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	Country Report - CYPRUS
	Accompanying the document
	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions
	Environmental Implementation Review 2019: A Europe that protects its citizens and enhances their quality of life

Delegations will find attached document SWD(2019) 115 final/2.

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CORRIGENDUM This document corrects document SWD(2019) 115 final of 04.04.2019 Footnote 116 modified The text shall read as follows:

COMMISSION STAFF WORKING DOCUMENT

The EU Environmental Implementation Review 2019 Country Report - CYPRUS

Accompanying the document

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions

Environmental Implementation Review 2019: A Europe that protects its citizens and enhances their quality of life

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Executive summary

Cyprus and the Environmental Implementation Review (EIR)

In the 2017 EIR, the main challenges identified for Cyprus for the implementation of EU environmental policy and law in Cyprus were:

- to improve nature protection by ensuring that necessary assessments are carried out correctly, that mitigation measures are put in place and properly applied and that illegal bird trapping is eliminated;
- to address waste management issues, in particular to close illegal landfills and put in place the necessary infrastructure; and
- to improve **water management** in order to tackle water scarcity and over-abstraction effectively.

Following the publication of the 2017 EIR, Cyprus has not yet organised an EIR national dialogue that would help to address the above challenges. However, a bilateral meeting took place in Cyprus on 25-26 April 2018 in the context of the EU action plan for nature, people and the economy.

Progress since the 2017 report in meeting challenges

The 2019 EIR shows that on nature protection, insufficiencies remain on the designation of the terrestrial part of the Natura 2000 network. Moreover, there are significant insufficiencies at sea, especially in the offshore marine areas. The effective protection of Natura 2000 areas - especially coastal zone - from incompatible activities or developments that fragment or degrade them, remains a concern. Management plans for these areas must be completed and properly implemented and all necessary environmental assessments carried out correctly before potentially damaging plans or projects can be approved. The necessary mitigation measures should be properly applied. Some progress has been made on the illegal trapping of birds thanks to increased enforcement and stricter fines for mist-netting in legislation. However, the trapping numbers are still unacceptably high.

There has been **some progress** on **waste management**, as the strategic framework for waste is now in place and the national waste management plans for all waste streams have been adopted. Moreover, the illegal landfill in Limassol has closed and the one in Nicosia is expected to close before the end of 2018. Proper rehabilitation needs to be ensured after each closure. New economic instruments have been set out in the national waste management plan, but there is a significant delay in their adoption and implementation. Cyprus needs to make significant efforts to establish an adequate network of

facilities that would effectively manage all of its waste in line with the waste hierarchy if it is to reach the 2020 targets and even higher recycling targets. According to the Commission's 2018 'early warning report', Cyprus is at risk of not meeting the 2020 municipal waste recycling target of 50 %.

On water management, Cyprus has made some progress, notably by adopting its second river basin management plan (RBMP) and putting in place a new water pricing policy that covers some water services. However, significant gaps remain in monitoring programmes. It also remains to be seen if the new legal framework on water pricing provides adequate incentives for users to use water efficiently, as adequate metering and volumetric charging of abstractions are limited.

Examples of good practice

- According to the European Environment Agency report on European bathing water quality, in 2017, 97.3 % of Cyprus' 113 bathing waters were of excellent quality and none were of poor quality.
- Cyprus has used LIFE funds effectively to establish its Natura 2000 network which now covers 28.8 % of the land area (EU average 18.1 %) and to implement conservation measures at specific sites.
- Cyprus' revenue from environment-related taxes is above the EU average. Consumption and environmental tax revenues are high, making Cyprus' tax structure relatively growth and environmentfriendly. There are several examples of sound fiscal measures on environment, such as the domestic and irrigation water pricing policy, supported by environmental NGOs and academia. Considerable progress has been made on reducing the 'diesel differential' (difference in the price of diesel versus petrol) since 2005.
- On environmental information, the first-rate air quality portal can be an example for other environmental areas.
- On the Timber Regulation, between March 2015 and February 2017, Cyprus performed more checks on operators for both domestic and imported timber than was originally planned and carried out the most checks of any Member State during this period.

Part I: Thematic areas

1. Turning the EU into a circular, resource-efficient, green and competitive low carbon economy

Measures towards a circular economy

The Circular Economy Action Plan emphasises the need to move towards a life-cycle-driven 'circular' economy, reusing resources as much as possible and bringing residual waste close to zero. This can be facilitated by developing and providing access to innovative financial instruments and funding for eco-innovation.

Following the adoption of the Circular Economy Action Plan in 2015 and the setting up of a related stakeholder platform in 2017, the European Commission adopted a new package of deliverables in January 2018¹. This included additional initiatives such as: (i) an EU strategy for plastics; (ii) a Communication on how to address the interplay between chemical, product and waste legislation; (iii) a report on critical raw materials; and (iv) a framework to monitor progress towards a circular economy².

The circular (secondary) use of material in Cyprus was 2.3 % in 2016, well below the EU-28 average of 11.7 %. On the other hand, Cyprus performs above the EU-28 average on the number of people employed in the circular economy (1.99 % of total employment in 2016 vs the EU-28 average of 1.73 %).



In the 2017 Special Eurobarometer 468 on attitudes of EU citizens towards the environment, 92 % of Cypriot people said they were concerned about the effects of plastic products on the environment (EU-28 average

87 %) and about the impact of chemicals (98 % vs EU-28 average of 90 %)³. Cyprus is the leading EU country in terms of popular support for greater EU involvement (EU-28 average 85 %). Cypriot society appears to strongly support circular economy initiatives and environmental protection measures.

Cyprus performed below the EU average on resource productivity⁴ (how efficiently the economy uses material resources to produce wealth), with 1.14 EUR/kg in 2017 (EU average 2.04 EUR/kg) . Resource productivity increased between 2011 and 2015, and decreased significantly between 2015 and 2017 (see Figure 1).

Figure 1: Resource productivity 2010-2017⁵



As in the 2017 EIR, there is currently no overarching policy framework for the circular economy in Cyprus. Policy and funding measures and other means of promoting the circular economy still largely depend on co-financing through the European Structural and Investment Funds (ESIF).

The number of EU Ecolabel products and EMAS-licensed organisations (EMAS is the European Commission's Eco-Management and Audit Scheme – a programme to encourage organisations to behave in a more environmentally sustainable way) in a country can give a rough measurement of this transition. These two indicators show to what extent the circular economy

¹ European Commission, <u>2018 Circular Economy Package</u>.

² <u>COM(2018) 029</u>.

³ European Commission, 2017, <u>Special 486 Eurobarometer</u>, 'Attitudes of European citizens towards the environment'.

⁴ Resource productivity is defined as the ratio between gross domestic product (GDP) and domestic material consumption (DMC).

transition is engaging the private sector and other national stakeholders. These two indicators also show the commitment of public authorities to policies that support the circular economy. As of September 2018, Cyprus had only 87 products and 7 licences registered in the EU Ecolabel scheme (EU total 71707 products and 2167 licences). In addition, as of May 2018, 84 Cypriot organisations were registered in EMAS⁶.

SMEs and resource efficiency

Cypriot SMEs continue to score above the EU-28 average for the environmental aspects of the small business act (see Figure 2). Although fewer companies invest in resource efficiency measures, more of them offer green products and services and even generate more than 50 % of their revenue from them. In addition, a high percentage of SMEs received public support for their measures.

Figure 2: Environmental performance of SMEs⁷



- Percentage of SMEs that have benefited from public support measures for their resource-efficiency actions; 2017; Cyprus: 10; EU avg: 38
- Percentage of SMEs that offer green products or services; 2017; Cyprus: 18; EU avg: 25
- Percentage of SMEs with a turnover share of more than 50% generated by green products or services; 2017; Cyprus: 34; EU avg: 20
- Percentage of SMEs that have benefited from public support measures for their production of green products; 2017; Cyprus: 5; EU avg; 25

The latest Eurobarometer on 'SMEs, resource efficiency and green markets'⁸ asked companies about both recent resource efficiency measures they had taken and additional resource-efficiency actions they planned to take in the next 2 years. The Eurobarometer then compared these responses with the responses given to the same questions in 2015. Recent investments have been significantly below the EU average and Cyprus is frequently among the lowest of all EU countries. The only exception is the internal recycling and reuse of waste. Regarding companies' future ambitions 61 % do not intend to take any action (EU-28 19 %) and fewer than 1 in 10 intend to take action even in traditional areas like saving water or materials, or minimising waste.

At 12 %, the proportion of Cypriot companies that rely on external support in their efforts to be more resource efficient is below the EU average of 22 % (EU range 3 %-38 %). For external cooperation, the most common partner sought by companies are business associations (54 %; +40 % compared to 2015), followed by private sector consultancy (24 %).

Among Cypriot companies, 35 % find grants and subsidies to be helpful and 34 % do not consider any type of assistance to be useful for their resource efficiency projects.

Cyprus' positive assessment of the environmental performance of its SMEs is due to the high number of entrepreneurs that want to build a specific green profile and have received support to do so.

For the average Cypriot company, resource efficiency seems to be a 'non-issue'. Investment ambitions are very low, external cooperation infrequent and — apart from grants and subsidies assistance — not well appreciated. Public funding and advice have simultaneously decreased in importance for the business sector.

In this challenging environment, a fresh start is needed for resource efficiency, possibly by creating a joint action between local and national authorities to tackle the most pressing problems.

Eco-Innovation

Cyprus ranked 18th on the 2018 European Innovation Scoreboard⁹. However, despite a significant improvement, with a total score of only 45 (EU average 100) in the Eco-Innovation Scoreboard 2017, the country was second to last in the EU (see Figure 3).

Eco-innovation in Cyprus is mainly generated by individuals, research institutes or companies. The promotion of eco-innovation is carried out by various public entities, but none of them has sole responsibility for this issue. However, in 2018 the Council of Ministers approved the creation of a National Governance System for Climate and Energy, which will also be responsible for

⁶ European Commission, <u>Eco-Management and Audit Scheme</u>.

⁷ European Commission, <u>2018 SBA fact sheet -</u> Cyprus, p. 14.

⁸ Flash Eurobarometer 456 'SME, resource efficiency and green markets' January 2018. The 8 dimensions were Save energy; Minimise waste; Save materials; Save Water; Recycle by reusing material internally; Design products easier to maintain, repair or reuse; Use renewable energy; Sell scrap materials to another company.

⁹ European Commission, European innovation Scoreboard 2018.

the preparation of a National Strategy and Action Plan for Climate and Energy for the period 2021-2030.





As such, there are no mature, distinct eco-innovation sectors in Cyprus. Given the country's rich natural capital and lack of access to their countries' energy grids, developments in renewable energies could also promote eco-innovation activities. Eco-innovation in the field of energy is also driven by efforts to increase energy efficiency. The agricultural and food industries also contribute to eco-innovation. In addition, a number of EC funded eco-innovation research and innovation projects are currently under way.





The sectors of environment, with focus on climate change, blue growth, ecosystems and water resources, and the sector of Energy, with focus on renewable resources and energy efficiency, are among the main priority sectors of the Smart Specialization Strategy of Cyprus (S3Cy), which was adopted by the Council of Ministers in March 2015. Furthermore, the S3Cy Action Plan aims to overcome major barriers in the sector of Research and Innovation (R&I), including the enhancement of entrepreneurial innovation, the facilitation of knowledge transfer and the enhancement of private sector's investments in R&I. Supportive to this is the recent decision (October 2018) of the Council of Ministers to create a new governance system for R&I, aiming, among others, to improve coordination between the various stakeholders and enhance cooperation between reaserch institutes and businesses.

A wide range of national, regional and EU funds help drive eco-innovation. For example, the Action Plan for the implementation of S3Cy allocates EUR 142 million for Research and Innovation in several sectors, including energy and environment. The implementation of the Action Plan is mainly carried out by the programme "RESTART 2016-2020" with a total budget of around EUR 100 million. Cyprus also provides a number of tools to increase access to information, which is vital for increasing innovation and growth.

2019 priority actions

- Strengthen the policy framework to speed up the transition towards the circular economy by all economic sectors.
- Adopt circular economy principles that act as incentives for resource efficiency measures and increased eco-innovation performance.

Waste management

Turning waste into a resource is supported by: (i) fully implementing EU waste legislation, which includes the waste hierarchy, the need to ensure separate collection of waste, the landfill diversion targets, etc.; (ii) reducing waste generation and waste generation per capita in absolute terms; and

(iii) limiting energy recovery to non-recyclable materials and phasing out landfilling of recyclable or recoverable waste.

