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ANNEX I

The annex to Commission Implementing Decision C(2017) 7156 of 31 October 2017 adopting an Action Programme for the Turkish Cypriot community for the year 2017 as amended by Commission Implementing Decision C(2018) 7365 of 9 November 2018 and by Commission Implementing Decision C(2019) 1100 of 18 February 2019, is replaced in its entirety by the following text:

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ACTION PROGRAMME FOR THE TURKISH CYPRIOT COMMUNITY FOR THE YEAR 2017

is replaced in its entirety by the following text:

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 2017:

Beneficiary	Turkish Cypriot community
CRIS/ABAC Commitment references	TCC/2017/040-596, SCR.DEC.040596.01
Total cost	EUR 34 836 240
Union contribution	EUR 34 836 240
Budget line	13 07 01
Management Modes/ Entrusted Entities	Direct management by the European Commission Indirect management by entrusted entities: United Nations Development Programme British Council Northern Ireland Co-operation Overseas
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 works contracts under 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 2017 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 2016, EUR 450 000 000 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 2017 as follows:

- **for grants implemented under direct management (1.2): EUR 10 250 000**
- **for procurement implemented under direct management (1.3): EUR 6 950 000**
- **for actions implemented under indirect management modes (1.4): EUR 17 636 240**

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*. The objectives, as laid down in Article 2, are:

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 political process under the auspices of the UN for the settlement of the Cyprus problem was effectively re-launched during the summer of 2015. The Commission has stepped up its efforts in support of this process and in preparation for a settlement – both through supporting the UN-led bi-communal settlement process and by supporting the Turkish Cypriot community through the Aid Programme.

The Aid Programme is intended only to be an instrument of an 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 2014-20, 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.

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.

The programme choices for 2017 reflect a renewed approach towards the programming of financial assistance under the Aid Programme, with a stronger settlement focus, political priority and screening based on ownership, as well as relevance and maturity of planned interventions. 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 2017 programme provides a streamlined and compact set of actions, with 10 major project components and a needed degree of flexibility. The revised programme includes a complementary emergency economic support following the COVID-19 pandemic.

The 2017 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 take due account of the findings of other technical processes outside the context of this Regulation, including the works of the bi-communal Ad Hoc Committee on EU Preparation and the related *acquis* presentations and fact-finding mission reports carried out by Commission experts from several Directorates-General within the framework of the latest round of talks between the leaders in Cyprus.

Aside from the EU-financed Aid Programme under Council Regulation 389/2006, support from other international donors such as USAID and the United Kingdom is being wound down.

Objective 1: development and restructuring of infrastructure

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 2016. 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 2017 programme is to continue supporting this type of infrastructure projects through a new instrument – Local Infrastructure Facility – encompassing three major components:

- i. dedicated technical assistance, including amongst other but not limited to additional geological/hydrogeological/hydrological/seismic investigation services, territorial planning, design services 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 will help identify, screen, mature, prepare for tender, and implement local infrastructure investments, targeting the funding on competitive basis to ensure best value for money and providing support also to those communities with a lower technical and administrative capacity. This will in turn result in a greater positive impact on the standard of living of local populations and increase the visibility of EU interventions in the priority areas.

The new mechanism will allow the Commission to establish a platform of regular dialogue with the beneficiaries, which will translate into a more structured relationship, as well as an extended engagement with local communities and stakeholders. However, full ownership on the beneficiary side to facilitate and sustain the investment projects will remain key to their success.

The Facility will become the main entry point for infrastructure investments to be funded under the Aid Programme, providing for a transparent and efficient system for identification, selection, preparation, and implementation of infrastructure investments under the Aid Programme.

The Facility will be managed through:

- indirect management by the UNDP, which is a well-established partner with a proven track record and a solid on-the-ground expertise in implementing major infrastructure projects. The UNDP is also a natural partner for cooperation on infrastructure projects of bi-communal dimension.
- direct management for the Morphou project.

The 2017 programme will include an envelope of EUR 2 144 770 for the Morphou project (direct management) and a total envelope of EUR 8 036 240 (indirect management with UNDP) that will cover all the three components of the Facility.

As there is no up-front allocation foreseen for individual projects at this stage, the 2017 programme includes an indicative list of likely interventions.

In addition to the Local Infrastructure Facility, the 2017 programme will also cover the supply of air quality and wastewater monitoring equipment to detect and evaluate the damaging effects of heavy metals and to monitor and inspect the wastewater treatment facilities, thus contributing to protecting the environment and inhabitants from the harmful influence of pollutants (EUR 700 000).

Objective 2: promotion of social and economic development

The promotion of social and economic development has received nearly 30% of total Aid Programme resources since 2006. Further financial assistance is needed to support SMEs, rural development, and the education sector in particular.

Given the expected rapid application of the *acquis* following the settlement, the private sector – and in particular the SMEs – are likely to face a particular challenge of adjustment to competition and market requirements. Against this background, funds will be provided to promoting private sector and economic development (EUR 4 960 729) by providing direct assistance to TCc economic actors with the help of grants.

