



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

The Director-General

Brussels,

Subject: Observations on the proposal by Cyprus for a CAP Strategic Plan 2023-2027 - CCI: 2023CY06AFSP001

Your Excellency,

I hereby acknowledge receipt of the proposal for the 2023-2027 CAP Strategic Plan of Cyprus, submitted via SFC2021 on 30 December 2021.

An assessment by the Commission services of the proposed CAP strategic plan has identified a number of issues that require further clarification and adaptation. The enclosed annex sets out the relevant observations, which are communicated pursuant to Article 118(3) of Regulation (EU) 2021/2115.

I invite Cyprus to submit a revised proposal of the CAP strategic plan for approval, taking into account these observations.

In accordance with Article 121 of Regulation (EU) 2021/2115, the time limit of 6 months for the Commission decision to approve your CAP Strategic Plan does not include the period starting on the day following the sending of these observations and ending on the date on which Cyprus responds to the Commission and provides a revised proposal.

The Commission is committed to a continued structured dialogue with national authorities in the further approval process of your CAP Strategic Plan. The Commission is open to receiving your written reaction on the key elements of the observations within 3 weeks and intends to publish them subsequently alongside our observations on all the CAP Strategic Plans received in time, unless you would object to publication of your reaction. I invite your services in charge to engage in bilateral exchanges as soon as possible in order to discuss the observations set out in the Annex.

Yours faithfully,

Wolfgang BURTSCHER

Her Excellency Ambassador Christina Rafti
Permanent Representative of The Republic of Cyprus to the European Union
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Enclosure: List of observations pursuant to Article 118(3) of Regulation (EU)
2021/2115

EN

ANNEX

Observations on the CAP Strategic Plan submitted by Cyprus

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM/2020/381 final) with a view to ensuring sufficient food supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should review their CAP Strategic Plans to exploit all opportunities:

- to strengthen the EU's agricultural sector resilience;
- 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.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production¹ and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector's economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. Cyprus is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

¹ Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive)

The key issues

Observations with regard to the strategic focus of the CAP strategic plan

1. The Commission welcomes Cyprus' efforts in the preparation of the CAP Strategic Plan (hereafter the Plan), exchanges within the structured dialogue ahead of its submission and the consideration given to its recommendations of 18 December 2020². The Commission takes note of the public consultation conducted by Cyprus in the preparatory stage.
2. The Commission observes that the CAP Plan is not sufficient with regard to the development of the intervention logic. There are numerous **missing, incomplete or inconsistent elements**, further detailed in subsequent sections. This does not allow a thorough assessment of the consistency between the analysis on Strengths, Weaknesses, Opportunities and Threats (hereafter the SWOT) and identified needs and strategy, nor of its ambition and acceptability. In particular, in the **absence of quantified targets** for result indicators (hereafter RIs), it is not possible to assess the appropriateness and ambition of the intervention logic proposed for each specific objective (hereafter SO). Similarly, inconsistencies in financial information (description of interventions and financial tables) render the assessment of the respect of ceilings and ring-fencings particularly difficult.
3. A substantial revision of the Plan is therefore necessary. In doing so, Cyprus is requested to appropriately fill in all empty or incomplete sections and elements of the Plan. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and to monitor its progress. These targets have to be accurate, take into account all the relevant interventions, and define an adequate ambition level in line with the identified needs. The following **observations are solely based on its partial available content**.

Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long term food security

4. On the basis of the available information, the Commission considers that the Plan contributes only partially to this general objective.
5. The level of ambition as regards the **fairer distribution of direct payments** does not seem sufficient. Cyprus is invited to reassess its redistributive strategy and to complement explanations provided so far, in particular by a quantitative analysis showing the combined effects of all proposed income support tools on redistribution. This will allow the Commission to fully assess whether the aim of fairer distribution and better targeting of direct payments is addressed sufficiently.
6. The Plan could be improved to better address farmers' position in the value chain and improve the sector's competitiveness. While it identifies the need to strengthen

² COM (52020) 846 final and SWD 2020 (370).

the role of **producers' organisations** through partnerships and a stronger role in the value chain, sectoral interventions cover only fruit and vegetables, apiculture and wine sector. Cyprus is invited to consider addressing the issue for **other sectors as well**. Cyprus is also invited to consider interventions for developing **products with higher value added**, including niche markets for agri-food products, thus responding to the identified need for development of new outlets with such products.

7. In light of the Russian war in Ukraine, the increasing market exposure of the agricultural sector and the challenges of climate change, the Commission asks Cyprus to use the CAP to expand and strengthen its national **risk management system** and to consider interventions **reducing dependence** on fossil fuels and other externally sourced inputs to protect the production capacity and economic viability of farms.

Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement.

8. The Commission has doubts on the effective contribution of the Plan to this general objective, in particular with regard to the reduction of nutrient losses and pollution, halting soil degradation, ensuring sustainable use of scarce water, and nature.
9. The Commission has significant concerns (presented in more detail in the subsequent sections) on the capacity of the Plan to sufficiently deliver an enhanced level of environmental ambition, required by Article 105 of Regulation (EU) 2021/2115 (Strategic Plan Regulation - SPR).
10. The Plan does not include sufficient evidence as regards the **greater overall contribution** to the environment and climate objectives compared to the current programming period. Cyprus is requested to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative and quantitative elements such as financial allocation and indicators.
11. The Commission requests Cyprus to clarify or amend certain Good agricultural and environmental condition (hereafter GAEC) so they fully comply with the regulatory framework (see detailed comments below).
12. The Commission has identified incoherencies and insufficiencies in the Plan in relation to the EU environmental legislation mentioned in Annex XIII to the SPR.
13. A number of **key climate and environmental needs** are only partially addressed (nutrients pollution; alternative irrigation sources; increase of fire prevention & protection; saving water; soil protection against erosion, biodiversity and nature). In the light of their importance, Cyprus should reinforce the corresponding interventions, in order to meet the needs and the obligation to ensure coherence

with, and contribution to the objectives and targets of the instruments referred to in Annex XIII of the SPR.

14. In this context, Cyprus is strongly encouraged to take into account the national targets that will be laid down in the revised Regulation (EU) 2018/842 (the Effort Sharing Regulation) and Regulation (EU) 2018/841 (the Regulation for the Land Use, Land Use Change and Forestry (LULUCF)) (revisions which are currently discussed by the EU co-legislators) in view of the legal requirement in Article 120 of the SPR to review the Plan after their application.
15. Furthermore, Cyprus should better explain how the Plan will address the needs identified with respect to **water use and water quality**, and ensure that it will contribute to the objective of the Directive 2000/60/EC (the Water Framework Directive, hereafter WFD). The interventions to ensure a more efficient use of water at farm level do not appear ambitious enough.
16. Moreover Cyprus is requested to take better account of the Prioritised Action Framework (hereafter PAF) and further align the proposed interventions with it.
17. On **nutrients (nitrates, ammonia)**, the different actions included seem to be insufficient to meet the needs. Cyprus is thus invited to review the proposed strategy.
18. To further reduce environmental and climate impacts of the sector and to strengthen its resilience, the Commission calls on Cyprus to consider interventions improving energy efficiency of agricultural operations, accelerating the take-up of precision farming to reduce inputs, and supporting the shift away from mineral towards organic fertilisers. The Commission strongly encourages Cyprus to benefit from the possibilities of the SPR by using them to increase sustainable domestic generation of renewable energy, including biogas, thereby strengthening what has already been programmed in its National Energy and Climate Plan.
19. The Commission encourages Cyprus to consider increased support for **forest-related measures** and sustainable forest management investments enhancing their resilience against nature- and climate – related risks (such as wildfires, drought, floods, soil erosion, pest diseases) and protecting, preserving and enhancing their ecosystem services, functions and biodiversity.
20. Cyprus is requested to strengthen the interventions on the conservation of **landscape features** and to ensure the resilience of its **forest** stands.

Observations with regard to the strengthening of the socio-economic fabric of rural areas

21. The Commission considers that the Plan contributes only partially to this general objective.
22. Despite significant needs identified in relation to socio-economic development of rural areas, the Plan appears to rely only on the LEADER intervention to address

them. Cyprus should consider other **non-LEADER interventions** for strengthening the rural society so as to allow LEADER to be deployed according to its own principles and optimise its added value or increase LEADER financial allocations to a level appropriate to the needs, taking into account the complementarities with other Funds targeting rural areas.

23. The Commission is concerned about the low level of commitment the Plan shows towards promoting **gender equality through the participation of women in farming** and encourages Cyprus to consider addressing this objective by appropriate measures. Further, Cyprus is requested to consolidate its strategy for **young farmers** and to ensure that the requirement of minimum financial allocation is respected.
24. The Commission considers that the intervention strategy for **animal welfare** requires improvement. There is no visible link between the SWOT analysis and the interventions proposed. Cyprus is invited to integrate actions to address issues such as non-cage housing systems and encourage farmers to reduce painful practices, especially for pigs.

Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas

25. While the Plan identifies several urgent needs for the Agricultural Knowledge and Innovation Systems (hereafter AKIS) and knowledge flows, it does not dedicate any intervention to address them. Cyprus is therefore requested to address this issue, not least because the transition to sustainable agriculture shall require considerable effort in terms of European Innovation Partnership Operational Groups (hereafter EIP OGs), advice and training to farmers. In particular some proposed elements, such as the link with researchers and the development of grassroots innovative ideas, need further deepening.

