HEADING 4: Global Europe

Instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction

Lead DG: REFORM

I. Overview

What the programme is about?

The Aid programme aims to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community, with particular emphasis on:

- the economic integration of the island;
- improving contacts between the two communities and with the EU; and
- the preparation for the EU body of laws (also referred to as the EU acquis) following a comprehensive settlement of the Cyprus issue.

Specifically, the Aid Programme contributes significantly through private sector development schemes, facilitating the involvement of the World Bank and the European Bank for Reconstruction and Development, and human capital development. Measures to be financed under the Aid Programme are exceptional and transitional in nature and are intended, in particular, to prepare and facilitate, as appropriate, the full application of the EU acquis in the areas where the Government of the Republic of Cyprus does not exercise effective control, in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession, following a solution to the Cyprus problem.

EU added value of the programme

The programme is the only EU funding for the Turkish Cypriots, who are EU citizens. There is very little assistance from individual Member States due to difficult legal and political circumstances in the de-facto divided island. The EU programme supports reunification efforts and prepares the Turkish Cypriots for the lifting of the suspension of the application of the acquis in those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control. The EU contribution, in supporting the political process, economic integration and improved living standards, will be vital. Economic development of the Turkish Cypriot community in order to facilitate the reunification of Cyprus is mentioned very prominently in the Aid Regulation.

Implementation mode

The Aid programme is implemented under direct management, through the organisation of calls for tender and calls for proposals and under indirect management through the conclusion of contribution agreements with International Organisations or Members States Agencies.

II. Programme Implementation Update

Implementation Status (2017-2019)

The Aid Regulation dates from 2006 ((EC) No 389/2006) and the Commission continues to deliver assistance to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community, and by working under six objectives:

- Objective 1: Developing and restructuring of infrastructure;
- Objective 2: Promoting social and economic development;
- Objective 3: Fostering reconciliation, confidence building measures, and support to civil society;
- Objective 4: Bringing the Turkish Cypriot community closer to the EU;
- Objective 5 and 6: Preparing the Turkish Cypriot community to introduce and implement the acquis, in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession.

The Aid Programme remains ready to accommodate developments in the settlement process and to finance confidence-building measures resulting from this process, as done in the case of the opening of two new crossing points within the framework of the latest round of talks between the leaders in Cyprus in 2018.
Difficulties encountered in the implementation of the programme have included problems arising from the non-recognised status of the beneficiary (1), as well its poor absorption capacity (lack of coordination across beneficiaries, lack of long term coherent planning) and disputes with contractors, notably when it comes to works contracts. Those difficulties are addressed through programming of the financial assistance under the Aid Programme based on project maturity, policy relevance and track-record of past implementation. The underlying aim is to bring more tangible and visible impact in the priority areas with an annual programming resulting in a streamlined and compact set of actions. In addition, under this programming approach, the beneficiary is involved at an early stage and the EU Coordination Centre is progressively taking a more active role in prioritisation and self-assessment of projects.

The Multiannual Financial Framework (MFF) (2) 2014-2020 provides a multi-annual perspective to the programme with a provision for stable, annual funding. The assistance programme is, however, of an exceptional, transitional and temporary nature, aiming to facilitate the reunification of Cyprus. Council Regulation No 1311/2133, laying down the MFF, allows for a revision in the case that a reunification is achieved during the MFF period (in the absence of this, no major changes of strategy can be made).

Between 2006 and the end of 2020, EUR 591.6 million was programmed for operations under the Aid Regulation with EUR 240.1 million in the 2014-2020 period.

### Key achievements

Major infrastructure investments, with a strong environmental and bi-communal focus, are under implementation and will continue to be programmed through the Local Infrastructure Facility and/or through targeted direct interventions. Continued support is provided for strengthening the private sector and labour market measures, with an emphasis on innovation and increasing employability. Likewise, concrete measures have been put in place aimed at eradicating animal disease and improving food safety standards. The ‘confidence building measures’ (support for the Committee on Missing Persons and for the Technical Committee for Cultural Heritage) have shown solid progress and good bi-communal acceptance. Two new Green Line crossing points, specifically requested as a confidence building measure were opened in 2018 and in July 2019. The Commission played an active role in reaching a technically acceptable solution to both communities on the interoperability of mobile phones across the island. Intensive efforts continue on the preparation for the implementation of the acquis.