This section focuses on management of municipal waste¹¹ for which EU law sets mandatory recycling targets¹².

¹⁰ <u>Eco-innovation Observatory</u>: Eco-Innovation scoreboard 2018.

¹¹ Municipal waste consists of mixed waste and separately collected waste from households and from other sources, where such waste is similar in nature and composition to waste from households. This is without prejudice to the allocation of responsibilities for waste management between public and private sectors.

¹² See Article 11.2 of <u>Directive 2008/98/EC</u>. This Directive was amended in 2018 by Directive (EU) 2018/851, and more ambitious recycling targets were introduced for the period up to 2035.

Municipal waste generation in Cyprus is still significantly higher than the 2017 EU average (637 vs around 487 kg/y/inhabitant). Following a decrease over a number of years, the rate has increased since 2014 (see Figure 5). There has been a decrease in landfilling and a slight increase in recycling and composting in Cyprus.





Cyprus landfills most of its municipal waste (76 %, vs an EU average of 24 %). It recycles 16 % of waste which includes a 2 % composting rate. This is significantly below the EU average (46%). Despite a steady decrease in 2009-2014, the landfilling rate increased again in 2016.

Cyprus should make a considerable investment in recycling and separate collection in the coming years to reach the 2020 recycling target of 50 %¹⁴. The Commission published an 'early warning report'¹⁵ for Cyprus, setting out priority actions for Cyprus to comply with the 2020 and the post-2020 recycling targets¹⁶.

The 2015 municipal solid waste management plan prioritises separate collection and introduces economic deterrents such as a landfill tax, the extension of the extended producer responsibility (EPR) and pay-as-you-



throw schemes. However, the implementation has been quite slow.



Figure 6: Recycling rate of municipal waste in 2010-**2017**¹⁷

Cyprus still faces difficulties in implementing the relevant EU waste policy and in meeting its 2020 targets. This is mainly due to: (i) the lack of infrastructure and systems for collecting recyclables and for diverting biodegradable waste from landfills; and (ii) a lack of coordination between different administrative levels and lack of capacity at local level. Some measures to address these weaknesses have been introduced, including the ongoing capacity building and technical assistance programme for public administration, local authorities, stakeholders and the public. In addition, the planned introduction of legislative measures assigning responsibility to local authorities for the establishement of separate collection schemes is also expected to improve the situation,

One illegal landfill is still operating in the territory (according to the latest official information received by the Commission). A new MBT (Mechanical and Biological Treatment) unit in Limassol (Pentakomo) started its operation in 2017. The 2010 and 2013 targets to divert biodegradable municipal waste from landfills were missed by a significant margin. Due to the ongoing review of the landfill restrictions for municipal waste, major additional efforts should be made to limit landfilling to only residual waste by 2035 (max. 10%)¹⁸. Cyprus does not tax landfills or MBT, so there is no economic incentive to recycle. However, there is a firm commitment to introduce obligatory separate collection of municipal waste, including for biowaste, and the rollout of a country-wide pay-as-you-throw (PAYT) scheme.

¹³ Eurostat, <u>Municipal waste by waste operations</u>.

 $^{^{\}rm 14}$ Member States may choose a different method than the one used by ESTAT (and referred to in this report) to calculate their recycling rates and track compliance with the 2020 target of 50% recycling of municipal waste

 $^{^{\}rm 15}$ European Commission, Report on the implementation of waste legislation, including the early warning report for Member States at risk of missing the 2020 preparation for re-use/recycling target on municipal waste, SWD(2018)415 accompanying COM(2018)656.

¹⁶ Directive (EU) 2018/851, Directive (EU) 2018/852, Directive (EU) 2018/850 and Directive (EU) 2018/849 amend the previous waste legislation and set more ambitious recycling targets for the period up to 2035. These targets will be taken into consideration to assess progress in future Environmental Implementation Reports.

¹⁷ Eurostat, <u>Recycling rate of municipal waste</u>.

¹⁸ European Commission, <u>COM(2015) 595</u>, <u>594</u>).

The minimum collection service standards (e.g. frequency of collections, types of containers etc.) for all waste streams, including biowaste, should be established at the national level to guide the municipalities in the implementation effort.

Cyprus does not recover energy from its municipal waste and the output of the MBT facilities is landfilled. Therefore, importing refuse-derived fuel (RDF) for energy recovery (e.g. in the local cement kilns) would not be an efficient solution, as national waste would still have to be disposed of.



Separate collection of packaging is relatively effective as the recycling rate is increasing. However, there is a lot of scope for improvement. The Extended Producer Responsibility scheme requires reform, including extension to waste streams beyond the few ones covered currently. A good start was an obligation to set up an EPR on non-packaging paper that entered into force in 2017.

EU funds should be directed towards activities that are high up on the waste hierarchy. At the same time, creating installations with more capacity than necessary to treat residual waste should be avoided. A review of infrastructure requirements will be carried out as part of the revision of the Waste Management Strategy with a view to avoiding overcapacity, while a number of EU funded programmes currently focus on the separate collection of waste in the coastal tourist regions.

2019 priority actions

- Introduce and gradually increase landfill taxes to phase-out landfilling of recyclable and recoverable waste.
- Finalise the work on removing the last noncompliant landfill.
- Improve and extend separate collection of waste, including for bio-waste. Establish minimum service standards for separate collection (e.g. frequency of collections, types of containers, etc.) in

municipalities to ensure high capture rates of recyclable waste.

- Use economic instruments such as 'pay-as-youthrow' schemes, and set mandatory recycling targets for municipalities with penalties for non-compliance (e.g. fines).
- Develop and run support programmes for municipalities to help them implement separate collection policies and improve recycling rates.
- Improve the functioning of extended producer responsibility systems, in line with the general minimum requirements on EPR¹⁹.
- Consider limiting incoming shipments of waste, in accordance with Article 16(1) of the Waste Framework Directive, to facilitate the energy recovery of locally generated residual waste that would otherwise have to be disposed of in landfills.

Climate change

The EU has committed to undertaking ambitious climate action internationally as well as in the EU, having ratified the Paris Climate Agreement on 5 October 2016. The EU targets are to reduce greenhouse gas (GHG) emissions by 20 % by 2020 and by at least 40 % by 2030, compared to 1990. As a long-term target, the EU aims to reduce its emissions by 80-95 % by 2050, as part of the efforts required by developed countries as a group. Adapting to the adverse effects of climate change is vital to alleviate its already visible effects and improve preparedness for and resilience to future impacts.

The EU emissions trading system (EU ETS) covers all large greenhouse gas emitters in the industry, power and aviation sectors in the EU. The EU ETS applies in all Member States and has a very high compliance rate. Each year, installations cover around 99 % of their emissions with the required number of allowances.

For emissions not covered by the EU ETS, Member States have binding national targets under the Effort Sharing legislation. Cyprus had lower emissions than its annual emissions allocations (AEAs) in each of the years 2013-2016. According to preliminary data, emissions were 3 percentage points higher than the AEA for 2017. For 2020, Cyprus' national target under the EU Effort Sharing Decision is to reduce emissions by 5 % compared to 2005. For 2030, Cyprus' national target under the Effort Sharing Regulation is to reduce emissions by 24 % compared to 2005. Cyprus has projected that it may miss its targets for 2020 and 2030, by large margins. With existing measures Cyprus projects to miss its 2030 target by 47 pp.

¹⁹ Set out in <u>Directive 2008/98/EC</u> as amended by Directive (EU) 2018/851.

However, Cyprus has projected that with additional measures, the gap may be reduced to 17 pp.

Figure 7: Change in total greenhouse gas emissions 1990-2017 (1990=100 %)²⁰.



Transport emissions are of special concern, as they are increasing. Significant additional efforts will therefore be needed in all sectors. Transport represents almost a quarter of the EU's GHG emissions and is the main cause of air pollution in cities. Transport emissions in Cyprus increased by 8 % from 2013 to 2016.

Figure 8: Targets and emissions for Cyprus under the Effort Sharing Decision and Effort Sharing Regulation²¹.



²⁰ Annual European Union greenhouse gas inventory 1990–2016 (EEA greenhouse gas data viewer). Proxy GHG emission estimates for 2017Approximated EU greenhouse gas inventory 2017 (European Environment Agency). Member States national projections, reviewed by the European Environment Agency.

The F-gas Regulation requires Member States to run training and certification programmes, introduce rules for penalties and notify these measures to the Commission by 2017. Cyprus has notified both measures.

The accounting of GHG emissions and removals from forests and agriculture is governed by the Kyoto Protocol. A preliminary accounting exercise for the period 2013-2016 depicts net debits of, on average, 0.03 Mt CO₂-eq, which corresponds to a negative contribution of -0.02 % of the EU-28 accounted sink of -115.7 Mt CO₂-eq. Cyprus is one of six EU Member States which show net debits in this preliminary accounting exercise.

The EU Strategy on adaptation to climate change, adopted in 2013, aims to make Europe more climateresilient, by promoting action by Member States, betterinformed decision making, and promoting adaptation in key vulnerable sectors. By adopting a coherent approach and providing for improved coordination, it seeks to enhance the preparedness and capacity of all governance levels to respond to the impacts of climate change.

Figure 9: Greenhouse gas emissions by sector (Mt. CO2eq.). Historical data 1990-2016. Projections 2017-2030²².



Cyprus adopted a new National Adaptation Strategy in 2017. A National Adaptation Action Plan had already been published in 2014 and was incorporated into the NAS, so the NAS and NAP are now presented as one document. Vulnerable sectors that have been identified comprise water, agriculture, soil resources, fisheries and aquaculture, forestry, biodiversity, public health, tourism, coastal zones, energy and infrastructure. A Monitoring Strategy has been developed to complement the NAS, in which a Monitoring Team was suggested. Monitoring reports are scheduled every year from 2017 to 2019 but

²¹ Proxy GHG emission estimates for 2017Approximated EU greenhouse gas inventory 2017 (European Environment Agency). Member States national projections, reviewed by the European Environment Agency.

²² Annual European Union greenhouse gas inventory 1990–2016 (<u>EEA greenhouse gas data viewer</u>). *Proxy GHG emission estimates for 2017Approximated EU greenhouse gas inventory 2017* (European Environment Agency). Member States national projections, reviewed by the European Environment Agency.

nothing has been published so far. The total revenues from the auctioning of emission allowances under the EU ETS over the years 2013-2017 were EUR 6.4 million. 76 % of the auctioning revenues has been spent on climate and energy purposes

2019 priority action

In this report, no priority actions have been included on climate action, as the Commission will first need to assess the draft national energy and climate plans which the Member States needed to send by end of 2018. These plans should increase the consistency between energy and climate policies and could therefore become a good example of how to link sector-specific policies on other interlinked themes such as agriculture-nature-water and transport-air-health.

2. Protecting, conserving and enhancing natural capital

Nature and biodiversity

The EU biodiversity strategy aims to halt the loss of biodiversity in the EU by 2020. It requires full implementation of the Birds and Habitats Directives to achieve favourable conservation status of protected species and habitats. It also requires that the agricultural and forest sectors help to maintain and improve biodiversity.

Biodiversity strategy

A National biodiversity strategy under the Convention on Biological Diversity is expected to be adopted in 2018.

Setting up a coherent network of Natura 2000 sites

On the basis of the latest update on the assessment of the Birds and Habitats directives, Cyprus' terrestrial Natura 2000 network under the Birds and Habitats Directive is now considered to be largely complete.

Cyprus has designated 63 Natura 2000 sites to date, including 40 sites of Community importance (SCIs) under the Habitats Directive and 30 special protection areas (SPAs) under the Birds Directive. These cover 28.8 % of the national land of Cyprus (the area under government control).

Designating Natura 2000 sites and setting conservation objectives and measures

Despite its size, there are still a number of shortcomings on the terrestrial part of the Natura 2000 network. There are also significant insufficiencies at sea, both for SCIs and SPAs, especially in the offshore marine areas²³.

The six-year period set out in the Habitats Directive to designate the SCIs as Special Areas of Conservation (SACs) and establish appropriate conservation objectives and measures has expired for all 40 SCIs. According to information provided by Cyprus, to date (July 2018) only 29 SCIs have been designated as SACs, by Ministerial Decrees and there are 11 pending SAC designations.