Other issues

26. The description of the Plan of coordination, demarcation and complementarities with non-CAP instruments is insufficient to give the overview required in Article 110(d)(v) of the SPR. Cyprus is requested to provide a comprehensive description of how EU funds and initiatives active in rural areas work together with and contribute to addressing needs identified in the Plan, especially those related to the development of rural areas, social inclusion and water resources, ensuring a proper monitoring and reporting system.
27. The Commission also recalls the need to ensure a balanced participation in the monitoring committee of equality bodies representing women, youth and the interests of people in disadvantaged situations.

Information with regard to the contribution to and consistency with Green Deal targets

28. The Commission regrets that Cyprus did not make use of the possibility to provide national values for the Green Deal targets contained in the Farm to Fork Strategy and the Biodiversity Strategy. The Commission underlines the importance of the key Green Deal targets concerning anti-microbial resistance, pesticide use, nutrient losses, organic farming, high-diversity landscape features and rural broadband and requests Cyprus to quantify the national contribution to all Green Deal targets allowing the Commission to complete the assessment of the consistency and contribution of the Plan to their achievement. Based on the Plan, the following observations summarise the Commission assessment:

- **Organic farming:** The Commission requests Cyprus to clarify whether the share of 10% set in the Plan refers to the share of agricultural land under organic farming or to a financial allocation. In the light of the environmental benefits of organic farming, its current share of Utilised Agricultural Area (hereafter UAA) and its potential for growth, the Commission would like to ask Cyprus to increase its effort in this respect, thus further contributing to reaching the EU target.
- **Pesticides:** The Commission notes positively that the implementation of the Plan could result in a decrease in the use and risk of pesticides and use of more hazardous pesticides. However, efforts developed in the Plan do not seem ambitious enough based on the analysis and identified needs and the Commission invites Cyprus to strengthen it accordingly.
- **High-diversity landscape features and nutrient pollution:** The Commission asks Cyprus to include interventions beyond the baseline to support landscape elements and reduce and prevent nutrient pollution.
- **Antimicrobial resistance:** The Commission notes that the SWOT analysis, as reflected in the need assessment indicate that Cyprus should put in place more sizeable efforts to significantly reduce the use of antimicrobials. The Commission invites Cyprus to consider reinforcing its Plan in this area, by doing this also to contribute to the common EU ambition.
- **Rural broadband:** The Commission notes that broadband coverage in Cyprus is already 100%. However, other aspects of connectivity in rural areas remains a challenge. Since the Plan does not support directly connectivity-related actions in rural areas, Cyprus is requested to explain which other instruments it intends to use to address the connectivity issues in rural areas.

Detailed observations

1. STRATEGIC ASSESSMENT

29. Cyprus is invited to verify and improve the links between the SWOT analysis, identified needs and their prioritisation, which are not always consistent. The intervention logic for each SO should be clarified and improved by explaining how, and to what extent, the selection of interventions and other possible key elements of the Plan (such as conditionality or definitions) are expected to address the identified needs, consistently with the target values of RIs (yet to be quantified) and the related financial allocations. The objectives and ambition of certain interventions as described in the intervention logic are not always consistent with the description of interventions.
30. Cyprus should also verify and clarify the **complementarity, consistency and overlap** between different interventions with special attention on environmental protection, biodiversity and action over climate change between the sectoral and the rural development interventions.

1.1. To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security

1.1.1. Strategic assessment of Specific Objective 1

31. Regarding the **redistributive strategy**³, in line with the comments made in Key issues, several elements should be completed or adapted:
- The SWOT lacks an analysis of income and direct payments by sector and physical size.
 - A needs assessment in relation to fairer distribution of income support is missing (as required in Article 108(c) of the SPR).
 - The overview of the redistributive strategy under point 3.4 of the Plan should not only indicate that the redistributive needs have been addressed, but also that they have been addressed sufficiently. To justify the sufficiency of the strategy and the consistency of all income support tools, a quantitative analysis showing the combined effects of all relevant income support tools on direct payment per hectare, direct payments and income per worker by physical size is requested (e.g. using the Farm Accountancy Data Network). The overview does not provide also enough explanations on the strategy for small farms (e.g. minimum requirements, payments for small farms...).
 - Regarding the Complementary Income Support for Sustainability (CRISS), the Commission considers that there is not enough evidence justifying the maximum threshold selected for CRISS.

³ Redistributive strategy: how the aim of fairer distribution and more effective and efficient targeting of income support is addressed.

- R.6 (Redistribution towards smaller farms) should be selected for the direct payments interventions (at least CRISS).
32. Regarding the **support to certain sectors**, several improvements are needed:
- The SWOT summary currently provides only general references to weaknesses (e.g. low agricultural income), but it does not clarify which sectors (e.g. sheep and goat) are in more difficult situation than others. An exhaustive list of these sectors under the respective weakness and/or threat should justify that, based upon their larger needs, the intervention strategy targets them with additional support (e.g. coupled income support, (hereafter CIS)).
 - The overview of sector related interventions should explain complementarity in a ‘strategic’ perspective, i.e. how the combination of the relevant interventions are to achieve the intended objectives and thus fulfil the need(s) identified for the sector concerned. This explanation should not only include those interventions that directly target a certain sector, but also those that particularly benefit one without specifically targeting it. Accordingly, these assessments should be completed (e.g. CIS and sectoral types of interventions, but also relevant interventions under rural development interventions) for several sectors, in particular for animal products and for wine (missing justification of the targeting of the sector).
33. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed **CIS interventions** lead to a deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming), Cyprus is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve, if relevant, the CIS interventions’ targeting (e.g. eligibility conditions for specific types of farming within a sector and CIS adapted to different local context).
34. In view of the increasing market exposure of the agricultural sector, climate change and associated frequency and severity of extreme weather events, as well as sanitary and phyto-sanitary crises, Cyprus is invited to consider introducing **risk management tools** funded by the EAFRD in order to better help farmers to manage those production and income risks.
35. Agricultural risk management tools may address the growing risks that the changing climate represents in agriculture. Cyprus is invited to consider incentives for farmers to take proactive measures reducing their vulnerability and increasing their adaptive capacity to climate change.

1.1.2. Strategic assessment of Specific Objective 2

36. The assessment of needs identifies the importance of developing new outlets with high value-added manufacturing products. Cyprus is invited to consider the introduction of interventions for the development of such products with higher added value, including niche markets for agri-food products.

1.1.3. Strategic assessment of Specific Objective 3

37. Cyprus has included measures on policies for strengthening the role of Producer Organisations (hereafter POs) through partnerships and a stronger role in the value chain. The Commission notes that Cyprus has not provided for sectoral interventions beyond fruit and vegetable, apiculture and wine sector. Sectoral interventions improve cooperation and strengthen producer's role in the chain as the support is channelled through POs so there is an incentive to cooperate, form POs and seek recognition for them. Likewise, POs/sectoral interventions contribute to increased competitiveness of the sectors concerned. Cyprus should provide additional and sufficiently detailed explanations on why there is no planning of sectoral interventions beyond F&V, wine and apiculture.

1.2. To support and strengthen environmental protection, including biodiversity, and climatic action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement

1.2.1. Strategic assessment of Specific Objective 4

38. In addition to the relevant observations reported in the key issues of this Annex, Cyprus is invited to improve the SWOT analysis, the definition and prioritisation of needs and to design effective interventions supported by appropriate budgeting, with regards to the following:

- Soil organic matter, reducing soil erosion and improving water-holding capacity,
 - Climate restrictions and challenges for the potato growing sector,
 - Climate restrictions and challenges for the livestock sector,
 - Manure land spreading, on farm processing of manure, slurry storage,
 - Nutrient management,
 - Water management and efficiency,
 - Forest,
 - Agroforestry,
 - Renewable energy production (notably biogas, solar, wind energy) and energy efficiency.
39. Cyprus is invited to consider planning certain climate-relevant operations. For example, the conversion of arable land to grassland to sequester carbon in the soil, grassland management to enhance carbon sequestration, new agroforestry and maintenance of agroforestry, hedgerows and woody field margins, catch and cover crops, low/zero tillage, solar and wind energy production, managing crop water demand and risk management tools, the exposure of livestock to heat stress and the need to provide vegetational structures to provide shade as well as other functions.