The Commission reports annually on implementation of the Regulation (2). Some examples and more details of the recent programme achievements are:

- The contract for the construction of the New Nicosia Trunk Sewer was concluded in 2018 and the works are under implementation. The Nicosia branch includes the construction of approximately 13 km of sewers and force mains and four pumping stations. The works include odour treatment systems to avoid odour nuisance for the citizens. A contract for the irrigation works in Morphou was also awarded in 2018 and the implementation of the works is ahead of schedule, with a provisional acceptance expected around Easter 2020.

- The contract for the remedial works of the Famagusta sewerage network, amounting to EUR 20.5 million, was signed in April 2019. The remedial works at the sewerage network include parallel replacement of 31 kilometres of existing sewers in corrugated polyethylene, renewal of 2,347 existing house connections, and replacement of approximately 326 ‘blind’ tee pieces. It also includes the remedial works at the pumping stations. The entry into force of the contract and the commencement of the works are subject to obtaining clearance from the Republic of Cyprus on the use of the land and validation of the ‘design visa’ by the Turkish Cypriot Chamber of Civil Engineers.

- The European Commission concluded a new ‘Local Infrastructure Facility’ contribution agreement with the United Nations Development Programme to continue supporting the well-established mechanism for EU-funded infrastructure investments. The contribution agreement concluded in December 2018 amounts to EUR 17.7 million over a four year period (December 2018 – December 2021), to be replenished by a complementary envelope of EUR 5.7 million in the first quarter of 2020. The facility aims to provide support for the identification, screening, development, procurement, and physical implementation of relevant local infrastructure investments.

- Actions to set up a sustainable integrated waste management plan have been funded allowing the collection and transport of solid waste to the central landfill to be optimised and the recycling of valuable resources are nearly completed, expected for first semester 2020.

- Around 500 grant awards were attributed to farmers, private sector development, community development, civil society and lifelong learning establishments. These helped farms and businesses to modernise and improve competitiveness, and schools along with other educational establishments to improve teaching methods and meet the labour market needs. Work

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(1) The Commission operates in a unique political, legal and diplomatic context. Ad hoc arrangements are needed to implement the programme while respecting the principles of sound financial management. In EU-funded programme, in normal circumstances, agreements with a beneficiary government would establish the legal framework for development assistance. No so such agreements can be made to the Tcc: the EU acquis is suspended and the beneficiary is not recognised.


in the communities and with civil society organisations helped develop advocacy, improve community services and civic engagement. The European Commission also signed in November 2018 a contribution agreement with Northern Ireland Cooperation Overseas (NI-CO) for EUR 3 million to implement a three-year project for the establishment of an innovation centre in Nicosia Old Town to provide services to entrepreneurs, innovators and researchers.

- A high level of output was achieved by the Committee on Missing Persons (CMP), which has exhumed 1,221 sets of remains, of which 969 were genetically identified (December 2019 figures). The CMP’s objective is to recover, identify, and return to their families, the remains of 2002 persons. The CMP establishes the fate of those persons declared missing by both communities as a consequence of the tragic events of 1963-64 and 1974. The Aid Programme has financed more than 75 % of the CMP costs since 2006.

- With respect to confidence-building measures, the interoperability of mobile phones across the island was established on 11 July 2019, with the aim of improving communication between the communities and bringing all Cypriots closer together. The Commission played an active role in facilitating the discussion between actors of the two communities and acted as catalyser and facilitator to secure a solution that could be implemented technically.

- The bi-communal Technical Committee for Cultural Heritage (TCCH) was established in 2008 for the promotion and protection of the rich and diverse cultural heritage of the island. EU contributions under the Aid Regulation started in 2011 reaching an amount of nearly EUR 20 million to date. By the end of 2019, a total of 57 restoration works have been completed and over 100 cultural heritage sites have benefitted from this assistance, while 28 projects are in the pipeline for the next two years.