The Turkish Cypriot community has been hard hit by the economic crisis following the COVID-19 pandemic. In the absence of funds from the local administration, businesses struggle to maintain their operations and pay their staff. EU financial assistance is necessary to help avoid a deep and protracted socio-economic crisis, which could negatively affect the prospects of settlement. This programme will therefore support creating growth and jobs through tailored grants to small and medium-sized businesses.

The proposed measure is designed to help “kick-start” the economy and save companies from being forced to close. It will have a total value of over EUR 3 500 000 and be implemented under indirect management with Northern Ireland Co-operation Overseas (NI-CO). The contribution from this 2017 programme will be EUR 1 000 000 and the remaining funds will be allocated through 2018 and 2020 (Part II) programmes. In parallel, NI-CO will implement another grant scheme for the most affected micro-businesses, with EUR 3 000 000 under Part I of the 2020 programme.

In the northern part of Cyprus there are considerable advantages for a number of farm and processed food products, but the full potential in this area can only be achieved when the demanding EU hygiene and control requirements are met. In order to achieve this, improvements are needed in a range of areas from farm-, crop- and stock-management to hygiene by the food processors. Considerable work has been done already, or is ongoing, under the Aid Programme, including for the development of the Rural Development Sector Programme.

The highest priority measures in the above programme for the years 2014-2020, as developed by the TCc with the EU support, include measures to enhance knowledge transfer and to set up the Farm Advisory Services (FAS), as well as measures to facilitate farm and business development and to strengthen the dairy value chain. To this end, the 2017 programme will continue the technical assistance on FAS and include two grant schemes in support of rural development and the dairy sector (total EUR 5 830 138).

Supporting innovation and change in education are critical factors for the social and economic development of the TCc. The 2017 programme will introduce a holistic programme to inspire the next generation of scientists and engineers for enhanced innovation and research. Funding of EUR 1 000 000 will be combined with the same amount earmarked under the 2018 programme to equip schools with stationary and/or mobile mini-labs and specialised labs, thereby familiarising pupils with science and raising their skills and capacity for innovation. It

will ensure a more focused and coherent approach in supporting schools in the TCc, while increasing the impact of EU support and the overall EU visibility.

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

Support for 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, including through substantial resources under the previous programmes that 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 receive an amount of EUR 3 200 000 under the 2017 programme. This significant contribution to island-wide restoration of monuments, mosques and churches includes a strong bi-communal and public awareness component. It raises the total budget dedicated to the TCCH since 2012 to nearly EUR 15 000 000.

The above support has produced highly visible output and allowed for the restoration of historically significant buildings for both communities. The delivery method of this support, 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.

The operations of the Committee of Missing Persons (CMP), which has received an amount of EUR 2 600 000 under the 2016 programme, are fully secured until the end of 2018. However, further resources are deemed necessary to cover for identified additional needs related to a feasibility study in Dikomo/Dikmen, DNA samples analysis, compensations costs, and specific trainings for investigators, archaeologists and scientists. This support of EUR 400 000 shall likewise be managed through indirect management by the UNDP. Any necessary funding for continued operations of the CMP will be earmarked under the 2018 programme. The Commission will ensure that there are no funding gaps.

Given the need to further strengthen the capacity of the Civil Society Organisations (CSOs) in the northern part of Cyprus, the 2017 programme will further support civil society through a technical assistance project and a tailor-made grant scheme to tackle the trafficking in human beings problem, to the tune of EUR 2 157 833.

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, eight annual grant schemes have delivered over 1,000 grants to Turkish Cypriot students 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 vital experience and a route to qualifications abroad, whilst contributing positively to the image of the EU among Turkish Cypriots.

The British Council has been managing the scholarship programme since the academic year 2014 and is set to continue its operation under the 2017 programme, given the high quality in implementation over the years. The 2017 programme includes an allocation of EUR 5 000 000 to cover two academic years, 2019-2020 and 2020-2021, and award scholarships to around 300 Turkish Cypriot students, graduates and professionals. This edition will aim to better target the needs and gaps within the TCc.

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 2019.

*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 foresees 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 the economic integration of the island.

The main instrument used by the Commission for preparing 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 allocated to TAIEX in the previous years are sufficient to cover the needs until the end of 2018. Therefore, there is no need for an additional allocation under the 2017 programme.

Support and Settlement Facility

The 2017 programme includes also a Support and Settlement Facility (EUR 406 530) from which resources can be mobilised to take advantage of new emerging opportunities and to facilitate new initiatives arising from the settlement process, which the EU undertakes to

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

support. 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 to support the settlement process.

Within the framework of the reunification process and the potential for political agreement, the Commission must be ready to deploy resources as opportunities arise. These initiatives cannot be clearly identified at this programming stage. Finally, the Support and Settlement Facility may finance supporting studies and highly relevant preparatory work for future but not-yet mature actions, in areas such as veterinary, food safety and/or market surveillance.

