

EN

ANNEX III

The annex to Commission Implementing Decision C(2019) 6531 of 16 September 2019 adopting an Action Programme for the Turkish Cypriot community for the year 2019, is replaced in its entirety by the following text:

“ANNEX

Legal basis:

Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an 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.

Work Programme for 2019:

Beneficiary	Turkish Cypriot community
CRIS/ABAC Commitment references	TCC/2019/042-349, SCR.DEC.042349.01
Total cost	EUR 35 440 823
Union contribution	EUR 35 440 823
Budget line	13 07 01
Management Modes/ Entrusted Entities	Direct management by the European Commission Indirect management by entrusted entities: - United Nations Development Programme - Northern Ireland Co-operation Overseas - Entity to be selected in accordance with the criteria set out in section 1.4.5
Final date for concluding procurement and grant contracts	3 years following the date of validation of the budgetary commitment
Final date for contract implementation	6 years following the date of validation of the budgetary commitment, with the following exception: 7 years following the date of validation of the budgetary commitment for the Local Infrastructure Facility , where the works concerning infrastructures justify a longer implementation period

Final date for programme implementation (date by which this programme should be de-committed and closed)	10 years following the date of validation of the budgetary commitment
Programming and Implementing Unit	REFORM.A3 Cyprus Settlement Support

1.1. Introduction

This 2019 Annual Action Programme concerns the continuing implementation of the Aid Programme for the Turkish Cypriot community on the legal basis of Council Regulation (EC) No 389/2006, the "Aid Regulation", which establishes an instrument of financial support for encouraging the economic development of the Turkish Cypriot community (TCc). Between 2006 and the end of 2018, approximately EUR 520 million was programmed for operations under this Regulation.

On the basis of the objectives, as laid down in Article 2 of the "Aid Regulation", this Action Programme contains the actions to be financed and the budget breakdown for the year 2019 as follows:

- for grants implemented under direct management (1.2): EUR 6 000 000
- for procurement implemented under direct management (1.3): EUR 13 540 823
- for actions implemented under indirect management modes (1.4): EUR 15 800 000

The overall objective of the Aid Programme is to facilitate the reunification of Cyprus by encouraging the economic development of the TCc, 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*, as per the objectives below, which are laid down in Article 2:

1. *The development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply;*
2. *The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development;*
3. *Reconciliation, confidence-building measures, and support to civil society;*
4. *Bringing the Turkish Cypriot community closer to the Union, through inter alia information on the European Union's political and legal order, promotion of people to people contacts and Community scholarships;*
5. *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; and*

6. *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 Aid Programme is intended only to be an instrument of exceptional and transitional nature and the Commission continues to hope for a breakthrough that will lead to a comprehensive settlement. In this event, assistance of a different form will be required. Council Regulation No 1311/2013, laying down the Multi-Annual Framework 2014-2020, allows for its own revision¹ and Article 11 of Council Regulation (EC) No 389/2006² allows for any necessary adaptations in this context.

The Commission has been pursuing the six objectives of the Aid Regulation since 2006, but subject to a comprehensive settlement, reunification may have a more immediate and far-reaching impact on some sections of the Turkish Cypriot community than on others. However, it is not possible, at this point in time, to fully anticipate settlement related needs in the planning of the Aid Programme. Some changes may be foreseen within the remit of the current programming – notably through a specifically dedicated Support and Settlement Facility – but it is likely that most needs would have to be addressed through future amendments or interventions in the event of a settlement.

The programme choices for 2019 continue to reflect an established programming approach based on key principles of maturity, policy relevance and past track record. The underlying aim is to bring about more tangible and visible impacts in the priority areas, in line with the island-wide planning principle, where appropriate, and the overall objective of reunification. Hence, the 2019 programme provides a streamlined and compact set of actions, with 11 major project components and a needed degree of flexibility. The revised programme includes a complementary emergency economic support following the COVID-19 pandemic.

The 2019 programme takes into account input received from Turkish Cypriot stakeholders and from relevant evaluations and needs' assessments conducted prior to the programming exercise. The views of the authorities of the Republic of Cyprus were also taken into consideration. In addition, the programme choices consider the findings of the works of the bi-communal Ad Hoc Committee on EU Preparation, within the framework of the settlement talks.

Objective 1: development and restructuring of infrastructure

¹ Council Regulation No 1311/2013 Art. 22: "In the event of the reunification of Cyprus between 2014 and 2020, the MFF shall be revised to take account of the comprehensive settlement of the Cyprus problem and the additional financial needs resulting from the reunification."

² Article 11: "**Event of a settlement.** In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the Commission, decide unanimously on the necessary adaptations to this Regulation.

Development and restructuring of infrastructure has been the major component of the Aid Programme, with more than a third of total resources allocated to this objective from 2006 to the end of 2018. Investments in the local infrastructure have been financed in the sectors of environment, water and wastewater, architectural restorations, recreational areas, and other social infrastructure, such as local community facilities.

The key priority of the 2019 programme is to continue supporting this type of infrastructure projects through the Local Infrastructure Facility (LIF), as introduced in the 2017 programme and further supported in the 2018 programme. These investments, comprising both actual infrastructure works and works supervision, will be channelled in indirect management through the UNDP, which is a well-established partner with a proven track record and solid on-the-ground expertise in implementing major infrastructure projects. The UNDP is also the most suited partner for cooperation on infrastructure projects of bi-communal dimension.

The 2019 programme will include infrastructure investments for a total value of EUR 5 700 000. As there is no up-front allocation provided for individual projects at this stage, the 2019 programme includes an indicative list of likely interventions in the areas of the water distribution network, sewerage infrastructure, source separated recycling, and inter-communal youth facilities. It could also be used for covering possible funding gaps related to already approved indicative projects from previous Commission decisions.

Objective 2: promotion of social and economic development

The promotion of social and economic development has received nearly a third of total Aid Programme resources since 2006. Further financial assistance is needed to support the capacities of health and food laboratories, capacity development for market surveillance, economic monitoring and studies, quality of teaching and learning, and labour conditions.

EU funding in the health and food sector to date has comprised a series of support actions to improve standards on health, food safety and communicable disease control. However, deficiencies in these areas still exist. Further support is necessary to improve health and consumer protection. For that reason, the 2019 programme embraces the supply of equipment that will contribute to an extended scope of diagnostic and analytical testing and improved accuracy and reliability of results delivered by the health and food laboratories (EUR 500 000).

The private sector will be supported by measures contributing to the development of an enhanced and fully functioning system of market surveillance based on effective controls and monitoring. This will create a level playing field for economic operators and increase product safety, including better protection of consumers and the environment. Technical assistance will be deployed to horizontally coordinate the transformation into the new system through clarifying working procedures/processes, training product controllers, and communicating with stakeholders (EUR 1 000 000).

Fresh funding is provided for Phase II of the “Innovative Entrepreneurship and Dialogue” action successfully implemented by NI-CO thus far, with a 2-year extension of current activities and new project components aimed at boosting entrepreneurship in the TCc. The latter includes, *inter alia*, a micro-finance scheme and one-stop-shop implementation. The total budget for this action is EUR 3 430 000, jointly covered by this 2019 programme (EUR 2 233 596) and Part II of the 2020 programme (EUR 1 196 404).

