



The ESPON 2013 Programme

Applied Research Project 2013/1/2

EDORA

(European Development Opportunities
for Rural Areas)

Country Profiles Report **CYPRUS**

Report n° 25.4

Dimistris Skuras
University of Patras



EUROPEAN UNION
Part-financed by the European Regional Development Fund
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1. Introduction

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

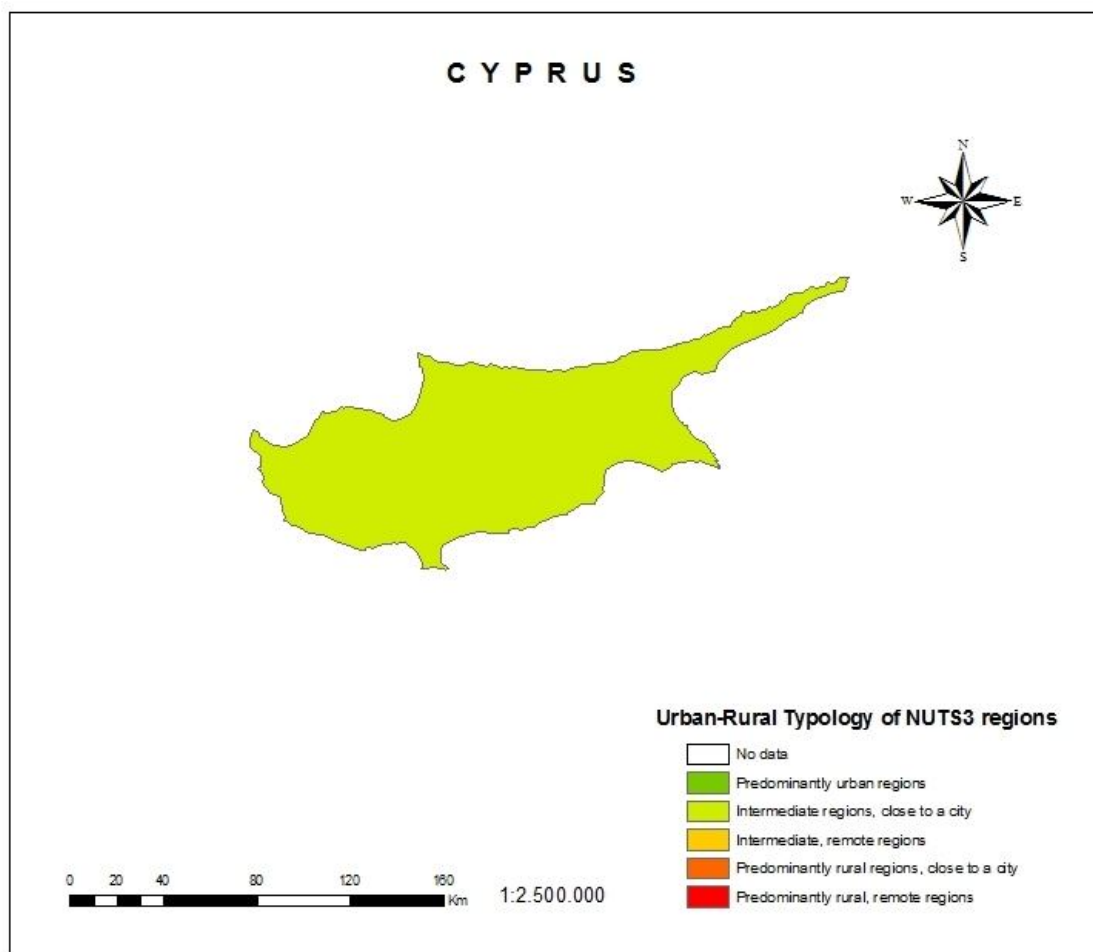
- Key ideas/comments on the resulting DG Regio Typology (reasonable classification?, processes hindered?, degree of internal variation?, etc.)
- Basic comments on the main Drivers, Opportunities and Constraints affecting different typologies of regions in the country
- Basic comments on the implications of the three “Grand Narratives of Change” described by Mark Shucksmith in the rural areas of Cyprus (ref. document “Narratives of Change Affecting Rural Areas of Europe”)