1.2. Grants

The objectives of the Aid Regulation, which are implemented through calls for proposals in the Action Programme 2017, 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); and*
- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation).*

1.2.1. Support to agriculture and rural development (Objective 2 of the Aid Regulation)

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

[1] Support to agriculture and rural development;

[2] Strengthening the agriculture value chain, including the dairy component;

[3] (a) Support for the TCc dairy sector Action Plan: the dairy value chain is strengthened through grant support to dairy producers (particularly sheep and goat breeders) with the objectives of: (i) investing in farm assets that can improve yields and quality of milk; (ii) assisting in the application of bio-security measures and good farming practices, including animal welfare; (iii) helping to meet the EU food safety and animal health standards; and (iv) meeting requirements for quality schemes, such as the PDO (Protected Designation of Origin) for Halloumi/Hellim;

(b) Support for the Rural Development Programme: modernisation of agricultural holdings and agro-processing facilities through investment in physical assets linked to production, processing and marketing of agricultural produce and support for investment in creation and development of non-agricultural activities.

Description of the activities to be funded

One of the continuous themes in the assistance to the TCc is the strengthening of the agriculture value chain. Against a background of wide-ranging needs, resources should be focused on priority areas, where the future *acquis* compliance is difficult to achieve or where the impact of improvements will be of greatest economic benefit. The 2017 Aid Programme will therefore provide grant funding as described below:

(a) Support for the TCc dairy sector Action Plan

In line with (EC) 866/2004, trade across the Green Line of products of animal origin is not allowed, except for honey and fresh fish. The TCc has developed a dairy sector Action Plan covering the inter-related aspects of animal husbandry and health, milk collection and food safety, feed production, producer organisations, pricing and incentives/compensation/penalties to producers for the application of bio-security measures and good farming practices (for animal-health management; animal addition and movement; management and sanitation of holdings; and personnel, visitors, vehicles and equipment). The preparation of this Action Plan has received support from the EU under the Aid Programme.

To complement existing support measures to the dairy sector, such as animal disease prevention and control and safe management of animal by-products, and to contribute to the implementation of the dairy sector action plan, grants amounting to EUR 2 500 000 will be provided to: (i) dairy operators, especially those breeding sheep and goats, to invest in farm assets that can improve milk yields and milk quality, to assist the dairy operators in the application of bio-security measures and good farming practices, including animal welfare, and to comply with EU requirements in terms of animal health, animal welfare, and food safety; and (ii) Halloumi/Hellim producers in order to support their efforts to enhance the cheese value chain and conformity to PDO rules.

(b) Support for the Rural Development Programme

With help from TAIEX experts, the TCc has developed a Rural Development Programme for the period 2014-2020, in line with the Regulation for the European Agricultural Fund for Rural Development. Under this programme, further grants amounting to EUR 2 500 000 are planned for measures to increase the competitiveness and efficiency of farms and food processors, including investment support to upgrade the physical assets of holdings and establishments, and investment for the creation and establishment of non-agricultural activities.

Essential eligibility, selection and award criteria

Eligibility criteria: Applicants must 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 to agriculture and rural development	Q4 2018	EUR 4 520 938

Maximum possible rate of co-financing of the eligible costs

85%

1.2.2. Support to civil society in preventing and addressing trafficking in human beings (THB) (Objective 3 of the Aid Regulation)

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

[1] Eradicate trafficking in human beings in the northern part of Cyprus;

[2] Prevent and address trafficking in human beings; increase knowledge of and effective and coordinated response to all forms of trafficking in human beings;

[3] Reduce trafficking in human beings through enhanced coordination and cooperation among key actors and policy coherence, enhanced cooperation between Civil Society Organisations (CSOs) from across Cyprus on anti-trafficking actions, greater public awareness on labour and sexual exploitation and other forms of trafficking, and measures implemented to prevent all forms of trafficking.

Description of the activities to be funded

The EU Charter on Fundamental Rights (Article 5 (3)) expressly prohibits trafficking in human beings (THB). THB is a grave human rights violation and a serious form of organised crime rendering high profits for traffickers.

In the northern part of Cyprus, CSOs are leading the combat against trafficking in human beings and need to be further empowered to do so. Supporting the CSOs' actions against trafficking in human beings (THB) through grant funding and technical assistance to comply

to EU policies (EU Strategy towards the eradication of trafficking in human beings) and to the relevant EU legal framework (Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims) is in line with objectives 3 and 5 of the Aid Regulation. Furthermore, the EU anti-trafficking framework considers civil society as equal partners in efforts to address this heinous crime.

A TAIEX mission to define the crime of trafficking in human beings took place in mid-2013 and a two-day workshop to present the EU policies on THB vis-à-vis the situation in the northern part of Cyprus took place late in 2016.

Further action is foreseen on combatting THB in the 2017 programme, through a new call for proposals. This will reinforce confidence between the two communities as well as strengthening the readiness to apply the relevant EU *acquis* upon the entry into force of a comprehensive settlement.

