Basic information

2012/2107(DEC) DEC - Discharge procedure	Procedure lapsed or withdrawn
Special report 6/2012 (2011 discharge): European Union Assistance to the Turkish Cypriot Community **Subject** 6.30.02 Financial and technical cooperation and assistance 8.70.03 Budgetary control and discharge, implementation of the budget 8.70.03.07 Previous discharges **Geographical area** Cyprus	

Key players

European Commission	Commission DG	Commissioner
	Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
23/05/2012	Non-legislative basic document published	N7-0065/2012	Summary
12/06/2012	Committee referral announced in Parliament		
06/12/2012	Vote in committee		
22/01/2013	Committee report tabled for plenary	A7-0013/2013	Summary

Technical information

Procedure reference	2012/2107(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 101
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	CONT/7/09664

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary

Committee draft report		PE497.895	25/10/2012	
Committee report tabled for plenary, single reading		A7-0013/2013	22/01/2013	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Non-legislative basic document	N7-0065/2012	23/05/2012	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

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

2012/2107(DEC) - 22/01/2013 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ivailo KALFIN (S&D, BG) on Special Report No 6/2012 (discharge 2011) - 'European Union Assistance to the Turkish Cypriot Community'.

Turkish Cypriot assistance programme: Members recall the historical context of this European programme. They recall that the existing de facto division of Cyprus dates back to Turkey's military invasion of the northern part of the island in July 1974. As a result of the events of 1974, the vast majority of Greek Cypriots and Turkish Cypriots live separately, on their respective sides of the buffer zone, and that the **resulting property issue** has been **one of the most difficult problems to solve** as part of the ongoing efforts to reach a settlement. The report acknowledges that a particular issue concerning the smooth implementation of the programme relates to the fact that an estimated 78% of privately owned land in the northern part of Cyprus legally belongs to Greek Cypriots, whose consent is required for Union-funded infrastructure investments on their land. It is essential to find a **comprehensive solution of the Cyprus problem** and the support of future reunification plans.

Furthermore, the report states that the whole island is legally part of the Union for the purpose of Protocol 10 of the Act of Accession, yet the acquis communautaire is suspended in the northern part of Cyprus, an area over which the Government does not exercise effective control. The objective of the programme, by virtue of Regulation (EC) No 389/2006, is for the Union to facilitate the **reunification of Cyprus** and the granting of assistance shall not imply recognition of any public authority other than the Government in the areas in which the government does not exercise effective control. This means that the Commission has to work within a difficult political context when providing capacity building to beneficiaries.

Audit of the programme and the findings of the Special Report of the Court of Auditors: Members observe that the sample of 34 contracts selected from nine of the main projects out of 24 projects funded through the programme and covering all five policy objectives of Regulation (EC) No 389/2006 concern (developing and restructuring of infrastructure, promoting social and economic development, fostering reconciliation, confidence-building measures and support to the civil society, bringing the Turkish Cypriot community closer to the Union and preparing for the introduction and implementing the acquis communautaire upon the reunification of Cyprus. They note that aid under the instrument of financial support for encouraging the economic development of the Turkish Cypriot community has amounted to EUR 259 million for the 2006-2011 period and that it is currently relying on annual allocations of EUR 28 million.

Members agree that the programme has already achieved some **positive results** but their **sustainability is often in doubt**, particularly given the uncertainty over future EU funding and issues of decentralised management.

Overall, Members take note of the conclusions and recommendations of Special Report 6/2012 (*please refer to the summary of the report dated 23/05/2012*). They do, however, highlight that it is necessary to continue to support the reunification process in Cyprus and to keep pursuing the objectives of Regulation (EC) No 389/2006, supporting among others, **bi-communal measures**.

Member also takes note of the Court of Auditor's recommendations which cover different scenarios, based both on developments in the reunification process and the level of the future Union assistance.

Parliament's observations: Members note with concern that the Commission is faced with significant constraints in the establishment and implementation of the programme, that the effectiveness of the Commission's local support office has been undermined by several factors. They regret the **loss of the seawater desalination plant project**, which was an unfortunate setback (this project was the largest project amounting to approximately 10% of total contracted funding) due to restrictions imposed on the Greek Cypriot contractor by the Turkish army, and once these restrictions were lifted in March 2010, the contractor was unwilling to continue the work. Although the Commission’s financial interests have been protected (no

payments have been made under the construction contract), Members deeply regret that delays have affected most of the actions on local and urban infrastructures.

Conclusion: Members endorse the conclusions of the Court of Auditors that the programme has already achieved some positive results and assisted many beneficiaries across the Turkish Cypriot community even if its sustainability is often in doubt, particularly given the uncertainty over the future EU funding. They stress the transitional and exceptional character of Union aid to the Turkish Cypriot community, pending the reunification of Cyprus. They note that the **Commission supports the continuation of assistance to the Turkish Cypriot community** until there is a comprehensive settlement of the Cyprus problem.

Members recommend the Commission to take into consideration the accumulated experience in the implementation of the programme and, if necessary, propose measures for its further improvement and inform Parliament accordingly. It should keep pursuing the five objectives of the current Regulation. Lastly, they ask the Commission to maximise the circulation of information on tenders for reconciliation and civil society strengthening programmes.

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

2012/2107(DEC) - 23/05/2012 - Non-legislative basic document

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.