

Instrument of financial support for encouraging the economic development of the Turkish Cypriot community

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The Commission presented its 13th Annual Report (2018) on the implementation of Community assistance under Council Regulation (EC) No 389/2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community.

The Commission shall continue to provide support in line with the Aid Regulation in order to facilitate the reunification of Cyprus by promoting the economic development of the Turkish Cypriot community through actions under the six objectives of the said Regulation. During 2018, assistance remained focused on areas that pose particular problems in terms of future compliance with the acquis.

Programming of assistance

Between 2006 and the end of 2018, EUR 520 million was programmed for operations under the Aid Regulation. The amount committed in October 2018 for the 2018 annual action programme was EUR 34.5 million.

Payments in 2018 were EUR 26.3 million (EUR 17.2 million in 2017).

The Commission has direct responsibility for implementation of most projects (direct management). However, some projects are managed indirectly by the United Nations Development Programme (UNDP), the European Bank for Reconstruction and Development (EBRD), the British Council or NI-CO (Northern Ireland Co-operation Overseas).

To ensure successful and sustainable implementation in this environment, the Turkish Cypriot community must fully engage in the preparation for the acquis roll-out following settlement of the Cyprus question.

Implementation of the Aid Regulation

The Commission continues to implement the Aid Regulation with the overall aim of supporting reunification. Operations in 2018 included the continuation of a number of established and successful projects, such as EU scholarships and confidence building measures.

Assistance provided to key economic sectors preparing for a settlement was reinforced through projects for the development of the private sector and rural areas as well as human resources development. Efforts towards tangible improvements in the area of animal diseases eradication and food safety continued. Considerable

At the end of the year, 206 contracts were overall running under the Programme.

One continuing issue has been the construction of the Famagusta sewage network, the contract for which was terminated in December 2013 by the Commission.

The ability of the beneficiaries to implement the acquis effectively, following a comprehensive settlement of the Cyprus issue, still has considerable shortcomings, although the Turkish Cypriot community has a

better understanding of the challenges related to the implementation of legal texts aligned with European Union standards.

Progress achieved

The report describes the activities carried out in 2018 to achieve each of the objectives set out in the Aid Regulation. These activities include, among others:

- the signature of a contribution agreement with UNDP for the implementation of the new Local Infrastructure Facility (LIF). This mechanism is designed as a transparent mechanism streamlining priority infrastructure investments under the assistance programme. The contribution agreement covers an amount of EUR 17.7 million over a three-year period;
- the completion of the EU-funded feasibility study for the rehabilitation of the Pedieos River/Kanldere;
- the signature, in the water sector, of a EUR 10.9 million works contract for the construction of the Nicosia branch of the northern Nicosia trunk sewer;
- continued support in the solid waste sector, the completion of a legal text on packaging waste in line with EU packaging waste standards and the commissioning of a new sterilisation facility for the treatment of hazardous medical waste;
- the launch of a call for proposals entitled 'Competitive enterprises, clusters and business support organisations' with a budget of EUR 5 million;
- improving the capacity of veterinary specialists to prevent, control and eradicate animal diseases through EU technical assistance.

With regard to reconciliation, confidence-building and support to civil society, the Committee on Missing Persons (CMP), supported by the Aid Programme through an indirect management arrangement with UNDP, continued its field and laboratory work. By the end of 2018, out of the 2 002 total missing persons, the CMP had exhumed 1 202 sets of remains; 927 of them were genetically identified and returned to their families.

In December 2018, the contribution agreement with UNDP was extended to provide funding for the operations of the CMP for the year 2019, for an amount of EUR 3 million.

With regard to the EU scholarship programme, the budget envelope available under the 2018-2019 call funded 171 scholarships for the 2018/2019 academic year. The scholarship programme has ensured access to scholarships to more than 1 400 Turkish Cypriot students and professionals since 2007.

Perspectives

In view of the capacity constraints, limited human and financial resources and gaps in readiness for the future acquis roll-out, the sustainability of projects must be carefully considered. The track record of past assistance and the maturity of projects will be continuously reflected in future programming exercises.

Efforts will keep focusing on bringing more impact in priority areas through fewer but larger actions. The Commission stands ready to deploy resources, including under the Aid Programme, to support settlement negotiations under UN auspices as needed.