

Open Sea Aquaculture   
in the Eastern Mediterranean

A picture containing food

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Executive Summary

This report examines the legal/ regulatory framework that governs aquaculture in Cyprus and outlines existing financial incentives, covering one of the objectives of WP 7: “Financial & Legal Frameworks”. The Republic of Cyprus has long recognized the aquaculture sector’s importance and developed a detailed legislative/ regulatory framework to govern its operation. The first legislation dates back to 2000, whereas amendments passed from the House of Representatives, in 2002 and 2010. The Ministers’ cabinet, following respective legislation, developed and published a list of regulations to abide by the operation of aquaculture activities both on land and at sea. Relevant regulations were published in 2000, 2002, 2003 and 2010. These regulations bear a cost to aquaculture companies and must be included in any financial feasibility analysis. Thus, they should be considered by potential investors in aquaculture.

The regulations include the operation of the department of Fisheries and Marine research, which is the competent authority tasked with providing operation licenses and overseeing the operation of aquaculture companies. Specifically, these regulations govern, the authority of its director, the competitive bid process to secure an aquaculture license, the license revoke process, fish farm layout, marking, demarcation, potential relocation process and cost allocation, transfer of license and environmental monitoring. In addition, the process of hierarchical appeal, management of diseases and drugs, management of confiscated items, fishing rights close to fish farms, usage of marine space, and handling of confidential information, are also regulated.

Cyprus, as of 2004, is a member of the European Union. Therefore, aquaculture companies operating in Cyprus have access to European funds to promote the development of this economic field. European funds are organised to reach aquaculture companies through structural funds and especially the European Maritime, Fisheries, and Aquaculture Fund (EMFAF), which usually has a duration of six years. This report presents the funding schemes allocated to Cyprus aquaculture companies during the period between 2014 to 2020 and introduces the new funding framework for 2021 to 2027. Funding intensity can reach fifty percent (50%) for investments made, which proves to be quite significant and affects the profitability and viability of these companies. Thus, as can be seen, this report has a unique contribution to evaluating potential investments in the field of aquaculture. Within the context of the OS-AQUA project the outcomes of this deliverable affect the following deliverables as follows:

1. Deliverable 24: Operations/ mooring scenarios – The legislative framework governs some aquaculture operations.
2. Deliverable 27: Risk Analysis – The legislative framework is a major source of risk to aquaculture companies, especially the competitive bidding process to secure a license to use marine space and the environmental monitoring program enforced by the law to aquaculture companies. The extent of aquaculture funds can also prove a major source of financial viability risk to aquaculture companies.
3. Deliverable 28: Economic Analysis & Business Plan – The economic analysis is greatly affected by the legislative framework and funding available for aquaculture companies. Also, the legislative framework also affects the business plan for future aquaculture companies.

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# Introduction

Aquaculture activities in Cyprus are governed by both legislation and regulations issued by the Ministers’ cabinet. Cabinet regulations are mainly based on legislation that has been passed earlier. Both compliance with this legislation and the relevant regulations have some costs for aquaculture companies.

The first legislation dealing exclusively with aquaculture activities was passed in 2000. It underwent minor changes, mainly wording in 2002, and an extensive revision in 2010.

As a consequence of the passing of the aforementioned laws, the Ministers’ Cabinet has issued relevant regulations in 2000, 2002, 2003 and 2010.

The Ministry of Agriculture, Rural Development and Environment is mainly involved both in the preparation of these laws and regulations, as well as in the process of observing them [1]. In particular, the Department of Fisheries and Marine Research is involved [2], as well as the Department of Environment [3] and the Veterinary Services [4].

Cyprus has been a member of the European Union since 2004. Therefore, the legislation of the Island is governed by European legislation and the state also has access to the various European funds. The European Union, from very early on, recognized the importance of the fisheries and aquaculture sector in European food security and from 1977 began to financially support these economic activities. Today, this is done through the European structural and investment funds and in particular the European Maritime, Fisheries, and Aquaculture Fund (EMFAF) [5]. The aforementioned fund has a time horizon from 2021 – 2027 and a budget of €6.108 billion. These funds usually have a time horizon of six (6) years, and in Cyprus the implementing body of the program is the Department of Fisheries and Marine Research.

The rest of this deliverable presents both the relevant legislation and regulations governing aquaculture activities. It also presents the funding provided to the aquaculture sector in recent years and is expected to continue to be provided in the coming years.

# Legal Framework

## The Aquaculture Law (N. 117(I) – 2000) (basic Law)

This is the first legislation, voted by the House of Representatives to govern aquaculture operations in Cyprus, and is referred to as the ‘Aquaculture Law’. This is as follows [6]:

**Short Title**

**Article 1:** This law is referred to as “The Aquaculture law of the year 2000” and aims to regulate issues relevant to aquaculture. It is the first law that was introduced regulating issues that concern aquaculture.

**Interpretation**

**Article 2:** The following terminology is used within the context of this law:

* “**License**” - means a license to establish and operate a fish farm issued based on the provisions of this law.
* “**Director**” - means the Director of Fisheries of the Ministry of Agriculture, Natural Resources and Environment and includes any officer duly authorized by him for the purposes of this Act.
* “**Committee**” - means the aquaculture advisory committee established under a section of this legislation.
* “**Fish Farm**” - means any place or any premises where aquatic species are reared or bred for sale.
* “**Environmental Impact Assessment Study**” - means the report prepared and submitted to the Director, in accordance with the provisions of section of this Act.
* “**Transportation mean**” - means any means of transporting persons or goods by land, sea, or air.
* “**Pollution**” - has the meaning assigned to that term in the Water Pollution Control Act.
* “**Aquaculture**” - means the rearing or breeding of aquatic species for the purposes of commercial exploitation.
* “**Marine Species**” - means any species of aquatic flora and fauna, including all plants and animals, fish, molluscs, crustaceans, their fry and eggs.
* “**Minister**” - means the Minister of Agriculture, Natural Resources and Environment.

The issues this legislation regulates are the following:

**Aquaculture advisory committee**

**Article 3**it introduces the establishment of an aquaculture advisory committee to advise the director on aquaculture policy matters. The legislation determines who participates in this committee, as well as the meeting procedure.

1. An aquaculture advisory committee is established to advise the Director on aquaculture policy matters.
2. The committee consists of the Director, who presides, and the following members:
3. A representative of the Planning Office
4. a representative of the Ministry of Trade, Industry and Tourism.
5. a representative of the Department of Veterinary Services.
6. Four representatives of the fish farmers who are appointed by the Minister, after consultations with their professional organizations.
7. Four representatives of the agricultural organizations indicated, one from PEK, one from EKA, one from the ‘Agrotike’ and one from the ‘Panagrotekos’ association, and who are appointed by the Minister, and
8. a representative of the Pancyprian Association of Professional Fishermen.
9. The procedure of the meetings of the Committee is determined by the Committee itself.

**License to establish and operate a fish farm**

**Article 4:**it describes the process of granting a license to operate a fish farm. It also describes who issues this license.

