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EVALUATION

Evaluation of the Aid Programme for the Turkish Cypriot community (2013-2018)

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Table of contents

EXECUTIVE SUMMARY	3
1. INTRODUCTION	6
2. BACKGROUND TO THE INTERVENTION	6
3. IMPLEMENTATION / STATE OF PLAY	9
4. METHOD	11
5. ANSWERS TO THE EVALUATION QUESTIONS	13
5.1. Relevance	13
5.2. Effectiveness	16
5.3. Efficiency	21
5.4. Coherence	23
5.5. EU added value	24
5.6. Sustainability	25
6. CONCLUSIONS	28
ANNEX 1: PROCEDURAL INFORMATION	30
ANNEX 2: STAKEHOLDER CONSULTATION	32
ANNEX 3: EVALUATION MATRIX	39
ANNEX 4: INTERVENTIONS SUBJECT TO IN-DEPTH REVIEW	42

Glossary

<i>Term or acronym</i>	<i>Meaning or definition</i>
DG REFORM	Directorate-General for Structural Reform Support
EBRD	European Bank for Reconstruction and Development
ESIF	European Structural and Investment Funds
EU	European Union
EUPSO	EU Programme Support Office
EUR	Euro
GCc	Greek Cypriot community
GDP	Gross Domestic Product
ISSG	Inter-service Steering Group
NI-CO	Northern Ireland Co-operation Overseas
RoC	Republic of Cyprus
ROM	Results Oriented Monitoring
SME	Small and Medium Enterprise(s)
SRSS	Structural Reform Support Service
TAIEX	Technical Assistance and Information Exchange instrument
TCc	Turkish Cypriot community
UN	United Nations
UNDP	United Nations Development Programme

EXECUTIVE SUMMARY

Council Regulation (EC) No 389/2006 set up the Aid Programme for the Turkish Cypriot community (TCc), with the **general objective** to "provide assistance 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 Aid Programme (the 'programme') funds interventions under the following **six objectives**: (1) Developing and restructuring infrastructure, (2) Promoting social and economic development, (3) Fostering reconciliation, building confidence and supporting civil society, (4) Bringing the TCc closer to the EU, and (5 and 6) Preparing for the introduction and implementation of EU *acquis*.

Over the period 2013-2018, the Aid Programme had a **total budget of EUR 199 million**. The programme is currently managed by the European Commission's Directorate-General for Structural Reform Support. In Cyprus, the programme's implementation is supervised by the EU Programme Support Office (EUPSO). The assistance is implemented through both direct management and indirect management.

The **purpose of the evaluation** is to provide an assessment of the progress made towards the objectives of the Aid Programme over the period 2013-2018 and to draw lessons learned. The evaluation assessed the programme according to six evaluation criteria: relevance, effectiveness, efficiency, coherence, EU added value and sustainability. An external contractor was engaged to perform an evaluation study. The evaluation assessed a sample of 22 interventions that covered all six programme objectives and corresponded to around 60% of the total operational budget. Data collection tools included desk research, interviews, an online survey, and a public consultation. Despite some challenges in the data collection process, mainly due to COVID-19 related restrictions, the Commission considers the quality of the collected data sufficient to draw robust conclusions. This section summarises the main findings.

The design and implementation of the interventions funded under the Aid Programme have been profoundly affected by local conditions. The non-recognition of TCc 'counterparts' has, in particular, prevented the signing of formal agreements between the EU and beneficiary bodies. The political context also had other major implications on operations, including the impossibility of the Aid Programme to work on institution building, and the need to verify land property rights. The generally low capacity and scarce resources of local entities, as well as their limited or fluctuating commitment, also negatively affected implementation.