40. Cyprus is invited to provide an estimate of the mitigation potential under the concerned interventions.

1.2.2. Strategic assessment of Specific Objective 5

41. The needs identification and SWOT analysis should be significantly improved in order to allow authorities to design interventions that effectively address the environmental challenges of Cyprus and contribute to the objectives of the environmental acquis mentioned in Annex XIII to the SPR. This is particularly important as regards water quantity and quality, nutrient pollution and soil.
42. Cyprus is invited to better explain how the Plan will address the needs identified with respect to agricultural abstraction pressures and ensure that it will be coherent with the latest River Basin Management Plan (hereafter RBMP) and that it contributes to the WFD objectives of reaching good status by 2027, taking into account the impact of climate change on water availability. Cyprus has included on-farm investments in more efficient irrigation systems, investments related to the utilisation of recycled water (which should replace freshwater abstraction) and in improving existing irrigation networks to reduce losses. However, the description of the intervention strategy needs to be clarified to be able to judge their adequacy to address the needs. This issue is particularly important considering that 71% of groundwater is affected by agricultural abstraction (according to the 2nd RBMP's assessment). Cyprus should explain which other interventions under the Plan are planned as part of a comprehensive strategy to address water quantity issues, such as natural water retention, interventions to reduce demand, training and advice.
43. The Commission welcomes that the needs identified include the reduction of the pollution caused by the agricultural activity, but considers that the needs assessment should further address nutrient pollution. It is of paramount importance that the actions designed to increase the use of organic fertilisers are accompanied by effective additional requirements to reduce and prevent pollution by, inter alia, adapting the application of fertilisers (nitrogen and phosphorous) to the actual crop requirements. In this context, the use of the farm sustainability tool for nutrients is relevant and Cyprus should describe the plans envisaged to implement this tool as part of the Farm Advisory Services before 2024.
44. Cyprus is encouraged to explain the links of the interventions with Best Available Techniques, notably in the context of addressing ammonia emissions, and also spreading of manure on agricultural land, on-farm processing and storage of manure, slurry storage and water and energy efficiency.
45. The Commission also noted that a number of key environmental needs are only partially addressed by the Plan (4.1, alternative irrigation sources; 4.6, increase fire protection; 5.3, saving water; 5.7, soil protection against erosion). In the light of their importance, Cyprus should revise the decision to address them only partially and reinforce accordingly the corresponding interventions, in order to meet the needs in question (including the impact of climate change) and the obligation to

ensure coherence with, and contribution to the objectives of the legislation referred to in Annex XIII.

46. The Commission noted that the SWOT analysis needs to reflect the state of water in Cyprus based on information from the latest RBPM. Given the increasing pressure on water availability in the Mediterranean area, Cyprus is invited to include in the Plan interventions to support the reduction of water demand in agriculture.
47. The Plan does not seem to provide a national value for the EU Green Deal target of 25% of EU agricultural area under organic farming. Cyprus is invited to provide such a value, in addition to, and consistent with the target for R.29 (Development of organic agriculture) (not yet provided). In this respect, it should be clarified whether the share of 10% mentioned in the Plan refers to the share of agricultural land under organic farming or to the share of financial resources allocated to organic farming.

1.2.3. Strategic assessment of Specific Objective 6

48. In addition to the relevant observations reported in the key issues of this Annex, Cyprus is invited to complement the SWOT analysis with further considerations on the key habitats and species for Natura 2000 which need agricultural and forestry management, in line with the PAF for Natura 2000, and as well as the key drivers of pollinators decline that result from agricultural activities.
49. Cyprus should provide a sufficiently detailed explanation under sub-chapter 6.2 for Natura 2000 on the reasons for which the respective measures of the Cypriot Rural Development Programme 2014-2020 were not effective enough and how the main issues could be solved to improve the situation.
50. Furthermore, Cyprus is requested to provide explanation concerning the text on “Loss of genetic resources in agriculture” since there is no intervention to address genetic resources in the Plan.
51. Biodiversity issues, in particular those linked to grassland management and increase of grassland, have not been identified by the SWOT and are not targeted through any intervention. Cyprus is invited to reconsider this decision and reinforce interventions to address these issues.
52. In addition, Cyprus is invited to elaborate on the increased frequency and size of forest fires due to climate change, and on land degradation and desertification in the SWOT Analysis. Moreover the interventions included in the Plan should be significantly reinforced to address these challenges. As mentioned above, the Plan should reflect the PAF for Natura 2000 and the National Strategies.

Green Architecture

53. Concerning the green architecture, Cyprus is invited to further clarify the links between the interventions within SO4-SO6, the identified needs and the relevant RIs. This should allow assessing the contribution of the SO's concerning climate change, management of natural resources, and biodiversity/landscapes to the global EU targets and will allow to compare to the situation as it is now in Cyprus.
54. Cyprus is invited to further elaborate Section 3.1.1 of the Plan and sufficiently adapt it to the national context. Notably it should provide a comprehensive view of conditionality per SO and how the GAEC standards have been strengthened compared to current cross-compliance and greening practices.
55. Cyprus is invited to clarify the complementarity of the baseline conditions and the interventions addressing environment and climate related objectives by providing quantifiable targets in Section 3.1.2 and by clarifying the selection criteria for the proposed measures.
56. Cyprus is requested to further elaborate the Plan to include national values for reducing the use and risk of chemical pesticides and the use of more hazardous pesticides. The Commission requests Cyprus to establish the required targets for R.24 (Sustainable and reduced use of pesticides) and R.29 (Development of organic agriculture).
57. Cyprus is invited to set target values on indicators R.13 (Reducing emissions in the livestock sector) and R.20 (Improving air quality) on ammonia emission to allow for the assessment on the sufficiency of the effort to address the need and contribute to this objective.
58. Concerning nutrients, the Commission notes that Cyprus has included a number of interventions on crop rotation, landscape features and increase of soil organic matter. Cyprus is invited to clarify how the proposed requirements on nutrients contained in the different aforementioned interventions go beyond the baseline requirements. If necessary, Cyprus should ensure that this is the case by amending the proposed interventions.
59. Considering that the current share of UAA under organic farming is 5%, Cyprus is requested to provide a national target value for contributing to the 2030 target of 25 % of the EU's agricultural land under organic farming.
60. While the Plan contains interventions to contribute to reducing water losses, focusing mainly on irrigation and water reuse, the reduction of water over-extraction is not tackled by the Plan and therefore Cyprus is requested to re-consider this missing element.
61. In particular, both the information in the financial plan and the allocated resources are not sufficient to assess how Cyprus will achieve the greater overall contribution set out in Article 105 of the SPR. In a revised version of the Plan, Cyprus should ensure that this is the case.

62. Cyprus is invited to include reference to the importance of multifunctional forests to humans, economy, society and the environment in the strategic statement. The Commission reiterates that the interventions should encourage the use of endemic tree species resistant to droughts and pests for afforestation, with multi-species stands to further increase resilience against climate related hazards.
63. Cyprus is invited to propose a number of effective interventions beyond the baseline in order to effectively address nutrient losses. This should include proposing a more ambitious target for R.22 (Sustainable nutrient management) taking into account the situation of nutrient pollution as described in the last Report under the Nitrates Directive and the latest RBMP. The intervention designed should effectively reduce nutrient losses to contribute adequately towards the achievement of the objectives of the WFD by 2027.
64. The Plan does not include any need nor intervention to increase the share of permanent grasslands. The share of permanent grasslands in Cyprus is below the EU average. Permanent grasslands are an effective way to enhance carbon stocks in previously arable land. Therefore Cyprus is invited to consider increasing the share of grassland through the conversion from arable land to grassland with respective interventions in the Plan.
65. The Plan does not include interventions with regards to the cultivation of less water-intensive drought resistant crops, considering the importance of this, Cyprus is encouraged to consider support to the development of less water-intensive drought resistant crops in the Plan.
66. The Plan does not include the promotion of on-farm greenhouse gas (hereafter GHG) emissions assessment tools as need nor as part of the intervention strategy. Cyprus is encouraged to promote the use of on-farm GHG emissions assessment tools via the Plan.
67. Cyprus is invited to revise its intervention strategy on adaptation to climate change toward more comprehensive and accurate use of management practices and nature-based solutions or /and ecosystem based disaster risk reduction approaches (e.g. wildfires, drought, floods).

1.3. To strengthen the socio-economic fabric of rural areas

1.3.1. Strategic assessment of Specific Objective 7

68. In addition to the relevant observations reported in the key issues of this Annex, Cyprus is invited to explain in the intervention strategy how the identified needs are covered and to correct the inconsistency in relation to access to land in the SWOT. Cyprus should consolidate the interventions contributing to SO7 and fulfil the minimum financial ceiling (i.e. including the investment intervention at higher rate for young farmers).

1.3.2. Strategic assessment of Specific Objective 8

69. In addition to the relevant observations reported in the key issues of this Annex, Cyprus is encouraged to identify and prioritise social related needs for SO8.
70. The allocated budget for SO8 does not seem to be sufficient and proportionate in the context of social challenges existing in the rural areas. Therefore, Cyprus is invited to reconsider the allocated financial resources to cover these aspects.
71. Cyprus may consider to include bio-economy in the SWOT analysis carried out for SO8, and to assess the biomass potential from both agriculture and forest point of view.

1.3.3. Strategic assessment of Specific Objective 9

72. Cyprus is invited to consider reinforcing its Plan in the area of antimicrobial resistance in coherence with the observations stemming from the present letter and to refer to national measures planned or taken outside the Plan, as appropriate.
73. The Commission considers that, on animal welfare, there is no visible link between the analysis and the interventions proposed. The analysis emphasises the need to tackle thermal stress, the transition to non-cage systems and reducing painful practices (tail docking, castration). However, there are no interventions to promote non-cage housing systems and other methods aimed at reducing painful practices, especially for pigs. Therefore, Cyprus is invited to integrate actions in the Plan to address these issues.
74. While the Plan acknowledges the need to increase awareness of healthy diets, interventions proposed seem to be limited. The Commission therefore invites Cyprus to better explain how the shift towards healthy, more plant-based and sustainable diets will be achieved.
75. The intervention logic should clearly address weaknesses identified in terms of food loss and waste reduction and describe synergies with waste reduction measures outside the Plan.