Management plans have been drawn up for all but seven SCIs/SAC areas and for the 30 SPAs²⁴. The key legislative tool for establishing conservation objectives for the Natura 2000 sites are Ministerial Decrees. According to

information submitted by Cyprus, the management plans it developed are meant to serve as guidance documents. They do not have any legal status and do not need to be approved by any specific authority. The environment department is responsible for overseeing the implementation of the Habitats Directive and for coordinating the Natura 2000 network. The environment department is also directly responsible for managing 28 SCIs (excluding those in state forests and marine areas, which are respectively under the responsibility of the forests department and the fisheries and marine research department).

A major challenge in managing the Natura 2000 areas effectively is protecting them from activities or developments that fragment or degrade them, especially the areas located within private land, particularly as regards the recurrent issue of lack of compliance of projects and plans affecting Natura 2000 sites with the Appropriate Assessment and permitting requirements under Art. 6 of the Habitats Directive.



The sound management of these areas is also undermined by the lack of understanding and acceptance of Natura 2000 rules by some local communities and land owners. This is a major challenge in Cyprus, where a large part of designated Natura 2000 areas (mainly agricultural land) is private land.

Another major and persistent challenge in implementing nature legislation is the illegal trapping of wild birds, especially migratory birds, with nets, lime-sticks and sound-producing devices. Although progress has been achieved (especially for the reduction of mist-netting) due to intensified enforcement (e.g. through controls and stricter fines for mist-nets through the new national legislation approved in July 2017), the trapping numbers still remain at unacceptably high levels, mainly driven by illegal consumption in restaurants.

²³ For each Member State, the Commission assesses whether the species and habitat types of Annexes I and II of the Habitats Directive are sufficiently represented in the sites designated to date.²⁴ According to online information on the web sites of the Ministry of Agriculture, Rural Development and Environment, and Ministry of Interior respectively.

Progress in maintaining or restoring favourable conservation status of species and habitats

Considering that Member States report every 6 years on the progress made under both directives, no new information is available on the state of natural habitats and species, or on progress made in improving the conservation status of species and habitats in Cyprus, as compared to the 2017 EIR for Cyprus.

Improvements in the status of species and habitats have recently been reported in Cyprus.

2019 priority actions

- Complete SCI and SPA designations, especially in offshore marine waters. Complete the SAC designation process and ensure that the respective Ministerial Decrees include clear conservation objectives and measures for the sites and clearly identified competences for their management. Provide adequate resources, human and financial, for the implementation of the necessary conservation measures as well as for the enforcement of applicable rules within the sites, including by carrying out systematic inspections and setting adequate fines. Set up a broad awareness-raising campaign among target stakeholders (farmers, hunters, tourism sector, private owners, etc) and the public on Natura 2000 and its benefits.
- Continue efforts to improve the Appropriate Assessment process (by ensuring that all plans and projects with likely significant impacts are subject to an assessment, best available data are used, consultations and decisions are transparent and accessible) and to prevent deterioration of Natura 2000 sites from damaging developments. Take capacity building measures to strengthen awareness and expertise of competent authorities (including local planning authorities) on Art. 6(3) and 6(4) procedures, and take measures to address potential conflcts of land use rights enshrined in the Town and Country Planning Law, with the nature directives.
- Enhance law enforcement efforts to eliminate illegal bird trapping and killing, in cooperation with all parties involved and addressing all aspects of the issue, especially through more effective controls and inspections in restaurants and in trapping fields, enhancing the capacity and means of authorities involved, establishing deterrent fines for all trapping methods, and increasing the awareness of judges and prosecutors.

Maintaining and restoring ecosystems and their services

The EU biodiversity strategy aims to maintain and restore ecosystems and their services by including green infrastructure in spatial planning and restoring at least 15 % of degraded ecosystems by 2020. The EU green infrastructure strategy promotes the incorporation of green infrastructure into related plans and programmes.

Cyprus' national action plans on climate change, desertification and biodiversity include measures to conserve and restore the function and structure of habitats. Green infrastructure objectives are not yet established in all policy areas. However, several initiatives, such as LIFE projects, are under way in Cyprus. The natural environment of the 'buffer zone', which is supervised by the The United Nations Peacekeeping Force in Cyprus (UNFICYP), remained largely untouched for 40 years. Stakeholders involved in the administration of this area supported the development of comanagement practices and institutions. Cyprus is part of the PROTOMEDEA project (2015-2018)²⁵, which focuses on proposing marine protected area networks.

The EU has provided guidance on the further deployment of green and blue infrastructure in Cyprus²⁶ and a country page on the Biodiversity Information System for Europe (BISE)²⁷. This information will also contribute to the final evaluation of the EU Biodiversity Strategy to 2020.

Cyprus' reporting to the Convention on Biological Diversity (CBD) on resource mobilisation is still pending. Reporting on financial flows is important for the position of the EU and individual Member States in the CBD and helps encourage good practices among other countries.

Estimating natural capital

The EU biodiversity strategy calls on Member States to map and assess the state of ecosystems and their services²⁸ in their national territories by 2014, assess the economic value of such services and integrate these values into accounting and reporting systems at EU and national level by 2020.

²⁵ EU project, <u>Protomedea</u>.

²⁶ European Commission, The <u>recommendations of the green</u> <u>infrastructure strategy review report</u> and the EU Guidance on a strategic framework for further supporting the deployment of EU-level green and blue infrastructure.

²⁷ Biodiversity Information System for Europe.

²⁸ Ecosystem services are benefits provided by nature such as food, clean water and pollination on which human society depends.

Cyprus has not provided any new information on its work on mapping and assessing ecosystems and their services on its MAES webpage on the BISE platform²⁹ since 2015.

Cyprus has set up a coordination committee to implement MAES actions. It has also organised several workshops and training courses in 2018 to encourage MAES implementation. Two studies on MAES were completed in 2015 and 2017 and a new case study on wetland ecosystems will be conducted in 2019.

At the MAES working group meeting held in Brussels in September 2018, it was shown that Cyprus has provided updated information on the implementation of MAES. However, little progress has been recorded since January 2016 (Figure 10). This assessment was made by the ESMERALDA project³⁰ and it is based on 27 implementation questions. The assessment is updated every 6 months.

Figure 10: Implementation of MAES (September 2018)



Business and biodiversity platforms, networks and communities of practice are key tools for promoting and facilitating natural capital assessments among business and financial service providers, for instance via the Natural Capital Coalition's protocol³¹. The assessments contribute to the EU biodiversity strategy by helping private businesses better understand and value both their impact and dependence on nature. Biodiversity platforms have been established at EU level³² and in a number of Member States. Cyprus has not yet established such a platform.

³¹ Natural Capital Coalition, <u>Natural Capital Protocol</u>

Invasive alien species

Under the EU biodiversity strategy, the following are to		
be achieved by 2020:		
(i) invasive alien species identified;		
(ii) priority species controlled or eradicated; and		
(iii) pathways managed to prevent new invasive species		
from disrupting European biodiversity.		
This is supported by the Invasive Alien Species (IAS)		
Regulation, which entered into force on 1 January 2015.		

Cyprus has informed the Commission that it is working on a risk assessment for lion fish (*Pterois miles*).

Cyprus is implementing a Baseline survey and monitoring of non-indigenous species in Cavo Greco and Nissia Marine Protected Areas since February 2017. The survey is funded by the European Maritime and Fisheries Fund (75 %) and national resources (25 %). In the framework of this survey and monitoring, Cyprus is also working on risk assessments for pufferfishes *Lagocephalus sceleratus* and *Torquigener flavimaculosus*.

Moreover, Cyprus has implemented in 2017 a National Action Plan on marine species introductions and marine invasive species in Cyprus with the support of the Regional Activity Centre for Specially Protected Areas (RAC/SPA UNEP/MAP).

The report on the baseline distribution, for which Cyprus could only review its country-level data (and not the grid-level data), shows that of the 37 species on the first EU list, only two have been observed in the environment in Cyprus. Both of these have established populations: the red swamp crayfish (*Proclambarus clarkii*) and the red-eared terrapin (*Trachemys scripta*).

Between the entry into force of the EU list and 18 May 2018, Cyprus has not notified any new appearances of invasive alien species (IAS) of EU concern, according to Article 16(2) of the IAS Regulation.

Cyprus has notified the Commission of its competent authorities responsible for implementing the IAS Regulation as required by its Article 24(2). The draft national legislation with the national provisions on penalties for infringements (as required by Article 30(4) of the IAS Regulation) is expected to be adopted in 2019.

2019 priority action

• Cyprus is urged to swiftly adopt national legislation to comply with obligations required by Article 30(4) of the IAS Regulation and notify the Commission in this regard.

²⁹ Biodiversity Information System for Europe, MAES country fiches: <u>Cyprus</u>

³⁰ EU project, Esmeralda

³² Business and Biodiversity, <u>The European Business and Biodiversity</u> <u>Campaign</u> aims to promote the business case for biodiversity in the EU Member States through workshops, seminars and a cross media communication strategy.

Soil protection

The EU soil thematic strategy underlines the need to ensure a sustainable use of soils. This entails preventing further soil degradation and preserving its functions, as well as restoring degraded soils. The 2011 Roadmap to a Resource Efficient Europe states that by 2020, EU policies must take into account their direct and indirect impact on land use.

Soil is a finite and extremely fragile resource and it is increasingly degrading in the EU.

The annual land take rate (growth of artificial areas) was 0.58 % in Cyprus over the period 2006-2012, above the EU average of 0.41 %. Land take growth was 471 hectares per year and was mainly driven by housing, services and recreation³³.



Figure 11: Proportion of artificial land cover, 2015³⁴

The percentage of artificial land³⁵ in Cyprus (Figure 11) is a measure of the relative pressure on nature and

biodiversity and the environmental pressure on people living in urban areas. Another such measure is population density.

Cyprus is slightly above the EU average for artificial land coverage (5.3 % vs 4.1 %). The population density is $92.4/km^2$, which is below the EU average of 118^{36} .

Contamination can severely reduce soil quality and threaten human health or the environment. A recent report of the European Commission³⁷ estimated that potentially polluting activities have taken or are still taking place on approximately 2.8 million sites in the EU. At EU level, 650 000 of these sites have been registered in national or regional inventories. 65 500 contaminated sites have already been remediated. Cyprus has registered 84 sites where potentially polluting activities have taken or are taking place and has already remediated or applied aftercare measures on 4 sites.

Soil erosion by water is a natural process, but this natural process can be aggravated by climate change and human activities such as inappropriate agricultural practices, deforestation, forest fires or construction work. High levels of soil erosion can reduce productivity in agriculture and can have negative and transboundary impacts on biodiversity and ecosystem services. High levels of soil erosion can also have negative and transboundary effects on rivers and lakes (due to increased volume of sediments and transport of contaminants).

According to the RUSLE2015 model³⁸, Cyprus has an average soil loss rate by water of 2.89 tonnes per hectare per year (t ha^{-a} yr^{-y}), compared to the EU mean of 2.46 t ha^{-a} yr^{-y}. This indicates that soil erosion in Cyprus is in line with the EU average. It should be noted that these figures are the output of an EU-level model based on rainfall, support practices, land cover, soil and slope characteristics, and therefore should not be considered as locally measured values. The actual rate of soil loss can vary strongly within a Member State depending on local conditions. Soil erosion is one of the priority sectors under the National Climate Change Adaptation Plan.

³³ European Environment Agency <u>Draft results of CORINE Land Cover</u> (<u>CLC</u>) <u>inventory 2012</u>; mean annual land take 2006-12 as a % of 2006 artificial land.

³⁴ Eurostat, Land covered by artificial surfaces by NUTS 2 regions.

³⁵ Artificial land cover is defined as the total of roofed built-up areas (including buildings and greenhouses), artificial non built-up areas

⁽including sealed area features, such as yards, farmyards, cemeteries, car parking areas etc. and linear features, such as streets, roads, railways, runways, bridges) and other artificial areas (including bridges and viaducts, mobile homes, solar panels, power plants, electrical substations, pipelines, water sewage plants, and open dump sites). ³⁶ Eurostat, Population density by NUTS 3 region.

³⁷ Ana Paya Perez, Natalia Rodriguez Eugenio (2018), Status of local soil contamination in Europe: Revision of the indicator "Progress in the management Contaminated Sites in Europe".