In particular – through this new grant scheme – the following non-exhaustive list of actions may be funded:

- Actions aiming to establishing a multi-stakeholder platform of relevant stakeholders to work together to fight against THB;
- Actions supporting the development of legal texts in prevention of trafficking and related exploitation, protection of victims and prosecution of traffickers, including raising awareness and advocacy for adopting legal texts on THB aligned with the EU *acquis*;
- Actions addressing demand that fosters all forms of exploitation, as a means of prevention, as per Article 18 of the Directive 2011/36/EU;
- Actions involving the organisation of public awareness campaigns to change the attitudes/perception on THB (risks factors, root causes, consequences, legal provisions); organisation of debates and public events to change the attitudes/perception on THB (competitions, round tables) in schools, high schools and higher education establishments; and actions addressing a reduction in the demand for sexual services, through raising awareness amongst the specific target groups (consumers);
- Provision of appropriate training to all the relevant actors in the identification of victims of trafficking;
- Exchanges of experience and joint actions with relevant organisations and CSOs in order to improve the technical capacity of local stakeholders with the aim of establishing the components of an anti-trafficking system in the northern part of Cyprus.

Essential eligibility, selection and award criteria

Eligibility criteria: Applicants shall be a Civil Society Organisation or a local community, as mentioned in Council Regulation (EC) No 389/2006, as defined by Article 198 of the EU Financial Regulation.

Selection criteria: Financial and operational capacity of the applicant (sufficient and capable staff and/or volunteer 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 to Civil Society	Q3 2018	EUR 768 333

Maximum possible rate of co-financing of the eligible costs

95%

1.2.3. Support for SMEs (Objective 2 of the Aid Regulation)

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

[1] Support for SMEs

[2] Improving the competitiveness of and innovation in SMEs

[3] a) Enhanced SME competitiveness and readiness for EU trade through adherence to EU standards and preparation for "CE" marking

b) Increased labour productivity and employment in the private sector through financing the modernisation of and innovation in enterprises.

Description of the activities to be funded

The Aid Regulation gives prominence to economic development of the TCc. The *2015-2016 Competitiveness Report on the Turkish Cypriot Economy* by the TC Chamber of Commerce, following a WEF (World Economic Forum) protocol, indicates that TC economy ranks low in terms of competitiveness. This points to a challenge for businesses, in particular for the SMEs, which make up 99% of the TC businesses, in being able to maximise the benefits from the future access to the EU Single Market.

Since its inception in 2006 and up to the end of 2015, the Aid Programme has supported the business environment in general and TC businesses in particular through technical assistance and grants to an amount of around EUR 15 million.

In addition to this, in February 2016, the Commission – under the Aid Programme - signed a four-year agreement with the European Bank for Reconstruction and Development (EBRD) (EUR 1.65 million) to provide assistance for the rollout of a comprehensive SME Competitiveness Facility. This Facility will combine advice to local consultants and financial intermediates with access to finance by the EBRD, which has earmarked EUR 25 million for this purpose.

In June 2016, the TCc adopted an SME strategy, which mirrors the SME strategy adopted in the Republic of Cyprus. The strategy aims at "turning the SMEs into the driving force of economic growth" in the TCc, notably by favouring innovation, enhancing productivity and the production of high-quality goods and services, improving the qualifications of the labour force and ensuring an industrial transformation with a maximum level of safety of environment and occupations.

Support under the 2017 Aid Programme

Against this background, and in line with the TCc SME strategy, the 2017 Aid Programme will support the development of a more performing business environment in the TCc by:

- a) enhancing the competitiveness of the TCc SMEs by modernising their production process through, for example, the introduction of Total Quality Management (TQM) schemes, as well enhancing the quality of their goods and services with a view to complying with EU standards and with the criteria for obtaining CE markings;
- b) developing the technical, innovative and administrative skills of the SMEs, through encouraging their use of Information Technology, encouraging their recruitment of skilled labour, supporting the development of R&D departments and supporting their use of innovative machinery and means of production.

One grant scheme is planned for the above mentioned objectives, towards established enterprises and start-ups.

Essential eligibility, selection and award criteria

Eligibility criteria: Applicants shall fall under the EU “Small and Medium Enterprise” definition and 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
SME competitiveness and start-ups	2Q2018	EUR 4 960 729

Maximum possible rate of co-financing of the eligible costs

85%

1.3. Procurement

The objectives of the Aid Regulation, which are implemented through procurement procedures in the Action Programme 2017, 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);*
- *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).*

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

1.3.1. Reuse of treated wastewater for irrigation in Morphou/Güzelyurt (Objective 1 of the Aid Regulation)

Subject matter of the contract(s) envisaged

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. Projects that have been financed thus far cover, amongst others, the sectors of environment, water and wastewater, architectural renovations, cultural centres, recreational areas, and other social infrastructure.

The overall objective of the "Reuse of treated wastewater for irrigation in Morphou/Güzelyurt" is to use treated waste water for irrigation purposes, which will in turn protect underground water resources. Currently, approximately 950 m³ of treated water is flowing unproductively each day.