1.4. Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training

1.4.1. Strategic assessment of the cross cutting objective

76. Cyprus is invited to clarify how the identified needs for the improvement of the AKIS will be tackled by the Plan and in particular which interventions will be used to do so. Cyprus is invited to use AKIS to provide the agricultural sector and farmers in particular, the tools to innovate and hampering the transition towards a more sustainable and resilient agriculture, forestry and rural areas.

77. Given the importance of Horizon Europe in tackling issues such as soil health, climate change, biodiversity, food systems and competitiveness, Cyprus is invited to consider actions creating synergies between the Plan and Horizon Europe actions with specific attention to EIP OGs and Horizon Thematic Networks and Multi-actor projects. Cyprus is invited to provide additional information on links of the Plan with the Horizon Europe Programme, Missions and the Partnerships in particular the Mission “A soil deal for Europe”.
78. The bio-economy ensures that biological resources are used for the benefit of society along all pillars of sustainability. Cyprus has no Bio-economy Strategy. It is therefore invited to consider developing such a Strategy in association with the Plan to reinforce the synergies between both policies, and to scale up the deployment of the circular and sustainable bio-economy.
79. The strategy on digitalisation should be further elaborated by Cyprus to make it more tailored to the identified needs. In addition, the respective RIs need to be defined. The interventions (and their coherence/consistency with the needs) should be further developed.
80. Cyprus is invited to clarify in the description of the interventions the initiatives to strengthen the interaction between research and current agricultural practices and how innovation support according to Article 15(4)(e) of the SPR, capturing grassroots innovative ideas to develop into EIP OGs, will be organised.
81. Cyprus is requested to provide further details on the quality of service of rural 4G mobile, and to clarify how the target of 5G in all populated areas in 2025, in particular rural populated areas, will be reached.
82. The allocated financial resources in the Plan for knowledge training and AKIS is low compared to the importance of these elements highlighted among the needs. Therefore Cyprus is encouraged to consider the increase of the allocation in this respect.

1.5. Simplification for final beneficiaries

83. Cyprus is invited to provide a more in-depth description of how the proposed simplifications will be reflected in the design of interventions.

1.6. Target plan

84. In addition to relevant observations in the key issues of this Annex, Cyprus is invited to provide values for all relevant RIs that address the comments made in this letter, and to verify and better explain the link between interventions and RIs, ensuring consistency with different sections of the Plan.

2. OPERATIONAL ASSESSMENT

2.1. Minimum ring-fencing

85. As a general comment on ring-fencing, Cyprus should ensure that each intervention ring-fenced under section 5 of the Plan, be it for environment, generational renewal

or LEADER, fully contributes to the relevant ring-fencing requirements (i.e. cannot only partially contribute).

86. Regarding the minimum financial allocation (ring-fencing) for **eco-schemes**, the amounts planned annually for eco-schemes in section 5 of the Plan are below the required minimum 25% of the adjusted allocation for direct payments (Annex IX to the SPR). Based on data entered in section 5.3 “rural development interventions”, the amount available for the rebate is not sufficient to reach the minimum 25%. It will need to be re-assessed when all amounts for rural development have been entered in section 5.3.
87. Regarding the ring-fencing for rural development interventions addressing **environmental and climate-related specific objectives**, data provided in section 5 do not allow to assess to what extent the ring-fencing requirements have been met as some interventions do not include the corresponding amounts. Additionally, some interventions do not qualify for this ring-fencing and should not be included in it, as not compliant with Article 93 of the SPR (some interventions under Articles 73 and 78 of the SPR are concerned – see specific comments under 2.3.4).
88. Regarding the ring-fencing for **young farmers**, amounts for interventions contributing to it differ from amounts entered in section 6.1 of the Plan “overview table”. Those should match (only total should match for rural development interventions). Based on the current information, the minimum allocation is not reached for young farmers.
89. Regarding the **wine sector**, Cyprus is invited to provide an explanation on how it plans to achieve the compulsory environmental contribution of 5% of expenditure earmarked for environmental objectives, Article 60(4) of the SPR.

2.2. Definitions and minimum requirements

90. Regarding the definition of agricultural activity (maintenance), Cyprus should remove the definitions of arable land/permanent grassland/permanent crops from the sections 4.1.1.2.1(2)(3) which concern the maintenance criteria and also from 4.1.2.1 which concern agroforestry. These definitions should be filled in under 4.1.2.2.1, 4.1.2.3.3, 4.1.2.4.7.
91. Regarding the definition of agricultural area, Cyprus should clarify the relevant sections of the Plan according to the following:
 - 4.1.2.1 on agroforestry: it should be confirmed whether trees in line are always eligible on arable land. More information is necessary on agroforestry based e.g. on the trees size, number, distribution and management practices (whether or not differentiated per type of agricultural area). Consistency should be ensured with the establishment of new agroforestry systems under Article 70 and 73 of the SPR;

- 4.1.2.3.2 Short Rotation Coppice: the absence of a definition should be justified with some technical elements of why this crop cannot be cultivated in the future;
 - 4.1.2.4.4 Decision to use ‘reseeding with different types of grasses’: the description should include the criteria to consider a grass of “a different type” e.g. at level of family/genus/species.
92. Concerning the definition of eligible hectare, the following elements should be adapted:
- 4.1.3.1 Predominance of agricultural activity. This section should refer to temporary non-agricultural use of the land. The information on eligible hectare and pro-rata reduction in case of presence of trees should be removed.
 - 4.1.3.2 Land at disposal. Cyprus should confirm that any legal possession of the land is accepted. Cyprus should also add information on the implementation, i.e. how it will be verified that the land is actually and lawfully used by the farmer.
 - 4.1.3.3 Period during which an area has to comply with the definition of ‘eligible hectare’: the information should be provided.
93. Concerning the definition of active farmer, Cyprus should confirm whether the CAP support is included in the tax declaration as part of the agricultural income, as otherwise this would be incentive to produce. Moreover, it seems unlikely that a farm with more than EUR 5000 of direct payments has no more than 5 ha, thus all the applicants would be considered as active farmers. Cyprus should explain how many farms it is expected to go through the income test.
94. In relation to the definition of young farmer, Cyprus is invited to amend the reference to the basic payment scheme, which may in fact be a reference to the Basic Income Scheme for Sustainability (BISS).

CAP Network

95. Cyprus is invited to clarify in the description of the CAP network how its objectives and activities will be carried out, especially regarding the involvement of new participants (Pillar 1), monitoring & evaluation, cooperation with LEADER/other territorial initiatives, the allocated budget and whether regional level components of the network are envisaged. Cyprus should also describe with further details the activities envisaged in support to EIP OGs, as well as how innovation-oriented activities will be implemented as well as those envisaged under AKIS interventions (Article 114 of the SPR). Moreover, Cyprus is invited to describe the improved cooperation of the CAP network with Horizon Europe, to support the EIP OGs to profit from synergies with the EU research framework. Cyprus is invited to clarify the future role of the current networks and how they will be integrated as one single national CAP network as provided in Article 126 of the SPR. Legal references to

Articles 102 and 114 of the SPR should be corrected as they do not seem to be correct.

Coordination between the EAFRD and other Union funds

96. As pointed out in the key issues, the description of the coordination, demarcation and complementarities with other Union funds should be completed. These funds and initiatives include, in particular, the European Regional Development Fund (ERDF), European Maritime, Fisheries and Aquaculture Fund (EMFAF), Just Transition Fund (JTF), the European Social Fund Plus (ESF+), the Recovery and Resilience Facility (RRF), the Digital Europe Programme (DEP), the Connecting Europe Facility (CEF2 Digital), THALIA Programme, the Programme for the Environment and Climate Action (LIFE) and Horizon Europe.

Additional elements common for Sectoral interventions, for rural development interventions, or common for both Sectoral and Rural Development interventions

97. Cyprus is invited to add, under section 4.7.3 of the Plan, an exclusion from activities falling outside the scope of Article 42 of the Treaty of the Functioning of the European Union for companies in difficulty or companies still having a pending recovery order following a Commission decision declaring an aid illegal and incompatible with the internal market, except in the cases mentioned in the applicable State aid rules.

2.3. Interventions and baseline

98. For interventions listed in Annex II to the SPR, the descriptions of the interventions needs to include the appropriate correspondence with the World Trade Organisation (WTO), along with an explanation on how compliance is ensured.

2.3.1. Conditionality

99. Cyprus is requested to revise this section in line with the requirements set out in Regulation (EU) 2021/2289, particularly the elements mentioned for each specific GAEC. Moreover, the standards should be defined in a precise and unambiguous manner, so farmers can understand what is requested.

GAEC 1

100. Cyprus should provide the concrete requirements for farmers in case of decline of the annual ratio by more of 5% of the reference ratio (such an authorisation and reconversion and other rules) as well as the method for the calculation of the ratio for the “reference year” (2018).

GAEC 2

101. Cyprus is requested to indicate the year of application and provide a justification in case of application later than 2023 based on the needs to identify the relevant areas and put in place the required management system.. If this GAEC is not relevant for Cyprus due to the non-existence of wetlands or peatlands located on agricultural land, this should be explained in the Plan.