Cyprus is the only EU member state that is physically divided following the invasion of Turkey to the island in 1974. Following Cyprus accession to the EU, the division created by Turkish invasion poses one single question for spatial and rural development planning in Cyprus: Do plans refer to the whole island but are implemented only to the free part of the island or plans address only the free part of the island? The Turkish invasion has, however, brought significant changes over the settlement pattern as well as in the demographic structure of Cyprus. The displaced Cypriots who constitute about 1 /3 of the population can be found today in almost all the settlements of the free part of Cyprus. In Nicosia and the suburbs, live today approximately 40,000 displaced Cypriots while displaced Cypriots can be found today in Turkish villages, mixed villages and Greek villages. The dispersion of the displaced Cypriots is probably exemplified by the inhabitants of Kyrenia, a small town in the north of Cyprus, who are now living in 110 settlements. The displaced Cypriots of Famagusta are today living in 291 settlements. As from 1976 there are living in Cyprus about 50,000 Turks from main Turkey. These new foreign settlers who now live in the occupied part of Cyprus have changed the composition of the population of the island.

The invasion divided the island to two parts and maintained patches of occupation in the free part of the island. Thus, spatial plans implemented before 1974 and considering the whole island as one spatial unit were suddenly cut off to two parts. For example, the North West coastal area of Tilliria as well as the Northern areas of the mountain Troodos were relatively accessible from the island's capital Nicosia as well as their natural reference point which used to be the town of Kyrenia. Now accessibility in terms of travel time to the capital has been doubled while the nearest town (that of Pafos) is, on average, more than one hour away not offering the same opportunities as that of Kyrenia. If, in 1974 one could forecast that the island would remain divided 35 years later, then new spatial planning would aim to offer an alternative road network for cut off areas. This is just an example of the kind of dilemmas faced by spatial and rural development authorities in Cyprus.

In Cyprus rough estimates record that over 90% of its area is classified as rural and almost 30% of its population lives in rural areas. There are four rural zones in Cyprus: mountainous, semi-mountainous/vine, coastal, and plains/dry land. The first two are worse off in terms of most of the issues concerning rural development. Coastal and plains/dry land areas make up almost 80% of total agricultural land. Mountainous areas are just over 5% of the total. The Vines and the Mountainous zones are characterised by permanent crops. In the first zone, vines are cultivated on 80% of the mean holding's area, while in the latter, apart from vines, irrigated fruit trees, nuts and olives are cultivated to a relatively large extent.

Figure 14.1 DG Region modified Urban-rural typology of NUT3 regions: Cyprus



Source: own elaboration from http://ec.europa.eu/regional_policy/sources/docgener/focus/2008_01_rural.pdf

2. Demography

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

- Which are the main demographic processes in the country?
- Which are the features of the “natural growth”? (positive or negative growth, ageing process)
- Which are the features of migration processes? (dimensions, size, directions, prevalence, tradition, consequences on territorial model).
- Are there significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.

The most important feature of rural areas is the depopulation that occurred between the 60s and the 90s. The proportion of people leaving in rural areas dropped from over 60% in the 60s to 30%. Rural outmigration is related to constrained employment opportunities in rural areas, lower supply of services including education and health and low amenities.

Table 14.1 Demography indicators

DEMOGRAPHY		PU	IRA	IRR	PRA	PRR	Average country	Average EU 27 +CH+HR+IS+LI+MK+NO+TR	Average EU 27
Variables		1	21	22	31	32			
Census population 2001	% people aged 0 to 14 years		21.43				21.43	16.75	16.70
	% people aged 15 to 64 years		66.88				66.88	66.62	66.65
	% people aged 64 years and over		11.69				11.69	16.53	16.55
	Age dependency rate		17.49				17.49	25.09	25.09
Population*	Population change 2001-2007 (Index pop. 2001=100)		111.63				111.63	96.58	96.31
	% pop. 0_14_2007		17.95				17.95	16.68	15.97
	% pop. 15_64_2007		69.76				69.76	69.75	70.18
	% pop. >64_2007		12.29				12.29	13.55	13.84
	Age dependency rate		43.34				43.34	44.08	43.17
Education*	Natural increase change_01_06		-17.65				-17.65	-5.99	-6.09
	Net migration change_01_06		214.58				214.58	7.09	8.97
	% ISCED 0_2**		36.23				36.23	33.62	36.65
	% ISCED 3_4**		34.07				34.07	43.29	47.14
	% ISCED 5_6**		25.32				25.32	17.03	18.54
	% of farmers with basic or full educational attainment		6.40				6.40	35.34	39.54
	Life-Long Learning in Rural Areas		5.84				5.84	7.69	8.61

*Values NUT3 are replaced by values NUTS2; **% ISCED by groups is calculated for population more 15 years.