Extensive water extraction from the Morphou/Güzelyurt aquifer (for drinking water and irrigation purposes) is causing salination and decreasing the quality of underground water. Due to the increasing salinity of the ground water, the quality of agricultural production is declining. Implementation of this project would not only provide added value to the local community and agricultural production, but it will also contribute to the protection of the aquifer.

The main beneficiaries of this project will be the inhabitants of Morphou/Güzelyurt (population of around 20,000). This project will also enable the local community of Morphou/Güzelyurt to harmonise its wastewater management with the EU requirements regulated under the Water Framework Directive 2000/60/EC and other complementing directives. A design and feasibility study for this project was conducted in 2015.

The project estimate includes the construction of a 100,000 m³ capacity lagoon, approx. 3 km of main pipes and distribution points, and a pumping station.

Type of contract and type of procurement

Works contract(s)

Overall indicative amount

EUR 2 144 770

Indicative number of contracts envisaged

1 works contract

Indicative timeframe for launching the procurement procedure

Q2 2018

Implementation

The action(s) will be implemented directly by the Commission

1.3.2. Supply of air quality and wastewater monitoring equipment (Objective 1 of the Aid Regulation)

Subject matter of the contract(s) envisaged

The TCc has established a monitoring laboratory for assessment of the contents of air pollutants such as carbon oxide, sulphur dioxides, nitrogen oxides, ozone and benzene in order to implement the requirements of EU directives on ambient air quality and cleaner air for Europe, which sets out the limit values for pollutants. However, the laboratory lacks equipment for assessing of the content of certain pollutants (arsenic, cadmium, mercury and polycyclic aromatic hydrocarbons) as requested by EU Directives 2008/50/EC and 2004/107/EC. Therefore, those cannot be fully implemented to ensure the required level of the air protection. Likewise, the Urban Wastewater Directive 91/271/EEC requires proper monitoring and inspection of wastewater treatment facilities as well as minimum standards with regard to controls. More specialised equipment is, however, necessary to increase the ability to perform the needed checks on-site.

Hence, the purpose of this contract is to continue to assist the TCc in reaching the relevant standards in environment protection, notably in the field of air quality and wastewater treatment. As a result, the TCc should be able to control more effectively and report on fine particle matters and smoke emitted from industrial coal, charcoal and fuel oil used as heating components in businesses, houses, schools, and power plants. The TCc should also be able to properly monitor and inspect the wastewater treatment facilities according to EU standards. The needed specialised devices will help detect and evaluate the damaging effects of heavy metals and improve the capacities of the dedicated laboratories. Ultimately, they will contribute to protecting the environment and inhabitants from the harmful influence of pollutants.

This sector has already benefited from EU expertise in the framework of TAIEX assistance and the foreseen actions are fully compatible with the EU *acquis*. The supply tender is planned to be launched in 2 lots, covering the quality and wastewater monitoring equipment, respectively.

Type of contract and type of procurement

Supply contract

Overall indicative amount

EUR 700 000

Indicative number of contracts envisaged

1 or 2 contracts (1 contract for 2 lots or 2 contracts for 1 lot each)

Indicative timeframe for launching the procurement procedure

Q4 2018

Implementation

The action(s) will be implemented directly by the Commission

1.3.3. *Technical assistance on local farm advisory services (Objective 2 of the Aid Regulation)*

Subject matter of the contract envisaged

The highest priority measures in the Rural Development Programme for the years 2014-2020 as developed by the TCc with EU support include measures to enhance knowledge transfer and to set up the Farm Advisory Services, as well as measures to facilitate farm and business development. The TCc has asked for support for implementing and monitoring this Programme, including through technical assistance.

A system of Farm Advisory Services (FAS) is being established through support provided under the 2013 programme; a technical assistance contract commenced in 2016 and its purpose is to prepare and implement a strategy for efficient local farm advisory services. Such services are fundamental for developing activities in the agricultural sector in the TCc, as well as for ensuring wider compliance with minimum agricultural and environmental standards and adopting good farming practices that preserve and protect the land and natural resources. This redresses the lack of adequate services available to the sector.

Continued support is required for the implementation of the FAS Strategy. The main activities will focus on: i) assisting the relevant Turkish Cypriot stakeholders to maintain a strategic approach to farm advisory services; and ii) the implementation of the strategy with the aim of extending the provision of services to a broader range of recipients covering all sectors (crop, animal husbandry, etc.). Turkish Cypriot stakeholders in charge of extension services will be assisted to provide technical assistance to farmers on topics including Mediterranean agriculture, the EU *acquis* in agriculture, farm management innovation and related practices to

increase the income and the competitiveness of farms, and appropriate technical know-how.

The advisory services measure will serve as leverage to attract new farmers to apply for funding, promote new techniques and technologies, and improve the level of innovation across the sector.