Building on the results of previous and ongoing analytical and advisory work, the next phase of the economic monitoring and studies programme is planned to be conducted by the World Bank (EUR 4 000 000). It will continue to help enhance local understanding of constraints to address challenges to economic development and implement the necessary reforms. In particular, it will provide additional in-depth analysis and recommendations in the important areas of renewable energy and road transport safety. Finally, the programme will support a recovery plan with targeted assistance on improving the business environment, with a strong energy component, as a response to the economic crisis caused by the outbreak of the COVID-19 pandemic.

Improving education and enhancing training opportunities are critical factors for the social and economic development of the TCc. The 2019 programme will build on past and ongoing EU funded actions and support the improvement of teaching and learning through a mechanism of continuous professional development (EUR 2 000 000). Also, the 2019 programme will provide additional funding (EUR 2 000 000) for a large-scale programme of equipping schools with science labs as introduced by the 2017 and 2018 programmes. The latter is partly a consequence of the reshuffling made through the recently-adopted amendments to the 2016 and 2017 programmes and partly a top-up for financing the relevant furniture to be used by pupils and teachers in the labs in parallel to the specialised equipment. The above actions will ensure a holistic approach in supporting schools in the TCc, while increasing the impact of EU support and overall EU visibility.

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

Support for reconciliation and confidence-building measures has been a successful and well-received element of the Aid Programme. The Commission has shown particular readiness to continue promoting these measures, also through the allocation of substantial resources under the previous programmes, which included *inter alia* the support for the opening of new Green Line crossing points.

For the continuation of its activities, the bi-communal Technical Committee on Cultural Heritage (TCCH) will benefit from EU funding through the UNDP with an amount of EUR 2 500 000 under the 2019 programme. This significant contribution to island-wide restoration of monuments, civil buildings, mosques and churches includes a strong bi-communal and public awareness component. It raises the total budget dedicated to the TCCH to over EUR 19 500 000. This support has produced highly visible output and has allowed for the

restoration of historically significant buildings for both communities. It has also facilitated an exemplary cooperation within the TCCH, constituting a strong platform for dialogue and mutual trust between the two communities.

Similarly, the Committee on Missing Persons (CMP) will benefit from EU funding through the UNDP with an additional amount of EUR 2 600 000 under the 2019 programme, which will allow the CMP to continue its activities until end-2020. In this way, the total EU contribution to the work of the CMP will reach about EUR 28 000 000. The CMP's objective is to recover, identify, and return to their families, the remains of 2002 persons. A high level of output has been achieved by the CMP to date as it has succeeded in exhuming 1 202 sets of remains, of which 927 were genetically identified (end-2018 figures).

The delivery method in support of the above-mentioned actions, through indirect management by the UNDP, is well-tested and has proved efficient. The tasks entrusted to UNDP include procurement, payments, project management, monitoring and ensuring visibility.

In addition to the above, support for civil society will be reinforced through continued technical assistance to bolster the capacity of civil society organisations (CSOs) and strengthen their role and democratic engagement. Furthermore, the seventh edition of the Civil Society in Action grant scheme will support reconciliation and active citizenship through *inter alia* an enhanced Cyprus-wide cooperation of CSOs. This combined assistance of EUR 3 750 000 should contribute overall to a more active and vibrant civil society in the TCc, with stronger CSOs effectively promoting dialogue and reconciliation in Cyprus.

Objective 4: Bringing the Turkish Cypriot community closer to the European Union

A successful vehicle in reaching the objective of bringing the TCc closer to the Union has been the EU scholarship programme. Since 2007, twelve annual grant schemes have delivered over 1 500 awards to Turkish Cypriots for studying in EU places of learning. There is always a great interest in these scholarship grants and the demand significantly outstrips supply. The scholarship programme provides valuable experience and a route to qualifications abroad, whilst contributing positively to the image of the EU among Turkish Cypriots.

The 2019 programme includes an allocation of EUR 5 000 000 to cover two academic years, 2021-2022 and 2022-2023, and award scholarships to around 300 Turkish Cypriot students, graduates and professionals. This edition will further aim at targeting the needs and gaps within the TCc. An entity to manage the scholarship programme, under indirect management, will be selected in accordance with the established criteria.

The Info-point office carries out a range of communication and visibility functions related to EU policies and actions in support of the TCc. Existing funding is sufficient until 2021.

*Objectives 5/6: 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 Aid Regulation specifically provides for assistance for preparing the implementation of the EU *acquis* and for preparing legal texts aligned with the EU *acquis* to be immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem. In addition, the Commission is required to provide continued support for the implementation of Council Regulation 866/2004³ (the Green Line Regulation) and Commission Regulation 1480/2004⁴, thereby supporting economic integration of the island.

The main instrument used by the Commission to prepare for the implementation of the EU *acquis* is the Technical Assistance and Information Exchange instrument (TAIEX). This instrument enables experts to be sent from EU Member States to the TCc to explain the *acquis*, hold awareness seminars, prepare draft legal texts to be applicable after settlement, and provide technical assistance.

The resources currently allocated to TAIEX are sufficient to cover the needs until 2020. The replenishment of funds with EUR 2 000 000 will be ensured under the 2020 programme to continue TAIEX operations for two more years until 2022.

Support and Settlement Facility

The 2019 programme includes also a Support and Settlement Facility (EUR 4 157 227) from which resources can be mobilised to take advantage of new emerging opportunities and to facilitate new initiatives that may arise from the settlement process. This may include the financing of supporting studies, supplementary actions, small-scale supplies, and highly relevant preparatory work for future-but-not-yet-mature interventions. Support interventions may be necessary at short notice in any of the objectives covered by the Aid Programme and the availability of resources for this purpose is essential. Given the nature of these initiatives, they cannot be clearly identified at this programming stage.

³ Council Regulation (EC) No 866/2004 of 29 April 2004 on a regime under Article 2 of Protocol 10 to the Act of Accession.

⁴ Commission Regulation (EC) No 1480/2004 of 10 August 2004 laying down specific rules concerning goods arriving from the areas not under the effective control of the Government of the Republic of Cyprus in the areas in which the Government exercises effective control.

1.2. Grants

The objective of the Aid Regulation, which is implemented through a call for proposals in the Action Programme 2019, is the following:

- *The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation); and*
- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation).*

1.2.1. Economic monitoring and studies (Objective 2 of the Aid Regulation)

Priorities of the year [1], objectives pursued [2] and expected results [3]

[1] Promote competitiveness and economic development;

[2] Enhance local understanding of constraints impeding economic development, identify options for necessary policy reforms, and provide support to build capacity for the implementation of these policy reforms;

[3] Identification of constraints faced by the TCc in improving policies in various sectors – particularly in the sectors of renewable energy and road transport safety – and in improving overall policy coordination, suggestions for enhancing the capacity of the TCc to address these constraints and implement the necessary reforms, and capacity-building and concrete support for implementation.