³⁸ Panagos, P., Borrelli, P., Poesen, J., Ballabio, C., Lugato,

E., Meusburger, K., Montanarella, L., Alewell, C., The new assessment of soil loss by water erosion in Europe, (2015) Environmental Science and Policy, 54, pp. 438-447.

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Soil organic matter plays an important role in the carbon cycle and in climate change. Soils are the second largest carbon sink in the world after the oceans. SOC is an important measurement of soil health and biodiversity. It also provides nutrients to plants and increases water availability. The main reasons for a decline of organic carbon content in soils driven by human behaviour are land-use change (especially conversion from grassland to cropland and deforestation), drainage and loss of wetlands, and poor agricultural practices.

Marine protection

EU coastal and marine policy and legislation require that by 2020 the impact of pressures on marine waters be reduced to achieve or maintain good environmental status (GES) and ensure that coastal zones are managed sustainably.

The Marine Strategy Framework Directive (MSFD)³⁹ aims to achieve good environmental status (GES) of the EU's marine waters by 2020. To that end, Member States must develop a marine strategy for their marine waters, and cooperate with the EU countries that share the same marine (sub)region.



For Cyprus, the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (Barcelona Convention) plays an important role in achieving the goals required by the MSFD. These marine strategies comprise different steps to be developed and implemented over six-year cycles. The latest step required Member States to set up their programme of measures and report to the Commission on it by 31 March 2016. On receiving this report, the Commission assessed whether Cyprus measures were appropriate to reach GES.

Cyprus reported both ongoing and new (specifically required by the MSFD) measures. New measures to

achieve MSFD objectives are often indirect ones which focus on awareness raising and dissemination. For example, for marine litter, most of the new measures are awareness-raising activities targeting municipalities, fishermen and the general public. For non-indigenous species, Cyprus reports more direct measures that restrict the use of non-indigenous species in aquaculture or that reduce the population of Lagocephalus ssp. (puffer fish), a recent Lessepsian migrant into the eastern Mediterranean Sea, for example.

The programme of measures addresses most of the key sources of pressure on the marine waters and the targets defined by Cyprus. However, it does not fully cover certain sources of pressure, activities and associated impacts deemed to be important at the sub regional level. One example is marine litter caused by shipping. Overall, Cyprus' measures partially address the requirements of the MSFD.

2019 priority actions

- Cyprus should provide more information about its measures and establish more measures that have a direct impact on the sources of pressure. It should quantify the expected level of reduction of the sources of pressure as a result of these measures.
- Ensure reporting of the different elements under the Marine Strategy Framework Directive by the set deadline.
- Ensure regional cooperation with Member States sharing the same marine (sub)region to address the leading sources of pressure.

³⁹ Directive 2008/56/EC.

3. Ensuring citizens' health and quality of life

Air quality

EU clean air policy and legislation require the significant improvement of air quality in the EU, moving the EU closer to the quality recommended by the World Health Organisation. Air pollution and its impacts on human health, ecosystems and biodiversity should be further reduced with the long-term aim of not exceeding critical loads and levels. This requires strengthening efforts to reach full compliance with EU air quality legislation and defining strategic targets and actions beyond 2020.

The EU has developed a comprehensive body of air quality legislation⁴⁰, which establishes health-based standards and objectives for a number of air pollutants.

The emission reductions between 1990 and 2014 mentioned in the previous EIR, continued between 2014 and 2016. Emissions of sulphur oxides (SO_x) fell by 3.66 % and emissions of nitrogen oxides (NO_x) fell by 15.68 %. Meanwhile, emissions of volatile organic compounds (NMVOCs) increased by 5.83 % between 2014 and 2016, emissions of ammonia (NH₃) increased by 4.72 % and emissions of fine particulate matter PM_{2.5} increased by 14.78 % during this period (see also Figure 12 on the total PM_{2.5} and NO_x emissions per sector).

Figure 12: $\mathsf{PM}_{2.5}$ and NO_x emissions by sector in Cyprus^{41}



Despite the reduction in emissions since 1990, the country needs to make additional efforts to meet its emission reduction commitments (compared with 2005

⁴⁰ European Commission, 2016. <u>Air Quality Standards.</u>

levels) set by the new National Emissions Ceilings Directive ⁴² for 2020-2029 and for any year from 2030.

Air quality in Cyprus is reported to be generally good, with exceptions. Nevertheless, for 2015, the European Environment Agency estimated that more than 750 premature deaths were attributable to air pollution⁴³. For 2017, EU air quality standards were reported as being exceeded for ozone⁴⁴.

According to the European Court of Auditors (ECA)⁴⁵, EU action to protect human health from air pollution has not delivered its expected impact. There is a risk that air pollution is being underestimated in some instances because it may not always be monitored in the right places. Member States are now required to report both real-time and validated air quality data to the Commission⁴⁶.

Figure 13: Air quality zones exceeding EU air quality standards in 2017⁴⁷



2019 priority action

 Take action, in the context of the forthcoming National Air Pollution Control Programme, to reduce the main emission sources.

⁴³ European Environment Agency. <u>Air Quality in Europe – 2018 Report</u>, p.64. Please see details in this report as regards the underpinning methodology.

⁴⁵ European Court of Auditors, Special report no 23/2018, <u>Air</u> <u>pollution: Our health still insufficiently protected</u>, p.41.

⁴⁶ Article 5 of <u>Commission Implementing Decision 2011/850/EU</u> of 12 December 2011 laying down rules for <u>Directives 2004/107/EC</u> and <u>2008/50/EC</u> of the European Parliament and of the Council as regards the reciprocal exchange of information and reporting on ambient air quality (OJ L 335, 17.12.2011, p. 86) requires Member States to provide Up-To-Date data.

⁴⁷ EEA, EIONET Central Data Repository. Data reflects the reporting situation as of 26 November 2018.

⁴¹ 2016 NECD data submitted by Member State to the EEA.

⁴² Directive 2016/2284/EU.

⁴⁴ <u>EEA, Eionet Air Quality Portal</u> and the related Central Data Repository.

Industrial emissions

The main objectives of EU policy on industrial emissions are to: (i) protect air, water and soil; (ii) prevent and manage waste; (iii) improve energy and resource efficiency; and (iv) clean up contaminated sites. To achieve this, the EU takes an integrated approach to the prevention and control of routine and accidental industrial emissions. The cornerstone of the policy is the Industrial Emissions Directive⁴⁸ (IED).

The below overview of industrial activities regulated by the IED is based on the 'industrial emissions policy country profiles' project⁴⁹.

In Cyprus, around 74 industrial installations must have a permit according to the IED.

Figure 14: Number of IED industrial installations by sector, Cyprus (2015)⁵⁰



In 2015, the industrial sectors in Cyprus with most IED installations were the intensive rearing of poultry and pigs (65 % of IED installations) and, to a lesser degree, the minerals, waste management and energy-power sectors.

The energy-power sector is the biggest contributor to hazardous waste generation and the 'other activities'

⁴⁸ <u>Directive 2010/75/EU</u> covers industrial activities carried out above certain thresholds. It covers energy industry, metal production, mineral and chemical industry and waste management, as well as a wide range of industrial and agricultural sectors (e.g. intensive rearing of pig and poultry, pulp and paper production, painting and cleaning).

⁴⁹ European Commission, Industrial emissions policy country profile – Cyprus. and minerals sectors are the biggest contributors to non-hazardous waste generation.

Best available techniques (BAT) reference documents and BAT conclusions are developed through the exchange of information between Member States, industrial associations, NGOs and the Commission. This ensures a good collaboration with stakeholders and a better application of the IED rules.

Thanks to the national competent authorities' efforts to apply the legally binding BAT conclusions and associated BAT emission levels in environmental permits, pollution has decreased considerably and continuously.

For example, by applying the recently adopted BAT emission levels for large combustion plants, emissions of sulphur dioxide will be cut on average by between 25 % and 81 %, nitrogen oxide by between 8 % and 56 %, dust by between 31 % and 78 % and mercury by between 19 % and 71 %. The extent of the reduction depends on the situation in individual plants.

Figure 15: Emissions to air from IED sectors and all other national total air emissions, Cyprus (2015)



The main challenges identified for the IED industrial sectors are odour emissions from the high number of poultry and pig installations which are often close to residential areas and the pollution caused by the Dhekelia heavy fuel oil plant. The latter has a derogation for its air emissions until the end of 2023. Cyprus has plans to move towards natural gas for power generation. However, it is unclear when the transition will take place.

2019 priority actions

- Review permits to ensure that they comply with the newly adopted BAT conclusions.
- Strengthen control and enforcement to ensure compliance with the BAT conclusions.
- Address the odour from the high number of installations for poultry or pigs, which are often situated close to residential areas.

⁵⁰ European Commission, Industrial emissions policy country profile – Cyprus.

Noise

The Environmental Noise Directive⁵¹ provides for a common approach to avoiding, preventing and reducing the harmful effects of exposure to environmental noise.

Excessive noise from aircraft, railways and roads is one of the main causes of environmental health-related issues in the EU^{52} .

Based on a limited set of data⁵³, environmental noise causes at least 30 premature deaths per year in Cyprus and is responsible for 100 hospital admissions. Noise also disturbs the sleep of roughly 1 000 people in Cyprus. The implementation of the Environmental Noise Directive is significantly delayed. Based on the latest full set of information (i.e. 2012 for noise maps and 2013 for action plans), noise mapping for roads is still incomplete. Equally, action plans for agglomerations (i.e. population centres or places of economic activity) and for the major roads are still lacking.

These instruments, adopted after a public consultation had been carried out, should include the measures to keep noise low or reduce it.

2019 priority action

• Complete action plans for noise management.

Water quality and management

EU legislation and policy requires that the impact of pressures on transitional, coastal and fresh waters (including surface and ground waters) be significantly reduced. Achieving, maintaining or enhancing a good status of water bodies as defined by the Water Framework Directive will ensure that EU citizens benefit from good quality and safe drinking and bathing water. It will further ensure that the nutrient cycle (nitrogen and phosphorus) is managed in a more sustainable and resource-efficient way.

The existing EU water legislation⁵⁴ puts in place a protective framework to ensure high standards for all water bodies in the EU and addresses specific pollution

sources (for example, from agriculture, urban areas and industrial activities). It also requires that the projected impacts of climate change are integrated into the corresponding planning instruments e.g. flood risk management plans and river basin management plans, including programme of measures which include the actions that Member States plan to take in order to achieve the environmental objectives.

Water Framework Directive

Cyprus has adopted and reported the second generation of River Basin Management Plans (RBMPs) under the Water Framework Directive and the European Commission has assessed the status and the development since the adoption of the first RBMP, including suggested actions in the EIR report 2017.

The **most significant pressures** on surface waters was diffuse pollution (48 %) followed by diffuse pollution from agriculture (47 %). The most significant preasure affecting groundwater was abstraction or flow diversion pressures (71 % of groundwater bodies), followed by diffuse agriculture and diffuse pollution from discharges not connected to sewerage network (both 19 %).

The **most significant impact** on surface waters was altered habitats due to morphological changes (includes connectivity) (26 %), followed by nutrient pollution (18 %). In 76 % of groundwater bodies abstraction exceeds available groundwater resource and 43 % of groundwater bodies are affected by saline intrusion and 33 % by chemical pollution.

There has ben an increase in the number of monitoring sites used for the surveillance and operational monitoring of **ecological status in coastal waters** between the first and second RBMP. There has also been an increase in the number of coastal water bodies included in surveillance monitoring.

All the **coastal waters bodies** are in good or better status/potential, while all the natural lakes are in moderate status. For natural rivers, more than 60 % are in good or better status, while only 40 % of the heavily modified rivers are in good or better potential.

The proportion of **surface water bodies** in good or better status/potential was 58 % as illustrated in Figure 16 and the proportion with unknown status/potential has significantly decreased (from 21 % in the first RBMP to 1 % in the second RBMP).

The **chemical status of ground water bodies** mainly remains unchanged between the first and second RBMP but the quantitative status of groundwater bodies has improved significantly. The number of groundwater bodies failing good **quantitative status** increased slightly but in terms of groundwater body area failing good quantitative status, the situation improved from

⁵¹ Directive 2002/49/EC.

⁵² WHO/JRC, 2011, Burden of disease from environmental noise, Fritschi, L., Brown, A.L., Kim, R., Schwela, D., Kephalopoulos, S. (eds), <u>World Health Organisation, Regional Office for Europe</u>, Copenhagen, Denmark.