1. Regardless of the provisions of any other law or regulation, the establishment and operation of a fish farm without a license issued by the Director based on the provisions of this law is prohibited.
2. The permit is granted following an application by the interested party which is submitted together with any documents or information required by the Director.

**Environmental impact assessment study**

**Article 5:**it describes when the applicant for a fish farm license must prepare and submit an environmental impact assessment study. It also describes what this study should include.

1. No later than one month from the submission of the application referred to in article 4(2), the Director is obliged to ask the applicant to prepare and submit to him a written Environmental Impact Assessment Study in which the environmental impacts from the establishment are mentioned and the operation of the fish farm.
2. The information contained in the Environmental Impact Assessment Study may be determined by regulations, but the Director may claim that it also contains any additional data that he considers necessary in each case.

**Conditions for granting and type of license**

**Article 6:**it describes the circumstances in which a license is not granted to the applicant. It also describes how the type of license and associated fees are determined.

1. The license referred to in article 4 shall not be granted, unless:

(a) The applicant has provided all the information and documents requested.

(b) The applicant has secured all necessary approvals regarding the use of space and water for the establishment and operation of the fish farm.

(c) the Environmental Impact Study which the Director is required to request contains all the necessary information and its content has been approved.

1. The type of permit, as well as the fees for its issuance, are determined by regulations.

**License validity period**

**Article 7:**The validity period of the license is determined by the Director, based on regulations issued by the Council of Ministers in accordance with article 23.

**Imposition of conditions**

**Article 8:**

1. when issuing or renewing the license, the law describes the areas in which the director may impose additional conditions. These are quite extensive and may include the following:

(a) the area size or the location in which the fish farm operates,

(b) construction works, installations, equipment, and machinery, as well as their maintenance methods;

(c) the time within which the construction works should be completed and the operation of the fish farm should begin,

(d) the aquatic species and their quantities introduced into the fish farm for cultivation,

(e) the composition, quality and quantity of feed used in the fish farm.

(f) the use and control of any medicine or the prohibition of its use, after consulting the Director of the Veterinary Services department.

(g) the obligation of the applicant or his representatives or employees to notify the Director of the veterinary services department of any symptoms of any fish disease observed in the fish farm facilities.

(h) the destruction or disposal of dead fish or any waste materials resulting from the operation of the fish farm.

(i) the movement of any species of fish from or to the fish farm.

(j) the control of the quality of the water used by the fish farm.

(k) third-party insurance coverage of the fish farm's facilities.

(l) keeping records regarding the content of the fish farm, as well as its activities.

(m) the provision of any information and statistics regarding the applicant's aquaculture activities.

1. Irrespective of the other provisions of this law, the Director must, as during the process of examining the application for the issuance of the permit and during the issuance of the permit, consider and apply any law or regulation or any decision of the Council of Ministers that is in force from time to time regarding matters concerning the environmental effects of the construction or operation of any projects.
2. When examining any application for operation, renewal or revocation of a fish farm operating license, the Director requests the opinion of the Director of the Veterinary Services department on matters of prevention and control of the spread of fish diseases.

**Information to the director of the department of fisheries and marine research**

**Article 9:**Notwithstanding any other provisions of this Act, the Director may at any time require the licensee to provide him in writing with any information relating to his fish farm or the production of any products of his fish farm.

**Changes to premises or facilities or machinery or their maintenance**

**Article 10:**Any changes in the layout of the premises in which the fish farm is located or in relation to the facilities or machinery of the fish farm or in relation to their maintenance are prohibited, unless these are made in accordance with the terms of the license or in accordance with written consent of the Director which is previously obtained.

**Restrictions on the grant or renewal of the licence**

**Article 11:**

1. The Director may refuse to issue or renew any license if he has reason to believe that the applicant's aquaculture activities:
2. may, on the advice of the Director of Veterinary Services, result in the transmission of any disease to any species of fish.
3. may create an increased risk of polluting the environment or altering its character.
4. are inconsistent with any actions to protect or preserve the environment or the character of the area.
5. may adversely affect traffic in the area or the creation of any development projects.
6. are contrary to or inconsistent with any condition imposed based on the provisions of article 8.
7. are contrary to the public interest.
8. If, upon examination of any application for license renewal, the Director considers that any of the grounds for rejection of the application referred to in paragraphs (c), (d) and (e) of paragraph (1) apply, then he may reject the application, proceed with the renewal of the license, imposing any new conditions which it deems necessary under the circumstances and the applicant must comply with them.

**License revocation**

**Article 12:**The legislation outlines the possible grounds for which the director might terminate a fish farm license.

1. The Director may revoke any license issued under the provisions of this Act if he considers that any of the following reasons apply:
2. Based on the opinion of the Director of the Department of Veterinary Services, in the facilities of the fish farm for which the permit has been issued, a disease has occurred in one or more species of fish or due to its operation there are serious risks of the spread of contagious fish diseases.
3. the licensee fails or refuses to comply with any condition of his licence.
4. the license holder has ceased to engage in aquaculture.
5. six months have passed since the license was issued and the fish farm for which it was issued is not in full operation or its production volume does not meet the production-related operating condition.
6. the continued operation of the fish farm is detrimental to the public interest.
7. Instead of revoking the license, in the event that any of the reasons mentioned in paragraph (1) apply, the Director may impose on the license holder any conditions he deems necessary regarding the operation of the fish farm and the license holder must to comply with these conditions.

**Fish farm relocation**

**Article 13:**The legislation outlines the possible grounds on which the director may order the relocation of a fish farm. The legislation also describes the penalties for any refusal to move a fish farm. It also describes who bears the cost of moving a fish farm.

1. Irrespective of the other provisions of this law, the Director may order the transfer of a fish farm to another place, if he considers that this is required due to a violation of any condition that was imposed during the issuance or renewal of the license or for reasons of public safety or protection of the rights and freedoms of others or for reasons of development or use of any property or space to promote a purpose of public benefit.
2. The Director may revoke a fish farm license if the owner or person in control of the fish farm fails or refuses to remove the fish farm in accordance with an order made under subsection (1).
3. If the Director orders the removal of the fish farm due to violation of any condition imposed upon the issuance or renewal of the license, then the cost of the removal shall be borne by the owner of the fish farm or the person responsible for its operation, or both.

**Hierarchical appeal**

**Article 14:**In the event of disagreement with the Director's decisions, the legislation describes the procedure for appealing to the respective Minister of Agriculture, Natural Resources and the Environment, in which the reasons for the appeal must be stated.

1. Any interested party who is not satisfied with a decision of the Director taken on the basis of this Law, whether it is a refusal to grant or renew a license or a license revocation or a fish farm relocation, may within thirty days from the day it is initiated to him the decision in question to submit in writing to the Minister of Agriculture, Natural Resources and Environment, a hierarchical appeal in which he should state the reasons for his appeal.
2. If a hierarchical appeal is made under subsection (1), the Minister shall consider it without culpable delay after hearing the appellant or after giving him an opportunity to support the grounds on which the appeal is based. The Minister's decision is issued and communicated to the applicant without delay.
3. The Minister may assign to one or more officials of his ministry the examination of certain issues concerning the above appeal and ask them to submit a relevant report to him, before issuing his decision.
4. The Director's decision denying the renewal of a license or revoking any license or ordering the removal of a fish farm shall not apply unless the thirty-day period has expired and no appeal has been filed in accordance with paragraph (1 ). In the case of a hierarchical appeal, the decision is still not implemented, until the Minister's decision on the hierarchical appeal is issued.

