusion and gender equality, particular emphasis will be placed on collaborative actions and on initiatives with a social and environmental dimension. For this purpose, sociocultural centres are going to be created in rural areas. These multidisciplinary centres will serve as care centres for vulnerable groups (elderly, disabled or inactive population) and in parallel will host training courses, cultural events and libraries.

Cyprus plans to also **improve animal welfare**, upgrade the biosecurity of animals and rationalise the use of antibiotics. Investments are planned to improve the thermal comfort of the animals and the ventilation conditions. Furthermore, significant priority will be given to investments in non-cage systems for hens.

- ➔ *More than 120 000 people, representing more than 13% of the total population of Cyprus, will benefit from community-led local development strategies.*
- ➔ *Out of the 840 new young farmers starting up with CAP support, more than 340 will benefit from the specific setting-up support, ranging from EUR 20 000 to EUR 50 000 depending on the location (mountainous or not) and on the extent of investments. It will be complemented by additional annual income support of EUR 85 per hectare to ensure income security and predictability during the start-up phase and to facilitate investments.*





### 3. KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

Cyprus will enable the set-up of a system for agricultural knowledge and innovation (AKIS) in order to **promote innovation in the agri-food sector**. The Cypriot Plan aims to provide relevant education and training to producers. It also foresees advice and cooperation to facilitate the transfer of knowledge and promote new technologies in the primary sector. Farmers may keep their farms modern and innovative, for example, by investing in digital technologies and/or by forming operational groups to develop innovative solutions and practices.

In Cyprus there is a low share of farmers with vocational education in agriculture. According to the latest available data, 94.3% of the farmers registered as farm heads in Cyprus only have practical experience, but have not received any vocational training. There is a need to **focus more on entrepreneurship, rural economics, processing and marketing**, with a view to promoting an entrepreneurial culture and developing farm management skills. Cyprus will address these needs by providing financial incentives for the preparation and implementation of training programmes on basic and specialised topics, as well as the organisation of information campaigns.

- ➔ *More than 6 800 persons will benefit from advice, training and knowledge exchange or from participating in operational groups of the European Innovation Partnership (EIP) in order to make farming economically, socially and environmentally more sustainable and more climate-friendly and resource-efficient.*
- ➔ *More than 1 665 farms will participate in groups to exchange ideas and improve the organisation of the supply chain.*





#### 4. FINANCIAL ANNEX



	EU budget (€)	National funding (€)	Total (€)
Direct payments	238 237 700	n/a	238 237 700
Sectoral support	15 958 265	848 265	16 806 530
Rural development	118 852 570	78 837 000	197 689 570
<b>Total</b>	<b>373 048 535</b>	<b>79 685 265</b>	<b>452 733 800</b>

National funding does not include additional national financing referred to in Article 146 of Regulation (EU) 2021/2115. Direct Payments include allocations for cotton set out in Annex VIII of Regulation (EU) 2021/2115 and reflect possible transfers between pillars. Payments for support under Regulation (EU) No 1308/2013 are not included in the CSP. National funding for sectoral support only relates to apiculture. Rural Development reflect possible transfers between pillars and include technical assistance.

EU FUNDING RESERVED FOR	In EUR
Young farmers (generational renewal)	<b>7 230 000</b>
Environmental and climate objectives under rural development	<b>66 222 500</b>
Eco-schemes under direct payments	<b>44 974 000</b>
LEADER	<b>9 600 000</b>
Complementary redistributive income support	<b>14 294 262</b>

The minimum financial allocations for support for young farmers can be reserved either under Direct Payments and/or Rural Development. Eco-schemes under Direct Payments may be lower than 25% if the possibility to use the rebate mechanism from Rural Development is used, in line with Article 97 of Regulation (EU) 2021/2115.

More financial information can be found in section 6 and in Annex V of Cyprus' CAP Strategic Plan.