- A EUR 1 million support facility for the first time in history targeting all bi-communal Technical Committees has also been concluded in 2019 with the purpose to help the Technical Committees to overcome structural and practical obstacles, which they face in their daily operations. Since then, 6 committees have benefited from the assistance and the facility has been widely acknowledged as revitalising their work.

- The Commission, through its EU Infopoint and other projects, has carried out a range of communication and visibility actions (1,172) in 2014-2019 providing information about EU policies, priorities and actions in support of the Turkish Cypriot community (TCc), and promoting European culture. This has considerably enhanced the visibility of the EU in the northern part of Cyprus.

- The Aid Programme supports scholarships for Turkish Cypriot students and professionals, which provide both experience and a route to qualifications abroad and contribute to the image of the EU among Turkish Cypriots. Students and professionals from the TCc have no or only limited access to EU scholarship programmes. Since 2007, 13 annual grant schemes have delivered over 1,500 grants for study in EU places of learning.

- Intensive efforts continue on the preparation for the implementation of the acquis in the areas of the Republic of Cyprus where the government does not exercise effective control upon the entry into force of a comprehensive settlement of the Cyprus problem. Preparation for the acquis takes place mainly through the Technical Assistance and Information Exchange (TAIEX) instrument (expert missions, training courses, workshops and study visits) with around 1,190 TAIEX actions in 2014-2019. TAIEX allowed for the drafting of some 200 legal texts covering 17 areas of the EU acquis.

Contribution to policy achievements

The main policy objective under the legal base (Regulation (EC) No 389/2006) is the reunification of Cyprus and the Aid Programme has supported this with a distribution of resources among the objectives specified in the Regulation.

Evaluations/ Studies conducted

By year-end 2018, DG REFORM had concluded a contract for the implementation of the first Results Oriented Monitoring (ROM) exercise aiming at reviewing a minimum of 16 actions in terms of relevance, efficiency, effectiveness and sustainability. It will assist DG REFORM with respect to the monitoring of and reporting on EU funded projects under the Aid Programme for the Turkish Cypriot community.

The ROM reviews and support missions to be carried out are the following:

a) ROM reviews of strategic projects for which such ROM reviews may have a particular usefulness or for innovative projects.

b) ROM reviews of projects signalled as having implementation problems and where EC services or EUPSO have identified a need for an outside expert review to assist in addressing the problems, identifying causes and options for solution and making recommendations.

c) Support to improve the current monitoring systems of projects and, where relevant, to help operational Programme Managers to us set-up a ROM-compliant monitoring system.

The ROM reviews will focus on service contracts and grants schemes and will cover a significant number of contracts, both recently closed and ongoing. The implementation of the Results Oriented Monitoring contract has started in end 2018 and will
continue for a period of two years. 12 projects have been assessed so far and a project management training has been delivered to more than 30 participants. The recommendations issued by the ROM experts have been very useful for the project managers to improve the implementation of the projects. A few illustrations:

- Further EU support is needed to ensure the capacity increase of Turkish Cypriot civil society organisations (CSOs). The current project provides a comprehensive ‘toolbox’ that largely responds to the needs of the Turkish Cypriot CSO community. As recommended, the project design has been improved in the tender for the upcoming support.

- For the EU Info Point contract, it was considered that the scope could be expanded in terms of the support it provides to other EU funded projects with communication and visibility rather than just sharing visibility products developed by projects. The content of the actions should reflect better the TCc context e.g. by ensuring more input from local partners. These issues are being dealt with in the inception phase under the new EU Info Point contract.

- For the assistance to grant beneficiaries and the Contracting Authority regarding grant agreements, monitoring and evaluation experts have been mobilised, procedures have been simplified and workshops for experts have been organised.

The project management training combined theoretical and practical knowledge which was tailored to the need of the participants. Project managers from EU Coordination Centre, EUPSO and grants implementing partners benefited from this hands-on training. It is expected that 6 to 7 additional projects will be subject to a ROM review in 2020.

A contract for the evaluation of the Aid Programme provided during the period 2013-2018 was concluded in December 2019 and the conclusions of this independent evaluation are to be received before year-end 2020.

**Forthcoming implementation**

The Cyprus settlement process remains in suspense following the failure of the June/July 2017 multilateral conference in Crans-Montana. This uncertainty remains a major and permanent unknown as progress in the settlement process would entail a potential significant revision of the programme, with an increased focus on providing support to carry forward the results of the negotiations.