**Transfer of license**

**Article 15:**A license issued under this Act is not transferable, except with the written consent of the Director. In the event of the transfer of any licence, the Director may require the new license holder to modify any of the conditions imposed on the previous license holder.

**Director’s authority**

**Article 16:**The legislation outlines the powers of the Director. In detail, the Director can:

1. Enter any place (other than a residence) which is used only for aquaculture purposes and to carry out an inspection of the aquaculture facilities and products.
2. Stop, enter and search any means of transport reasonably suspected of carrying aquaculture products, which were produced in the Republic without the relevant license or in violation of the provisions of this law.
3. Confiscate any aquaculture products reasonably suspected to have been produced in the Republic in violation of the provisions of this law.
4. Confiscate any means of transport or other object or means of which there is a reasonable suspicion that it was used for the commission of any act which is considered an offense under the provisions of this law.
5. Participate in the implementation of any measures deemed necessary by the Director of the Department of Veterinary Services regarding the seizure and destruction of aquaculture products, for the purposes of preventing transmission or for the purposes of combating any fish disease.
6. Order the termination of any activity related to aquaculture, when there is a reasonable suspicion that it was undertaken in violation of the provisions of this Law.

**Confiscated items**

**Article 17:**In the case of confiscation of aquaculture products, the legislation describes the procedure for their eventual sale or destruction. It also describes the procedure for confiscating any means of transport or any other object.

1. Any perishable aquaculture products seized under the provisions of this Act may be sold by the Director and the proceeds of the sale to remain in his possession until such time as the said products judicial process.
2. If any aquaculture products seized by the Director are subject to deterioration within a short time and such products cannot be sold or are unfit for sale, then the Director may destroy in any manner he thinks fit and the costs of such destruction will be borne by the owner of the products.
3. Any means of transport or other object, which is confiscated based on the provisions of this law, shall be kept in accordance with the instructions of the Director until the adjudication by the court of the offense to which the said means or object is related.

**Offenses and penalties**

**Article 18:**the legislation outlines the possible offenses and possible penalties for any license holder operating a fish farm.

1. Anyone who keeps a fish farm, without having previously obtained a license under the provisions of this Act, is guilty of an offense and on conviction is liable to a fine not exceeding five thousand pounds or to imprisonment for a term not exceeding one year or to both penalties.
2. A license holder, who does not comply with any of the conditions imposed on him based on the provisions of this law, is guilty of an offense and in case of conviction is liable to a fine of up to two thousand pounds or to imprisonment not exceeding two months or in both sentences.
3. Any person who enters the premises of a fish farm, without being properly authorized by the holder of the license to operate the fish farm or the Director, is guilty of an offense and on conviction is liable to a fine of up to five hundred pounds or to imprisonment for a term not exceeding one month or in both sentences.
4. Any person who interferes with the operation or handling of fish farm facilities or any part or part thereof, without being properly authorized by the fish farm license holder or the Manager, is guilty of an offense and on conviction is liable to a fine of up to three thousand pounds or to imprisonment not exceeding six months or to both penalties.
5. Any person who disposes of fish farm products, either in the maritime area of ​​the Republic or in a dam, river or lake, without the permission of the Director, is guilty of an offense and on conviction is liable to a fine of up to three thousand pounds or to imprisonment not exceeding six months or both sentences.
6. Any person who obstructs an officer of the Department of Fisheries in the performance of his duties under the provisions of this Act is guilty of an offense and on conviction is liable to a fine not exceeding three thousand pounds or to imprisonment for a term not exceeding six months or both penalties.
7. A contravention of any provision of this Act for which a penalty is not provided under the preceding paragraphs of this article, is an offense and is punishable by a fine not exceeding five hundred pounds.

**Fishing rights**

**Article 19:**Nothing in this Act confers any right or authority on any person to fish in or under the premises of any fish farm in a manner inconsistent with the provisions of this Act or the Fisheries Act.

**Diseases and drugs**

**Article 20:**For any matter concerning animal disease or the use of a drug in aquaculture, the Director acts after consulting the Director of the veterinary services department.

**License to use marine space**

**Article 21:**The legislation describes the process of granting a license to use marine space within the coastal zone for aquaculture purposes. It also describes how the terms and conditions of this license are determined.

1. Notwithstanding the provisions of any other law, the Council of Ministers may grant a license to use marine space within the coastal zone for aquaculture purposes.
2. The terms and conditions for the granting of a license to use marine space referred to in subsection (1), as well as the relevant procedure and the corresponding fees, are determined by regulations.

**Handling confidential information**

**Article 22:**Any information of a commercial or financial nature concerning a fish farm, which comes to the knowledge of the Director or any officer of the fisheries department during the application of the provisions of this law and relevant regulations, is of a confidential nature and is not disclosed except in the following cases:

1. When the written consent of the license holder is provided, on the basis of which the fish farm was established or operates.
2. for evidentiary purposes in a criminal case pending before a court.
3. when deemed necessary for the purposes of implementing a government program related to the protection of the environment or the prevention or control of animal disease in the area of ​​the fish farm.

**Regulations**

**Article 23:**

1. The Ministers’ cabinet shall issue regulations (regulatory administrative acts) for the better implementation of the provisions of this law and for the regulation of any matter concerning aquaculture that may be regulated by virtue of this law.
2. Without prejudice to the generality of subsection (1), regulations issued under this section may also provide for the following:
3. The procedure for granting a license, the type of relevant application submitted by the interested party and the fees to be paid for the issuance of the license.
4. The validity period of the permit, depending on the type or size of the fish farm or the area in which it is located.
5. The necessary elements to be contained in the Environmental Impact Assessment Study and the procedure and time of its submission.
6. details regarding the equipment, structures and machinery of the fish farms and the operation of the related facilities.
7. the control of waste from fish farms.
8. the collection by the Director of any information or data relating to the aquaculture sector.
9. the establishment of safety zones and the installation of appropriate signs for the safety of navigation in marine areas in which there are aquaculture facilities.
10. the areas within which fish farms and related facilities can be established.
11. the ways and means of controlling the quantity and quality of food used in aquaculture and the imposition of fees or charges in cases of using specified types of fish feed.
12. the circulation of aquaculture products in the Republic.
13. controlling any risks to wildlife associated with aquaculture.
14. quality control of aquaculture products.
15. the conditions for granting a license to use marine space for aquaculture purposes as well as the procedure for submitting and approving the relevant license.
16. any measures intended to protect the environment from activities related to aquaculture, including the payment of any costs for environmental control.