GAEC 3

102. Cyprus foresees allowing the burning of arable stubble near forests. However, in accordance with GAEC 3 in Annex III to the SPR the only exception to the ban on burning arable stubble is for plant health reasons. Cyprus is requested to amend the proposed standard.

GAEC 4

103. The description of the standard is not sufficiently clear. The Plan should clearly indicate that, at the minimum, buffer strips of a width of 3 meters and ban of application of fertiliser and pesticides applies to the buffer strips of all agricultural parcels at the edge of the protected watercourses. This general rule is without prejudice to any more stringent rules that apply according to Cyprus' Nitrates Action Plan stemming from the Nitrates Directive that are mentioned in this GAEC.

GAEC 5

104. Cyprus is invited to better specify the time period during which tillage should not be carried out as the indication "during periods of heavy rainfall" do not provide enough clarity on the requirement. The Commission invites Cyprus to ensure that this GAEC covers all areas considered at risk of soil erosion.

GAEC 6

105. Cyprus should specify the most sensitive periods, as the proposed formulations ("in times of particular sensitivity", "during the rainfall period") do not provide enough clarity. Moreover, the application of the requirement to ensure a soil cover for those areas with more than 10% gradient does not seem justified as the protection of soils is a key objective in Cyprus. Therefore, Cyprus is requested to amend this standard to cover, in particular, all arable areas.

GAEC 7

106. Cyprus is requested to provide the definition of 'crop' for the application of this GAEC.

GAEC 8

107. This GAEC aims at protecting and creating non-productive elements and areas beneficial for biodiversity. We therefore note with regret that Cyprus has not selected some key landscape features, such as hedgerows, terraces and stone walls among the list of ecological elements eligible for calculating the "minimum share". Moreover, the list of landscape features for retention (only hedgerows and trees) is very limited compared to the current cross-compliance rules for the protection of landscape features. In order to ensure an adequate contribution of this GAEC to its objective, Cyprus is invited to consider additional features for retention.

GAEC 9

108. Cyprus should clarify whether all grasslands present in designated Natura 2000 sites are considered as environmentally sensitive and therefore protected from ploughing and conversion as the Plan indicates that the standards applies to farmers holding

permanent pastures within Natura 2000. The Commission has noted that the total indicative area of environmentally sensitive permanent grasslands in Natura 2000 sites covered by the GAEC (729.5 ha) is lower than the environmentally-sensitive permanent grasslands designated in the current period (872 ha). Cyprus is requested to explain the difference.

2.3.2. *For direct income support*

2.3.2.1. BISS (Articles 21-28 of the SPR, section 5 of the Plan)

109. The unit amounts and its variation (minimum and maximum) should be justified primarily based on the analysis and needs assessment in terms of income support. Elements of uncertainty leading to a risk of unspent funds can be added to justify the variation. However, these elements must also be explained and where possible based on data, e.g. related to past experience related to under-execution.

110. Cyprus should note that elements related to the definitions/minimum requirements should not be repeated in the description of the BISS. It is sufficient to refer to the section on definitions/minimum requirements.

2.3.2.2. CRISS (Article 29 of the SPR, section 5 of the Plan)

111. The justification of the unit amount, on the one hand, and of minimum and maximum unit amounts, on the other hand, should be linked and these justifications should primarily be based on data related to the needs which the relevant interventions wants to address.

112. As mentioned in section 1.1.1, the Commission does not see enough evidence that the maximum threshold (70 ha) is relevant as regards the aim of the intervention, which is the redistribution from larger to smaller or medium-sized holdings.

2.3.2.3. CISYF (Article 30 of the SPR, section 5 of the Plan)

113. Cyprus is invited to:

- link the intervention to the need 7.4. *Maximising Pillar 1 and Pillar 2 synergies to facilitate the installation of new farmers* included in SO7 intervention logic and to the R.37 (Jobs) as the intervention contributes safeguard and create jobs;
- correct the reference to the single area payment scheme (which does not apply anymore and is replaced by the BISS);
- explain the rationale behind the hectare threshold and the unit amounts, including the variation of the minimum and maximum.

2.3.2.4. Eco-schemes (Article 31 of the SPR, section 5 of the Plan)

Comments related to all eco-schemes

114. Cyprus should redesign substantially the proposed “Schemes for the climate, the environment and animal welfare” (eco-schemes), taking account of the overall and specific observations below.
115. Cyprus should ensure that all interventions comply with the baseline. It should also further elaborate the interventions, notably the commitments, the explanation and justification of the unit amounts, including its variation and the calculation method, and the links with RIs. The coherence between section 7 (range of support) and section 11 (planned unit amounts) should be ensured.
116. The Plan encompasses a very high number of schemes that substantially increases the administrative costs of the Plan’s implementation, particularly in view of the limited uptake expected for a number of them. Moreover, some schemes do not seem to bring a tangible benefit for reducing the impact of farming activities in the environment. Cyprus should avoid the risk to underfund the schemes with the higher environmental benefit and therefore failing to achieve the intended benefits. In light of this, Cyprus is asked to reconsider the proposed eco-schemes by regrouping those with similar objectives and keeping those with a higher environmental benefit and for which a higher uptake is expected.

Specific comments

Fire protection in traditional areas and around communities (REF. 3.1.1)

117. Cyprus is invited to review this eco-scheme in order to define certain width of stripes near forests, communities or other sensitive areas that could be cultivated/ploughed for essential fire prevention action. Cyprus is therefore invited to review this eco-scheme in order to improve fire prevention (for example by defining certain width of stripes near forests, communities or other sensitive areas that could be cultivated/ploughed for essential fire prevention action). Moreover, Cyprus is requested to clarify how this scheme integrates the requirements of GAEC 5 and 6. It should also give a clear definition on eligible hectare and target area as regards this eco-scheme.
118. Cyprus is invited to consider, either within the eco-scheme or other green architecture interventions, the support of practices on arable soils that help to address overall soil health and that add value to the minimum GAEC protection.

Use of certified seed in wheat and barley crops (REF. 3.1.2)

119. Cyprus is invited to clarify the environmental added value of this eco-scheme notably as regards to SO5.

Maintaining uncoupled production for feeding and nesting birds and animals (REF. 3.1.3)

120. The Commission understands that the aim is to leave 20% of cropland parcels non-harvested (and not treated) during periods of nesting/feeding birds. This seems an appropriate scheme for biodiversity but commitments should be further specified and the unit payments explained, including their variation in order to allow for a meaningful assessment.

Use of Mud (sludge) (REF. 3.1.4)

121. Cyprus is requested to revise the description of this scheme in order to ensure that it delivers sufficient environmental benefits. In particular, the commitments need to foresee clear safeguards to protect soil and water bodies from pollution and to ensure food safety. Cyprus should ensure that commitments go beyond the baseline in nitrate vulnerable zones (hereafter NVZs).

Application of sun-disinfection to greenhouse crops (REF. 3.2.1)

122. Cyprus is requested to precise further the commitments, and in particular such related to the use of chemical products for soil disinfection of soil-borne pests. The method for calculating the very high unit amount of this eco-scheme should be explained. The Commission draws the attention of Cyprus on the fact that the maximum unit amount set cannot be higher than the calculated premium and that the variation of amounts should be explained on the basis of the estimated uncertainties on farmers' uptake.

Application of environmentally friendly agricultural practices in the cultivation of vegetables and cut flowers using trap plants (REF. 3.2.2)

123. Cyprus is requested to further elaborate on the baseline, clearly showing that commitments go beyond Directive 2009/128/EC establishing a framework for the sustainable use of pesticides, and on unit amounts.

Obligations to reduce ammonium (REF. 3.3.1)

124. This eco-scheme should be linked also to SO5 and R.20 for proper results monitoring. Cyprus is invited to add a commitment to address, as appropriate, also the livestock housing temperature, which is a good practice for ammonia emission reduction, to complement the condition "maintaining dry and clean all areas inside and outside the premises".

Obligations for the welfare of ovine and caprine animals (REF. 3.3.2)

125. Cyprus is invited to reinforce the eligible actions proposed, by increasing the quantity of actions or improve the quality of the five commitments proposed.

Obligations to improve environmental and management conditions in the pig sector (REF. 3.3.3)

126. This intervention is out of the scope of eco-schemes as it covers investments actions for improving the animal welfare of pigs. Cyprus should consider addressing it under the rural development interventions.

Agri-environmental obligations for conservation and sustainable use in traditional animal breeds (REF. 3.3.4)

127. The requirements set out in the eligibility heading are rather the commitments to receive the support and not the criteria for applying to the eco-scheme. According to Article 31(7), second paragraph of the SPR, compensatory annual payments per livestock unit may only be granted to commitments for animal welfare and commitments combatting antimicrobial resistance, as well as those for agricultural practices beneficial for the climate if duly justified. The description and the results indicator selected (that does not include R.12 on adaptation to climate change) does not allow justifying the setting of the unit amount per livestock unit. In light of this, Cyprus is invited to consider including this action under rural development.

Banana ecological program (REF. 3.4)

128. The scope of this eco-scheme seems to be rather limited and does not entail an ecological management of banana production (as the title indicates). Cyprus is invited to reconsider the need of a separate scheme that could also be integrated in eco-scheme 3.5 about increasing soil organic matter with practices related to pruning and soil cover.