Type of contract and type of procurement

Service contract

Indicative amount per contract

EUR 1 309 200(for a 2-year period of implementation)

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

Q4 2018

Implementation

The action will be implemented directly by the Commission

1.3.4. Modernising schools with science laboratories (Objective 2 of the Aid Regulation)

Subject matter of the contract envisaged

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 the 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 the 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 raise the quality of primary and secondary education up to EU standards in the TCc. As part of these efforts, a draft vision and strategy paper for an improved Turkish Cypriot education system was prepared with the help of an EU-funded project. Among a set of policies suggested by the paper was to introduce 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 2017 Action 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 the primary and secondary schools. 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 on innovative and interactive science teaching in order to advance their teaching techniques and thus maximise the positive impact on pupils.

Type of contract and type of procurement

Supply contract

Indicative amount per contract

EUR 1 000 000

Indicative number of contracts envisaged

1 supply contract

Indicative timeframe for launching the procurement procedure

Q2 2019

Implementation

The action will be implemented directly by the Commission

1.3.5. Technical assistance to support 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 northern part of Cyprus, 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 northern part of Cyprus, for a total amount of EUR 12 000 000.

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

Further technical assistance for the civil society sector is foreseen in the 2017 programme to increase the capacity of CSOs and to strengthen their role and democratic engagement in the Turkish Cypriot community 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 enabling environment for CS;
- Development of a favourable legislative framework for CSO operations; and
- Online database of CSO for cooperation and promotion of volunteerism;

Type of contract and type of procurement

Service contract

Indicative amount per contract

EUR 1 389 500 (for a 2.5-year period of implementation)

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

Q1 2018

Implementation

The action will be implemented directly by the Commission

1.3.6. Support and Settlement Facility

Subject matter of the contracts envisaged

Under 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.*

In view of the on-going settlement process, the Support and Settlement Facility can play an important function by providing additional resources for upcoming unforeseeable needs and activities, which may facilitate the settlement process.

Various services of the Commission have been providing technical input to the bi-communal *ad hoc* Committee on EU preparation since 2015. More extensive technical assistance activities may be expected. The range of topics on which the two communities engage is very wide and will eventually encompass the whole of the *acquis*. Support actions may be necessary at short notice and the availability of resources for the purpose will be essential.

Finally, the Support and Settlement Facility will provide resources for visibility actions, evaluations, monitoring and audits, as well as other supporting studies and highly relevant project preparatory actions, for instance in the area of veterinary, food safety and market surveillance. Furthermore, it 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 406 530

Indicative number of contracts envisaged

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

Indicative timeframe for launching the procurement procedure

Q1 to Q4 2018

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 2017, 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 8 036 240 (for a 6-year period of implementation)

Implementing entity

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

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 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 UNDP will take 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.

Delegating the implementation of the Facility to the UNDP will allow for faster procurement, less burdensome procedures, and more flexibility in recruiting the necessary resources for running the LIF, whereas the Commission will maintain 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 a natural 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 relevant EU *acquis*. During 2006-2016, more than EUR 160 million was allocated to infrastructure development projects, backed up by technical assistance, in the areas of: Water (65%), Solid Waste (18%), Energy and Telecom (13%), and Nature protection (4%).

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 to become a framework mechanism, which will continue to support such infrastructure projects, whilst bringing coherence and streamlining any infrastructure actions financed by the Aid Programme. The LIF will be managed by UNDP and will benefit from a certain level of funding though the contribution made by the Commission through the Action programmes for the years 2018 and 2017. The Commission will maintain 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. 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 the 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 in place and fully operational, the LIF may finance certain already identified and highly relevant projects submitted by the local communities under the framework of the 2017 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 amount reserved for that action represents the maximum value of the delegation agreement that will be concluded with the UNDP. .

The ultimate investment amount and precise project scope will be established in the final stage of project preparation.

(1) Pedieos River Rehabilitation Project

The overall objective of this project is to develop the Pedieos River area in such a way as to offer a green recreational area across the buffer zone for the inhabitants of both communities of Nicosia. In this way, it will reconnect the people of Nicosia with the river, whilst delivering a wide range of engagement activities to the local communities.

Project activities will include the improvement of existing and the creation of new walking paths and bike paths, the formation of natural riverbed and natural retaining walls, and other recreation facilities. Importantly, the riverbed will be arranged in such a way as to contain any flood risks.

The main beneficiaries of this project will be the Turkish and Greek Cypriot communities of Nicosia. The people of both communities suffer from a lack of green areas where they can socialize; this project will provide opportunities for them to satisfy such needs. The project area will serve all age groups.

The project estimate includes a feasibility study for the area and implementation on both sides of and within the buffer zone.

(2) Walking and Cycle Paths around the Walled City of Nicosia

The overall objective of this project is to provide the inhabitants of Nicosia with environmentally sustainable ways to travel to work, stroll around the historic walls, and relax in a peaceful milieu. The creation of the cycle route and walking path around the Walled City of Nicosia is an ongoing project, some parts of which have already been implemented.

However, there is a clear lack of a continuous route to connect the city.

The lack of open spaces in the Walled City deprives the inhabitants from living, socializing or travelling to work in a calm and relaxed environment. Inhabitants of the Walled City travel to other parts of the city for recreation or for cycling. Recent traffic figures indicate that the central area of the city faces traffic problems regarding the flow of traffic or lack of parking spaces. In fact, the general transportation policy of the Nicosia Master Plan and the Local Plan propose to contain vehicular traffic outside of the walls keeping the access to the historic centre free from traffic jams, protecting its existing character.