**Existing fish farms**

**Article 24:**Fish farms that operate on the effective date of this law, in accordance with the provisions of the Fisheries Law and the regulations issued pursuant thereto, are subject to the provisions of this law and are considered to be operating on the basis of the license issued on that date, according to this law, and which is valid for three years.

It is understood that the annual total production of each of the above fish farms will not exceed three hundred tons of fish.

**Special provision**

**Article 25:**Νo new license for the use of the marine space within the marine zone for aquaculture purposes is granted, until the relevant regulations provided by this law are issued.

**Entry into force of this legislation**

**Article 26:** This law will enter into force on a date to be determined by a decree of the Council of Ministers, which will be published in the official gazette of the Republic (see section 2.2).

## Regulatory Administrative Act (Κ.Δ.Π. 274/2000)

This regulatory administrative act sets November 1, 2000 as the effective date of the law N. 117(I) – 2000 [7].

## Amendment to The Aquaculture Law (N. 189(I) – 2002) (basic Law)

This act is an amendment of the basic Aquaculture Act of 2000 (N. 117(I) – 2000) [8]. Its articles are as follows:

**Short title. 117 (I) of 2000**

**Article 1:** this Act shall be cited as the Aquaculture (Amendment) Act 2002 and shall be read together with the Aquaculture Act 2000 (hereinafter referred to as 'the principal Act') and the principal Act and this Act shall be cited together as the Aquaculture Acts of 2000 and 2002.

**Amendment of Article 2 of the Basic Law**

**Article 2:** The terminology of article 2 of the basic act is amended. In particular the terms ‘Director’ and ‘Environmental impact assessment’ are amended.

**Amendment of Article 3 of the Basic Law**

**Article 3:** Article 3 of the basic legislation concerning the *aquaculture advisory committee* is amended. The changes concern the wording, the frequency of meetings and the term of office of the members.

**Amendment of Article 4 of the Basic Law**

**Article 4:** Article 4 of the basic legislation concerning the *license for the establishment and operation of a fish farm* is amended. The changes concern the wording and a change in the procedure.

**Replacement of article 5 of the basic law**

**Article 5:** Article 5 of the basic legislation is replaced and no longer concerns the environmental impact study. It concerns the ***intention to grant licenses for fish farms*** and describes the procedure to be followed by the government. These are as follows:

“The Director may, with the agreement of the Minister and after duly considering the opinions of the Minister of the Interior, announce his intention with a relevant notice published in the official gazette of the state and in at least two daily newspapers published and circulated in the republic, his intention to grant a specific number of licenses for the establishment and operation of a fish farm in a particular marine area and with a notice invites interested parties to submit an application.

The notification referred to above may contain any information deemed useful for the interested parties and the public, including information regarding the location or areas in which the establishment and operation of fish farms will be permitted and the conditions that may be imposed during the grant of the permit.”

**Amendment of Article 6 of the Basic Law**

**Article 6:** Article 6 of the basic law concerning the conditions for granting and type of fish farm license is amended. The amendments concern the wording of the reasons for which an application may be refused.

**Amendment of Article 8 of the Basic Law**

**Article 7:** Article 8 of the basic legislation concerning the imposition of conditions on the fish farm license holder is amended. Changes concern paragraph 1 of the article and specifically changes are made in wording.

**Amendment of Article 13 of the Basic Law**

**Article 8:** Article 13 of the basic legislation concerning the movement of a fish farm is amended. The changes concern paragraphs 1 and 3. Specifically, it concerns the reasons why the Director can order the relocation of a fish farm and who will bear the costs for this relocation.

**Amendment of Article 16 of the Basic Law**

**Article 9:** Article 16 of the principal legislation concerning the powers of the Director is amended. These are minor wording amendments.

**Amendment of Article 17 of the Basic Law**

**Article 10:** Article 17 of the basic legislation relating to confiscated items is amended. The changes are primarily wording. It also further clarifies the judicial procedure in confiscation of items.

**Amendment of Article 18 of the Basic Law**

**Article 11:** Article 18 of the principal legislation relating to offenses and penalties is amended. The changes concern the replacement of two paragraphs and the addition of one more.

**Addition of a new article to the basic law**

**Article 12:** A new article is added after article 18 with the number 18A and it concerns the **extrajudicial regulation of certain crimes**. Describes the cases that can be settled out of court, as well as the procedure and penalties.

**Amendment of Article 23 of the Basic Law**

**Article 13:** Article 23 of the basic law concerning the issuance of regulations by the Ministers cabinet is amended. The changes concern primarily the process to be followed.

**Replacement of article 24 of the basic law**

**Article 14:** Article 24 of the basic law concerning **the operation of existing fish farms** is replaced by the following article:

“(1) Fish farms that were established on the basis of a license issued in accordance with the provisions of the Fisheries Act and the regulations issued pursuant thereto, and which operate on the date of entry into force of this Act, may continue their operation subject to the provisions of this law and will be deemed to hold a license issued in accordance with this law, which will be valid until December 31st, 2003. For the operation of the fish farm after this date, renewal of the license is required as provided in the relevant regulations.

(2) With reference to the fish farms operating in the maritime area of ​​the Republic on the date of entry into force of this law, the following provisions shall apply:

(a) If the fish farm operates within a port area and pays to the Cyprus Ports Authority fees for the use of the area, it may continue to operate in the same area or in another area that will be indicated by the Director (if its movement is required for any of the reasons referred to in paragraph 1 of article 13) and to pay the same fees, until the date of expiry of the validity period of the license for the use of the marine space it owns.

(b) if the fish farm operates outside the port area without paying fees for the use of the area, it may continue to operate in the same area, or in another area indicated by the Director (if its movement is required for any of the reasons mentioned in paragraph (1) of article 13 of this Act) without paying fees until December 31, 2003.

(c) After the expiry of the period referred to in paragraph (a) or paragraph (b), as the case may be, the operation of the fish farm shall be terminated unless –

(ι) the Council of Ministers grants a license to use the marine space, following a relevant application that the owner submits to the Director at least six months before the end of the aforementioned period, and

(II) the Director issues the license to operate the fish farm.

(d) for the issuance of the fish farm operating license, the Director applies, with the necessary adjustments, the provisions of articles 4, 7, 8, 9, 11, 13 and 20 as well as the provisions of any regulations issued on the basis of articles 23 and 24 and relate to fees and other issues related to the license to operate a fish farm.

(e) When granting a license to use the marine space, the Council of Ministers may impose any conditions regarding the use of the space, including conditions aimed at maintaining safety and the environment in the area.

(f) the usage fees to be paid annually by the fish farm, which are calculated per square meter of the sea surface on which it is applied, are determined by regulations which are submitted to the House of Representatives for approval.

## Regulatory Administrative Act (Κ.Δ.Π. 533/2002)

The Council of Ministers, exercising its powers under Articles 6, 7, 21, 23 and 24 (2) (f) of the Aquaculture Act, issues the following regulations [9]:

PART I: INTRODUCTORY PROVISIONS

**Short title**

**Regulation 1:** These regulations shall be cited as the Aquaculture (General) Regulations 2002.

**Interpretation**

**Regulation 2:** In these Regulations, unless the text indicates otherwise:

"Interested Service" has the meaning assigned to this term in the Public Tenders (General) Regulations.