Eco-scheme for the improvement of soil organic matter (REF. 3.5)

129. Despite the potential benefit of this scheme to improve soil cover and address water quality and nitrogen surplus, the commitments should be better defined. Cyprus should consider to add the following elements: carrying out soil analysis (humus content, active nutrient content, soil physiologic characteristics) as well as analysis of dry matter content of manure/compost (nutrient component). The application of manure/compost, particularly in addition to chemical fertilisers, should be based on a fertilisation plan and the support of technical advice. The nutrient management plans should set quantities of manure application/number of application/periods in line with analysis and the crop needs, while it should be ensured that within NVZs, the commitments go beyond the baseline.

130. Moreover, Cyprus is invited to clarify whether all the commitments are mandatory and if the unit amounts per practice (concerning the same land use) can be cumulated. Cyprus is also invited to consider supporting, outside NVZs, the application of the Code of Good Agricultural Practice established under the Nitrates Directive

Preservation of landscape elements “Biodiversity Islands” (REF. 3.6.1)

131. The Commission welcomes this scheme, though its insufficient description (including the section on unit amounts) does not allow to fully assessing it. Cyprus is requested to clarify the commitments of this intervention and to consider setting a minimum share of landscape elements beyond the requirements of GAEC 8.

Planting of beekeeping plants for growth and pollinators (REF. 3.6.2)

132. Despite the potential benefit of this scheme aiming to support the planting of trees and hedgerows, it needs to be better defined (e.g. maintenance and timeframe for plantations and overall coverage not limited to those at the parcels’ edge) and elaborated. In particular, the mention of “apiculture trees or shrubs” is not sufficiently clear, as trees, bushes and hedgerows are often habitats for several animal species. Moreover, GAEC 8 sets a relevant baseline for this scheme.

Small scale or maintenance of existing dry stones within plots (REF. 3.6.3)

133. Despite the potential benefit of this scheme, Cyprus should consider integrating the commitments under scheme 3.6.1 (preservation of landscape elements). Cyprus is requested to ensure that commitments go beyond the minimum share of landscape features set out in GAEC 8.

Planting of resistant varieties in potato cyst nematodes in potato cultivation (REF. 3.7)

134. The rationale for this scheme is well defined, but the description should be further elaborated by filling all the sections, particularly the justification of the unit amount and its flexibility. Cyprus is also invited to clarify the links with interventions A1.1.1.1 and 1.1.1.2.

2.3.2.5. CIS (Article 32-35 of the SPR, section 5 of the Plan)

135. On CIS, certain elements (e.g. justification of the difficulty, strategy to improve the situation of the sectors, unit amounts) should be further elaborated or reviewed to fit into the regulatory framework as explained below.
136. The explanation of the difficulty, in particular in the case of citrus production, should be reinforced. Given that Cyprus attempts to justify its CIS interventions on economic grounds, this should be primarily based upon a low/negative profitability and/or a declining number of hectares/animals over a recent period (or large number of parcels already abandoned in the buffer zone). Other considerations (e.g. tiny parcels with difficult access in the dead zone; increased plant protection costs; lack of governmental irrigation channels; etc.) may also be useful for further clarity, but these should rather just explain the reasons behind the low/negative profit and/or shrinking production.
137. The intervention for citrus production in the buffer zone should specify the targeted sector’s ‘environmental and ecological benefits’, thus justifying its importance.

138. In line with Article 32(2) of the SPR, the CIS interventions should help the sector addressing its difficulty by improving its competitiveness, sustainability or quality. Currently, the CIS set out in the Plan only gives compensation for the sector's difficulty for the duration of the Plan with no apparent intention to address it in the longer run. The aim should thus be further elaborated, or, if needed, certain elements of the support decision (e.g. eligibility conditions in order to encourage agronomic practices that could increase efficiency, or higher added-value production (e.g. organic), or PO membership, etc.) may also have to be re-considered in order to incite longer term improvement.
139. Cyprus should clarify the purpose of the minimum requirements set for the sheep and goat milk intervention.
140. The justification of unit amounts, as well as its variation, should be reinforced. It should be primarily based on the analysis and needs assessment, and for example underpinned by the estimation of the operational margin.
141. Cyprus is also invited:
- to link its CIS interventions also to R.4 (share of area under income support and subject to conditionality), R.6 (redistribution to smaller farms) and R.7 (farms in areas with specific needs).
 - to clarify choice as regards the WTO requirements (i.e. blue vs amber box).

2.3.3. *For interventions in certain sectors*

2.3.3.1. Fruit and vegetables

142. The Commission notices the absence of the link to SO3 Improvement of farmers' position in the value chain and the fruit and vegetable type of interventions. The Commission is of the opinion that this primary link should be added by Cyprus.
143. The Commission invites Cyprus to add R.10 and R.11 and other relevant RIs. It needs to be emphasised that the reference to R.10 and R.11 is mandatory based on Article 160 (concentration of supply for producer organisations) of Regulation (EU) No 1308/2013 and Article 46(b) of the SPR (concentration of supply and placing on the market of the products is one the objective for the fruit and vegetable sector).
144. Cyprus is invited to verify and properly describe in the Plan how all additional requirements set out in Regulation (EU) 2022/126, for instance, the percentage for minimum water savings (Article 11(4)(a) of Regulation (EU) 2022/126), are to be addressed.
145. As regards environmental actions, Cyprus should ensure compliance with the requirements of Article 12 of Regulation (EU) 2022/126 requiring that those interventions pursue one of the aims mentioned in paragraph 1 letters a) to i) of this Article. Cyprus is invited to add the missing information, where relevant.

146. The Commission is concerned that the use of “sun disinfection” and “bioclines” in sectoral interventions for fruit and vegetables could have negative effects on environment and climate. Cyprus is requested to clarify the toxicological safety and the type of application of these measures.
147. Cyprus is invited to clarify the applicability of GAEC and statutory management requirements as a baseline for the implementation of fruit and vegetable type of intervention to producer organisations and its members. The Commission has strong concerns about the linkage between GAEC and sectorial interventions and the possible double funding.
148. The Commission considers problematic the eligibility of interventions defined under TRAINCO(47(1)(c)) — training including coaching and exchange of best practices and linked to ‘Cost of trips to new markets abroad to achieve the objectives of the Strategic Programme’ if these trips are carried out in third countries. The Commission would like to remind that point 13 of Annex II to Regulation (EU) 2022/126 prohibits interventions outside the Union, except promotion, communication and marketing type of interventions.
149. Cyprus is invited to complement Chapter 6 Form and rate of support/amounts/calculation methods as it should contain all the relevant elements described in Article 52 of the SPR.
150. On chapter WTO, it is not sufficient to indicate the compliance with the relevant paragraph 12 of WTO Annex 2. Cyprus is requested to add an explanation on how this compliance is ensured. Especially in regards to the paragraph 12 requirement to limit payments to cost incurred or income forgone.

2.3.3.2. Apiculture

151. Cyprus is invited to improve the description in section 3.5.2 with a more detailed analysis of the sector, leading to the needs of the sector and justification of the interventions chosen as well as including a description of a reliable method for determining the no. of beehives as per Article 37 of Regulation (EU) 2022/126.
152. Cyprus is also invited to explain why the interventions for combatting invaders and replacement of damaged beehives are included under type of intervention in Art. 55(1)(d) rather than the more natural choice under Art. 55(1)(b); confirm that only interventions under Article 55(1)(b) of the SPR contribute to the R.35.
153. Cyprus is requested to remove links to RIs where not appropriate (Article 111 of the SPR).
154. Cyprus should also provide an explanation concerning the WTO compliance for all interventions and to avoid repetitions under sections 5 and 6. Cyprus should streamline the information to what is required in the Plan avoiding detailed information, which belong to national legislation and ensure that the indicative financial allocation for 2023 takes into account any planned expenditure for the

implementation of measures under the National Apiculture Programme 2020-2022 from 1/08 – 31/12/2022.

155. Moreover, it should also ensure that the supported actions comply with the relevant provisions in Regulation (EU) 2022/126.

2.3.3.3. Wine

156. The Commission invites Cyprus to take into account the ambitions of the Green Deal and the objectives of the Farm to Fork strategy and biodiversity and to apply the specific national values for these objectives also in the wine sector. Cyprus is invited to provide a description of its innovation and/or research strategy for the wine sector, linked in particular to environmental objectives.

2.3.4. For rural development

157. Cyprus is requested to tick “No” at the box in point 8 in the description of the following interventions: 1.1.8, 1.1.9, 1.1.5, 1.1.6, 10.1.7, 4.1.1, 4.1.2.

158. Cyprus is also requested to indicate the State Aid Clearance Instrument in point 8 in the description of the following interventions: 1.2.1, 1.2.2, 1.2.3, 1.2.4, 4.3.1, 3.2, 6.3, 6.4.

159. Concerning intervention 6.2, Cyprus is invited to clarify what would happen if an invitation to tender is made for amounts above EUR 200.000: would a *de minimis* aid be granted up to EUR 200 000, the rest being funded by the beneficiaries, or would there be a notification to the Commission (in that case, the box “Notification” should also be ticked).

2.3.4.1. Management commitments (Article 70 of the SPR, section 5 of the Plan)

160. Overall, the Commission notes a high degree of continuity with the previous Rural Development Plan. Cyprus is invited to ensure all needs are appropriately addressed and an adequate contribution to Annex XIII is achieved. Interventions for biodiversity and Natura 2000 in line with the PAF, agro-ecological practices, and water abstraction reduction could be needs to be better focused on through RD management commitments.