The mandate of the Aid Regulation remains unchanged in the meantime and the Commission stands ready to provide support. A maximum degree of flexibility is therefore necessary. The situation and needs for 2020 cannot be easily predicted.

The 2020 annual action programme for a total envelope of EUR 36.6 million is foreseen for adoption in the second half of 2020. Confidence-building actions will continue. The programme will also provide a continued support to infrastructure scheme, notably in the modernisation of the energy sector and necessary upgrade to the monitoring systems of the grids at consumer level to facilitate the development and integration of renewable energy facilities. Objective 2 will also be largely covered by projects aiming at promoting social and economic development (technical assistance to farmers, continued support to improve food safety, consumer and animal health, modernising the education sector, extended support to entrepreneurs, innovators and researchers through tailored advice and by exploring the possibility of micro-credit in the Turkish Cypriot community).

**Outlook for the 2021-2027 period**

On the basis of the proposal made by the Commission, the Instrument of financial support for encouraging the economic development of the Turkish Cypriot community remains unchanged for the period 2021-2027. In the Commission’s proposed structure for the new Multiannual Financial Framework, the programme ‘Support to the Turkish-Cypriot Community’ is part of Heading 2 ‘Cohesion and Values’ in ‘Regional Development and Cohesion’ cluster.

**III. Programme key facts and performance framework**

**1. Financial programming**

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**Financial Programming (EUR million)**

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2. Implementation rates

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(*) Authorised appropriations include voted appropriations, appropriations originating from assigned revenues (internal and external) as well as carried-over and reconstituted appropriations; the execution rate is calculated on 15 April 2020

3. Performance information

Programme performance

The programme is the only EU funding for the Turkish Cypriots, who are EU citizens. There is very little assistance from individual Member States due to difficult legal and political circumstances in the de facto divided island. The EU programme supports reunification efforts and prepares the Turkish Cypriots for the lifting of the suspension of the application of the acquis in those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control. The EU contribution, in supporting the political process, economic integration and improved living standards, is vital. Economic development of the Turkish Cypriot community in order to facilitate the reunification of Cyprus is mentioned very prominently in the Aid Regulation.

In this context, it is of the utmost importance that the MFF for the period 2021-2027 continues to provide a stable source of funding in favour of the Turkish Cypriot community.

The Aid Programme is implemented in a unique diplomatic, legal and political context. Major difficulties encountered in the implementation of the programme arise from the non-recognised status of the beneficiary as well as from disputes with contractors, notably when it comes to works contracts. Those challenges are further exacerbated by the lack of absorption capacity and resources on the beneficiary side as well as by the deficiencies in available data and statistics. This often results in serious delays in the preparation of projects and in bringing them to maturity, which – over the years – has led to a substantial amount of uncommitted funds. This ‘backlog’ was successfully addressed in the recent period through better programming, more efficient handling of tendering procedures, and smoother internal procedures and coordination within DG REFORM.

Action programmes are designed in a way to ensure targeted and compact set of actions, while providing for efficient and effective implementation of the Aid Programme. They are based on a high-level programme evaluation and address the identified and urgent needs. The most recent exercises followed a renewed approach towards programming of assistance based on project maturity, policy relevance and the track record of past implementation. In addition, under this programming approach, the beneficiary is involved at an early stage and the EU Coordination Centre, the TCc body in charge of coordinating the implementation of the Aid Programme, is progressively taking a more active role in prioritisation and self-assessment of projects. The process is intended to be further improved and refined, and efforts are being undertaken to trigger a more strategic approach on the Turkish Cypriot side in this respect.

The assistance is implemented through direct and indirect management, taking account of the different types of constraints. Recently, innovative mechanisms on delivering aid have been initiated with the purpose of bringing coherence and streamlining priority infrastructure actions (Local Infrastructure Facility), improving the entrepreneurship ecosystem through enhanced linkages between research and business (Innovative Entrepreneurship), and supporting the bi-communal Technical Committees to carry out their activities more effectively. The underlying aim is to bring more tangible and visible impact in the priority areas with an annual programming resulting in a streamlined and compact set of actions.