3. Employment

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

- Main processes and trends in relation to the labour market (employment/unemployment, disadvantaged groups and territories). Explanatory reasons
- Are there significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.

Cyprus has been traditionally a service economy. The well developed tourism sector together with trade and financial services that extends to many countries of the middle East and Africa constitutes the backbone of the Cypriot economy. Even the constructions industry exports its services to middle East countries. Unemployment rates are significantly lower in Cyprus than in the other EU member states but unemployment rates especially among those over 25 years old grow significantly higher than those of the rest of the EU member states.

Table 14.2 Employment indicators (a)

EMPLOYMENT		PU	IRA	IRR	PRA	PRR		Average EU 27 +CH+HR+IS+LI+MK+NO+TR	
Variables		1	21	22	31	32	Average country		Average EU 27
Employment rate*	T15_64 years		71.00				71.00	66.40	66.42
	Tmale 15_64 y		80.00				80.00	73.05	73.12
	Tfemale 15_64 y		62.40				62.40	59.72	59.70
	Total 15_24 y		37.40				37.40	39.66	39.67
	T 45_64 years		68.10				68.10	62.37	62.34
	Total 45_54		80.30				80.30	78.30	78.38
	Total 55_64		55.90				55.90	46.44	46.30
%Employment in principal sector	%Emp_primary		4.90				4.90	7.95	7.97
	%Emp_secondary		20.16				20.16	26.71	26.71
	%Emp_tertiary		74.93				74.93	65.33	65.31
Unemployment evolution 2002_05	Total > 15 years		157.41				157.41	187.25	188.17
	Total 15_24 years		144.44				144.44	255.25	257.16
	Total >25 years		161.73				161.73	82.27	82.21
	Male > 15 years		170.21				170.21	82.45	82.35
	Female > 15 years		150.00				150.00	94.74	94.79

* Values NUT3 are replaced by values NUTS2

Long term unemployment in Cyprus is lower than in the other EU member states and activity rates are higher indicating the dynamic nature of the Cypriot economy.

Table 14.3 Employment indicators (b)

EMPLOYMENT		PU	IRA	IRR	PRA	PRR		Average EU 27 +CH+HR+IS+ LI+MK+NO+ TR	
Variables		1	21	22	31	32	Average country		Average EU 27
Unemployment rate 2007*	Total >15		3.90				3.90	7.61	7.63
	Total Male >15		3.40				3.40	7.06	7.05
	Total Female >15		4.60				4.60	8.61	8.59
	Total 15_24		10.20				10.20	15.80	15.64
	Total >25		3.20				3.20	6.66	6.66
Long term unemployment*	% long term unemployment rate_07		18.59				18.59	43.07	43.12
	Evolution of long term unemployment 2002_07		92.58				92.58	111.33	110.94

* Values NUT3 are replaced by values NUTS2

4. Rural business development

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

- Which are the features of the rural businesses (size, dominant activities, employment, profitability, innovation, use of IST, etc)?
- Which is the profile of the rural entrepreneur?
- Which are the niches of activity in which rural companies are being created?
- Which are the opportunity sectors for future rural business operation?
- Which are the main constraints that need to be overcome?
- Are there specific policies/programs/initiatives that could be labeled as “best practices” in rural business promotion?
- Are there significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.

Unfortunately there are not any surveys carried out in Cyprus and addressing rural businesses in particular. Thus, the information we have does not disentangle rural from urban businesses however, what is important to note is the high concentration of businesses in the trade (wholesale and retail) sector, constructions and tourism. Employment is also concentrated in these three sectors.

As concerns rural businesses experience shows that these are mainly in the trade sector, tourism (hotels, restaurants and recreation) and food processing especially in cheese (Haloumi cheese) and wine (Commandaria wine and other red wines) making plants. Furthermore, meat processing firms and saw mills also exist.