⁵³ European Environment Agency, <u>Noise Fact Sheets 2017</u>.

⁵⁴This includes the <u>Bathing Waters Directive (2006/7/EC)</u>, the <u>Urban</u> <u>Waste Water Treatment Directive (91/271/EEC)</u> (on discharges of municipal and some industrial wastewaters), the <u>Drinking Water</u> <u>Directive (98/83/EC)</u> (on potable water quality), the <u>Water Framework</u> <u>Directive (2000/60/EC)</u> (on water resources management), the <u>Nitrates Directive (91/676/EEC)</u> and the <u>Floods Directive</u> (2007/60/EC).

92 % of the total groundwater body area in the first RBMP to 57 % in the second RBMP. Progress in monitoring has taken place, but the information on impacts and significant pressures could still be improved.

Figure 16: Ecological status or potential of surface water bodies in Cyprus⁵⁵.



Significant pressures are identified but not all significant pressures are addressed with planned measures (Key type of measures) in order to reduce the pressures in both surface waters and groundwater. For groundwater, measures have been planed in order to tackle agricultural abstraction/ flow diversion but not to tackle diffuse pollution from agriculture or discharges from sources which are not connected to sewerage network, despite them being reported as causing water bodies to fail to be of good status. Similarly, for surface water bodies, no measures are in place to address diffuse pollution from aquaculture, urban run-off, discharges not connected to sewerage network, physical alteration of channel/bed/riparian area/shore, despite these pressures being reported as causing water bodies to fail to be in good status.

A critical factor in the success of the implementation of the Programme of Measures is the availability of funding to support the investments required. Cyprus has reported that some measures have been completed from the first Programme of Measures, with the only obstacle being a lack of finance. It is therefore positive that it has been reported that clear financial commitments have been secured for the second Programme of Measures in Cyprus.

Nitrates Directive

Cyprus has some problems with nitrate levels from agricultural sources. Around 17 % of the groundwater monitoring sites were affected (nitrates concentrations above 25 mg/l) by pollution in 2012-2015.

Only around 8 % of the territory under government control is identified as a nitrate vulnerable zone and subject to mandatory pollution control measures.

Bathing Water Directive

Figure 17 shows that in 2017, out of Cyprus' 113 bathing waters, 97.3 % were of excellent quality, 0.9 % of good quality and 0 % of sufficient quality (compared to 99.1 %, 0 % and 0 % respectively in 2016). There was no bathing water of poor quality in Cyprus in 2017⁵⁶. Detailed information on Cypriot bathing waters is available on a national portal and on an interactive map viewer designed and hosted by the European Environment Agency⁵⁷.

Figure 17: Bathing water quality 2014–2017⁵⁸



*The category 'good' was introduced in the 2015 bathing water report

Urban Waste Water Treatment Directive

Regarding Cyprus' compliance with the Urban Waste Water Treatment Directive, the latest report revealed that around 35 agglomerations were non-compliant. The Commission therefore launched an infringement procedure, which is still open. These non-compliances are illustrated by the collection and treatment rates in Cyprus included in the national report prepared by the EC regarding the 9th reporting exercise (reference year 2014) of the Urban Waste Water Treatment Directive:

• the compliance rate with Article 3 of the Directive (agglomerations in which 100 % of the generated

⁵⁶ European Environment Agency, 2017. <u>European bathing water</u> <u>quality in 2016</u>, p. 17.

⁵⁷ EEA, State of bathing waters

⁵⁸ European Environment Agency, 2018. <u>European bathing water</u> <u>quality in 2017</u>, p. 21.

⁵⁵ EEA, <u>WISE dashboard</u>.

waste water load is collected) is 65 % related to the total generated load of the agglomerations. The rate 63,5 % does not include the compliant agglomerations served by IAS (1,5 % of the total load).

- the compliance rate with Article 4 of the Directive (agglomerations in which 100 % of their generated load receives a compliant secondary treatment) is 85.6 % related to the load entering to collecting systems and treatment plants.
- the compliance with Article 5 of the Directive (agglomerations discharging into sensitive areas with generated load above 10000 population equivalent in which 100% of this receives a compliant treatment, more stringent than secondary) is 85.3% related to the load entering to collecting systems and treatment plants.

If no collection system is in place, Cyprus can use individual or other appropriate systems (e.g. storage tanks) to improve the collection rate.

An investment of around EUR 747 million⁵⁹ is needed to ensure that waste water in the remaining agglomerations is properly collected and treated. According to the latest report, the projects listed have a total design capacity that covers the requirements of the Directive. However, the last projects will not be completed until 2026, which is far beyond the final deadline of 2012. Ideally Cyprus' management plan should ensure that the projects that tackle the agglomerations in breach of the Directive are finalised as soon as possible.

Updated data of Cyprus situation as of 31.12.2016 have been reported through the 10^{th} Art. 15 and Art. 17 reporting exercises that were submitted on 20^{th} of July 2018 to the EC.

Floods Directive

The Floods Directive established a framework for the assessment and management of flood risks, aiming at the reduction of the adverse consequences associated with significant floods.

Cyprus has adopted and reported its first Flood Risk Management Plans under the Directive and the European Commission conducted an assessment.

The Commission's assessment found that good efforts have been made with positive results in setting objectives and devising measures focusing on prevention, protection and preparedness. The assessment also showed that, as was the case for other Member States, Cyprus's Flood Risk Management Plans do not yet include a baseline to assess the progress achieved in implementing measures. In addition, there is scope for systematically considering opportunities to implement nature based solutions to support the reduction of flood risk.

2019 priority actions⁶⁰

- Take steps in order to better determine the quantitative status of water bodies in accordance with the Water Framework Directive and reduce the over-abstraction of groundwater, including addressing unregulated self-abstractions and permits, which is insufficiently aligned with environmental requirements.
- Monitor changes in water quality, and review (or revise, if necessary) the nitrate vulnerable zones and the related measures in the action programme.
- Ensure that all the wastewater collected is treated according to the secondary treatment requirements.
- Take steps to systematically consider opportunities to implement nature based solutions to support the reduction of flood risk.

Chemicals

The EU seeks to ensure that by 2020 chemicals are produced and used in ways that minimise any significant adverse effects on human health and the environment. An EU strategy for a non-toxic environment that is conducive to innovation and to developing sustainable substitutes, including non-chemical options, is being prepared.

The EU's chemicals legislation⁶¹ provides baseline protection for human health and the environment. It also ensures stability and predictability for businesses operating within the internal market.

In 2016, the European Chemicals Agency (ECHA) published a report on REACH and the CLP Regulation⁶² that showed that enforcement activities are still evolving. Member States cooperate closely within the Forum for Exchange of Information on Enforcement ⁶³. This cooperation has shown that there is scope to

⁵⁹ European Commission, Ninth Report on the Implementation Status and the Programmes for Implementation of the Urban Waste Water Treatment Directive (<u>COM(2017)749</u>) and Commission Staff Working Document accompanying the report (<u>SWD(2017)445</u>).

⁶⁰ For the full set of recommendations relating to the Water Framework Directive please see <u>here.</u>

⁶¹ Principally for chemicals: REACH (OJ L 396, 30.12.2006, p.1.); for

Classification, Labelling and Packaging, the CLP Regulation (: OJ L 252, 31.12.2006, p.1.), together with legislation on biocidal products and plant protection products.

⁶² European Chemicals Agency, <u>Report on the Operation of REACH and</u> CLP 2016.

⁶³ ECHA, on the basis of the projects <u>REF-1, REF-2 and REF-3</u>.

increase the effectiveness of enforcement activities, particularly for registration obligations and safety data sheets, where the level of non-compliance is still relatively high.

While progress has been made, there is room to further improve and harmonise enforcement activities across the EU, including controls on imported goods. Enforcement remains weak in some Member States, particularly for controls on imports and supply chain obligations. The enforcement architecture is complex in most EU countries and enforcement projects reveal differences in compliance between Member States.

A 2015 Commission study already emphasised the importance of harmonised market surveillance and enforcement when implementing REACH at Member State level, in terms of market surveillance and enforcement, deeming it to be a critical success factor in the operation of a harmonised single market⁶⁴.

In March 2018, the Commission published an evaluation of REACH⁶⁵. The evaluation concludes that REACH delivers on its objectives, but that progress made is slower than anticipated. In addition, the registration dossiers often are incomplete. The evaluation underlines the need to enhance enforcement by all actors, including registrants, downstream users and in particular for importers, to ensure a level playing field, meet the objectives of REACH and ensure consistency with the actions envisaged to improve environmental compliance and governance. Consistent reporting of Member State enforcement activities was considered important in that respect.

Making cities more sustainable

EU policy on the urban environment encourages cities to put policies in place for sustainable urban planning and design. These should include innovative approaches to urban public transport and mobility, sustainable buildings, energy efficiency and urban biodiversity conservation.

The population living in urban areas in Europe is projected to rise to just over 80 % by 2050⁶⁶.

Urban areas pose particular challenges for the environment and human health, but they also provide opportunities for using resources more efficiently. The EU encourages municipalities to become greener through initiatives such as the Green Capital Award⁶⁷,

the Green Leaf Award⁶⁸ and the Green City Tool⁶⁹.

Financing greener cities

Cyprus has assigned EUR 68.25 million or 22.8 % of its allocation under the European Regional Development Fund (ERDF)⁷⁰ to sustainable urban development.

Cyprus participates in the European Urban Development Network⁷¹. This network includes more than 500 EU cities responsible for carrying out integrated measures based on sustainable urban development strategies financed by ERDF in 2014-2020.

Participation in EU urban initiatives and networks

Cypriot municipalities are generally involved in EU initiatives on environment protection and climate change.

Cyprus is involved in the URBACT initiative to support sustainable urban development, through three different thematic networks⁷².

Several Horizon 2020 network projects have also contributed to the sustainability of Cypriot cities. *CIVITAS* includes three municipalities from Cyprus that work together for cleaner and better transport in cities⁷³.

24 Cypriot cities are involved in the EU Covenant of Mayors initiative. As of May 2018, eight of them have already implemented their action plans and are monitoring the results. Another 16 municipalities and communities have at least presented their climate action plan and the commitments they aim to deliver by 2020 or 2030⁷⁴.

Recent studies have been monitoring the geochemistry of soils as a tool for urban pollution identification and remediation⁷⁵.

These welcome urban initiatives and networks contribute to a better urban environment. In 2017, 8.8 % of the Cypriot population living in cities said that their neighbourhood was affected by pollution, grime or other environmental problems, down from 9.3 % in 2016 but up from 8.3 % in 2015. These figures are significantly lower than the EU-28 average (20 % in 2017, 18.9 % in 2016 and % in 2015)⁷⁶.

⁶⁴ European Commission. (2015). Monitoring the Impacts of REACH on Innovation, Competitiveness and SMEs. Brussels: European Commission.

⁶⁵ <u>COM(2018) 116</u>.

⁶⁶ European Commission, Eurostat, <u>Urban Europe</u>, 2016, p.9.

⁶⁷ European Commission, European Green Capital

⁶⁸ European Commission, European Green Leaf Award.

⁶⁹ European Commission, Green City Tool.

⁷⁰ European Commission, <u>Partnership agreement with Cyprus - 2014-2020</u>.

⁷¹ European Commission, <u>The Urban Development Network</u>.

⁷² URBACT, <u>Associated Networks by country</u>.

⁷³ European Commission, <u>Horizon 2020 Civitas Project.</u>

⁷⁴ Covenant of Mayors for Climate and Energy, <u>Country signatories</u>.

⁷⁵ URGE Project, <u>Geochemistry in Europe.</u>

⁷⁶ Eurostat, <u>Pollution, grime or other environmental problems by</u> degree of urbanisation, 2018.

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Nature and cities

More than 52 % of Cyprus' Natura 2000 network is in functional urban areas⁷⁷, one of the highest percentages in the EU and far above the EU average of 15 % (see Figure 18).

Figure 18: Proportion of the Natura 2000 in Functional Urban Areas (FUA)⁷⁸



Urban sprawl

Cyprus had a weighted urban proliferation of 2.74 UPU/m² in 2009 compared to a European average (EU-28+EEA-4) of 1.64 UPU/m² with an increase of 10 % from 2006 to 2009^{7980} .