Description of the activities to be funded

The 2019 programme will continue to support the TCc to address challenges to economic development and implement the necessary reforms, and will engage the expertise of the World Bank to build on the analytical and advisory work done so far and carry out the following additional tasks: (i) collect and analyse macroeconomic data and produce regular macroeconomic monitoring reports; (ii) enhance local understanding of constraints impeding development and reforms through outreach and consultation; and (iii) carry out studies on topics relevant to competitiveness, economic development and Green Line trade. In particular, the World Bank will carry out studies in the sectors of energy and transport.

The energy study aims at increasing the interconnectivity and efficiency of energy sector in the TCc through identified options to share electricity across the Green Line and a developed comprehensive Action Plan for improving the energy sector (energy production and energy efficiency). This is driven by the need of increasing energy production and energy efficiency to meet increasing energy demand (avoiding frequent power outages). It also aims to help increasing the use of renewable energy, working towards the EU global target of 20% renewable energy by 2020 as average among all EU countries. It would support the settlement

process and thus facilitate the efforts for reunification. The Aid Programme financed the studies on "upgrading the management of the energy sector" and "development and restructuring of the energy infrastructure" 10 years ago.

The transport study aims at securing greater proximity with EU standards in the TCc through increased traffic safety, a developed and implemented Road Safety Strategy and Action Plan, and ensured technical compliance of Turkish Cypriot commercial vehicles above 7.5 tons to cross the Green Line. Circulation of Turkish Cypriot commercial vehicles would enable easier transport of goods across the Green Line, contributing to increasing trade and economic development of the TCc. This would also enable an intensification of commercial interactions between the two communities and thus bring them closer together. The Aid Programme funded TA for the implementation of a traffic safety programme provided recommendations for future actions including preparation of a Road Safety Strategy and Action Plan and implementation of the "roadmap for future actions". A pre-feasibility study on traffic safety was prepared by TAIEX experts and TAIEX support is currently ongoing.

Furthermore, the World Bank will focus on enhancing local understanding of constraints impeding development and reforms by organising various workshops.

Finally, the programme will support a recovery plan with targeted assistance on improving the business environment, with a strong energy component, as a response to the economic crisis caused by the outbreak of the COVID-19 pandemic.

Details of the assignment to be concluded under a directly awarded grant will be confirmed in consultation with all relevant stakeholders during the contract preparation stage.

Essential eligibility, selection and award criteria

Direct award

The Financial Regulation allows directly awarded grants for actions with specific characteristics, which require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals.

- Name of the beneficiary: The World Bank Group.

Justification for the use of an exception to calls for proposals: In line with the Article 195(f) of the Financial Regulation (Regulation (EU) No 2018/1046), a direct award of grant is provided for.

The World Bank is a well-established partner in Cyprus, with a proven track record and a solid on-the-ground expertise in economic monitoring and studies. It has also acquired a particular role in helping on settlement related issues. Currently, the World Bank implements

a similar EU funded project under the Aid Programme, which has provided high quality outputs and has been highly valued by the Commission.

Besides this, the work is very technical in nature, and reporting and analysis to World Bank standards is required for compatibility with past and ongoing work. Moreover, apart from its work on issues supporting the settlement, the World Bank has been involved in work on similar issues with the authorities of the Republic of Cyprus which makes it a unique body for this assignment.

The work under this project requires sensitive interaction with the beneficiary and collection and analysis of data of a sensitive nature. It is likely that calls for proposals would result in a grant award unacceptable to the project beneficiary.

The World Bank is a renowned body of respected international standing that has the required technical competence and high degree of specialisation to fulfil the purpose of the action.

- The essential selection criteria: Financial and operational capacity of the applicant (sufficient capable staff).
- The award criteria: relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

Implementation

Grant awarded without a call for proposals.

Indicative timetable and indicative amount of the call for proposals

Reference	Date	Amount
Economic monitoring and studies	4Q2019	EUR 4 000 000

Maximum possible rate of co-financing of the eligible costs

100%

Full financing is essential for the action to be feasible and carried out with maximum EU visibility.

1.2.2. Support for civil society (Objective 3 of the Aid Regulation)

Priorities of the year [1], objectives pursued [2] and expected results [3]

[1] Support for civil society, reconciliation and active citizenship;

[2] Strengthen civil society in the Turkish Cypriot community and their actions in order to

develop a culture of dialogue, participation in community life and promotion of values of tolerance, peace, and active citizenship;

[3] Strengthened civil society organisations (CSOs) networks in the TCc; enhanced engagement of CSOs and citizens in policy dialogue in the TCc; enhanced cooperation between CSOs from across Cyprus through bi-communal joint actions and links.

Description of the activities to be funded

The Treaty on the European Union (Article 2) states that "the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail". An empowered civil society can play an important role in ensuring these principles are upheld in practice. It is also in itself a crucial component of any democracy. By articulating citizens' concerns, civil society organisations (CSOs) are active in the public arena and engage in initiatives that foster pluralism and further participatory democracy.

The extent of social and political engagement in the Turkish Cypriot community remains limited and the effectiveness of advocacy is also low. In particular, the CSOs themselves have few resources and the impact of CSO activities lacks sustainability. Through the Aid Programme, the Commission has consistently tried to maintain contact with individual citizens and civil society groups in the Turkish Cypriot community in order to consolidate and enhance the platforms that exist as well as to stimulate the adoption of EU values of dignity and democracy. It is particularly important in the context of the settlement process where the civil society needs to be heard.

There are currently 13 CSO projects (many of them in bi-communal partnership) and more than 20 CSOs across Cyprus supported by the funds under the Aid Programmes.

Given that USAID, the other main donor to civil society's capacity building, closed its programme at the end of 2015, continued access to EU funding for Civil Society is even more vital to ensure that active citizens and CSOs are pursuing their actions.

Against this background, the 2019 Aid Programme will continue to support the development of a culture of dialogue, participation in community life and the promotion of values of tolerance, peace, and active citizenship. In particular, the 2019 Aid Programme will finance actions under a new, seventh edition of the Civil Society in Action grant scheme to stimulate bi-communal activities and promote more active citizenship and volunteering, through:

- Promoting the benefits of bi-communal work – including through research, evaluation and outreach;
- Supporting the development of good practice and strengthening of civil society

initiatives, particularly those engaged in, or that have the potential to become engaged in, bi-communal or peace-building activity;

- Widening the base of those involved in civil society and in particular bi-communal work through supporting projects that are reaching out to underrepresented sections of the community;
- Connecting CSOs and students and promoting internship programmes between CSOs and TCc educational establishments to increase volunteerism.

Essential eligibility, selection and award criteria

Eligibility criteria: Applicants shall be established in the northern part of Cyprus. Entities may be natural or legal persons.

Selection criteria: Financial and operational capacity of the applicant (sufficient capable staff and sound financial records).

Award criteria: relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

Implementation

The actions will be implemented directly by the Commission.

Indicative timetable and indicative amount of the call for proposals

Reference	Date	Amount
Support for civil society	1Q2021	EUR 2 000 000

Maximum possible rate of co-financing of the eligible costs

95%

1.3. Procurement

The objectives of the Aid Regulation, which are implemented through procurement procedures in the Action Programme 2019, are the following:

- *The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation);*
- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation); and*
- *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 (Objectives 5 and 6 of the Aid Regulation).*

In addition, under the Aid Regulation, assistance may also be used to cover in particular the costs of support and settlement-related activities.