Since the Aid Regulation has been adopted, the TCc has benefited from a financial assistance amounting to EUR 555 million. The Aid Programme is implemented in a territory whose existence is not recognised and whose ‘institutions’ cannot be strengthened. This means that we are operating with perennially weak partners and this impacts negatively on the efficiency and effectiveness of our intervention. This unique situation has got a certain number of consequences when it comes to programme implementation:

- The property rights have to be respected when it comes to works contracts. This limits, in terms of geographical areas, the scope of our intervention. In addition, the procedures for property clearance is long and cumbersome and is delaying the implementation of our works contracts
- Development of IT system is an area where we have encountered difficulties and inefficiency. As a recent example, in our support to the eradication of animal disease, we have financed the development of an Animal Identification Registration database. The database is not yet functional. As a consequence, it was decided to refrain from supporting development of IT systems except in very well justified circumstances.
Despite the inherent difficulties linked to the nature of the Aid Programme, we have not experienced specific shortcomings or difficulties with the implementation of the Aid Programme. This is notably confirmed by that audit conducted in 2012 by the European Court of Auditors (Special Report 6/2012) which was generally positive about the intervention methods and results. The ECA main conclusions were:

1. The Commission succeeded in developing a programme where the objectives of the instrument were reflected in the interventions funds;
2. The programme addresses and appropriately prioritises all sectors referred to in the regulations objectives;
3. The programme has assisted many different beneficiaries across the TCc and some important results have been achieved.

The main policy objective under the legal base (Regulation (EC) No 389/2006) is to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community (TCc). The Aid Programme has supported this with a distribution of resources among the six objectives specified in the Regulation. The below provides some illustrations of what has been achieved for each of the objective:

1. Objective 1: Developing and restructuring of infrastructure.

   Major infrastructure investments, with a strong environmental and bi-communal focus, have been funded and will continue to be programmed through the Local Infrastructure Facility and/or through targeted direct interventions. In total, 260 kilometres of water supply networks and more than 100 kilometres of sewerage pipes have been financed through the Aid Programme.

   Since 2014, some EUR 80 million have been invested in projects mainstreaming climate actions and contributing to the Europe 2020 priorities, notably though the following:
   - The large wastewater treatment plant in Nicosia was inaugurated in 2014. This is the largest such plant on the island and serves 300,000 ‘population equivalent’ in both communities.
   - Actions to set up a sustainable integrated waste management plan have been funded allowing the collection and transport of solid waste to the central landfill to be optimised and the recycling of valuable resources is nearly completed.

   The EU remains committed to providing the citizens of Famagusta with a functional and hygienic sewerage system. An initial work contracts, for an approximate value of EUR 10 million has been concluded in 2020. The Contractor has built a sewer network and pumping stations that both Parties agree are riddled with defects (reserve slops; defects joints,….). As a consequence of the importance of the defects and the impossibility to fix them, the EU has decided to launch a tender aiming at repairing the existing one by constructing a network in parallel of the defects one. A contract has been awarded for an approximate value of EUR 20 million and the works are expected to be started in 2020.

2. Objective 2: Promoting social and economic development.

   EU actions support, amongst others, rural development, human resources development and regional development. In total, since 2006, more than 500 grants have been awarded to farmers, local communities, schools, and SMEs.

   More specifically, 230 rural development grants have been concluded for an approximate value of EUR 28 million and 200 farmers received training in husbandry practices to improve water use efficiency and farm hygiene. The targeted support to farmers though facilitating investments and purchase of equipment enables them to upgrade their material and to secure their survival in a difficult and closed economic environment. Concrete measures have been put in place, aimed at eradicating animal disease and improving food safety standards.

   Access to credit has been and remains a major problem in the Turkish Cypriot community. The Aid Programme has also supported the promotion of security growth and job creation though conclusion of 160 grant agreements with SME and start-ups, complementing by access to credits and capacity building, supporting local businesses. The SME grant scheme permitted companies to benefit from EU support enabling them to improve their competitiveness and thereby ensuring their survival in a difficult economic environment.