As regards **relevance**, the available data suggests that the challenges related to the TCc which drove the establishment of the Aid Programme have largely persisted to date. Therefore, the Aid Programme continues to be relevant. Over the evaluated period there remained a considerable gap in terms of infrastructure and socioeconomic development between the Turkish Cypriot community and the rest of the Republic of Cyprus. Most importantly, despite numerous efforts, a solution to the Cyprus Problem remains pending. The island is still *de facto* divided. According to surveys, the Cyprus Problem is among the top concerns for both communities and of increased significance for the TCc. As regards the attitude of the TCc towards the EU, the evaluation indicates that the degree of

self-identification of the TCc with the EU is still limited. Additionally, the evaluation shows that, for the areas subject to review, “legal frameworks” were mostly not aligned to the EU *acquis*. The funded interventions had a clear link with the programme’s objectives and proved to be able to adapt to emerging needs and opportunities. While interventions were generally well-designed and adequately adapted to local realities, in some cases assumptions as regards the capacity of TCc beneficiaries to absorb the assistance were too optimistic.

As regards **effectiveness**, the evaluation shows that most of the evaluated interventions delivered their envisaged outputs and reached the expected beneficiaries. Furthermore, feedback from stakeholders notes an overall high degree of satisfaction among beneficiaries with the EU assistance received. Indications on the effects of the interventions with regard to sector-level improvements are more mixed. The effectiveness is relatively high for interventions under the objectives ‘Fostering reconciliation, building confidence and supporting civil society’, ‘Bringing the TCc closer to the EU’ and ‘Preparing for the introduction and implementation of EU *acquis*’, although progress in the latter was sometimes slower than expected. Interventions related to infrastructure development generally delivered their outputs and expected results, albeit with delays. The effectiveness of interventions under the objective ‘Promoting social and economic development’ was mixed. Overall, the evaluation indicates that the Aid Programme has had a positive effect on the economic development of the TCc, although this effect remains modest compared to the size of the total TCc economy. Available data also shows that division on the Cyprus question persists. As regards the programme’s contribution to facilitating the reunification of Cyprus, the data suggests that the Aid Programme, by facilitating bi-communal initiatives, can be considered to have played an important role in keeping the reunification option open. The largest factor influencing the programme effectiveness negatively has been the non-recognition of the TCc ‘counterparts’ due to the sensitive political context. The effectiveness of the programme was also affected by the low capacity and sometimes limited commitment of TCc stakeholders. Lastly, the programme has been influenced by internal factors, such as changes in institutional setting and high staff turnover at EUPSO due to the limitation of the deployment to Cyprus to 4 years.

As regards **efficiency**, it is not possible to draw solid conclusions on the cost-effectiveness of the Aid Programme as a whole at the level of outputs and outcomes, due to the nature and the level of detail of the cost information which is mainly based on input. Actions were primarily implemented through direct management with many individual grants, although the share of indirect management has increased over the evaluated period. The peculiar TCc context in which the Aid Programme operates, requires a high degree of hands-on monitoring. This results in significant managing and support costs, which amounted to around 10% of the total funding for the period 2013-2018. These costs include for example the assistance provided to TCc grant beneficiaries in dealing with the administrative requirements, given the low capacity of applicants and beneficiaries. Regarding the operational efficiency, the evaluation shows that interventions have often been affected by delays. Delays in direct procurement were often caused by issues with the technical requirements, identifying appropriate contractors, and lengthy contracting procedures. Calls for proposals also faced lengthy administrative and contractual procedures. The majority of the evaluated interventions were affected by delays during implementation too, particularly those related to infrastructure development. Overrunning of costs happened occasionally and mostly concerned remedial efforts of infrastructure works.

As regards **coherence**, the data shows that activities funded by the Aid Programme were complementary, designed to reinforce each other and created positive synergies. Interventions under the different objectives also adequately fed into each other. Additionally, the evaluation suggests that, while on-the-ground coordination is considered adequate, a stronger role may be played by EUPSO in ensuring higher-level coordination. Furthermore, the available data shows that the areas of support of the Aid Programme are coherent with EU actions in the rest of the Republic of Cyprus funded through the European Structural and Investment Funds.