1.3.1. Support for diagnostic and analytical capacities of health and food laboratories (Objective 2 of the Aid Regulation)

Subject matter of the contract envisaged

The 2019 programme envisages supply of diagnostic and analytical equipment to health and food laboratories based on the conducted mapping of the needs. This includes liquid chromatography and spectrometry machines, class 2 microbial safety cabinets, microscopes, real time polymerase chain reaction machines, automated microorganism identification instrument, and others.

There should be a suitable space available in the laboratories to accommodate the equipment. Also, there should be sufficient number of technical and trained staff to use it. However, further training might be needed for the use of advanced testing methods/techniques.

An EU-compliant regulatory framework has been developed in the specific (supported) area.

The action is complementary to the already envisaged comprehensive intervention under the 2018 programme that establishes an instrument of food safety controls.

Overall, the action will contribute to an extended scope of diagnostic and analytical testing, timely diagnosis, and better accuracy and reliability of test results delivered by the laboratories. At the same time, the capacity and laboratory biosafety conditions will improve.

Type of contract and type of procurement

Supply contract

Indicative amount per contract

EUR 500 000

Indicative number of contracts envisaged

1-5 supply contract(s)

Indicative timeframe for launching the procurement procedure

3Q2020

Implementation

The action will be implemented directly by the Commission.

1.3.2. Capacity development for market surveillance (Objective 2 of the Aid Regulation)

Subject matter of the contract(s) envisaged

According to the findings of the Commission, market surveillance activities in the TCc are very limited, and the system of product control is carried out exclusively through the pre-import permits. In case of a settlement, the free movement of goods is part of the priorities of the Sides for application as of "Day 1", and this means that the prior authorisation scheme, which is incompatible with the Single Market, would have to be replaced by a market surveillance system in line with the requirements of Regulation 765/2008.

There is a clear lack of knowledge in the TCc with regard to the EU *acquis* on product regulation among economic operators who are in practice responsible for its implementation. Yet, their responsibilities on meeting essential requirements, using appropriate standards, conducting conformity assessment, correctly labelling and marking, declaring conformity and assuring the right technical documentation cover all aspects of product regulation up to placing on the market, and a concerted effort is needed to ensure that they are fully aware of their obligations by the time of any settlement.

Following up on the product safety work done in 2014, TAIEX experts helped prepare a market surveillance framework including 27 product groups. Six of them have been recently prepared and a strong determination on the TCc side to start implementing the market surveillance system is apparent. Some procedural steps, including the setting up of an administrative framework and hiring inspectors, are already taking place. Also, the Aid Programme financed a framework contract on the stocktaking of the current IT resources and identification of future needs (hardware and software). A draft road map for market surveillance implementation was developed.

Technical assistance is needed in parallel to TAIEX support in order to clarify the working

procedures/processes, support in horizontally coordinating the transformation into the new system, help implement the road map, train relevant staff, raise awareness, and communicate with economic operators.

Type of contract and type of procurement

Service contract

Overall indicative amount

EUR 1 000 000 (for a 2 year period of implementation)

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

4Q2019

Implementation

The action will be implemented directly by the Commission.

1.3.3. Support for schools (Objective 2 of the Aid Regulation)

Subject matter of the contract(s) envisaged

Modernising schools with science laboratories (supply contract)

Knowledge of science, research and creativity are fundamental for preparing the next generation to be actively engaged and responsible citizens, and to be creative and innovative. Enhancing science education will not only develop competencies for problem-solving and innovation, but will also inspire students of all ages to aspire to careers in science and research, hence contributing to improvement of the innovation and entrepreneurial capacity in an economy.

Since 2008, the Aid Programme has directly supported schools via grant programmes and financed vocational training and lifelong learning programmes in order to contribute to inclusive economic growth and to improve the quality of primary and secondary education in the TCc in line with EU targets on education. As part of these efforts, a draft vision and strategy paper for improved education in the TCc was prepared with the help of an EU-funded project. Among a set of policies suggested by the paper was the introduction of methods in line with child/student-centred teaching and learning in all schools as well as the need to

provide an education based on integrated skills, critical thinking and problem-solving activities.

The 2019 programme will continue to support the efforts for the provision of an education, which encourages innovation and creativity capacity in the TCc through establishing science laboratories in primary and secondary schools. The action is a holistic programme designed to inspire the next generation of scientists and engineers to pursue enhanced innovation and research – equipping schools with stationary and possibly mobile mini-labs (primary schools) and specialised labs (secondary schools), thereby familiarising pupils with science and raising their skills and capacity for innovation.

The action will supply science laboratory equipment, materials, and software for primary and secondary schools, as well as the relevant furniture to be used by pupils and teachers in the labs in parallel to the specialised equipment. Science laboratory manuals and reporting systems will also be provided, along with sustainability plans for an effective utilisation and maintenance of the science laboratories. The action will also focus on developing the capacity of teachers in innovative and interactive science teaching in order to advance their teaching techniques and thus maximise the positive impact on pupils.

The funding for this action (EUR 2 000 000) will be combined with allocations already provided under the 2017 and 2018 programmes (EUR 1 000 000 and EUR 2 000 000 respectively). Overall, this large-scale project will amount to EUR 5 000 000.

Improving teaching and learning through continuous professional development mechanism (service contract)

It is generally recognised that the education provided in the TCc is not of a particularly high standard. While good school accommodation and equipment is important, the key to high quality education and learning outcomes is the quality of teaching. The quality of teaching is influenced by good pre-service training but, equally, by continuously training and supporting teachers in the classroom. Hence, in order to improve the quality of teaching and the education, this project will support a mechanism of Continuous Professional Development (CPD).

Through a dedicated FWC funded by the Aid programme, an assessment was carried out to determine the current situation of the education sector in the TCc. This assignment also covered the preparation of a development plan for TCc education. Having carried out numerous discussions with the education stakeholders, a set of priorities (short- and medium-term) were identified. Improvement of teaching capacity is set as the first priority to be addressed, as it will have a positive influence on many other priority areas identified. The terms of reference (ToR) for this technical assistance have been developed.

There is a set of initiatives that have already started or are in the pipeline in order to enhance

the education sector in the TCc. Through the EU funded VETLAM II project the occupational standards were revised and there is an upcoming EU funded project to embed these standards into the VET education curricula. While the occupational standards and learning outcomes would be addressed by this upcoming project on curriculum development, there is a need to support the teaching practices and methodologies and to upgrade them in order to modernise the education.

There is an ongoing revision of curricula, learning outcomes and teaching materials for grades 1 to 8. Through this revision, it is aimed to integrate 21st century skills into the curricula. However, in the absence of a mechanism to support teaching capacity, the objective is not yet fully achieved. This project is hence proposed to complement the above-mentioned reforms and initiatives.

Simultaneously and as above, an upcoming EU funded support will modernise schools with science labs with an aim of improving the innovation capacity and creativity of students. In order to fully utilise and integrate the labs into the teaching practices, there is a need to support teachers through building their capacity on how to effectively benefit from these labs.