The main beneficiaries of this project will be the inhabitants of Nicosia from both communities. It is expected that young people in particular will benefit from the project as they are the ones who use bicycles most. However, the elderly living in the vicinity will also profit from the project as it will provide them with walking paths.

Accordingly, conditions will be created to allow people to perform most daily transportation and mobility needs with alternative forms of transportation, especially promoting the bicycle.

The project estimate includes preparation and implementation works for 2,450 meters of cycle/walking route.

(3) Mandres/Hamitköy Reservoir Recreation Area

The overall objective of this project should create a lacking sizable, environment-friendly recreation area within the boundaries of Nicosia,

The Mandres/Hamitköy Reservoir Recreation Area aims at providing opportunities for the inhabitants of Nicosia to rest, play and spend time in a peaceful environment. The project will bring dynamism and livelihood to an area of Nicosia that has been for long neglected. It will provide people of all age groups with an opportunity to participate in social activities, including organisation of bi-communal events.

In parallel to the large social impact, the project should bring positive environmental gains to the currently unattended wetland, which is vulnerable to being polluted by construction debris and in danger of silting of the reservoir. Nicosia will gain an aqueous recreation area, which will provide a tranquil environment and an enriching habitat for the beautiful flora and fauna of the Mandres/Hamitköy region. Planting of trees and plants will contribute to the much needed creation of a green belt around Nicosia Master Plan area.

The main beneficiaries of this environmentally sustainable park will be the Mandres/Hamitköy population and, more broadly, the inhabitants of the whole of Nicosia.

The project estimate includes the creation of an environmentally sustainable park, safe

walking trails, bicycle trails, and recreational areas.

(4) Extension of the Famagusta wastewater treatment plant

The overall objective of this project is to double the capacity of the existing wastewater treatment plant.

The first phase of the wastewater treatment plant (WWTP) was constructed and handed over to the local community in Famagusta in 2013. The capacity of the first phase is 4,100 m³/day. The current load of 5,500 m³/day is already exceeding the design capacity. By constructing the second phase, the plant's capacity will reach 8,200 m³/day, in line with the 2006 Master Plan.

The extension of the wastewater treatment plant will also have a positive impact on the surrounding environment. At the moment, the treated effluent is discharged into the Famagusta freshwater lake (wetland).

The main beneficiaries of this project will be the urban inhabitants of Famagusta (population of around 50,000).

The Local Infrastructure Facility will aim to facilitate the reunification of Cyprus. In addition to the above indicative projects proposals, the Local Infrastructure Facility should also enable the bringing together of Turkish Cypriot and Greek Cypriot youth through the creation of sports and youth facilities notably in the buffer zone, but also elsewhere. These facilities should be multi-purpose and light structures, preferably outdoor, which provides for easier access as well as cost savings. They would serve as gathering points and stimulate daily contacts and interaction between youth from both communities.

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. Emergency SME support – Phase 2 (Objective 2 of the Aid Regulation)

Amount

EUR 1 000 000 (for a 3-year period of implementation)

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 social and economic projects in the TCc. 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.

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

More specifically, NI-CO is now successfully implementing the “Innovative Entrepreneurship and Dialogue” project, with an overall budget of EUR 3 million. It aims at developing a more conducive entrepreneurship ecosystem and improved innovation culture in the TCc. Further allocations are planned for Phase 2 of the project.

The emergency economic support for SMEs will benefit from good working relationships already established by NI-CO with business community in the TCc.

Overall objective and purpose of the action

Within the overall objective of stimulating the economic development of the TCc following the COVID-19 pandemic, support will be provided to the tranche of small and medium-size companies with more than 5 and up to 250 employees, by provision of grants. This economic aid package is intended to be complementary to the EUR 3 million contribution in Part I of the 2020 programme, aimed at supporting micro-businesses. NI-CO has established a significant knowledge base and network for business support. The measure will also be carried out in conjunction with the local body dealing with industry.

Any beneficiary will have to meet basic requirements with respect to registration, compliance with income and property tax requirements, evidence of current operation in March 2020, as well as being Turkish Cypriot owned. There is an estimated number of approximately 300

businesses in this category. Assistance should be provided on the basis of a business plan and will cover non-sensitive sectors. The initiative should be calibrated with any assistance provided by the Turkish Cypriot local bodies in the form of low-interest loans or guarantees.

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:

- Small and medium-size enterprises are supported to restart their operations and maintain their staff levels after the lifting of COVID-19 related restrictions.

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

Amount

EUR 400 000 (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 support to the Committee of 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 9 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 great achievements over the last years, with 117 identifications for the year 2017 and reaching a total of 861 remains identified so far.

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 attribute responsibility. Bi-communal scientific teams participate in all stages of the process: archaeological phase, anthropological phase and 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. It also becomes more expensive as more resources are needed to fewer remains found. In this context, an ad hoc envelope will be made available to finance additional needs identified in the works of the CMP and thus tackle the most burning challenges it faces.