Urban sprawl

Large parts of Europe are affected by urban sprawl. The value of WUP (weighted urban proliferation) for all of Europe (32 countries considered, i.e. EU-28 + 4) in 2009 was 1.64 UPU/m2. (Where the urban sprawl values for Europe ranged from 0.1 to 6.6 UPU/m2, with the higher number meaning more urban sprawl), with the lowest values for Sweden, Finland, Romania and Estonia. Cyprus (2.74 UPU/m2 in 2009) is among countries that are separated from the other European countries by sea (i.e. Sweden, Norway, Cyprus and Malta) which show

⁷⁷ European Commission, <u>Definition of Functional Urban Areas</u>.

abrupt differences in their sprawl values⁸¹. Urban sprawl increased in all countries between 2006 and 2009. The overall increase was 5 %. The largest absolute increases were observed for Malta (+ 0.59 UPU/m2) and Cyprus (+ 0.25 UPU/m2)⁸².

Traffic congestion and urban mobility

The total number of road vehicles in Cyprus has increased up to 696 150 in 2016, a slight but constant increase since 2013^{83} .

The modal split for inland passenger transport⁸⁴ was 81 % for cars (EU-28 83.4 %) and 19 % for buses and trolley buses (EU-28 9.1 %)⁸⁵. So cars are still the favoured mode of transport, with Cyprus having one of the highest proportion of passenger transport by bus/trolley in the EU, partly due to the geographical nature of the country.

Traffic congestion is a growing problem in Nicosia. Public transportation consists of bus service that travels throughout the island. Buses are safe and inexpensive, but service is limited.

In terms of urban mobility, Cyprus is participating in different projects. A good example is a series of conferences on sustainable mobility & intelligent transport systems⁸⁶.

⁸⁶ Cyprus Sustainable Mobility Conference.

⁷⁸ European Commission, <u>the 7th Report on Economic, Social and</u>

Territorial Cohesion, 2017, p. 121. ⁷⁹ Urban Permeation Units measure the size of the built-up area as well as its degree of dispersion throughout the region.

⁸⁰ EEA, <u>Urban Sprawl in Europe, Annex I</u>, 2014, pp.4-5.

⁸¹ EEA, <u>Urban Sprawl in Europe, Annex I</u>, 2016, pp.4-5.

⁸² EEA, <u>Urban Sprawl in Europe</u>, 2016, p. 71.

⁸³ Eurostat, <u>Passenger cars per 1 000 inhabitants</u>, 2018.

⁸⁴ The relation between mode of transport and kilometres travelled (excluding bicycles and other alternative methods).

⁸⁵ Eurostat, <u>Passenger transport Statistics by modal split</u>.

Part II: Enabling framework: implementation tools

4. Green taxation, green public procurement, environmental funding and investments

Green taxation and environmentally harmful subsidies

Financial incentives, taxation and other economic instruments are effective and efficient ways to meet environmental policy objectives. The circular economy action plan encourages their use. Environmentally harmful subsidies are monitored in the context of the European Semester and the energy union governance process.

Cyprus' revenue from environment-related taxes remains above the EU average. Environmental taxes accounted for 2.93 % of GDP in 2017 (EU-28 average 2.4 %) (see Figure 19) and energy taxes for 2.25 % of GDP (EU average 1.84 %)⁸⁷. In the same year, environmental tax revenues were 8.62 % of total revenues from taxes and social-security contributions (EU-28 average 5.97 %).

Cyprus' tax structure results in a lower share of revenues from labour tax in total tax revenues than the EU average. Cyprus' labour tax revenues were 34.7 % in 2016, while the implicit tax burden on labour was 25.6 % ⁸⁸. Consumption taxes remained relatively high (39.9 %, seventh in the EU-28), showing that there is some potential for shifting taxes from labour to consumption, particularly to environmental taxes.

The Commission has stated repeatedly in the European Semester report that consumption and environmental tax revenues are high in Cyprus, which makes its tax structure relatively growth and environment-friendly⁸⁹.

Meanwhile, fossil fuel post-tax subsidies (which include both price-gap subsidies and subsidies to compensate for the negative external factors associated with the use of fossil fuels, such as local air pollution, faster climate change and congestion) were almost zero in 2015⁹⁰.

Cyprus has made considerable progress on reducing the 'diesel differential' (difference in the price of diesel versus petrol) since 2005. In 2016 there was still a 6 % gap between petrol and diesel tax rates, while in 2005 it

was 23 $\%^{91}$. Tax rates on petrol and diesel in 2016 remained similar to those in 2015 (EUR 0.48 per litre for petrol and EUR 0.45 for diesel)⁹².





CO2-based motor vehicle taxes are in place in Cyprus. Vehicle registration tax and the annual road tax are based on CO2 emissions⁹⁴. Incentives to encourage people to buy cars with lower CO2 emissions were in place in 2016. These are linked to annual circulation taxes, road tolls, congestion or low emission zone charges and also to buying cleaner vehicles. There were no incentives connected to the preferential use of public

93 Eurostat, Environmental tax revenues, 2019.

⁸⁷ Eurostat, Environmental tax revenues, 2019.

⁸⁸ European Commission, <u>Taxation Trends Report</u>, 2018.

⁸⁹ European Commission, <u>European Semester Country Report 2018</u>, p. 30.

⁹⁰ European Parliament and IMF, Fossil Fuel Subsidies, 2017, pp. 10-11.

⁹¹ European Environment Agency 2017, <u>Environmental taxation and EU</u> <u>environmental policies</u>, p.27.

⁹² European Commission, <u>Taxes in Europe Database</u>, 2018.

⁹⁴ ACEA, <u>CO₂ based motor vehicle taxes in Europe</u>.

infrastructures⁹⁵. New vehicles bought in Cyprus are among the least environmentally friendly in the EU, with average CO2 emissions of 123.5 grams per kilometre (EU average 118 grams in 2016)⁹⁶.

The use of alternative fuels in new passenger cars sold in Cyprus has slightly increased over the past few years. In 2016, the share of new passenger cars using alternative fuels was nine times more than in 2014. However, levels were still very low (0.31 %)⁹⁷. Most of these vehicles are electric vehicles. Very few or no CNG (compressed natural gas) vehicles are used in the country. Tax treatment for company cars is not a cause for concern in Cyprus⁹⁸.

Green public procurement

The EU green public procurement policies encourage Member States to take further steps to apply green procurement criteria to at least 50 % of public tenders. The European Commission is helping to increase the use of public procurement as a strategic tool to support environmental protection.

The purchasing power of public procurement amounts to around EUR 1.8 trillion in the EU (approximately 14 % of GDP). A substantial proportion of this money goes to sectors with a high environmental impact such as construction or transport. Therefore, green public procurement (GPP) can help to significantly lower the negative impact of public spending on the environment and can help support sustainable innovative businesses. The Commission has proposed EU GPP criteria⁹⁹.

Cyprus prepared its first national action plan to promote GPP within the EU framework back in March 2007. A revised national action plan was then published in January 2012 and is currently still valid.

EU GPP criteria are recommended for the following product groups: office equipment, paper, electricity, cleaning products and services, sanitary products, construction (building and road), food products and services, furniture, textiles, transport, gardening products and services, street lighting and traffic signals.

All public procurers have to adopt at least the core criteria from the national action plan on GPP (including the criteria in the EU GPP toolkit and national criteria in categories for which there are no EU criteria), with a target of at least 50 %.

According to the latest survey, Cypriot authorities used green criteria in more than 50 % of procurement procedures in selected categories. GPP was used in 90 % of product and services purchases, such as office IT and imaging equipment. It was used in 100 % of road sign, public fountain and toilet cistern purchases and in 95 % of indoor lighting purchases.

Since 2014, the government's environment department has organised awards for good practices in GPP to acknowledge the efforts of public contracting bodies in this area. The GPP awards have been included in the annual programme of the Ministry of Agriculture, Rural Development and Environment. In the future, the award will be extended to more categories included in Cyprus' national action plan on GPP. In 2017, prizes were extended to more categories that are in Cyprus' GPP NAP. Also the CY GPP AWARDS 2017 have been extended to the public sector

Environmental funding and investments

European Structural and Investment Fund (ESIF) rules oblige Member States to promote environment and climate in their funding strategies and programmes for economic, social and territorial cohesion, rural development and maritime policy.

Achieving sustainability involves mobilising public and private financing sources¹⁰⁰. Use of the European Structural and Investment Funds (ESIFs)¹⁰¹ is essential if countries are to achieve their environmental goals and integrate these into other policy areas. Other instruments such as Horizon 2020, the LIFE programme¹⁰² and the European Fund for Strategic Investments (EFSI)¹⁰³ may also support the implementation and spread of good practices.

¹⁰² European Commission, LIFE programme.

⁹⁵ European Environmental Agency, <u>Appropriate taxes and incentives do</u> <u>affect purchases of new cars</u>, 18 May 2018.

⁹⁶ European Environment Agency, <u>Average CO2 emissions from new</u> passenger cars sold in EU-28 Member States plus Norway, Iceland and <u>Switzerland in 2016</u>.

⁹⁷ European Commission, <u>Transport in the European Union Current</u> <u>Trends and Issues</u>, 2018, pp.72-75.

⁹⁸ European Commission, <u>Taxation of commercial cars in Belgium</u> (including data for all Member States), 2017, p.3.

⁹⁹ In the Communication 'Public procurement for a better environment' (COM (2008) 400) the Commission recommended the creation of a process for setting common GPP criteria. The basic concept of GPP relies on having clear, verifiable, justifiable and ambitious environmental criteria for products and services, based on a life-cycle approach and scientific evidence base.

¹⁰⁰ See, for example, <u>Action plan on financing sustainable growth</u> (COM(2018) 97).

¹⁰¹ i.e. the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). The ERDF, the CF and the ESF are referred to as the 'cohesion policy funds'.

¹⁰³ European Investment Bank, <u>European Fund for Strategic</u> <u>Investments, 2016.</u>

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According to the 2017 Special Eurobarometer on attitudes of EU citizens towards the environment, 97 % of Cypriots support greater EU investment in environmental protection (EU-28 average 85 %).

European Structural and Investment Funds 2014-2020

Cyprus has been allocated EUR 998.5 million from ESIF funds for 2014-2020. This means that with its national contribution of EUR 267 million, Cyprus has a total budget of EUR 1.17 billion to invest in various areas. Investments are made through four national operational programmes and should lead to job creation and growth, better environmental protection, sustainable land management in agriculture and forestry, the efficient use of resources and increased competitiveness for SMEs. There should also be a significant investment in the transport and energy network infrastructure.

Figure 20: ESIF 2014-2020 – EU allocation by theme, Cyprus (EUR billion)¹⁰⁴



Cohesion Policy

For 2014-2020, Cyprus has been allocated around EUR 826.5 million in total cohesion policy funding. EU funds are a key asset for comprehensive environmental protection in the EU^{105} . One of the investment priorities

 $^{\rm 105}$ 'The objectives of the ESI Funds shall be pursued in line with the principle of sustainable development and with the Union's promotion

for Cyprus during programming period 2014-2020 is to protect the environment and use resources efficiently¹⁰⁶. These investments will help the transition towards a circular economy.

Investments in innovation and low carbon economy are key areas to consider when estimating environmental spending. The ERDF and cohesion fund allocate EUR 133 million to the low carbon economy as well as EUR 11.8 million to climate adaptation and EUR 184.3 million to environmental measures¹⁰⁷. In addition, around 22.8 % of the ERDF budget is being used for sustainable urban development.

Current data suggest that 100 % of the EU funds for 2007-2013 were spent¹⁰⁸.

Rural development

For rural development, Cyprus allocates around EUR 32 million of its EARDF funding to support agrienvironmental commitments. It allocates a further EUR 7 million to support organic farming and EUR 2 million to support the Natura 2000 obligations. Cyprus has also recently added a new agri-environmental commitment to ban the grazing of all animals in pastures of 'high nature value' and located in Natura 2000 areas.

The Cypriot Rural Development Programme (RDP) outlines the country's priorities for investing the EUR 243.3 million in funding available for 2014-2020. This funding includes EUR 132.2 million from the EARDF and EUR 119.1 million of national co-funding¹⁰⁹.

Cyprus' RDP focuses on actions to restore, preserve, and improve ecosystems. For example, 36 742 hectares of agricultural land will be protected under agrienvironment-climate contracts which aim to preserve biodiversity, improve water management and prevent soil erosion. In addition, 11 700 hectares (41.4 %) of irrigated land are expected to switch to more efficient irrigation systems.