Type of contract and type of procurement

Service and Supply contract

Indicative amount per contract

Service contract: EUR 2 000 000 (for a 3-year period of implementation)

Supply contract(s): EUR 2 000 000

Indicative number of contracts envisaged

1 service and 1-5 supply contract(s)

Indicative timeframe for launching the procurement procedure

3Q2020

Implementation

The actions will be implemented directly by the Commission.

1.3.4. Support for civil society (Objective 3 of the Aid Regulation)

Subject matter of the contract envisaged

As part of the Aid Programme to encourage the economic development of the TCc, the EU provides financial assistance to strengthen the role of civil society in the TCc and to promote EU values and a conducive environment for further development of trust, dialogue, co-operation and a closer relationship between the Turkish Cypriot and Greek Cypriot communities.

By supporting civil society in the TCc, the Aid Programme assists in the development of a fairer society based on respect for human dignity and human rights, freedom, democracy, equality, and the rule of law. Since 2007, the Commission has launched 6 calls for proposals for civil society in the TCc, for a total amount of EUR 12 000 000.

In parallel to the grant schemes, the Aid Programme funded three dedicated technical assistance projects for Turkish Cypriot CSOs: (i) the Civil Society Support Team (CSST) from 2008 to 2011; (ii) the Civic Space from 2015 until 2018; and (iii) the continuation of the Civic Space from 2018 until 2020 to help strengthen CSO capacities in various areas.

Further technical assistance for the civil society sector is provided for in the 2019 programme to increase the capacity of CSOs and to strengthen their role and democratic engagement in the TCc and within the EU. It also aims to increase collaboration and stimulate joint actions between Greek Cypriot and Turkish Cypriot NGOs and to foster cooperation, support and exchange of good practices with EU-wide NGOs and NGO networks.

The technical assistance to CSOs will promote people-to-people contacts and be implemented through:

- Civil-society help-desk services;
- "Active citizen mechanism", a facility for ad hoc support;
- Capacity development and training programme activities;
- Civil Society Forum;
- Communication strategy;
- Trust-building initiatives, partnership and networking events;
- Development and monitoring of a strategy on an enabling environment for CS;
- Development of a favourable legislative framework for CSO operations; and
- An online database of CSO for cooperation and promotion of volunteerism.

Type of contract and type of procurement

Service contract

Indicative amount per contract

EUR 1 750 000 (for a 2.5 year period of implementation)

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

2Q2020

Implementation

The action will be implemented directly by the Commission.

1.3.5. Support and Settlement Facility

Subject matter of the contracts envisaged

As per the Aid Regulation: "assistance may also be used to cover in particular the costs for supporting activities such as preliminary and comparative studies, training, activities linked to preparing, appraising, managing, implementing, monitoring, controlling and evaluation of assistance, activities linked to information and visibility purposes, and costs for supporting staff, renting of premises and supply of equipment".

The Support and Settlement Facility can play an important role by providing additional resources for unforeseeable needs and activities that may facilitate the settlement process. The range of topics on which the two communities engage is very wide and will eventually encompass the whole of the EU *acquis*. Support actions may be necessary at short notice and the availability of resources for this purpose will be essential.

The Support and Settlement Facility may also provide resources for visibility actions, evaluations, monitoring and audits, as well as for supporting studies, supplementary actions, small-scale supplies, and highly relevant project preparatory actions. The latter may involve, amongst others, a study of the environmental and health impacts of quarries, a baseline survey of coastal water quality, a surveillance system for communicable diseases, a preparatory action on the development of quality niche products, and a legal-linguistic support to complement TAIEX assistance. Depending on further progress made by the beneficiary, the Facility will also cover the supply of customized software and hardware to facilitate market surveillance and statistics activities, and the necessary equipment for the effective labour inspection activities to improve the occupational health and safety.

Furthermore, the Support and Settlement Facility will provide resources for logistic support to the EU Programme Support Office (EUPSO) in the northern part of Nicosia, which houses the Commission staff implementing the Aid Programme in the field.

Type of contract and type of procurement

Works/supply/service contracts

Overall indicative amount

EUR 4 157 227

Indicative number of contracts envisaged

5-10 works/supply/service contracts including Framework Contracts

Indicative timeframe for launching the procurement procedure

4Q2019 to 4Q2020

Implementation

The actions will be implemented directly by the Commission.

1.4. Actions implemented through indirect management

The objectives of the Aid Regulation, which are implemented through indirect management in the Action Programme 2019, are the following:

- *The development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply (Objective 1 of the Aid Regulation);*
- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation); and*
- *Bringing the Turkish Cypriot community closer to the European Union through inter alia information on the EU political and legal order, promotion of people to people contacts and Community scholarships (Objective 4 of the Aid Regulation).*

1.4.1. Local Infrastructure Facility (Objective 1 of the Aid Regulation)

Amount

EUR 5 700 000 (for a 6-year period of implementation)

Implementing entity

<p>UNDP (United Nations Development Programme) according to Article 62(1)(c) of the Financial Regulation.</p>
--

<p>The UNDP is a well-established partner in Cyprus, with a proven track record and a solid on-the-ground expertise in implementing major infrastructure projects. The UNDP has started implementing the Local Infrastructure Facility (LIF), introduced in the 2017 and 2018 programmes in November 2018.</p>
--

<p>The Local Infrastructure Facility (LIF) encompasses three major components: i) dedicated technical assistance to help assess the needs and, based on the call for expression of interest addressed to local communities, develop a pipeline of shortlisted and ready-to-tender projects; ii) actual infrastructure works; and iii) works supervision. The Facility thus helps identify, screen, develop, prepare for tender, and implement local infrastructure investments, targeting funding on a competitive basis to ensure the best value for money and providing support also to those communities with lower technical and administrative capacities.</p>

<p>The UNDP takes charge of the implementation of the LIF including project maturation (feasibility studies, design and tender dossier), works contracts, procurement procedures, works implementation (including ancillary services and supply contracts which may arise from the project design), and supervision of works contracts.</p>

<p>Delegating the implementation of the Facility to the UNDP allows for faster procurement, less burdensome procedures, and more flexibility in recruiting the necessary resources for running</p>
--

the LIF, whereas the Commission maintains control over the Facility through decision-making powers on the selection of projects to be funded, overall steer of programmes, impact on the ground, and strong EU visibility.

The UNDP is also the most suited partner for cooperation on bi-communal projects, which should constitute a large part of the LIF investments. Some of these projects would touch the buffer zone, which makes the UNDP involvement all the more pertinent.

The Commission has signed a Financial and Administrative Framework Agreement (FAFA) with the UN for use of the (PAGODA) Delegation Agreement form of contract.

Overall objective and purpose of the action

Investments in the local infrastructure have been a cornerstone of the Aid Programme since the start of its implementation; they aim at developing and restructuring the infrastructure for the benefit of the local communities in line with EU standards. During 2006-2018, more than EUR 185 million has been allocated to infrastructure development projects, backed up by technical assistance, in the areas of: Water (70%), Solid Waste (17%), Energy and Telecom (10%), and Nature protection (3%).

Infrastructure projects have been and will still be prioritised. High priority will be given to infrastructures such as sewerage and storm-water drainage networks and wastewater treatment plants. Further priority, depending on specific urgency, will be given to other infrastructures related to treated wastewater and sludge reuse, recycling facilities (green/bio-waste, packaging, and construction/demolition), waste transfer stations and waste collection equipment, dump site closure and rehabilitation, and energy efficiency measures.