Table 14.4 Rural business development indicators

RURAL BUSINESS DEVELOPMENT		PU	IRA	IRR	PRA	PRR		Average EU 27 +CH+HR+IS +LI+MK+N O+TR	
Variables*		1	21	22	31	32	Average country		Average EU 27
N° FIRMS BY SECTOR OF OPERATION (1_2 digits)_2006	% Mining and quarrying		0.18				0.18	0.30	0.30
	% Manufacturing		11.24				11.24	14.08	14.05
	% Electricity, gas and water supply		0.02				0.02	0.61	0.63
	%Construction		13.82				13.82	9.48	9.46
	%Wholesale and retail trade		42.01				42.01	23.02	21.83
	%Hotel and restaurants		13.72				13.72	6.52	6.15
	%Transport, storage and communication		9.32				9.32	8.69	8.46
	%Real state, renting and business activities		9.68				9.68	37.29	39.12

RURAL BUSINESS DEVELOPMENT		PU	IRA	IRR	PRA	PRR		Average EU 27 +CH+HR+IS +LI+MK+N O+TR	Average EU 27
Variables*		1	21	22	31	32	Average country		
EMPLOYMENT BY SECTOR OF OPERATION (1_2 digits)_2006	% Mining and quarrying		0.26				0.26	0.58	0.52
	% Manufacturing		16.56				16.56	29.18	28.08
	% Electricity, gas and water supply		0.80				0.80	1.14	0.89
	%Construction		15.64				15.64	9.09	9.14
	%Wholesale and retail trade		28.92				28.92	26.14	26.93
	%Hotel and restaurants		17.48				17.48	8.27	8.37
	%Transport, storage and communication		10.76				10.76	8.65	8.52
	%Real state, renting and business activities		9.57				9.57	16.78	17.51
Employment in high and medium technologies manufacturing activities_2004	Employment in high and medium tech manufacturing activities_2004_Media		1.18				1.18	6.88	7.42
	Employment in high and medium tech manufacturing activities_2004_%EU 25		18.73				18.73	95.89	107.13
%firms with own website			NA				NA	50.21	50.21

* Values NUT3 are replaced by values NUTS2

5. Rural-urban relationships

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

- Are there established or incipient initiatives for cooperation between urban and rural areas?
- Is the “territorial approach” developed? (ie. Territorial Employment Pacts, supra-municipal planning, etc.),
- are there rural-urban partnerships? If so, which are their goals and ways of operation? Where is the power located?
- Which is the importance/extent of suburbanisations processes?
- What are the main demands/uses over rural areas from urban inhabitants? How these are met?
- Are there specific policies/programs/initiatives that could be labeled as “best practices” in promoting appropriate rural-urban relations?
- Are there significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.

The furthest travel distance in Cyprus is less than 3 hours by car. Commuting among the major three urban centres (Nicosia, Larnaka and Pafos) is easy and the rural areas between these town have good access to the urban markets. Commuting has increased due to higher land prices in urban centres that pushed inhabitants to look for land in rural areas.

6. Cultural heritage

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

- Which are the main cultural resources?
- Which are the main cultural resources of rural regions?
- Is cultural heritage used? If so, in which senses (ie. tourism, other economic activities, identity reference, education, other non profit uses?)
- Which are the main demands upon cultural heritage?
- Are there specific policies/programs/initiatives that could be labeled as “best practices” in protecting/promoting sustainability of cultural heritage?
- Are there significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.

Cyprus is a country rich in ancient and medieval cultural resources while more modern (19th century and after) heritage is abundant. The unique feature of Cyprus cultural heritage is the multiplicity of cross fertilization among different civilization that occupied the island. Cultural heritage is the most frequent way of linking tourism activities as well as the image of the country to foreign tourists. Food and agricultural products including wine are traded under an image of culture and heritage.

7. Services of General Interest

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

- Which is the general situation of the services of general interest (SGI) in the country?
- Which are the main problems in relation to accessibility and provision to SGI for rural residents and visitors?
- Which are the main forms of provision of services in rural areas? Are there innovative solutions to low accessibility areas?
- Are there specific policies/programs/initiatives that could be labeled as “best practices” in promoting accessibility/provision of Services of General Interest, particularly in rural areas?
- Are there significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.