3. Objective 3: Fostering reconciliation, confidence building measures, and support to civil society.

   The main achievements are the following:
- A high level of output was achieved by the Committee on Missing Persons (CMP), which has exhumed 1,221 sets of remains, of which 969 were genetically identified (December 2019 figures). The CMP’s objective is to recover, identify, and return to their families, the remains of 2,002 persons. The CMP establishes the fate of those persons declared missing by both communities as a consequence of the tragic events of 1963-64 and 1974.

- The bi-communal Technical Committee for Cultural Heritage (TCCH) was established in 2008 for the promotion and protection of the rich and diverse cultural heritage of the island. The work of the Technical Committee on Cultural Heritage provides technical support and helps building trust between the two communities. The Committee is supported in its work by archaeologists, architects, art historians and town planners from both communities. The Technical Committee works to provide a mutually acceptable mechanism for the implementation of practical measures for the proper preservation, physical protection and conservation of the cultural heritage of Cyprus. The protection of cultural heritage is an integral part of the ongoing process of broadening areas of cooperation between Greek Cypriots and Turkish Cypriots. The protection of cultural heritage in this context stimulates sustainable development and mutual understanding. The conservations include religious sites (Orthodox, Muslim, Latin, Armenian and Maronite), but also mills, fountains and hamams. Local communities attend completion events and for some this provides an opportunity to visit sites that they never visited before. EU contributions under the Aid Regulation started in 2011 reaching an amount of nearly EUR 20 million to date. By the end of 2019, a total of 57 restoration works had been successfully completed and over 100 cultural heritage sites had benefitted from this assistance, while 28 projects are in the pipeline for the next two years. For information purposes, the following large flagship projects have been completed so far: Upgrading to Kyrenia Shipwreck Gallery; Agios Panteleimonas monastery in Myrtou/Camlibel; Apostolos Andreas monastery in Rizokarpaso; Othello Tower in Famagusta; Famagusta Walls complex (2017)

- Strengthening the civil society as a key actor in the development of a culture of dialogue, participation in the community life and the promotion of values of tolerance, peace and active citizenship and the promotion of reconciliation, closer relationship and trust between the Turkish Cypriot and Greek communities. Sixty projects and more than 80 civil society organisations have been supported since the inception of the Aid Programme with a total support of EUR 13 million. These grants fund a variety of actions in the fields of environment, human rights, art and sport and encourage citizens’ engagement and cross-community exchanges. The active citizenship mechanism proves to be particularly successful from the perspective of the final beneficiaries. Also called Grow Civic, it is an ‘in-kind’ support for activists, citizen’s initiatives, platforms, networks, and Civil Societies Organizations (CSOs). The maximum amount that an activist/CSO can request at one time is EUR 3,000 (and up to EUR 10,000 overall the TA’s duration) Greek Cypriots can apply to it provided they are working with a TC partner. This mechanism has supported more than 61 actions since 2016 and requests have been made in very different areas (human rights, health, animal health, environment, sports, etc.)

4. Objective 4: Bringing the Turkish Cypriot community closer to the EU.

The Aid Programme supports scholarships for Turkish Cypriot students and professionals, which both provide experience and a route to qualifications abroad and contribute to the image of the EU among Turkish Cypriots. Students and professionals from the TCc have no or only limited access to EU scholarship programmes. Since 2007, 13 annual grant schemes have delivered over 1,500 grants for study in EU places of learning, involving more than 100 universities, covering 23 EU countries of destinations and securing the training of 20 different professions

5. Objectives 5 and 6: Preparing the Turkish Cypriot community to introduce and implement the acquis, in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession.

Preparation for the acquis takes place mainly through the Technical Assistance and Information Exchange (TAIEX) instrument (expert missions, training courses, workshops and study visits) with around 1,190 TAIEX actions in 2014-2019. TAIEX allowed for the drafting of some 200 legal texts covering 17 areas of the EU acquis.

**General objectives**

**General Objective 1:** To facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot...
community with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the acquis communautaire.

**Specific objectives**

**Specific Objective 1:** To facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the acquis communautaire.

**Indicator 1:** Reconciliation and confidence building: `Tendency to trust the EU as an institution`

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Comment: The 2014 figure may have been the result of re-starting the settlement talks and high optimism.