"Environmental Impact Assessment Study" has the meaning assigned to that term in the Environmental Impact Assessment and Certain Projects Act.

"Preliminary Environmental Impact Report" has the meaning assigned to this term by the Environmental Impact Assessment of Certain Projects Law.

"Public Contract" has the meaning assigned to this term by the Public Tenders Law.

PART II: LICENSE TO ESTABLISH AND OPERATE A FISH FARM

**Application submission**

**Regulation 3:**

1. The application for a license to establish and operate a fish farm referred to in article 4 of the Law shall be submitted to the Director in accordance with the permanent provisions of this regulation.
2. If the application concerns a fish farm whose facilities will all be located and operate on land, then it shall be accompanied by the following:

(a) All information and data mentioned in the application form,

(b) planning permission and building permission (if necessary) with all conditions, if any, attached thereto, and

(c) a copy of a preliminary environmental impact report or environmental impact assessment study, which was submitted for the purpose of securing a planning permit.

1. If the application concerns a fish farm whose all facilities will be located and operate in the sea, then it is accompanied by the information and data mentioned in the application form.

**Type of License/ Annex**

**Regulation 4:**

The license to establish and operate a fish farm is issued in accordance with the form of the Annex and if during its issuance the Director imposes any conditions in accordance with article 8 of the law, then a document is attached to, in which the conditions in question are written and which is an integral part of the license.

**Validity of the license**

**Regulation 5:**

(1) The license to establish and operate a fish farm is valid:

(a) for a period of ten years in respect of a fish farm situated on land; or

(b) for a period of ten years in respect of a floating fish farm operating in a marine area; or

(c) for a period of one year, in respect of a floating fish farm operating in a dam; or

(d) for such period of one year as the Director may determine, in respect of a small-scale experimental fish farm.

1. Any license the period of validity of which is determined under paragraph (1) may be renewed by the Director for the same period of time for which it is issued, unless the Director considers that it should not be renewed because the holder of the license does not comply with any of the provisions of the Law.

**Fees for a license to establish and operate a fish farm**

**Regulation 6:**

The following fees are paid for the issuance or renewal of the license to establish and operate a fish farm:

(a) For a fish farm for breeding or breeding marine aquatic species located on land CYP 100

(b) for a fish farm breeding or breeding aquatic species operating in floating marine installations CYP 100

(c) for a fish farm rearing or breeding freshwater aquatic species located on land CYP 100

(d) for a fish farm breeding or breeding freshwater aquatic species operating in floating facilities in a dam CYP 10.

PART III: MARINE SPACE USE LICENSE

**Competitive Bidding**

**Regulation 7:**

The license to use marine space within the littoral zone of the Republic for the purposes of aquaculture is granted by the Council of Ministers to successful tenderers, following a competitive bidding process, as described in the provisions of the Public Law on Tenders and the Public (General) Regulations on Tenders.

**Number of licenses**

**Regulation 8:**

In order to carry out the tender referred to in regulation 7, the notification provided for in article 5 (1) of the law, in which it is specified the number of licenses for the use of marine space that are likely to be granted, is preceded.

**Additional bid evaluation criteria**

**Regulation 9:**

In the process of the tenders referred to in regulation 7, above, and in particular for the purposes of evaluating interested tenderers, the Director of Fisheries and Marine Research, who will act as the Agency Concerned, will consider the following:

(a) The applicant's education, occupation and interests in fisheries, aquaculture or related sciences.

(b) the production potential of the proposed fish farm.

(c) the species proposed to be cultivated.

(d) the technology the applicant intends to use.

(e) the functionality of the proposed arrangements.

(f) the staff to be employed for the purposes of the fish farm.

(g) the financial size of the investment which concerns the establishment and operation of the fish farm.

(h) general financial situation of the applicant and its business activities.

(i) the abilities of marketing the products of the proposed fish farm.

(j) the auxiliary facilities deemed necessary for the smooth operation of the fish farm.

(k) any other information to be provided by the applicant, including information contained in a preliminary techno-economic study.

**Terms accompanying fishing**

**Regulation 10:**

The license for the use of marine space which is granted after the completion of the bidding process, as provided above, will be considered as a Public Contract relating to the leasing of immovable property or the granting of exploitation permits and may include any conditions which the Director may impose at the time of issuance license to establish and operate a fish farm.

**Bid award amount**

**Regulation 11:**

The amount on the basis of which a bid is awarded to a successful bidder in accordance with the above provisions, is considered, for the purposes of paragraph 2 of article 21 of the law, as a one-time fee and is collected by the Director upon granting the license to use the marine space.

**Environmental control program**

**Regulation 12:**

1. Each owner of a fish farm whose facilities operate in a marine area of ​​the Republic, must implement, based on relevant instructions from the Director, an appropriate environmental operational control program that covers both the marine area of ​​the fish farm as well as the marine and land area which may be affected by its existence and operation.
2. The program referred to in paragraph (1) is prepared at the expense of the owner by an organization or person recognized by the Director as suitable for this purpose.
3. The owner of the fish farm must submit to the Director every six months the results of the operational control he carries out based on the above program.

**Guidelines for Layout, Marking and Demarcation**

**Regulation 13:**

1. The Director has the authority to define a safety zone in the area of ​​each fish farm operating in a marine area and can provide instructions to its owner regarding the effective layout, marking and demarcation of the fish farm facilities, at his own expense.
2. Any violation of the instructions provided by the Director based on paragraph (1) is grounds for revocation or non-renewal of the license.

**Prohibition of fishing near a fish farm**

**Regulation 14:**

1. Fishing with a compressed air device or a fishing gun or with the use of lanterns or other lighting devices at a distance of less than 100 meters from the facilities of a fish farm operating in the maritime area of ​​the Republic is prohibited.
2. Professional or amateur fishing with boat nets, or any other method involving the use of hooks or other metal fishing tools at a distance of less than 100 meters from the facilities of a fish farm operating in a marine area is prohibited.
3. Violation of the provisions of paragraphs (1) and (2) above, constitutes a criminal offense and is punishable by imprisonment not exceeding six months or a fine not exceeding five thousand pounds.

## Regulatory Administrative Act (Κ.Δ.Π. 911/2003)

The Council of Ministers in exercise of the powers conferred upon it under Articles 6, 7, 21, 23 and 24 of the Aquaculture Act, issues the following regulations [10]:

**Short title**

**Regulation 1:** These Regulations shall be cited as the Aquaculture (General) (Amendment) Regulations 2003 and shall be read together with the Aquaculture (General) Regulations 2002 (hereinafter referred to as "the Principal Regulations") and the Principal Regulations and these Regulations shall together be referred to as the Aquaculture (General) Regulations 2002 and 2003.

**Amendment of regulation 11 of the principal regulations**

**Regulation 2:** Regulation 11 of the principal regulations is amended by adding at the end the following sentence: "*The successful tenderer shall also pay an annual fee as provided in regulation 15*".