On integrating environmental concerns into the common agricultural policy (CAP), the two key areas are: (i) to use the EAFRD to pay for environmental land management and other environmental measures; and (ii) to ensure that the first pillar of the CAP is implemented effectively for cross-compliance and first pillar 'greening'. The direct payment budget for 2015-2020 is EUR 353 million, 30 % of which will go towards greening practices that benefit

¹⁰⁴ European Commission, <u>European Structural and Investment Funds</u> <u>Data by Country.</u>

of the aim of preserving, protecting and improving the quality of the environment, as set out in Article 11 and Article 191(1) TFEU, taking into account the polluter pays principle' Article 8, <u>Reg. (EU) No</u> 1303/2013.

¹⁰⁶ European Commission, Partnership agreement with Cyprus - 2014-20

¹⁰⁷European Commission, Partnership agreement with Cyprus - 2014-20

¹⁰⁸ European Commission, <u>SF 2007-2013 Funds Absoption Rate</u>

¹⁰⁹ European Commission, <u>Rural development 2014-2020: Country files</u>

the environment¹¹⁰.

The latest financial data available (for 2007-2013) show that the use of available rural development funds in Cyprus was 99.9 % (EU average 97.3 %)¹¹¹.

European Maritime and Fisheries Fund

Through the Operational Programme "Thalassa", Cyprus will invest around EUR 53 million for fisheries and the maritime sector, with an EMFF contribution of EUR 39.7 million. Several projects that benefit the environment have been financed under the Operational Programmes' Priority 1 (sustainable fisheries) and Priority 2 (sustainable aquaculture). 23.8 % of the total Operational Programme allocation is to create environmentally sustainable, resource efficient, innovative, competitive and knowledge based aquaculture¹¹².

The Connecting Europe Facility

The Connecting Europe Facility (CEF) is a key EU funding instrument developed specifically to direct investment into European transport, energy and digital infrastructures. It aims to address identified missing links and bottlenecks and promote sustainability.

By the end of 2017, Cyprus had signed agreements for projects amounting to EUR 51 million under the CEF¹¹³.

Horizon 2020

Cyprus has benefited from Horizon 2020 funding since the programme started in 2014. As of January 2019, 124 participants have been granted a maximum amount of EUR 30.8 million for projects from the Societal Challenges work programmes dealing with environmental issues¹¹⁴ ¹¹⁵.

Nicosia participates in the Horizon 2020 project 'COproductioN with NaturE for City Transitioning, INnovation and Governance' (CONNECTING) which aims to develop policies and practices that increase urban resilience, innovation and governance through naturebased solutions. The project will bring together city governments, SMEs, academia and civic society to exchange experiences and reproduce good practices in other cities. Furthermore, KIOS research centre has succeded in securing funding from HORIZON 2020 (under TEAMING action of the "Spreading Excellence and Widening Participation Programme") to be upgraded into a Centre of Excellence. The mission of the KIOS Centre is to conduct multidisciplinary research and innovation in the area of Information and Communication Technologies with emphasis on the Monitoring, Control, Security and Management of Critical Infrastructures, which include large-scale, complex systems such as power and energy systems, water systems, transportation systems, and telecommunication networks emergency management and response systems.

In addition to the abovementioned work programmes, climate and biodiversity expenditure is present across the entire Horizon 2020. In Cyprus, projects accepted for funding in all Horizon 2020 working programmes until December 2018 included EUR 34 million destined to climate action (23.1% of the total Horizon 2020 contribution to the country) and EUR 4 million for biodiversity-related actions (3% of the Horizon 2020 contribution to the country)¹¹⁶.

LIFE programme

Since its launch in 1992, the LIFE programme has cofinanced a total of 45 projects in Cyprus¹¹⁷ at a total investment of EUR 44.5 million. The EU provided EUR 26 million of this amount. Of these projects, 11 have focused on environmental innovation (under the LIFE environment and resource efficiency priority) and nine on nature conservation (under the nature and biodiversity priority).

For 2014-2017 the EU has allocated EUR 6 million to Cypriot projects¹¹⁸. The 'LIFE+ ORGANIKO' project, with its requested EU contribution of more than EUR 500 000¹¹⁹, aims to revamp organic farming and its products to help mitigate climate change.

Another example is the restoration and management of Oroklini Lake SPA in Cyprus, which helped increase the habitats available for the Oroklini Lake's bird species. Water management and restoration actions were carried out to improve the birds' habitat. These included creating new islets, restoring land that had been destroyed by an illegal market and putting up fencing around the lake to reduce disturbance¹²⁰.

¹¹⁰ European Commission, <u>CAP in Cyprus</u>, 2017.

¹¹¹ <u>COM(2017) 554</u>.

 ¹¹² European Commission, EMFF, <u>Operational Progamee 2014-2020</u>
¹¹³ European Commission, <u>2018 European Semester Country Reports</u>
¹¹⁴ European Commission <u>own calculations based on CORDA (COmmon Research DAta Warehouse)</u>. A maximum grant amount is the maximum grant amount decided by the Commission. It normally corresponds to the requested grant, but it may be lower.

¹¹⁵ i.e. (ii) Food security, sustainable agriculture and forestry, marine and maritime and inland water research and the bioeconomy; (iii) Secure, clean and efficient energy; (iv) Smart, green and integrated transport; and (v) Climate action, environment, resource efficiency and raw materials.

 $^{^{\}rm 116}$ European Commission own calculations based on CORDA (COmmon Research DAta Warehouse).

¹¹⁷European Commission, LIFE by country : Cyprus

¹¹⁸ Commission services based on data provided by EASME.

¹¹⁹ European Commission, <u>LIFE Organiko</u>.

¹²⁰ Biodiversity Information System for Europe, <u>Green Infrastructure in</u> <u>Cyprus</u>

European Investment Bank

In 2013-2017, EIB financing in Cyprus totalled EUR 1.251 billion. Of this, EUR 83 million went towards waste management and EUR 41 million towards water and sewerage projects¹²¹. In 2018 alone, the EIB group (the European Investment Bank and the European Investment Fund) loaned Cypriot businesses and public institutions EUR 210 million, as shown in Figure 21¹²². Of this, EUR 39.4 million (19 %) went to environmental projects.

Figure 21: EIB loans to Cyprus in 2018¹²³



European Fund for Strategic Investments

The European Fund for Strategic Investments (EFSI) is an initiative to help overcome the current investment gap in the EU. One project under the 'Infrastructure and Innovation' strand has been approved to date. The project, which is in the energy sector, will receive EUR 35 million in European Investment Bank (EIB) financing under the EFSI. This is expected to trigger nearly EUR 53 million in secondary investments. Under the SME strand, two agreements with financial intermediaries have been approved so far. EU financing through the EFSI amounts to EUR 10 million, which is expected to mobilise more than EUR 28 million in total investment. Around 125 smaller companies or start-ups will benefit from this support¹²⁴. As of January 2019, the EFSI had mobilised around EUR 45 million in Cyprus. The secondary investment triggered by those funds is expected to be EUR 81 billion¹²⁵.

National environmental financing

Cyprus spent EUR 43.6 million on environmental protection in 2016, a decrease of 26 % from 2015¹²⁶. 81 % of these payments were allocated to waste management activities (the annual average percentage of environmental spending allocated to waste management

in the EU is $49.7 \%)^{127}$. EUR 582.600 were allocated to SMes to implement EMAS, between 2007 to 2017. EUR 7.6 million was allocated to pollution abatement (19% of total). 2.3% of environmental expenditure was allocated to protecting biodiversity and the landscape (EUR 1.1 million). Between 2012 and 2016, the general government funding for environmental protection was EUR 290 million¹²⁸.

¹²¹ European Investment Bank, <u>Financed projects Cyprus</u>

¹²² EIB, Cyprus and the EIB, 2018.

¹²³ EIB, Cyprus and the EIB, 2018.

¹²⁴ European Commission, <u>2018 European Semester Country Report –</u> <u>Cyprus</u>

¹²⁵ EIB, EFSI project map.

¹²⁶ Eurostat, <u>General Government Expenditure by function</u>, 2018.

 $^{^{\}rm 127}$ No data is available regarding the expenditure on wastewater management.

¹²⁸ Eurostat, <u>General Government Expenditure by function</u>, 2018.

5. Strengthening environmental governance

Information, public participation and access to justice

Citizens can more effectively protect the environment if they can rely on the three 'pillars' of the Aarhus Convention:

(i) access to information;(ii) public participation in decision making; and(iii) access to justice in environmental matters.

It is of crucial importance to public authorities, the public and business that environmental information is shared efficiently and effectively129. Public participation allows authorities to make decisions that take public concerns into account. Access to justice is a set of guarantees that allows citizens and NGOs to use national courts to protect the environment130. It includes the right to bring legal challenges ('legal standing')131.

Environmental information

Cyprus has a mixed system for providing environmental data. Most of the environmental information is available on the environment department's website¹³². The government has a high quality portal on air quality¹³³ and should create similar centralised portals for other areas. Currently, up-to-date information about chemicals are not available on any of the government's portals.The Cyprus Pollutant Release and Transfer provides information on industrial emissions with available historical and statistical data. Monitoring and historical datasets are lacking for many areas and improvement is needed to make the datasets on chemicals and industrial emissions publicly accessible.

Cyprus' implementation of the INSPIRE Directive leaves room for improvement. The accessibility of spatial data through view and download services is poor. The country's performance has been reviewed based on its 2016 implementation report¹³⁴ and its most recent monitoring data from 2017¹³⁵. Implementation has been for coordination, data policies, good dataset identification and documentation of data. However, Cyprus needs to make additional efforts to make the data accessible through services and improve the conditions for data reuse. Cyprus also needs to make further efforts to prioritise environmental datasets in the implementation of environmental legislation. In particular, it needs to prioritise datasets identified as high-value spatial datasets¹³⁶.





Public participation

In Cyprus, the implementation of the Aarhus Convention and related European legislation is mainly addressed through separate sector-specific legislation. Public engagement in environmental policy making is mainly encouraged through a public consultation system. Relevant public consultations are published by the Ministry of Agriculture, Rural Development and Environment's Environment Department¹³⁷. No overarching legislation or single information portal that addresses all policy areas, including environment, seems to exist. The Eurobarometer figures from 2017 show that people in Cyprus strongly agree (87 % of respondents) that an individual can play a role in protecting the environment. This is roughly the same as in 2014.

¹²⁹ The Aarhus Convention, the Access to Environmental Information <u>Directive 2003/4/EC</u> and the <u>INSPIRE Directive 2007/2/EC</u> together create a legal foundation for the sharing of environmental information between public authorities and with the public. This EIR focuses on INSPIRE.

¹³⁰ The guarantees are explained in Commission Notice on access to justice in environmental matters, OJL 275, 18.8.2017 and a related Citizen's Guide.

¹³¹ This EIR looks at how well Member States explain access to justice rights to the public, and at legal standing and other major barriers to bringing cases on nature and air pollution.

¹³² Ministry of Agriculture, Rural Development and Environment, <u>environmental data web site</u>

¹³³ Ministry of Labour, Welfare and Social Insurance, <u>portal on air</u> <u>guality</u>

¹³⁴ INSPIRE CY <u>country sheet</u> 2017.

¹³⁵ INSPIRE monitoring dashboard

¹³⁶ European Commission, List of high value spatial data sets

¹³⁷ Ministry of Agriculture, Rural Development and Environment, <u>public</u> <u>consultations</u>.

Access to justice

Access to justice in environmental matters is a set of guarantees that allows citizens and their associations to challenge acts or omissions of the public administration before a court¹³⁸. Among other things, it covers the right to bring a challenge (legal standing), the right to protection against prohibitive costs and the right to access practical information. The 2019 EIR focuses on practical information, legal standing and other barriers to bringing cases on air pollution and nature before a court.

Cyprus does not provide adequate online practical information on access to justice in environmental matters.

Cyprus has an interest-based and restrictive approach to legal standing, which would make it difficult for environmental NGOs to bring cases to court. For secondary EU legislation with specific access-to-justice provisions, there is corresponding Cypriot legislation. However, there is no Cypriot case-law to date to show how Cypriot courts might deal with air pollution and nature cases that fall outside the scope of this secondary legislation.

