

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

2004/0145(CNS) - 27/02/2006 - Final act

PURPOSE : to establish an instrument of financial support for encouraging the economic development of the Turkish Cypriot community.

LEGISLATIVE ACT : Council Regulation 389/2006/EC establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation 2667/2000/EC on the European Agency for Reconstruction.

CONTENT : the Council adopted a regulation establishing a financial support instrument for encouraging the economic development of the Turkish Cypriot community in the northern part of Cyprus. This represents a significant step towards meeting the Council conclusions on Cyprus adopted on 26 April 2004. A total of EUR 139 million will be made available to the Turkish Cypriot community in 2006, with a view to promoting the economic integration of the island and improving contact between the two communities and with the EU.

The agreement on the financial support instrument follows intense efforts by the Austrian presidency to find a way forward on all issues relevant to the follow-up to the April 2004 Council conclusions. Measures to be financed by the financial instrument are of an exceptional and transitional nature. They are intended, in particular, to prepare and facilitate the full application of the *acquis communautaire* in the areas in which the government of the Republic of Cyprus does not exercise effective control, once a comprehensive solution to the Cyprus problem has been achieved. With a view to allocating the financial support in the most efficient and rapid way, assistance may be supplied directly to the beneficiaries.

The assistance will benefit local bodies, cooperatives and representatives of civil society, in particular organisations of the social partners, business support organisations, bodies carrying out functions in the general interest in the areas, local or traditional communities, associations, foundations, non-profit organisations, non-governmental organisations, and natural and legal persons.

The granting of assistance will not imply recognition of any public authority in the areas other than the Government of the Republic of Cyprus.

Assistance will be used to support:

- the promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development;
- the development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply;
- reconciliation, confidence building measures, and support to civil society;
- bringing the Turkish Cypriot community closer to the Union, through inter alia information on the EU's political and legal order, promotion of people to people contacts and Community scholarships;

- preparation of legal texts aligned with the *acquis communautaire* for the purpose of these being immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem;
- preparation for implementation of the *acquis communautaire* in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession.

The Commission may decide to entrust tasks of public authority, and in particular implementation tasks, to the European Agency for Reconstruction or other recognised bodies.

Each year the Commission will send to the European Parliament and the Council a report on the implementation of Community assistance under this Regulation.

Finally, in the event of a comprehensive settlement of the Cyprus problem, the Council shall decide unanimously on the necessary adaptations to the Regulation.

ENTRY INTO FORCE : 10/03/2006.