The Local Infrastructure Facility (LIF) is a framework mechanism, which will continue to support such infrastructure projects, whilst bringing coherence and streamlining any infrastructure actions financed by the Aid Programme. It will also ensure that only prioritised and fully merited projects will be implemented. Furthermore, this mechanism will address the currently-faced operational challenges, which are further exacerbated by a lack of capacity and resources on the beneficiary side, leading to serious delays in the preparation of projects and in bringing them to maturity.

Overall, the Facility will finance prioritised and shortlisted infrastructure projects, based on objective assessment criteria and ready in the pipeline. However, by the time the system with all of its components is fully operational, the LIF may finance certain already identified and highly relevant projects submitted by the local communities under the framework of the 2019 programming exercise and beyond.

This list of projects is only indicative and non-exhaustive; other mature infrastructure projects, which meet the relevant criteria, may also be considered exceptionally for financing. The ultimate investment amount and precise project scope will be established in the final stage of

project preparation.

(1) Renewal of Water Distribution Network in Nicosia

Support for the urgent need to increase health conditions through replacement of rusty galvanized and asbestos cement pipes, and the reduction of environmental damage through prevention of current water losses.

(2) Construction of Morphou Sewerage Network Lot 3 and Lot 4

Construction of pipelines and pump stations in response to the growing population in the area and limited current capacity – project linked with the current EU funded action on wastewater treatment plant (WWTP) extension.

(3) Source separated recycling: Pilot Project

Support for a system for separate collection of paper, metals, plastics and glass to lead to higher resource-efficiency, less disposal, and landfill diversification; project developed in cooperation with "Green Dot Cyprus" adding to the project's bi-communal dimension.

(4) Kormakitis Centre for Cooperation (KCC)

Establishment of a centre for cooperation providing space for youth to facilitate inter-communal dialogue, learning, and cultural activities; further development of a wider area of Kormakitis peninsula, benefitting surrounding Maronite villages.

In the framework of the 2030 Agenda for Sustainable Development, the priorities of this programme, as outlined above, shall also contribute reaching Sustainable Development Goal (SDG) 6 “Ensure availability and sustainable management of water and sanitation for all” and SDG 12 “Ensure sustainable consumption and production patterns”.

Expected results:

- A resource-efficient and result-effective framework for implementing local infrastructure projects put into operation;
- Prioritised and best value for money projects selected for financing;
- Support provided to those local communities with a lower technical and administrative capacity;
- Increased impact on the ground through close monitoring of the Facility operations and ensured focus on best practices and lessons learned; and
- High EU visibility in the TCc through wide-ranging and targeted communication activities on the LIF and its results on the ground.

1.4.2. Innovative Entrepreneurship and Dialogue project – Phase II (Objective 2 of the Aid Regulation)

Amount

EUR 2 233 596 (for a 2-year extension period)

Implementing entity

NI-CO (Northern Ireland Co-operation Overseas) according to Article 62(1)(c) of the Financial Regulation.

NI-CO, as a not for profit, public body is the international outreach body of the Northern Ireland Government and part of the economic development agency Invest NI. NI-CO is an EC pillar-assessed body and currently implementing a number of large international capacity building projects under the EC PAGODA framework agreement.

Due to the very specific experiences made in Northern Ireland following the Good Friday agreement in 1998, NI-CO is in a unique position for the implementation of this project. Across a number of new Member States, NI-CO has successfully shared the Northern Ireland model to support social and economic growth and promote stability, growth and reconciliation. More specifically, NI-CO has been involved in setting-up the so-called "Innovation Factory" in Belfast: a bi-communal incubation hub, offering office space and shared facilities as well as access to (business) partners and other services needed by young companies with an ambition to grow.

Overall, NI-CO has considerable experience in the implementation of projects in Cyprus through providing support to TCc, medium term assistance to the social services institutions in the TCc through the TAIEX programme as well as support to the Ministry of Health in the Republic of Cyprus with a Twinning Light project.

Currently, NI-CO is successfully implementing Phase I of the project, with an overall budget of EUR 3 million and the aim to develop a more conducive entrepreneurship ecosystem and improved innovation culture in the TCc.

Phase II of the project will continue to draw upon previous NI-CO experiences in the creation of social partnerships and innovative mechanisms to address economic issues through a bottom up and bi-communal approach.

Overall objective and purpose of the action

The overall objective of the project is to contribute to the development of a more conducive entrepreneurship ecosystem and improved innovation culture in the TCc leading to the establishment and growth of more innovative, young businesses. Particular emphasis will continue to be put on improving linkages between research and business community, allowing

the TCc to benefit from and link up to complementary projects in Nicosia and the EU, such as RISE. The project entails a strong bi-communal dimension through close physical proximity to RISE and it also aims to create platforms for inter-communal dialogue and a common virtual space to connect the two communities through new technologies.

The Commission considers small and medium enterprises (SMEs) and entrepreneurship as key for ensuring economic growth, innovation, job creation and social integration. The Turkish Cypriot economy is dominated by SMEs, a majority of which are micro-enterprises, which are concentrated in low-tech/ low innovation and added-value sectors such as trade and services. The industrial sector is made up of small, low-tech and relatively old firms. Compared to the European average, the ICT sector plays only a negligible role. Public and private funding of Research and Development activities is low, and cooperation between business and research sector is limited, contributing to only few innovations being commercialized. While first initiatives to create a more conducive entrepreneurial culture are taking off, being an entrepreneur and starting a business is not regarded as a desirable career opportunity by many young Turkish Cypriots. Therefore, improving the conditions for entrepreneurship is one of five strategic goals of the draft SME strategy 2016-2020, which the Turkish Cypriots produced with EU assistance.

This action will complement the support provided towards private sector development through the Aid Programme so far. Up until now, this has consisted of direct support to businesses in form of grants, which *inter alia* give enterprises the opportunity to take the risk of investing into innovation. Technical assistance, with the aim of building capacities of local stakeholders and enhance the capacities of the private sector, is also being provided and has led to an increased understanding of innovation and entrepreneurship in the TCc. Together with EBRD, the Aid Programme works on improving access to finance and business consultancy services for SME.

In addition to the extension of the current activities, Phase II of the project will also support the key identified measures for boosting entrepreneurship in the TCc, which are a micro-finance scheme, one-stop-shop implementation, and policy support including best practice visits.

In the framework of the 2030 Agenda for Sustainable Development, the priorities of this programme as outlined above shall also contribute to the reaching of (SDG) 8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

The tasks entrusted to NI-CO will all be implementation activities including: procurement, technical assistance, project and grant management, monitoring and ensuring visibility.

Expected results:

- A pre-incubation and co-working physical hub, which provides services to

entrepreneurs, innovators and researchers is established in the walled city of Nicosia;

- Accelerator units and other initiatives supporting businesses in their growth stage and innovation process are set up;
- Public-private dialogue on framework conditions for innovation and entrepreneurship is enhanced and a common vision is developed;
- Capacities of public/private institutions to foster entrepreneurship are increased;
- Opportunities for TC research and business community to collaborate with RISE are identified and realised;
- Awareness amongst young people about self-employment as career path is increased;
- A virtual space project connecting both communities is created and facilitated by way of a pilot project; and
- Businesses enjoy easier access to finance and a more friendly business environment.