Due to generally accessible areas, major services are concentrated to the urban centres of the island and rural areas commute to either the capital (Nicosia) or the urban centres of Larnaka and Pafos for high order services. The less accessible areas include the mountainous areas of Troodos and the North West parts of Pafos. There, underdeveloped villages are relatively inaccessible due to the fact that the Turkish invasion cut off major routes to Nicosia.

Table 14.5 Services of general interest indicators (a)

SERVICES OF GENERAL INTEREST		PU	IRA	IRR	PRA	PRR	Average country	Average EU 27 +CH+HR+IS+LI+MK+NO+TR	Average EU 27
Variables*		1	21	22	31	32			
Density of motorways			0.01				0.01	0.04	0.04
Density of trunk road			0.04				0.04	0.17	0.17
Density of railways			NA				NA	0.10	0.10
Area (km2)**			5695.00				5695.00	5659749.80	4600910.40
DENSITY	Evolution density 2001_06		111.63				111.63	0.93	0.92
	Density of population 2006		134.58				134.58	414.65	446.23
Daily population accessible by car			763.00				763.00	18078.54	19285.23
Time to nearest hospital			17.15				17.15	22.83	22.83
Time to nearest university			17.15				17.15	45.10	45.10
Time to nearest airport			45.64				45.64	83.44	83.44
%households with broadband access			NA				NA	49.07	48.00
% households with internet at home			NA				NA	81.46	81.20

* Values NUT3 are replaced by values NUTS2

** The findings of these variables are the sum of values, not the average, as the others.

Table 14.6 Services of general interest indicators (b)

SERVICES OF GENERAL INTEREST		PU	IRA	IRR	PRA	PRR	Average country	Average EU 27 +CH+HR+IS+LI+MK+NO+TR	Average EU 27
Variables*		1	21	22	31	32			
N° STUDENTS ISCED 0_6	N°students ISCED_0 per 1.000 inhabitants		NA				NA	29.59	29.46
	N°students ISCED_1 per 1.000 inhabitants		NA				NA	61.66	60.76
	N°students ISCED_2 per 1.000 inhabitants		NA				NA	43.21	43.28
	N°students ISCED_3 per 1.000 inhabitants		NA				NA	48.05	48.03
	N°students ISCED_4 per 1.000 inhabitants		NA				NA	3.06	3.10
	N°students ISCED_5_6 per 1.000 inhabitants		NA				NA	37.37	37.23
BEDS IN HOSPITAL PER 100.000 inhabitants*	N° of beds in hospitals per 100.000 inhabitants_00		416.90				416.90	740.10	738.76
	Evolution nbeds 2000_05		NA				NA	91.53	91.94
	Density of hospitals		0.87				0.87	5.44	5.44
	Hospital beds per head		NA				NA	4.98	4.98
	Doctors per inhabitant		264.20				264.20	171.35	171.35

* Values NUT3 are replaced by values NUTS2

8. Farm structural change

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

- Which are the main DOC in relation to agriculture?
- Are there specific policies/programs/initiatives that could be labeled as “best practices” in promoting agriculture?
- Are there significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.

The most important structural issue in Cypriot agriculture is that of the aging population. In 1994 the farmers average age was 51 years. The population under 35 years of age was just 13% and the situation has been worse since then. The situation is worse in the mountainous and semi-mountainous/vine areas. This led to Measures 1.6 and 1.7 of the Rural Development Plan 2004-2006, which provide incentives for the early retirement of older people and the entry of young people below the age of 39. Many people in the agricultural industry are underemployed. This problem is more intense in the mountainous and semi-mountainous areas where there are less non-agricultural jobs.