**Addition of a new Regulation to the basic regulations**

**Regulation 3:** The basic regulations are amended by adding, immediately after Regulation 14, the following new Regulation:

"*Regulation 15: A fee of 10 cents per annum shall be paid for each fish farm in respect of which a marine area license is issued for each square meter of sea surface over which it extends*"

## Amendment to The Aquaculture Law (N. 18(I) – 2010)

The Aquaculture (Amendment) Law of 2010 is issued by publication in the official Gazette of the Republic of Cyprus in accordance with article 52 of the constitution [11].

**Short title**

**Article 1:** This Act shall be cited as the Aquaculture (Amendment) Act 2010 and shall be read together with the Aquaculture Acts of 2000 and 2002 (hereinafter referred to as the 'principal Act') and the principal Act and this Act shall be referred to together as the Aquaculture Laws of 2000 to 2010.

**Amendment of Article 5 of the Basic Law**

**Article 2:** Article 5 of the principal law is amended by adding immediately after subsection (2) thereof, the following subsection (3):

"3. In the event that a license to operate a fish farm in a marine area has not been renewed after its expiration or has been revoked for any of the reasons mentioned in article 12, the Director may grant another interested party a new license for the establishment and operation of a fish farm in the same maritime space, provided that for the granting of the new license all the procedures provided for in the law are followed, except for the obligation of the Director to secure in advance the consent of the Minister and the views of the Minister of the Interior, as provided for in subsection (1)"

**Amendment of Article 15 of the Basic Law**

**Article 3:** Article 15 of the principal law is amended by adding, after subsection (2) thereof, the following new subsection (3):

"3. In case of transfer of any license based on the provisions of subsections (1) and (2) transfer fees are paid which are determined by Regulations."

**Amendment of Article 23 of the Basic Law**

**Article 4:** Article 23 of the basic law is amended by replacing at the end of paragraph (p) of this point the period with a colon and adding, immediately after, the following new paragraph (q):

"q. the process of granting a license to expand production."

## Regulatory Administrative Act (Κ.Δ.Π. 248/2010)

The Council of Ministers, exercising the powers granted to it under Articles 6, 7, 15, 21, 23 and 24 of the Aquaculture Law, issues the following regulations [12]:

**Short Title:**

**Regulation 1:** These Regulations shall be referred to as the Aquaculture (General) (Amendment) Regulations 2010 and shall be read together with the Aquaculture (General) Regulations 2002 and 2003 (hereinafter referred to as "the principal regulations") and the principal regulations and these regulations shall together be referred to as the Aquaculture (General) Regulations 2002 to 2010.

**Amendment of Regulation 2 of the basic regulations**

**Regulation 2:** Regulation 2 of the basic regulations is amended as follows:

1. By deleting from the appropriate alphabetical order, the following terms and their definitions:

"Concerned Agency" and

"Government Contract" and

(b) by inserting in the appropriate alphabetical order, the following term and its definition:

"Director" means the Director of the Department of Fisheries and Marine Research of the Ministry of Agriculture, Natural Resources and Environment".

**Amendment of Regulation 3 of the main regulations. Appendix II**

**Regulation 3:** Paragraph (1) of Regulation 3 of the principal regulations is amended by inserting, after the word "Director" (second line) of the phrase "on a form the form of which is set out in Schedule II and"

**Amendment of Regulation 5 of the principal regulations.**

**Regulation 4:** Sub-clause (d) of paragraph (1) of Regulation 5 of the principal regulations is amended by substituting for the words "of one year" (first line) the words "of two years".

**Substitution of Regulation 6 of the principal regulations.**

**Regulation 5:** Regulation 6 of the principal regulations is replaced by the following new Regulation 6:

**“Fees for a license to establish and operate a fish farm**

**Regulation 6:** (1) The following fees are paid for the issuance, renewal or transfer of the license to establish and operate a fish farm:

(a) For a fish farm breeding or reproducing marine aquatic species located on land: seven hundred euros (€700)

(b) for a fish farm breeding or reproducing aquatic species operating in floating marine facilities: seven hundred euros (€700).

(c) For a fish farm breeding or breeding freshwater marine aquatic species located on land: two hundred and fifty euros (€250)

(d) for a fish farm breeding freshwater aquatic species operating in floating facilities in a dam: twenty-five euros (€25).

**Substitution of Regulation 7 of the principal regulations**

**Regulation 6:** Regulation 7 of the principal regulations is replaced by the following new Regulation 7:

**'Granting a license to use marine space after a competitive tender'**

**Regulation 7:** The license to use marine space within the coastal zone of the Republic for aquaculture purposes is granted by the Council of Ministers to the successful bidder, following a competitive tender (financial and technical proposal), in which bidders are treated equally, without discrimination and transparently’.

**Amendment of Regulation 9 of the principal regulations.**

**Regulation 7:** Regulation 9 of the basic regulations is amended as follows:

1. By replacing the phrase "of the tenders referred to" (first line) with the phrase "of the tender referred to"
2. by replacing the phrase "the tenderers concerned" (second and third lines) with the phrase "the tenderers"
3. by deleting the phrase "who shall act as the Agency Concerned" (third and fourth lines) and
4. by replacing this subheading with the following subheading: "Additional contestant evaluation criteria".

**Substitution of Regulation 10 of the principal regulations.**

**Regulation 8:** Regulation 10 of the principal regulations is replaced by the following new Regulation 10:

"10. The license to use marine space which is granted after the completion of the competition, as provided above, may include any conditions, which the Director may impose when issuing a license to establish and operate a fish farm."

**Substitution of Regulation 11 of the principal regulations.**

**Regulation 9:** Regulation 11 of the main regulations is replaced by the following new Regulation 11:

**“Fees**

"11. The successful bidder shall pay the following:

1. One-off fee to the Director, upon granting the license to use the marine space, in accordance with the provisions of subsection (2) of article 21 of the Law and
2. annual fee, as provided for in Regulation 15."

**Amendment of Regulation 14 of the principal regulations.**

**Regulation 10:** Paragraph (3) of Regulation 14 of the principal regulations is amended by replacing the phrase "the five thousand pounds" (third line), with the phrase "the eight thousand five hundred and forty-three euros (€8,543.00)"

**Amendment of the basic Regulations by adding a new Regulation 16.**

**Regulation 11:** The basic regulations are amended by adding, immediately after Regulation 15, the following new regulation 16:

**License and fees for expansion of production. Appendix III**

**Regulation 16:**

1. In order to expand the production of an existing fish farm, it must secure a relevant permit from the Director, following an application on a form the type of which is specified in Appendix III.
2. In case additional marine space is granted by the Council of Ministers for the expansion of production, the applicant shall also pay an annual fee for the additional space, as provided for in Regulation 15."

**Amendment of the basic Regulations by adding new annexes II and III**

**Regulation 12:** The basic regulations are amended by adding, immediately after the Annex, the following new Annexes II and III:

"Application Form for a License to Establish and Operate a Fish Farm"

"Application Form for Expansion of Fish Farm Production Capacity".