1.4.3. Support for the Committee on Missing Persons (CMP) (Objective 3 of the Aid Regulation)

Amount

EUR 2 600 000 (for a 1-year period of implementation)

Implementing entity

UNDP (United Nations Development Programme) according to Article 62(1)(c) of the Financial Regulation.

The UNDP, as a UN agency, has a unique, trusted, neutral role and is a facilitator of the settlement process. The Technical Committees, through which the Confidence-Building projects are steered, were set up under the auspices of the UN. The project on providing support to the Committee on Missing Persons (CMP) involves dealing with delicate sensitivities of both communities.

The UNDP has considerable expertise on the CMP. Up to and including 2018, allocations were made for 10 Delegation Agreements (DAs) with the UNDP. The UNDP has a good track record in the implementation of these DAs and has built up a high level of efficiency, considering the particular circumstances of the project implementation. Contributions to the CMP have yielded results over the last years, with 66 identifications of remains for the year 2018 and reaching a total of 927 remains identified so far (December 2018 figures).

Overall objective and purpose of the action

The EU supports the CMP in establishing the fate of those persons declared missing by both communities as a consequence of the tragic events of 1963-64 and 1974. The Committee has no mandate to establish the cause of death or to attribute responsibility. Bi-communal scientific teams participate in all stages of the process: the archaeological phase, the anthropological phase and the genetic phase. The CMP is an important and high-profile bi-communal activity.

With the passing of time, it is increasingly difficult to obtain precise information to determine the location of the burial sites, including the relocation of remains. This is a key challenge to be addressed now by renewed efforts in researching relevant civil and military archives, accessing military areas, as well as with stronger use of IT tools in order to facilitate the investigation, excavation and exhumation phases. To this end, a billboard campaign was put up in both communities in December 2017 in order to encourage them to come forward with any information they may have. The CMP members also conducted research directly in UN archives in New York in May 2017.

The EU will continue to support the CMP and the 2019 programme includes an allocation for the CMP, which is in line with the previous years. This allocation is to cover a nominal 1-year period of implementation.

The tasks entrusted to the UNDP will all be implementation activities including: procurement, payments, project management, monitoring and ensuring visibility.

In the framework of the 2030 Agenda for Sustainable Development, the priorities of this programme, as outlined above, shall also contribute to reaching 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”.

Expected results:

- Built trust by bringing the two communities to work together;
- Reduced the number of missing persons by locating and returning the remains of missing persons to their families; and
- Increased awareness and local capacities.

The above translates into the following activities: a) Support to the bi-communal teams; b) Investigations, Excavations, Exhumations, DNA Analysis, Return of remains; and c) Events, training, and awareness raising.

The budget allocated to the CMP is to a great extent dedicated to the core of its bi-communalism: it finances part of the salaries of young Greek and Turkish Cypriots working as archaeologists, anthropologists, investigators, geologists, and geneticists, contracted by the respective communities.

The costs are largely covered by the EU funds as well as by the funds of the two communities and other international donors. More specifically, 50% of the funds are devoted to the exhumation of remains of missing persons (excavation, exhumation and transfer of remains) and 32% to the analysis and identification of remains (including anthropological, genetic analysis and DNA extraction and analysis). The remaining funds cover the identification of location of excavation sites, investigations, and review of archives.

1.4.4. Support to the Technical Committee on Cultural Heritage (Objective 3 of the Aid Regulation)

Amount

EUR 2 500 000 (for a 2-year period of implementation)

Implementing entity

UNDP (United Nations Development Programme) according to Article 62(1)(c) of the Financial Regulation.

The UNDP, as a UN agency, has a unique, trusted, neutral role, which is recognised by the two sides and enables the smooth implementation of the planned activities. The Technical Committee on Cultural Heritage (TCCH), through which the confidence-building measures are steered, was set up by the two leaders under the auspices of the UN. The project involves dealing with delicate sensitivities of both communities.

The UNDP has considerable expertise on cultural heritage protection in Cyprus. Up to and including 2018, allocations have been made for 6 Delegation Agreements (CAs) with the UNDP for providing support to the preservation of cultural heritage. The UNDP has a good track record in the implementation of these CAs and has built up a high level of efficiency considering the particular circumstances. Contributions to the TCCH have yielded great results since 2012, with an impact on 57 conserved sites island-wide, increasing heritage-site visitation and intra-island exchanges, and engaging more than 6 000 Greek Cypriots and Turkish Cypriots, thus improving the perceptions of the general public vis-à-vis the other community. Events have been organized for each site intervention and the press coverage has been positive overall, generating increased programme visibility.

Overall objective and purpose of the action

The overall objective of the project is to support the reconciliation process and to increase trust between the Greek Cypriot and Turkish Cypriot communities through the implementation of confidence-building measures agreed by the bi-communal TCCH. Confidence-building measures should be further encouraged by the important participation of bi-communal teams and other stakeholders during the implementation of the projects. The

specific objective is to preserve the cultural heritage of Cyprus by supporting conservation and/or emergency measures for highly important cultural-heritage sites agreed by the TCCH.

The bi-communal TCCH created a platform for work on the protection of the rich and varied cultural heritage island-wide. The Committee is composed of an equal number of Greek Cypriot and Turkish Cypriot experts. The work of the TCCH constitutes an important platform for building confidence between the Turkish Cypriots and the Greek Cypriots. The TCCH is dedicated to the identification and safeguarding of the rich immovable cultural heritage of all Cyprus and all of its communities; and it works towards providing a mutually acceptable mechanism for the implementation of practical measures for proper maintenance, preservation, physical protection and restoration of this immovable cultural heritage.

A 2010 study, requested by the European Parliament, examined conditions and estimated restoration costs, and an inventory of approximately 2 800 sites was established. Around 250 sites were ranked and about 120 detailed technical assessments were made. EU contributions under the Aid Regulation started in 2011 and, as the speed and achievements of the programme have increased, its value for reconciliation has become more apparent. Not only are historic sites salvaged and restored, but they have been brought back to life and the level of interest and bi-communal engagement has been high.

The TCCH agreed in 2011 on a list of 23 priority monuments (churches, mosques and others) to be renovated. The assistance programme started working according to this list, but the choice of projects depends on the conditions of the monument at the relevant time and the priorities of the TCCH. In 2016, and given the initial success of the programme, a new list with 86 priority interventions was agreed by the two communities. The cultural heritage project also includes bi-communal activities and a strong public awareness component.

The EU will continue to support the TCCH: the 2019 programme includes a continued allocation for the TCCH, considering the remarkable success in implementation of this project, its high appreciation by the local communities, and its significant reconciliation dimension. This allocation is to cover a nominal 2-year period of implementation.

The tasks entrusted to UNDP will all be implementation activities including: procurement, payments, project management, monitoring and ensuring visibility.

Expected results:

- Completed conservation designs for at least 6 sites ready for future implementation;
- Completed conservation works for at least 4 sites (the number of sites will depend on budget availability and type of project);
- At least 6 capacity-building and community-involvement events implemented; and
- Increased awareness amongst the general public and respect for the heritage sites of both communities in Cyprus.