Table 14.7 Farm structural change indicators (a)

FARM STRUCTURAL CHANGE		PU	IRA	IRR	PRA	PRR		Average EU 27 +CH+HR+IS+LI+MK+NO+TR	
Variables*		1	21	22	31	32	Average country		Average EU 27
% HOLDINGS 2005	< 2 ESU		54.30				54.30	33.42	33.89
	2 to 100 ESU		44.93				44.93	57.56	57.02
	>100 ESU		0.78				0.78	8.33	8.38
%CHANGING N° HOLDINGS 2000-2005	% Change in number of total holdings 2000-2005		NA				NA	-9.53	-9.19
	% Change in number of holdings less 2 ESU 2000-2005		NA				NA	-2.22	-0.65
	% Change in number of holdings 2 to 100 ESU 2000-2005		NA				NA	-13.91	-13.73
	% Change in number of holdings over 100 ESU 2000-2005		NA				NA	32.21	31.28

Table 14.8 Farm structural change indicators (b)

FARM STRUCTURAL CHANGE		PU	IRA	IRR	PRA	PRR		Average EU 27 +CH+HR+ IS+LI+MK +NO+TR	
Variables*		1	21	22	31	32	Average country		Average EU 27
HOLDERS*	% Holders working full time 2005		8.29				8.29	35.42	35.50
	% Change in Number of Holders working full time 2000 - 2005		NA				NA	-0.01	0.33
	Economic Farm Size (RDEU07)		6.60				6.60	41.93	41.93
	Farmers with OGA (RDEU07)		54.30				54.30	37.55	37.55
	% holders > 55 years 2007		58.19				58.19	50.19	50.61
	% holders < 35 years 2007		2.47				2.47	6.35	6.32
	% change in holders > 55 years 2000 - 2005		NA				NA	5.88	5.61
	% change in holders < 35 years 2000 - 2005		NA				NA	-34.00	-33.95
% farmers with basic and full education in agriculture attained (RDEU07)*			6.40				6.40	42.29	42.29

* Values NUT3 are replaced by values NUTS2

Pluriactivity is widespread. According to the Agricultural Census of 1994, about 75% of the farmers had agriculture as a secondary occupation. Full-time farmers are older than part-time farmers, and there is a negative relationship between the intensity of off-farm work and farm size. As far as education is concerned, full-time farmers have a lower level of education, with only 22.6% having completed secondary education, compared to 51.4% for part-time farmers.

9. Institutional Capacity

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

- characteristics of the governance system (type of administrative system, levels of government, distribution of powers),
- Dominant types of interactions among levels of government (formal/informal, hierarchical/cooperative, open/closed, top-down/bottom-up, etc.)
- Which are the main problems in relation to government and governance?
- Are there specific policies/programs/initiatives that could be labeled as “best practices” in promoting better institutional capacity, particularly in rural areas?
- Are there significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.

The major feature of institutional approaches to rural development is the lack of bottom up approaches of the LEADER type. Very recently a few LEADER local action groups have been set up.

The only integrated rural development plan that has been applied in Cyprus took place in one area between 1978 and 1982 and was co-sponsored by the FAO. Even though water management was still a very big part of it, it also focussed on many other aspects, such as the road network, research, local health and education facilities and, finally, flood prevention measures and afforestation. This resulted in a much lower rate of people leaving the area than in similar areas not included in the plan.

Table 14.8 Institutional capacity indicators

INSTITUTIONAL CAPACITY		PU	IRA	IRR	PRA	PRR	Average country	Average EU 27 +CH+HR+IS+LI+MK+NO+TR	Average EU 27
Variables		1	21	22	31	32			
GDP DISPERSION OF GDP_2005	GDP in Mio. Euro 2005		13659.3				13659.3	9722.69	9856.11
	GDP in PPS per inhabitant 2005		20753				20753	20926.83	21110.46
	GDP in euro per inhabitant in percentage of the EU average 2005		80.50				80.50	94.38	95.48

10. Climate change

Guidelines: please, add comments based on your local knowledge on the following (when possible, support your comment on provided tables and/or other sources):

- Which are the main perceived threats in relation to climate change for population, authorities, interest groups?
- Are there any scientific evidence pointing to climate change? Please describe
- Are there specific policies/programs/initiatives that could be labeled as “best practices” in counteracting the effects of climate change, particularly in rural areas?
- Are there significant variations in the above processes depending of the types of regions considered (ie. PU, IRA, IRR, PRA, PRR)? Please, describe briefly.

There are not recorded threats in relation to climate change. However, due to the dry climate of the island water management is the most important issue. Water resources used mainly by agriculture and tourism are not adequate and infrastructure cannot solve the high demand during summer months. For this reason drinking water and water for municipal uses is still imported.