## List of costs to aquaculture companies stemming from relative legislation

Αs it has been seen from the aforementioned legislation and regulations, these entail significant costs for aquaculture companies. In particular, at section 2.4, Regulatory Administrative Act (Κ.Δ.Π. 533/2002), it can be seen that significant costs occur at three cases. These are:

1. License to use Marine Space.
2. License to establish and operate a fish farm.
3. Environmental Control Program.

**License to use Marine Space.**

“This license is granted by the Council of Ministers to a successful tenderer, following a competitive bidding process as provided for in the provisions of the Tenders of the Public Legislation and the Tenders of the Public (General) Regulations” [13].

In the context of this process, the Director of DFMR announces a public tender in which he/she declares the intention of the Republic of Cyprus to lease a marine area for aquaculture purposes, as well as other relevant information such as e.g. the wider location / marine area (the exact location of the creation of the open sea aquaculture unit will be determined by the Environmental Impact Assessment Study), the amount of production, the species that can be cultivated, etc. [13]

**License to establish and operate a fish farm.**

According to the Regulatory Administrative Act (Κ.Δ.Π. 533/2002), the fees for issuance or renewal for the license to establish and operate a fish farm are set. The license to establish and operate a fish farm is set for ten (10) years, after which the license must be renewed and additional fees apply [9].

**Environmental Control Program.**

According to the Regulatory Administrative Act (Κ.Δ.Π. 533/2002), and especially regulation 12, each owner of a fish-farm must implement an appropriate environmental operational control program that covers both the marine area of ​​the fish farm as well as the marine and land area which may be affected by its existence and operation.

This program is to be prepared at the expense of the owner by an organization or person recognized by the Director as suitable for this purpose. The owner of the fish farm must submit to the Director *every six months* the results of the environmental operational control program he/ she carries out based on the above program.

# European Funding

The EU provides funding for a range of projects and programs. It applies strict rules to ensure tight control over how funds are used and that the money is spent in a transparent, accountable manner [14].

EU funding comes in many different forms:

* **grants** – partly funded by the EU and partly from other sources – that usually follow public announcements known as calls for proposals
* **subsidies** managed by national and regional authorities
* **loans, guarantees** and **equity** as forms of financial assistance to support EU policies and programs
* **prizes** to winners of Horizon 2020 contests.

Financial engineering instruments that are co-financed from the European Maritime and Fisheries Fund are a sustainable and effective way of investing in the development and re-development of people and businesses in the fisheries and aquaculture and supporting Integrated Marine Politics. They can support a wide range of development objectives in order to benefit a wide range of rights, enabling the funds to be used again for further investment.

EU funding targeting the Sea and Aquaculture, come in the form of funds and are usually valid for six years. In particular, the last and current funding frameworks are as follows:

* 2014 – 2020: European Maritime and Fisheries Fund (EMFF) [15]
* 2021 – 2027: European Maritime, Fisheries and Aquaculture Fund (EMFAF) [16]

## European Maritime and Fisheries Fund (EMFF) (2014 – 2020)

The European Maritime and Fisheries Fund (EMFF), one of the European Structural and Investment Funds, support the implementation of the reform of the Common Fisheries Policy (CFP) and the EU's Integrated Maritime Policy.

The EMFF has a total budget of more than 6 billion euros for the period 2014- 2020. This support is provided in the fisheries sectors (incl. data collection and control), aquaculture, and processing, as well as in the sustainable development of fishing and aquaculture areas and of the Integrated Maritime Policy.

Support through the EMFF is provided through grants and, increasingly, through financial engineering instruments.

Within the context of the European Maritime and Fisheries Fund (EMFF), the Republic of Cyprus administered a number of programs as shown in Table 1. These programs are introduced in the following sections.

**Table 1.** Cyprus National Programs for the period (2014 – 2020)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Title | Total Budget | Individual project’s range | Funding Intensity | Date |
| 1 | Plan for productive investments in aquaculture (1st & 2nd calls) | €1,200,000 | €5,000 - €600,000 | 50% (SMEs) | 28/03/2016 – 28/06/2016 |
| 2 | Plan for investments in the fisheries marketing sector | €800,000 | €20,000 - €200,000 | 50% (SMEs) | 02/04/2018 – 04/06/2018 |
| 3 | Plan for productive investments in aquaculture (3nd call) | €2,000,000 | €5,000 - €600,000 | 50% (SMEs) | 27/07/2020 – 10/08/2020 |
| 4 | Plan for investments in the processing of fishery and aquaculture products | €500,000 | €20,000 - €350,000 | 50% (SMEs) | 26/05/2020 – 30/09/2020 |
| 5 | Plan for investments in the marketing of fishery products | €800,000 | €20,000 - €200,000 | 50% (SMEs) | 27/06/2022 – 12/09/2018 |
| 6 | Scheme to provide compensation to aquaculture farmers for temporary suspension or reduction of production/catch due to outbreak of Covid-19 | €2,275,000 | None | 100% | 17/07/2020 – 31/08/2020 |

### Plan for productive investments in aquaculture (1st, 2nd and 3rd calls)

The aim of the Plan is to support investments in the aquaculture sector to achieve the sustainable development of aquaculture, by promoting economically and environmentally sustainable businesses, so that they can cope with the new competitive conditions, as they are formed in the market [17], [18].

Beneficiaries of the Scheme are natural or legal persons engaged in or intending to engage in inland water aquaculture (e.g. trout farming) or marine aquaculture.

Implementation projects should be part of one or more of the following actions.

* Action 1. Productive investments in aquaculture
* Action 2. Diversification of aquaculture products and farmed species
* Action 3. Modernization of aquaculture units, including improvement of working conditions and worker safety
* Action 4. Improvement and modernization of animal health and welfare, including purchase of equipment to protect against predators
* Action 5. Investments to improve the quality or add value to aquaculture products

The total budget of this call is: €1,200,000 for the 1st and 2nd call and €2,000,000 for the 3rd call.

The minimum total eligible budget of each project for this call cannot be less than €5,000 and the maximum cannot exceed €600,000. The funding rate is 50% (public expenditure) for SMEs.

### Plan for investments in the fisheries marketing sector

The purpose of the Plan is to finance activities related to the marketing of fishery and aquaculture products, which contribute to the improvement of the marketing system in both the fisheries and aquaculture sectors, by creating producer organizations, improving and promoting fishery products and strengthening the production and marketing chain [19].

The aim of the Plan is to support investments in the Aquaculture Sector to achieve the sustainable development of aquaculture, by promoting economically and environmentally sustainable businesses, so that they can cope with the new competitive conditions, as they are formed in the market.

Beneficiaries of the Scheme are natural persons or legal entities, who are already active in the field of Trade in fresh fishery and aquaculture products.

Implementation projects should be part of one or more of the following actions:

* Search for new markets and improve marketing conditions for fishery and aquaculture products.
* Promotion of quality and added value.
* Organize awareness and promotion campaigns for sustainable fisheries and aquaculture products at regional, national or transnational level to increase public awareness.