1.4.5. Scholarship programme for bringing the Turkish Cypriot community closer to the Union (Objective 4 of the Aid Regulation)

Amount

EUR 5 000 000 (for a 2-year period of implementation)

Implementing entity

This action will be implemented in indirect management according to Article 62(1)(c) of the Financial Regulation with an entity which will be selected by the Commission's services using the following criteria:

- Presence on the ground;
- Previous experience in the subject field;
- Good working relations with a variety of partners and stakeholders as required by the action;
- Demonstrated capacity to deliver work in a politically sensitive environment; and
- Financial and operational capacities of the entity.

Overall objective and purpose of the action

With a consistently strong level of appreciation, one of the ever-present features of the Aid Programme is the scheme awarding scholarships for university study or professional programmes elsewhere in the EU. These scholarships both provide experience and a route to qualifications abroad and contribute to a positive image of the EU among Turkish Cypriots.

The Scholarship Programme is addressed to individual beneficiaries and not to "universities" as such. The programme is conceived as a "sending programme", which means that studies of EU citizens at "universities" in the Turkish Cypriot community are not covered. Applicants must have proven sufficient knowledge of the language in which the studies in another EU Member State are being offered. Applicants are free to apply for any course or placement that supports the overall aims of the Aid Regulation.

The Scholarship Programme, by its nature, involves small grants to a large number of beneficiaries. Since 2007, 13 annual grant schemes have delivered over 1 500 awards for study in EU places of learning. There is always a considerable interest in these scholarship grants and the demand for places significantly outstrips supply (in the year 2018-19 there were 662 applications and 176 awards). The application process has been consistently refined since 2007.

The grant categories covered are: (i) 1 academic year in an undergraduate programme of study; (ii) 1 academic year of post-graduate study (Master, PhD, Post-doctoral); (iii) short-term programmes of 2 to 6 month's duration for study, academic research or professional

courses; and (iv) training programmes of 2 to 6 month's duration, including language studies.

Given its enormous success and the need to offer equal chances to Turkish Cypriot youth for personal development and education, as well as exposure to European values and culture, the EU will continue to support the Scholarship Programme. The 2019 programme includes an allocation to cover 2 academic years (2021-2022 and 2022-2023) and to award scholarships to around 300 Turkish Cypriot students, graduates and professionals.

Expected results:

- Level of technical/professional skills raised;
- Better targeted needs/gaps within TC administration and economy;
- Positive impact on job interview performance;
- Improved understanding by TCs of the EU;
- TC contacts established with other EU citizens; and
- Improved knowledge of EU languages by beneficiaries.

1.5. Indicative budget table by Objective

Aid Regulation Objective	Procurement	Grant	Indirect Management with IOs/MS Body	Totals	
	EUR	EUR	EUR	EUR	%
Objective 1: Development and restructuring of infrastructure <i>Local Infrastructure Facility</i>			5 700 000	5 700 000	16
Objective 2: Promotion of social and economic development <i>Support for capacities of health and food labs</i> <i>Capacity development for market surveillance</i> <i>Innovative Entrepreneurship</i> <i>Economic monitoring and studies</i> <i>Schools support</i>	500 000 1 000 000 2 233 596 4 000 000	4 000 000		11 733 596	33
Objective 3: Reconciliation and confidence building <i>Support to CMP</i> <i>Support to cultural heritage</i> <i>Support to civil society</i>	1 750 000	2 000 000	2 600 000 2 500 000	8 850 000	25
Objective 4: Bringing Turkish Cypriots closer to the Union <i>EU scholarship programme</i>			5 000 000	5 000 000	14
Support and Settlement Facility	4 157 227			4 157 227	12
TOTAL	13 640 823	6 000 000	15 800 000	35 440 823	100

1.6. Assumptions and accompanying actions

There are several specific issues that must be resolved and agreed by relevant Turkish Cypriot community stakeholders before the 2019 programme can be fully implemented:

Objective 1: Development and restructuring of infrastructure

- All potential property-related issues must be identified, including site-access issues, planning consents and methods of working;
- It is assumed that relations with contractors in the northern part of Cyprus will be sufficiently smooth. Infrastructure investments remain a risk for the Commission, in terms of both implementation and sustainability. The Commission remains committed to infrastructure development as required by the Aid Regulation, but relies on the cooperation of beneficiaries for full commitment and absorption of funds;
- It needs to be ensured that bi-communal infrastructure projects in Nicosia are facilitated through necessary passages with access by civilians to the buffer zone in case of implementation of such projects.

Objective 2: Promotion of social and economic development

- The actions in the area of health, education and labour will require particularly committed and continuous involvement of the beneficiary and fulfilment of responsibilities by all involved actors;
- It is assumed that good cooperation with the World Bank and between the World Bank and the beneficiary will continue in order to further enhance the capacity of the TCc to address the identified constraints in the sectors of analysis and implement the necessary reforms.

Objective 3: Reconciliation and confidence building measures

- The bi-communal Technical Committee on Cultural Heritage will meet to provide clear guidance on preferred priorities agreed by the two communities;
- It is assumed that monuments renovated in the northern part of Cyprus are subsequently maintained and accessible to the public, and returned to use;
- It is assumed that grant applications of sufficient quality will be generated by the civil society organisations.

Objective 4: Bringing Turkish Cypriots closer to the Union

- It is assumed that the high interest in studying and upgrading qualifications at EU Member States' academic institutions will be maintained amongst Turkish Cypriots and that applications of sufficient quality with required profiles will be submitted.

Data necessary for monitoring purposes will be made available by the Turkish Cypriot community, allowing the Aid Programme to contribute to the ultimate goal of reunification of the island.

1.7. Implementation modalities and general rules for procurement and grant award procedures

DIRECT MANAGEMENT:

Part of this programme shall be implemented through direct management by the Commission in accordance with article 62(1)(a) of the Financial Regulation.

Procurement shall follow the provisions of Part One, Title VII of the Financial Regulation No 2018/1046.

Grant award procedures shall follow the provisions of Part One, Title VIII of the Financial Regulation No 2018/1046.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation No 2018/1046.

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management with entrusted entities other than the beneficiary in accordance with Article 62(1)(c) of the Financial Regulation.

The general rules for procurement and grant award procedures shall be defined in the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

MONITORING

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

EVALUATION

Programmes financed under Council Regulation 389/2006 shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations. The results of evaluations shall be taken into account in the programming and implementation cycle. The Commission may also carry out strategic evaluations.

1.8. *Special conditions*

In the implementation of actions financed under this Financing Decision, the rights of natural and legal persons, including the rights to possessions and property shall be respected in line with Article 7 of Council Regulation 389/2006.

Nothing in this Financing Decision is intended to imply recognition of any public authority in the areas, other than the Government of the Republic of Cyprus.

As regards participation in the award of procurement or grant contracts, the term "all natural and legal persons of Member States of the European Union in Article 9 paragraph 1 of Council Regulation 389/2006" includes all genuinely existing domestic legal persons residing or established in the areas. This will be specified in the calls for tenders and proposals."