161. Cyprus is invited to consider the fact that some of the interventions are rather limited in ambition (e.g. AEC_AA 1.1.8 on crop rotation in cereals), as it is basically a three years crop rotation, to be complied with in two subsequent cycles, not actually going beyond GAEC 7.

162. In addition, the difference between A.A.1.1.3 ‘Conservation and sustainable use of indigenous varieties of eco-production in Cyprus as a response to climate change’ and A.A. 1.1.4 — ‘Conservation of old wine-growing vineyards with native varieties of Cyprus’ for the purpose of perpetuating local genetic capital and preserving biodiversity’ needs to be better elaborated.

163. Cyprus is invited to complete the information that is missing for certain interventions, such as the final confirmation of the adequacy and accuracy of the calculations by a functionally independent body according to Article 82 of the SPR. Cyprus is reminded that this confirmation has to be provided at the latest with the resubmission of the Plan.
164. Cyprus is invited to revise the intervention A.A. 10.1.10 in order to ensure that the needs and results indicators are logical and coherent. As regards the incorrect needs proposed to be addressed by the intervention (fire and organic) - only 6.1 and 6.3 seem relevant. R.34 does not seem justified. In addition, the missing necessary components such as baseline elements – (mandatory standards, GAEC sections not filled in) need to be included.
165. Concerning intervention A.A. 1.1.1.2, Cyprus is invited to revise the intervention to better clarify the baseline with regard to pesticides in SMR, GAECs as it is not clear how the intervention goes beyond these requirements, and ensure effective reduction of their use.
166. In addition, the first 2 proposed commitments would not appear to be valid commitments which aim to compensate for AEC (only 3 and 4).
167. Cyprus is invited to better define the intervention N.A. 1.1.1.1 in order to ensure that only actions going beyond GAEC7 and SMR8 are included in the calculation of the premia/unit amount.
168. The payment per hectare should be defined and there should be two different uniform unit amounts (Maximum unit amount is not justifiable for AECC).
169. Cyprus is invited to provide a clarification on the complementary nature of the three interventions concerning potatoes in the Plan (i.e. Ref. 3.7; A.A. 1.1.1.1 and A.A. 1.1.1.2). Moreover, Cyprus is invited to consider to include actions for climate adaptation in the potato growing sector (e.g. drought resistant varieties).
170. The Commission is concerned that the proposed post-CAP 2022 operation could lead to an increase in soil degradation and erosion in the potato-growing sector due to the financial support of tillage with negative effects on the climate. This might mean non-compliance with GAEC 5. Therefore, Cyprus is invited to revise and confirm that this intervention is in compliance with GAEC 5.
171. On intervention A.N. 1.1.2, Cyprus is invited to revisit the first 2 commitments which are mandatory requirements (national or EU law) and therefore should constitute part of the baseline for the intervention and may not be compensated for (only commitments 3-5).
172. The relevant mandatory national standards section needs to be filled in which is likely to trigger re-calculation of the unit cost/premia.
173. For AECC it should be one or more uniform unit amounts – the use of a maximum unit amount is not justifiable.

174. Concerning intervention A.N. 1.1.9, Cyprus should confirm whether the commitments are eligible to be supported under an AECC and to complete the section on mandatory national standards and conditionality.
175. Cyprus is reminded that only those commitments which are clearly biodiversity-related for the protection of the bee-eating birds, beyond standard bee-keeping practice, should be included in the premia calculation. Cyprus is invited to revise the measure so ensure it clearly benefits insect-eating birds especially during the migration period and wild pollinators.
176. On the intervention on organic farming, Cyprus is reminded that Article 70(8) lays down that management commitments for organic farming within this intervention shall be per hectare. Compensation per livestock unit or beehives is therefore not possible. Cyprus is invited to revise these commitments accordingly by, e.g. defining a payment per hectare, (or ranges of payments per hectare or an average payment per hectare if justified), reflecting the additional costs incurred and income foregone of the commitments.
177. There is no differentiation of support between conversion to and maintenance of organic farming. Cyprus is requested to explain why no differentiation is deemed necessary in view of the specific circumstances during conversion.
178. In addition, some information on this intervention is missing, e.g. the final confirmation of the adequacy and accuracy of the calculations by a functionally independent body according to Article 82 of the SPR. Cyprus is reminded that this confirmation has to be provided at the latest with the resubmission of the Plan.
179. Both interventions A.A. 1.1.9 and A.A. 10.1.7 have been marked as contributing to environmental and LEADER ring-fencing. Cyprus is invited to remove the LEADER ring-fencing which is not eligible for this intervention.
180. Cyprus is invited to differentiate the management commitments from the investment related ones under the forestry interventions.
181. Concerning the intervention on Areas under Natural Constraints (hereafter ANC), Cyprus is invited to confirm in the conditions that ANC payments can only be granted to active farmers and for designated ANC areas.
182. A specific link should be provided to the national list of the designated local administrative units and to the ANC, and not a general one. In addition, a link to the map must be provided for each category of areas referred to in Article 32(1) of Regulation (EU) No 1305/2013.
183. In section 7 “Range of support at beneficiary level” the corresponding unit for each value should be provided.
184. The appropriate planned unit amount to be selected for each ANC category is average since the support is subject to degressivity. In addition, the average unit amount value should be included with its justification.

185. In addition to the certification in accordance with Article 82 of the SPR, the certification of the calculation method should be provided in the Plan.
186. On intervention A.N.2, Cyprus is reminded that it needs to include all necessary elements, such as the requirements resulting from implementation of the Birds⁴ and Habitats Directives⁵ based on which the payments are calculated, a brief description of the calculation method, a confirmation that the latter has been carried out by or is certified by an independent body, and the amount of support.
187. In addition, the baseline needs to be indicated, i.e. the relevant GAECs and the conditions established for the maintenance of the agricultural area (Article 4(2)(a) of the SPR) and a clarification is needed how the restrictions to be compensated via this intervention go beyond the relevant GAECs.
188. Cyprus should clarify how the incentive to install new livestock farmers in areas where traditionally there were small livestock units or moving units for rational grazing land management shall not be to the detriment of existing activities and fit the compensation for costs incurred/income foregone stemming from specific restrictions.

Infrastructure for spatial livestock development (AA 4.1.3)

189. The Commission notes that this is a productive investment and therefore should not be included under AECMs. In the pertinent section, and beyond the welcomed requirement of carrying out an environmental assessment, the Commission requests Cyprus to include further safeguards in this intervention in order to ensure that it (a) does not lead to unsustainable intensification of livestock activities or is to the detriment of existing extensive livestock activities, (b) takes place in areas and in manners that exclude negative effects on nature (including protected areas) and biodiversity.

Promotion and support of quality schemes (AA6.3)

190. Cyprus is invited to include explicitly organic products in the objectives of this intervention.
191. Cyprus is requested to use the correct legal references as regarding geographical indications for spirit drinks and aromatized wine products, the legal reference is: Regulation (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, while the associated legislation for GIs should also cover the GI spirit drinks sector (Regulation (EU) 2019/787).
192. Cyprus is requested to clarify the articulation between AECM 1.1.5 (Application of environmentally friendly agricultural practices in the cultivation of the carob tree) and eco-scheme practice 3.5 (Eco-Programme for improvement of soil organic

⁴ Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds.

⁵ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora.

matter) where an overlap between the AECM measure and the eco-scheme practice may occur.

Afforestation and the creation of woodland (A.A. 1.2.1)

193. On intervention 1.2.1, Cyprus is invited to consider the fact that the obligation to use ecologically adapted species and/or species resistant to climate change should apply to all supported afforestation and reforestation activities, and not only to clusters above 1.5 ha.
194. Cyprus is also invited to mention the Forest Strategy initiative on tree planting, and report planted trees under Action 1 of MapMyTree portal.

Enhance biodiversity in forest and improve the conservation status of forest habitats (AA 1.2.4)

195. The Commission welcomes the introduction of an intervention to enhance biodiversity in forests, but notes that neither the narrative description nor the financial allocation of the intervention is provided in the Plan. Therefore Cyprus is requested to provide a clarification concerning the content of this intervention.

Art 72

196. Cyprus is invited to consider programming Article 72 also for the WFD compensation with regard to promoting actions that can decrease consumptive use where waterbodies are highly stressed. Such mandatory restrictions would need to be included in the RBMP.

2.3.4.2. Investments, including investments in irrigation (Article 73-74 of the SPR, section 5 of the Plan)

197. Cyprus is requested to revise all the interventions according to the principle that one intervention can contribute fully to only one ring-fencing. In addition, Cyprus should consider that the interventions it proposes under Article 73 (investments) of the SPR are not contributing to the SO's set out in Article 6(1) points (d), (e) and (f) and, as regards animal welfare, set out in Article 6(1), point (i) of the SPR. These interventions cannot be considered as contributing to the environmental ring-fencing (A.A. 4.1.1 and A.A. 4.2).
198. Cyprus is requested to consider introducing in section 4.7.3 a general eligibility requirement for an assessment of the expected environmental impact in accordance with the applicable legislation for the type of investment concerned, where an investment is likely to have negative effects on the environment. Cyprus is invited to consider introducing safeguards that the proposed investments are used also for climate mitigation/adaptation objective and are not detrimental to them.