2019 priority actions

- Improve access to spatial data and services by making stronger links between the central INSPIRE website and regional portals. Identify and document all spatial datasets required for the implementation of environmental law¹³⁹.
- Better inform the public about their rights to access justice, notably in relation to air pollution and nature.
- Ensure that there is legal standing for environmental NGOs to bring legal challenges on air pollution and nature before the courts.

Compliance assurance

Environmental compliance assurance covers all the work undertaken by public authorities to ensure that industries, farmers and others fulfil their obligations to protect water, air and nature, and manage waste¹⁴⁰. It includes support measures provided by the authorities, such as:

(i) compliance promotion¹⁴¹;

(ii) inspections and other checks that they carry out, i.e. compliance monitoring¹⁴²; and

(iii) the steps that they take to stop breaches, impose sanctions and require damage to be remedied, i.e. enforcement¹⁴³.

Citizen science and complaints enable authorities to focus their efforts better. Environmental liability¹⁴⁴ ensures that the polluter pays to remedy any damage.

Compliance promotion and monitoring

Online information is given to farmers on how to comply with obligations on nitrates and nature. The quality of this information is an indicator of how actively authorities promote compliance in areas with serious implementation gaps. The responsible Cypriot ministries do not make such information available online.

Major industrial installations can be a serious pollution risk. Public authorities must have plans to inspect these installations and must make individual inspection reports available to the public¹⁴⁵. Cypriot official websites provide this information ¹⁴⁶.

Citizen science and complaint handling

Engaging the general public through citizen science, can increase knowledge about the environment and help the authorities in their work. No evidence of the use of citizen science-type approaches has been found for Cyprus.

The availability of clear online information about how to make a complaint shows how responsive authorities are

¹⁴⁰ The concept is explained in detail in the Communication on 'EU actions to improve environmental compliance and governance' <u>COM(2018)10</u> and the related Commission Staff Working Document, <u>SWD(2018)10</u>.

¹⁴¹ This EIR focuses on the help given to farmers to comply with nature and nitrates legislation.

 ¹⁴² This EIR focuses on inspections of major industrial installations.
¹⁴³This EIR focuses on the availability of enforcement data and coordination between authorities to tackle environmental crime.
¹⁴⁴ The <u>Environmental Liability Directive 2004/35/EC</u>, creates the framework.

¹⁴⁵ Article 23, Industrial Emissions Directive 2010/75/EU.

¹⁴⁶ The Department of Environment and the Department of Labour Inpectorate publish an <u>inspection plan for IED installations</u>. IED individual inpection reports are also published: <u>report 1</u>, <u>report 2</u>.

 ¹³⁸ Details are set out in Commission '<u>Notice on access to justice in</u> <u>environmental matters'</u>, OJL 275, 18.8.2017, p1.
¹³⁹ European Commission, <u>Priority list of data sets for eReporting</u>

²⁹

to complaints from the public. With the exception of the Commissioner for Administration and Human Rights¹⁴⁷, who deals with complaints about maladministration, Cypriot authorities do not provide citizens with clear online information about how to make a complaint about environmental harm.

Enforcement

When monitoring identifies problems, a range of responses may be appropriate. The number of warnings, penal cases as well as the fines imposed by the courts are included in the annual reports of the Department of Labour Inpection which are publicly available on its website¹⁴⁸. However, information on responses to cross-compliance breaches on nitrates and nature are is lacking.

Tackling waste, wildlife crimes and other environmental offences is especially challenging. It requires close cooperation and coordination arrangements between inspectors, customs authorities, police and prosecutors. In Cyprus, investigating and prosecuting environmental crimes is mainly the responsibility of the Cypriot police¹⁴⁹ and the Attorney General. However, there is no published information on how authorities cooperate and coordinate to tackle environmental crime.

Environmental liability

The Environmental Liability Directive (ELD) establishes a framework based on the 'polluter pays' principle to prevent and remedy environmental damage. The 2017 EIR focused on better information on environmental damage, financial security and guidance. The Commission is still collecting evidence on the progress made.

2019 priority actions

- Better inform the public about compliance promotion, monitoring and enforcement. At a minimum this should involve: (i) ensuring that online information about how to comply with obligations on nitrates and nature is available to Cypriot farmers; (ii) providing online information on inspection plans and reports on industrial inspections; and (iii) making it easier to file environmental complaints.
- Publish information on outcomes of administrative and criminal enforcement actions and of the followup to detected cross-compliance breaches on nitrates and nature.

• Improve financial security for liabilities and ELD guidance. Improve the collection and publication of information about environmental damage.

Effectiveness of environmental administrations

Those involved in implementing environmental legislation at EU, national, regional and local levels need to have the knowledge, tools and capacity to ensure that the legislation and the governance of the enforcement process bring about the intended benefits.

Administrative capacity and quality

Central, regional and local administrations must be able to carry out their own tasks and work effectively with each other within a system of multi-level governance.

Cyprus concentrated on aligning national and EU legislation in the period just before it joined the EU. There have been no major gaps and the process of putting in place the body of EU legislation has strengthened the country's environmental policies and legislation. So far, the Cypriot authorities have complied with the deadlines in the EU environmental legislation and reacted quickly whenever the Commission has initiated an infringement procedure. A notable exception is in the nature sector, where there have been delays (for example, delays in designating the 'special protected areas and in proposing 'sites of Community interest' and delays in bringing projects in line with EU legislation and especially carrying out adequate 'appropriate assessments').

The number of infringement cases against Cyprus (12 infringement cases, of which 11 are at 258 stage and one is at 260 stage) is moderate in absolute terms. However, the number is high per capita. In general, there are no significant problems on the quality of the transposition of the EU directives, although there are currently three cases open. Most cases relate either to a poor application of the EU environmental legislation or to late transposition.

Coordination and integration

As mentioned in the 2017 EIR, the transposition of the revised Environmental Impact Assessment (EIA) Directive¹⁵⁰ provides an opportunity for countries to streamline their regulatory framework on environmental assessments. Despite a delay in full transposition, Cyprus has transposed the revised Directive.

The Commission encourages the streamlining of environmental assessments to reduce duplication and

¹⁴⁷ Cyprus Ombudsman.

¹⁴⁸ Department of Labour Inpection

¹⁴⁹ Cyprus Police.

¹⁵⁰ Directive 2014/52/EU.

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avoid overlaps in environmental assessments for projects. Streamlining helps to reduce unnecessary administrative burden. It also accelerates decision making, without compromising the quality of the environmental assessment procedure¹⁵¹. Cyprus has started streamlining environmental assessments under the EIA and the Habitats Directives.

Adaptability, reform **dynamics** innovation and (eGovernment)

Cyprus' two main environmental administrations are the Ministry of Agriculture, Rural Development and Environment (especially the Department of Environment and the Water Development Department) and the Ministry of Labour, Welfare and Social Insurance. Both of them appear to use new technologies, mainly the internet, to interact with the public or bodies that wish to be involved. Both Ministries host user-friendly websites with many illustrations and headings on the relevant themes to help people find information easily. Furthermore, the both Ministries' websites provide their contact details and online forms should someone need to communicate with them. However, according to EUPACK, Cyprus' performance on e-governance is lower than other EU countries.

In the DESI Report 2018, Cyprus had a score of 55 out of 100 on digital public services, slightly below than the EU average of 58¹⁵².

Enabling financing and effective use of funds

Information on funding opportunities to improve the environment is published on the Ministry of Agriculture, Rural Development and Environment's website and the websites of its departments. The Ministry also hosts a portal with information on relevant EU funding opportunities and national programmes and schemes. Searches by theme are possible, including 'environment and climate change'. Moreover, information to the public for funding opportunites in all sectors (including environment), at both national and European level, is provided through a central government portal developed for this purpose called "funding programmes portal".

2019 priority action

Cyprus can further improve its overall environmental governance (such as transparency, citizen

engagement, compliance and enforcement, as well as administrative capacity and coordination).

International agreements

The EU Treaties require the EU environmental policy to promote measures at international level to deal with regional or worldwide environmental problems.

The EU is committed to strengthening environmental law and its implementation globally. It therefore continues to support the Global Pact for the Environment process, which was launched by the United Nations General Assembly in May 2018¹⁵³. The EIR is one of the tools to ensure that the Member States set a good example by respecting European Union environmental policies and laws and international agreements.

Currently, Cyprus has signed but not yet ratified the Kiev Protocol on Pollutant Release and Transfer Registers and the Protocol on Strategic Environmental Assessment to the Espoo Convention. It has neither signed nor ratified the Protocol on Integrated Coastal Zone Management or the Helsinki Convention on Watercourses and Lakes.

Forests: EU Timber Regulation (EUTR)¹⁵⁴/ Forest Law Enforcement, Governance and Trade (FLEGT) **Regulation**¹⁵⁵

Between March 2015 and February 2017, Cyprus carried out checks on 63 operators of domestic timber and 781 operators importing timber. Cyprus carried out more checks on operators of both domestic (130) and imported timber (106) than originally planned¹⁵⁶. Very few enforcement measures were taken following checks on domestic and imported timber - only two and 31 respectively. However, Cyprus confirmed that it issued fines and seizures in 107 cases on domestic timber and that it issues fines in four cases of illegal timber import.

During this two-year period, Cyprus conducted the highest number of checks on traders (747) in the EU. It also reported issuing one fine to a trader. On cooperation (Article 12 of the EUTR), Cyprus reports to have collaborated with national customs authorities, tax agencies and national police, as well as with other EU enforcement agencies. Cyprus has also joined the Mediterranean network on EUTR implementation.

Experts from the EUTR competent authority participated in a TAIEX-EIR Peer 2 Peer workshop to strengthen cooperation among the competent authorities from eight

 $^{^{\}rm 151}{\rm The}$ Commission issued a guidance document in 2016 regarding the setting up of coordinated and/or joint procedures that are simultaneously subject to assessments under the EIA Directive, Habitats Directive, Water Framework Directive, and the Industrial Emissions Directive, OJ C 273, 27.7.2016, p. 1.

¹⁵² European Commission, Digital Economy and Society Index Report 2018, Digital Public Services.

¹⁵³ UN General Assembly Resolution 72/277 and Organizational session of the ad hoc open-ended working group.

¹⁵⁴ <u>Regulation (EU) No 995/2010.</u>

¹⁵⁵ <u>Regulation (EC) No 2173/2005</u>.

¹⁵⁶ Cyprus had originally planned to conduct 106 checks on operators for domestic timber and 92 checks on operators for imported timber.

Mediterranean EU countries. The aim was to improve and harmonise the implementation of the EUTR in the Mediterranean region. Experts from the Netherlands and Denmark shared their experiences from the Nordic-Baltic network of EUTR competent authorities.

Genetic resources: Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising (ABS)¹⁵⁷

In line with the EU ABS Regulation, which transposes the required compliance measures under the Nagoya Protocol into EU law, Cyprus adopted a new legislation on June 1, 2018 which designates the competent authority and lays down rules for penalties for infringement of the ABS Regulation.

International wildlife trade: the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)¹⁵⁸

In line with the obligations laid down in the Basic Regulation¹⁵⁹ which transposes the major obligations of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) into EU law, Cyprus has established relevant national authorities and processes (requests for) import, (re-) export and intra-EU trade documents on a regular basis.

Reports on seizures of illegal wildlife shipments (in particular those reported every 6 months to TRAFFIC under its contract with the Commission, and those exchanged through the EU-TWIX platform) show the activity of customs authorities.

2019 priority action

 Increase efforts to be party to relevant multilateral environmental agreements, by signing and ratifying the remaining ones.

Sustainable development and the implementation of the UN SDGs

Sustainable development links environmental, social and economic policies in a coherent framework and therefore helps to implement environmental legislation and policies.

Cyprus has integrated the SDGs into public policy making through an action plan. More precisely, in January 2012, Cyprus adopted a revised action plan to take part in the EU effort to promote green public procurement. Funds

¹⁵⁷ Regulation (EU) No 511/2014.

used to achieve the SDGs include national funds, LIFE and Structural funds and RDP (LEADER) funds.

There is specific coordination between national and subnational levels to implement the national action plan on green public procurement. Municipalities have to develop their own local action plans based on the national action plan.

Cyprus submitted a voluntary national review on the SDGs to the UN in 2017^{160} .

¹⁵⁸ The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

 $^{^{\}rm 159}$ Council Regulation (EC) No 338/97 on the protection of species of wild fauna and flora by regulating trade therein.

¹⁶⁰UN, <u>Review On The Implementation Of The 2030 Agenda In Cyprus</u>.