Source: Eurobarometer

**Indicator 2:** Number of enterprises having received EU support in the form of a grant

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Methodology: Cumulative

Comment: The actual results for the period 2015-2017 have been adjusted to reflect the effective number of enterprises having received EU funding. In the course of 2019, it is expected that some more 30 to 40 enterprises will benefit from an EU Support in the forms of grant.

**Indicator 3:** Cross-green-line trade volume in process of progressive increase

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<td></td>
<td>8 500 000</td>
</tr>
<tr>
<td><strong>Milestones foreseen</strong></td>
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</tr>
<tr>
<td>3 411 593</td>
<td></td>
<td>5 270 000</td>
<td>5 500 000</td>
<td>8 500 000</td>
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<tr>
<td><strong>Actual results</strong></td>
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</tr>
<tr>
<td>3 520 045</td>
<td>3 613 989</td>
<td>4 374 968</td>
<td>4 790 964</td>
<td>4 856 892</td>
<td></td>
<td></td>
<td></td>
<td>5 423 076</td>
</tr>
</tbody>
</table>

Comment: Trade across the Green Line has developed more slowly than anticipated as a number of obstacles to trade, identified in the annual reports on implementation of the Green Line Regulation, remain in place. To take one example, the Republic of Cyprus still does not allow the crossing of processed food products and materials for contact with food. The Commission is engaged in contacts with the Republic of Cyprus to address this issue. Trade across the Green Line increased by 1.4 % last year. The 2017 targets were set too high and the targets for the years 2020 are most probably too ambitious as we expect a roughly similar increase in the years to come.

Source: Republic of Cyprus

**Indicator 4:** To increase EU visibility in northern Cyprus: Communication actions

<table>
<thead>
<tr>
<th></th>
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<td>2013</td>
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<td><strong>Actual results</strong></td>
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<tr>
<td>53 188</td>
<td>138</td>
<td>120</td>
<td>330</td>
<td>343</td>
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</tr>
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</table>
Comment: The high results obtained as of 2015 is due to a very active, new ‘Infopoint’ project, which delivered a much higher output than expected. We expect this trend to be continued in 2019 and 2020 with approximately 300 actions on a yearly basis. This is the consequence of the increased level of activity with the aim to improve the EU visibility of EU funded projects in the Turkish Cypriot community.

Source: European Commission

Unit of measure: Actions/year

Expenditure related outputs

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Budget line</th>
<th>Budget 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>EUR million</td>
</tr>
<tr>
<td>1. development of infrastructure actions</td>
<td>13 07 01</td>
<td>3</td>
</tr>
<tr>
<td>2. social/economic development actions</td>
<td>13 07 01</td>
<td>7</td>
</tr>
<tr>
<td>3. reconciliation, confidence building actions</td>
<td>13 07 01</td>
<td>3</td>
</tr>
<tr>
<td>4. bringing TCs closer to the Union</td>
<td>13 07 01</td>
<td>0</td>
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<tr>
<td>5/6. preparation for acquis</td>
<td>13 07 01</td>
<td>160 Actions</td>
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<tr>
<td>7. horizontal actions</td>
<td>13 07 01</td>
<td>5</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>178</strong></td>
<td><strong>36.6</strong></td>
</tr>
</tbody>
</table>

4. Contribution to Europe 2020 Strategy and mainstreaming of policies

**Contribution to Europe 2020 headline targets**

**Table Contribution to Europe 2020 headline targets**

- 75 % of the population aged 20-64 should be employed
- The ‘20/20/20’ climate/energy targets should be met (including an increase to 30 % of emissions reduction if the conditions are right)
- The share of early school leavers should be under 10 % and at least 40 % of the younger generation should have a tertiary degree
- 20 million less people should be at risk of poverty

**Contribution to mainstreaming of climate action**

**Relevant objective/output**

<table>
<thead>
<tr>
<th>Relevant objective/output</th>
<th>Budget 2019</th>
<th>Budget 2020</th>
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</thead>
<tbody>
<tr>
<td>Waste water re-use</td>
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</tr>
<tr>
<td>Renewable energy</td>
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</tr>
<tr>
<td>Solid waste recycling</td>
<td>2,8</td>
<td>3,0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,3</strong></td>
<td><strong>8,0</strong></td>
</tr>
</tbody>
</table>

