Special report 6/2012 (2011 discharge): European Union Assistance to the Turkish Cypriot Community

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PURPOSE: to present the special report from the European Court of Auditors on EU Assistance to the Turkish Cypriot Community.

CONTENT: the Court of Auditors (ECA) assessed whether the European Commission is managing EU financial support to the Turkish Cypriot community (TCc) in the northern part of Cyprus effectively. Specifically, the ECA examined whether the Commission drew up an assistance programme which reflected the instrument's objectives; whether appropriate implementing arrangements were put in place; and whether the individual projects were achieving their intended results. The audit did not seek to assess whether the programme is contributing to the political objective of reunification.

The performance audit covered the period from February 2006, to the third quarter of 2011. It included the examination of a sample of 34 contracts. This represents approximately one third (€97.5 million) of all budget allocations to the instrument from 2006-11.

ECA's conclusions: despite facing difficult political and legal circumstances and a tight timetable, the Commission developed a programme which was generally in line with the regulation's objectives. It quickly set up a programme management office and generally suitable implementation arrangements. However a problem was that temporary staff in the programme support office could only be employed for three years (in contrast to EU delegation staff) making it difficult for them to follow projects from start to finish. The programme has assisted a great number of different beneficiaries across the TCc and some important results have already been achieved. However, the construction of a seawater desalination plant, which is the programme's largest project (€27.5 million), ended in failure. More generally, **the sustainability of projects is often in doubt**.

Court's recommendations: the Court makes a set of recommendations to the Commission covering different possible scenarios based both on developments in the reunification process and the level of future EU assistance:

- if there is no settlement in the short term, and it is decided that further significant funding should be provided to the TCc, the Commission should take a number of steps to strengthen its management of the assistance programme;
- if it is decided not to support a further large scale assistance programme, an action plan should be prepared to scale down or phase out the Commission Task Force's operations;
- if clear progress is made in the reunification process, the Commission should make early preparations for a programme to enable the whole country to benefit from EU funding following reunification.