Specifically, this allocation will cover a feasibility study in a waste dumpsite located at Dikomo/ Dikmen on the basis of an identified possibility that human remains of missing persons had been moved to the site before it was closed and rehabilitated by EU funds via the Aid Programme between 2009 and 2012. It will also cover additional DNA samples analysis, specific trainings for investigators, archaeologists and scientists, and compensation costs. As to the latter, it relates to the increasing need for having to excavate in buildings/construction sites.

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

Expected results:

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

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

Amount

EUR 3 200 000 (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 2016, allocations have been made for 5 Contribution 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 72 initiatives 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.

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

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 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 tool 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 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 condition of the monument at the relevant time and the priorities of the TCCH. The cultural heritage project also includes bi-communal activities and a strong public awareness component.

The EU will continue to support the TCCH: the 2017 programme includes an increased allocation for the TCCH considering the remarkable success in implementation of this project, its high appreciation by the local communities, and the 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 15 sites ready for future implementation;
- Completed conservation works for up to 10 sites (number of sites will depend on budget availability and type of project);
- Management plan actions carried out for Famagusta;
- 40 bi-communal youth trained for the masonry crafts;
- 10 community involvement and participation 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

British Council according to Article 62(1)(c) of the Financial Regulation.

The British Council has been present in the northern part of Cyprus since 1975 and has been providing education and information services to Greek Cypriot and Turkish Cypriot communities since the 1930s. The Commission has already taken advantage of the British Council's broad expertise in the education sector within the Aid Programme.

The British Council indirectly managed the EU Scholarship programme for the TCc for the

academic years 2014-2016. Under the 2015 programme, the British Council has been further engaged through a Delegation Agreement to implement the Scholarship Programme for the following three academic years 2016-2017, 2017-2018 and 2018-2019.

As an implementing entity, the British Council has an excellent and continuously improving implementation track record, with a strong and long-lasting local presence and a selection process based on transparent and objective criteria. The British Council has developed an extensive information and promotion campaign using digital media as well as radio, newspapers and face-to-face 'Study in Europe' days, ensuring that the Scholarship Programme can continue its role as a popular vehicle for bringing the Turkish Cypriots closer to the Union.

The British Council is a pillar-assessed entity. The Commission has signed an Agreement with the British Council for use of the (PAGODA) Delegation Agreement form of contract.

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 northern part of Cyprus are not covered. Applicants must have proven that 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, eight annual grant schemes have delivered over 1,000 grants 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 2016-17 there were 475 applications and 152 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’s, 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 2017 programme includes an

allocation to cover 2 academic years 2019-2021 and 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	Call for Proposals / Direct Grant Award	Indirect Management with IOs/MS Body	Totals	
	EUR	EUR	EUR	EUR	%
Objective 1: Development and restructuring of infrastructure <i>Local Infrastructure Facility</i> <i>Reuse of treated wastewater for irrigation in Morphou/Güzelyurt</i> <i>Supply of air quality and wastewater monitoring equipment</i>	 2 144 770 700 000		 8 036 240	 10 881 010	 31
Objective 2: Promotion of social and economic development <i>Support for RD programme and dairy sector action plan</i> <i>TA on local farm advisory services</i> <i>Support to SMEs</i> <i>Emergency SME support – Phase II</i>	 1 309 200	 4 520 938 4 960 729	 1 000 000	 12 790 867	 37

<i>Modernising schools with science labs</i>	1 000 000				
Objective 3: Reconciliation and confidence building <i>Support to cultural heritage Support to CMP Support to CSOs – Trafficking in human beings TA for civil society support</i>	1 389 500	768 333	3 200 000 400 000	5 757 833	17
Objective 4: Bringing Turkish Cypriots closer to the Union <i>Scholarships</i>			5 000 000	5 000 000	14
Support and Settlement Facility	406 530			406 530	1
TOTAL	6 950 000	10 250 000	17 636 240	34 836 240	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 2017 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 to civilians in the buffer zone in case of implementation of such projects; and
- It is assumed that a new crossing point for pedestrians/cyclists will be considered for opening in the eastern part of Nicosia Walled City for the full benefit of the planned project, in case of its implementation.

Objective 2: Promotion of social and economic development

- The actions leading to the implementation of the TCc dairy-sector action plan will require committed and continuous involvement of the beneficiaries. The many necessary technical improvements will be incorporated into the dairy-sector action plan;
- The implementation of the *Rural Development Programme* requires fulfilment of responsibilities by all involved actors;
- It is assumed that grant applications of sufficient quality will be generated by agricultural operators and schools.

Objective 3: Reconciliation and confidence building measures

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

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 Chapter 3 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 International Federation of Consulting Engineers (FIDIC) conditions of contract shall be used for works contracts implemented through direct management.

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.

The change of management mode from indirect management to direct management, whether partially or entirely, is not considered a substantial change provided that all essential elements of the actions have been specified in the initial text of the financing decision.

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 Art 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."