**Programmation climate action**

<table>
<thead>
<tr>
<th></th>
<th>2014-2018</th>
<th>2019-2020 estimates</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>3.0</td>
<td>13.2</td>
<td>14.3</td>
<td>10.8</td>
</tr>
</tbody>
</table>

(*)The appropriations for the year 2014 have been reviewed to take account of the transfer to subsequent years of the allocations not used in 2014 (reprogramming exercise carried-out in 2015 in accordance with Article 19 of the Multiannual Financial Framework Regulation).

**Justification**

The Aid Programme for the Turkish Cypriot community includes assistance for infrastructure development and environment as objectives of the Aid Regulation. Major infrastructure works have been completed. Additional infrastructure works, in the sector of environment, have been contracted and will be continued to be contracted in 2020 and 2021:

a) 2015 and 2017 Annual Programmes: sewerage networks, connections to wastewater treatment, water re-use (works): EUR 15.4 million for works, supervision and Technical Assistance contract.

b) A substantial amount – EUR 22.8 million (including supervision costs) (2016 Annual Programme) – has been contracted in February 2019 for the repair works of the Famagusta sewage network.
c) A global envelope of EUR 23.4 million has been allocated in the 2017-2019 Annual Programme for the ‘Local Infrastructure Facility’ to finance prioritised and shortlisted infrastructure projects submitted by the local communities. In addition, an approximate budgetary envelope of EUR 4.7 million is expected as part of the 2020 Annual Programme. EUR 17.7 million has been contracted by 31 December 2018, to be increased by EUR 5.7 million (made available as part of the 2019 Annual Programme) expected to be contracted in Q1 2020. The budgetary envelope to be made available through the 2020 annual programme is expected to be committed in early 2021 after adoption of the financing decision.

d) An approximate budget of EUR 5 million is scheduled to be programmed as part of the 2020 Annual Programme to modernise the energy sector and to upgrade the monitoring systems of the grids at consumer level to facilitate the development and integration of renewable energy facilities.

In addition, TAIEX activity targets several issues related to the EU environmental acquis.

All the actions listed above can be considered direct or indirect climate actions (both for mitigation and adaptation). Environmental infrastructures (solid waste management system, sewer systems) will allow direct reduction of greenhouse gas emissions. Targeted actions in the energy sector also aim to facilitate the production of renewable energy. Multi-stakeholders capacity building activities in water and waste sector as well as TAIEX assistance in the EU environmental acquis will allow mainstreaming climate change issues and derived actions at different levels.

Gender mainstreaming

Through its assistance to civil society, the programme has provided support to different Women’s Associations and Networks. Specific consideration to gender mainstreaming is given, amongst others, for the selection of projects to be funded through the Local Infrastructure Facility and under the calls for proposals such as for civil society and rural development.

Programming will ensure that EU guidelines on gender mainstreaming will be applied to all new projects.

5. Programme contribution to the Sustainable Development Goals

SDG 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

4. Quality Education – via grants the programme helps in promoting lifelong learning opportunities for all.

The aid programme has provided training for teachers in curriculum development, invested in vocational education and training as well as providing equipment for schools, including science laboratories.

SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

9. Industry, Innovation and Infrastructure – the programme helps in building resilient and sustainable infrastructure and fosters innovation.

The Aid Programme has assisted in providing solid waste disposal sites compliant with EU standards as well as tackling the problem of disposal of animal by-products.

SDG 12 Ensure sustainable consumption and production patterns

12. Responsible Consumption and Production – Through assistance to SMEs to upgrade standards, the programme promotes sustainable production patterns.

The SME grant scheme permitted companies to benefit from EU support enabling them to improve their competitiveness and to upgrade and improve their production patterns.

SDG 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

16. Peace, Justice and Strong Institutions – through assistance to Civil Society Organisations and public awareness, the programme promotes peaceful and inclusive societies for sustainable development.

The programme has specifically targeted the problem of human trafficking and awarded grants to organisations working on both awareness-raising and legal changes. Draft legislation to recognise human trafficking as a crime has been introduced.