The total budget of this call is €800,000.

The minimum total eligible budget of each project for this call cannot be less than €20,000.00 and the maximum cannot exceed €200,000.00. The funding rate is 50% (public expenditure) for SMEs.

### Plan for investments in the processing of fishery and aquaculture products

The objective of the Plan is to finance projects for the processing of fishery and aquaculture products, by creating new or expanding existing processing facilities, as well as the modernization of existing facilities for processing fishery and aquaculture products [20].

Beneficiaries of the Plan are natural or legal persons associations, cooperatives or other organizations that

1. are holders of a license to establish and operate an aquaculture unit and/or
2. operate or intend to operate in the field of fish processing (e.g. gutting, scaling, filleting and/or
3. operate or intend to operate in the production of smoked, salted and marinated fish products.

The total budget of this call is: €500,000.

The minimum total eligible budget of each project for this call cannot be less than €20,000 and the maximum cannot exceed €350,000. The financing rate is 50% (public expenditure) for SMEs.

### Plan for investments in the marketing of fishery products

The purpose of the Plan is to finance actions related to the marketing of fishery and aquaculture products, which contribute to the improvement of the marketing system in both the fisheries and aquaculture sectors, the improvement and promotion of fishery products and the strengthening of the production chain and marketing [21].

The aim of the Plan is to support investments in the aquaculture sector in order to achieve the sustainable development of aquaculture, by promoting economically and environmentally sustainable businesses, so that they can cope with the new competitive conditions, as they are formed in the market.

Beneficiaries of the Plan are natural or legal persons, who are already active in the field of trading fresh fishery and aquaculture products.

The total budget of this call is: €800,000 (Public Expenditure).

The minimum total eligible budget of each project (public and private expenditure), for this call cannot be less than €20,000 and the maximum cannot exceed €200,000. The financing rate is 50% (public expenditure) for SMEs.

### Scheme to provide compensation to aquaculture farmers for temporary suspension or reduction of production/catch due to outbreak of Covid-19

The Scheme to provide compensation to aquaculture farmers for temporary suspension or reduction of production/ fishing due to outbreak of Covid-19 is intended to mitigate the impact arising due to the spread of the Covid 19 epidemic and adversely affecting the work of aquaculture farmers in financial terms due to the disruption of the market and reduced demand from consumers as well as the closure of points of sale and distribution channels [22].

The Plan is addressed to Beneficiaries, natural or legal persons who are engaged in inland water aquaculture (e.g. trout farms) or marine aquaculture, in the year 2020, hold a license to establish and operate a fish farm, and have had a temporary suspension or reduction in production / catches between March 1 and December 31, 2020 as a consequence of the outbreak of the COVID-19 disease.

The total budget of public expenditure for the implementation of the Plan amounts to €2,275,000.

The financing rate (Public Expenditure) amounts to 100%. Funding is paid directly to the Beneficiary and cannot be assigned to third parties.

## European Maritime, Fisheries and Aquaculture Fund (EMFAF) (2021 – 2027)

The European Maritime, Fisheries and Aquaculture Fund (EMFAF) [23] follows the European Maritime and Fisheries Fund (EMFF), and runs from 2021 to 2027. It aims to support the EU common fisheries policy (CFP), the EU maritime policy and the EU agenda for international ocean governance. It provides support for developing innovative projects, ensuring that aquatic and maritime resources are used sustainably.

In particular, it facilitates:

* the transition to sustainable and low-carbon fishing
* the protection of marine biodiversity and ecosystems
* the supply of quality and healthy seafood to European consumers
* the socio-economic attractiveness and the generational renewal of the fishing sector, in particular as regards small-scale coastal fisheries
* the development of sustainable and competitive aquaculture contributing to food security
* the improvement of skills and working conditions in the fishing and aquaculture sectors
* the economic and social vitality of coastal communities
* innovation in the sustainable blue economy
* maritime security towards a safe maritime space
* international cooperation toward healthy, safe and sustainably managed oceans

The total budget of the fund for 2021-2027 is of the order of €6.108 billion. The fund management is expected to be for Cyprus through the National authority for Aquaculture, this being the Department of Fisheries and Marine Research, at the Ministry of Agriculture, Rural Development and Environment.

Due to the similar size of this fund to the previous one, the priorities of this fund, and following a verbal conversation with an official of the department of fisheries and marine research, it is concluded that in this programming period there will be corresponding support programs for aquaculture units with the previous six years.

# Conclusions

The Republic of Cyprus has long recognized the importance of the aquaculture sector and has promoted it significantly, both at the legislative/regulatory level and at the financial level. The activities in the field of aquaculture in Cyprus are determined both by the legislation and by the regulations issued by the cabinet based on the legislation. As has been extensively presented in this deliverable, Cypriot legislation/regulations govern a wide range of parameters, such as:

* The establishment of the Aquaculture advisory committee;
* The process to be followed to grant a license to establish and operate a fish farm/ The Competitive Bidding process.
* License to use marine space
* The Bid evaluation criteria/ Bid award amount
* The Environmental control program
* The Conditions imposed upon granting a license and the type of license
* The License validity period
* The Fees for a license to establish and operate a fish farm
* Guidelines for Layout, Marking and Demarcation
* Potential imposition of conditions upon granting a license;
* Information to be provided to the director of the department of fisheries and marine research
* Changes to premises or facilities or machinery or their maintenance
* Restrictions on the grant or renewal of the licence
* License revocation
* Fish farm relocation
* Hierarchical appeal
* Transfer of license
* Director’s authority
* Confiscated items
* Offenses and penalties
* Fishing rights/ Prohibition of fishing near a fish farm
* Diseases and drugs
* Handling confidential information
* Regulations
* Existing fish farms

As can be seen, all these procedures and obligations of aquaculture companies protect the consumer and the environment, but at the same time, they burden all potential investors financially and should be taken seriously into consideration during any financial analysis of possible investments in this sector.

However, there is also significant financial aid through the European Structural Funds in the field of aquaculture. As has been thoroughly presented in this deliverable, this funding is recurring every six years and includes funding for equipment, the fish packaging facilities, and marketing activities for these products. The subsidy is significant and can reach up to 50% of the entire investment. Thus, this parameter is also very important during the financial evaluation of potential investments in the aquaculture sector. In short, financial incentives cover expenditure to be made in: (a) aquaculture equipmet for sea operations, (b) fish processing and packaging equipment, and (c) advertising and promoting activities of aquaculture products. The extent of these incentives affects the outcome of DE 27 “Risk Analysis” and DE 28 “Economic Analysis & Business Plan”.

Last, but not least, it should be mentioned that an effort has been made by the research team to develop a business plan (Deliverable 28) and present aquaculture operations (Deliverable 24) according to Cyprus’ aquaculture legislation. Risk analysis (Deliverable 27) has also taken consideration Cyprus’ legislation. Issues relating to environmental monitoring, maritime space bidding process, fish farm relocation and fish farm license fees and validity period have been taken into consideration.

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