Productive investments

199. Cyprus is invited to clarify the consistency and synergies between the proposed eligibilities and relevant support from other EU funds especially in cases the output

of the production process (finished product) is not covered under Article 42 of the TFEU.

200. Cyprus should explain with further details the consistency and synergies between the proposed eligible sectors under Rural Development and the corresponding sectoral measures.
201. Cyprus should also introduce durability requirements for the supported investments.
202. Finally, Cyprus should elaborate more the linkages between the proposed investments and the possible RIs.

Green, Non-productive Investments (hereafter NPI), irrigation

203. To qualify for a “green investment” with a higher support rate and counting towards the environmental ring-fencing, it has to be guaranteed that the investment is producing real benefits for the environment or climate. This means that the supported investment specifically addresses those objectives, with a direct and significant link to the related RI(s). The whole investment should be expected to have a positive impact on the environment and climate. Cyprus is invited to set incentives that the investments are used also for climate mitigation and adaptation objective and are not detrimental to them. Moreover, support for productive green investments should go beyond normal standards; compliance with EU standards is not sufficient. Cyprus is requested to take this into consideration and to offer further details on these aspects, including a splitting up of these interventions (the interventions concerned are: 4.1.1, 4.1.2, 4.2 and 4.4).
204. The Commission understands that the intervention 4.1.1 only covers the improvement of existing irrigation installations and does not include investments leading to a “net increase of irrigated area” (the latter cannot be included in the environmental ring-fencing). Cyprus is requested to confirm this assessment.
205. Cyprus is invited to reflect all relevant requirements of Article 74 of the SPR in the eligibility conditions of the interventions. It is recommended to seek for the highest technically feasible water saving potential to effectively address water scarcity. In addition it is recommended to combine such investments with natural water retention measures, nature-based solutions and switching to less water consuming crops in order to maximum results.
206. Cyprus is invited to clarify some of the eligibility conditions, including requirements for potential savings and effective reduction of water use, since these will determine the environmental ambition of the intervention.
207. The Commission noted that according to the Plan and in line with RBMP, reclaimed water will be used to replace freshwater abstraction. Cyprus is requested to confirm the correctness of this assessment.

Infrastructure rural areas

208. Cyprus is invited to ensure that the challenges of poverty and the special service needs of rural vulnerable groups are also targeted in a corresponding way in measure A.N. 4.4.
209. Concerning the intervention on Infrastructure to promote a circular economy in the primary sector, Cyprus is invited to provide more information about the complementarities between the proposed investments and the *'State plans focusing on the creation of sites, green spots which aim to collect various waste streams from private individuals'*, the potential beneficiaries, including *'other collaborations of producers'*.
210. Cyprus is requested to confirm that that small-scale projects are up to the EUR 200,000 budget, and to provide more information about the complementarities with other CAP interventions, to include the principles of the project's selection, to include a list of ineligible investments and categories of expenditure and to explain the calculating method of the planned average unit amount.
211. Concerning the intervention on projects in rural areas and village renewal, Cyprus is invited to propose a prioritization of services according to the territorially identified needs and the size of rural settlements and to describe clearly the demarcation between the EAFRD and other Union funds contributing to the development of rural areas, as well as the complementarities with other rural development interventions, especially with LEADER.
212. Cyprus is also invited to include social aspects in the selection criteria.

2.3.4.3. Installation aid (Article 75 of the SPR, section 5 of the Plan)

213. Cyprus is invited to provide additional explanations on the calculation of the planned UA, in particular on how it was established.
214. The information on the timeline and content of the business plan should be included.
215. As the gender gap is still a major challenge in the field of employment, the Commission invites Cyprus to put more focus on gender gaps in this intervention.
216. Cyprus is invited to assess whether the intervention on business start-up under this type of intervention could be relevant to address the identified needs.

2.3.4.4. Cooperation (Article 77 of the SPR, section 5 of the Plan)

217. Cyprus should revise the applied contribution rates of the schemes in order to be consistent with the applicable rate of support.
218. Cyprus is invited to clarify all the aspects in the description of the interventions according to the minimum requirements laid down by the Article 77 of the SPR.
219. In addition, Cyprus should link the interventions to the respective RIs and identify the possible complementarities of the quality schemes with sectoral and Rural Development interventions.

Cooperation (A.A. 6.2)

220. Under Article 77(1)(a) of the SPR, Member States may grant support to (1) prepare and (2) implement the projects of the EIP OGs. The Plan should clarify the details and timing of expenditure for (1) the preparation action and (2) the implementation of the projects. It should be noted that the preparation and the implementation of OGs are a separate action with each one having different selection criteria. The Commission notes that the first step is often paid with a lump sum for simplification purposes.
221. Cyprus should add the dissemination of both the OGs' plan and their innovative results to the national and EU CAP networks as an eligibility condition (Article 127 to the SPR). This will increase the visibility of running OGs to the outside world and thus dissemination and communication. In order to improve interaction, the advisors should be encouraged or obliged to be participant of each OG.

Short Chains (A.A. 6.4)

222. These projects could equally be EIP OGs and profit from the benefits for OGs, the synergy with Horizon Europe projects, and the international exchange of innovative knowledge on the subject. If wanted, it can be a separate intervention.
223. Cyprus is requested to further elaborate the description of the intervention by providing information on the explicit purpose of the cooperation/EIP scheme (elements, which would not have been possible without the joint work), the activities to be supported, and the beneficiaries.

2.3.4.5. Knowledge exchange and advise (Article 78 of the SPR, section 5 of the Plan)

224. Cyprus is invited to consider allowing advisors to profit from trainings under A.N. 7.1 in line with Article 15 (2) of the SPR. In addition, Cyprus should clarify if all the beneficiaries of A.N. 7.2 are obliged to disseminate the gained new knowledge and if the CAP network will be utilised for this purpose.

2.3.4.6. Financial instruments (Article 80 of the SPR, section 4.6 of the Plan)

225. The Commission welcomes the opening of the nationally-run financial instrument (hereafter FI) to primary production. However, it should be noted that section 4.6 of the Plan's template is to be filled in only when financial instruments under the Plan are planned to be introduced. Therefore, Cyprus is invited to describe the national financial instrument in the section on access to finance in the SWOT with the following elements:

- Main elements of the national FI such as type of product (guarantee or a loan), guaranteed rate (in case of a Guarantee Fund), advantages for the farmer when using the FI; whether the guarantee is priced or not, overall budget of the national FI and if there is any reserved amount for primary producers, etc.
- Possibilities for grant support provided under the Plan to be combined with the nationally-run FI;
- Sources of financing the national financial instrument (FI) and respect of the Plan support rates per intervention, if there is an EU funding element in the national FI and it is used in combination with a Plan grant;

3. FINANCIAL OVERVIEW TABLE

226. For **direct payments**, the total annual amounts of the planned interventions in section 5 exceed the annual direct payments allocations (adjusted Annex V to the SPR).

227. For **rural development**, based on data in section 5.3, the total of interventions plus the amount corresponding to 2% for technical assistance is lower than the financial allocations under Annex XI to the SPR, as some amounts are still missing.

228. Cyprus should ensure completeness of the financial information and **consistency** between the financial information in sections 5 and 6 of Plan (e.g. differences are noted between the total amount planned in section 5 and the amount reported in section 6 for CIS, eco-schemes, wine interventions). The totals in rows 34, 35 and 45 in section 6 do not match the indicative financial allocations in section 5 (see also the observation on ring-fencing (section 2.1 of the list of observations)).

229. Moreover the **financial information** should be filled in for all interventions (e.g. one eco-scheme intervention (ref. 3.6.1.) listed in section 5 has no amount allocated for any year).

230. We take note that there is no amount foreseen for wine for financial year 2023 in the financing plan. It should be noted that the possibility to include an amount for wine for 2023 will be available in SFC with the subsequent submissions.

231. Cyprus should take into account that, in accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a **sector** (irrespective for

which programme and under which legal base those took place) cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector. As regards the type of interventions in certain sectors defined in Article 42 of the SPR, expenditure that will be paid in 2023 or in the subsequent financial years relating to measures implemented under Regulation (EU) No 1308/2013 for these same sectors shall NOT be entered in the annual indicative financial allocations under Section 5 or in the financial overview table under Section 6 of the Plan.

4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES

232. In section 7.1 of the Plan, Cyprus is invited to provide a description of the set-up of the Competent Authority as well as a description of how it will carry out its ongoing supervision of the work of the Paying Agency, and its compliance with the accreditation criteria. In addition, Cyprus should offer further information on the CAP Plan communication officer as well as the delegated and intermediate bodies.

233. In section 7.2, Cyprus is invited to describe the IT systems and databases developed for the extraction, compilation and reporting of data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.

234. With regards to sections 7.3, 7.4 and 7.5, comments will be delivered by the Commission services in a separate communication.

5. ANNEXES

235. Cyprus is invited to explain with sufficient level of details which Transitional National Aid is planned to be implemented, and to provide additional information on the complementarity of this aid with the CAP interventions.

236. Annex V should contain data for EAFRD participation, matching funds and additional national aids for all activities falling outside the scope of Article 42 of the TFEU.