As regards **EU added value**, all consulted stakeholders consider the continuation of EU assistance paramount. The Aid Programme is essentially the only source of support for the Turkish Cypriot community, apart from support from Turkey which was decreasing. The feedback from stakeholders shows that the Aid Programme is widely appreciated and recognised as being of vital importance to the TCc. The majority of the TC beneficiaries indicate that the programme's objectives would not have been achieved without support and funding from the EU. Additionally, the Aid Programme is particularly valued for providing more comprehensive and consistent support as compared to other donors. In the context of declining international and bilateral support and the limited own resources of the TCc, it can be concluded that a discontinuation or reduction of EU assistance would be expected to have negative effects for both the socioeconomic development of the TCc and prospects for reunification of the island.

As regards **sustainability**, the evaluation looked at the extent to which achieved results are still in place and whether they produce positive effects. The available data suggests that the level of sustainability of the Aid Programme overall varies. For the evaluated infrastructure development related interventions the sustainability seems relatively weak, while the sustainability of interventions in the area of rural development and human resources development appears more favourable. The results achieved through interventions related to fostering reconciliation, building confidence and supporting civil society and bringing the TCc closer to the EU are generally maintained. However, the sustainability of interventions under the latter rely largely on the continuation of EU assistance. In addition, the evaluation indicates that the legal texts drafted and adopted with EU assistance for preparation for the introduction and implementation of EU *acquis* are generally still in place. While there appear no signs of reversal, the limited capacity of TCc 'counterparts' suggests that further alignment to the EU *acquis* depends heavily on the continuation of EU assistance. The evaluation also looked at the factors influencing the sustainability of the programme. The main factors are the level of commitment and ownership, the availability of financial resources, and the capacity of human resources of the TCc 'counterparts'. The level of ownership and commitment on the side of the TCc 'counterparts' varies. Challenges in local commitment and ownership are often influenced by the non-recognition of TCc 'counterparts' and the volatile political context. The available financial resources on the side of the TCc 'counterparts' are generally scarce for all areas of Aid Programme intervention. Lastly, the capacity of human resources on the side of the TCc 'counterparts' is generally improving, but still needs further strengthening.

1. INTRODUCTION

The purpose of the current evaluation is to provide an overall assessment on the progress made towards the objectives of the Aid Programme (the ‘programme’) over the period from 1 January 2013 to 31 December 2018. An external contractor was engaged to perform an evaluation.¹ In this staff working document, the Commission Services present the findings from the evaluation. The Commission is in agreement with the findings and conclusions made by the consultants.

Systematic and timely evaluation of its programmes, activities, instruments, legislation and non-spending activities is a requirement of the Financial Regulation of the European Union (Art. 34)² in order to demonstrate accountability and to promote lesson learning to improve policies and practices.³ Against this background, this evaluation is conducted for accountability and transparency purposes. The findings and lessons learned will be used for orienting future interventions funded under the programme and optimising the outcomes and the impacts.

The criteria for assessing the intervention strategy are those required by the Better Regulation guidelines⁴: relevance, effectiveness, efficiency, coherence and EU added value. Moreover, as the Aid Programme is implemented under the external aid chapter of the Financial Regulation, the criteria used by the OECD DAC⁵, and specifically the sustainability criterion, also apply to this evaluation.

The first section of the staff working document provides the background of the intervention. Thereafter, the implementation of the programme is presented. The following section describes the methodology used to conduct the evaluation, including the evaluation’s limitations and the robustness of the findings. Subsequently, the staff working document provides the answers to the evaluation questions, according to the criteria indicated above. The last section outlines the overall conclusions. The annexes of the staff working document include information on the procedural arrangements, the stakeholder consultation process and the findings from the public consultation.

2. BACKGROUND TO THE INTERVENTION

2.1. Objectives and intervention logic

The general objective of the Aid Programme, as defined in Article 1 of the Council Regulation (EC) No 389/2006 (the “Aid Regulation”)⁶, is to "provide assistance to facilitate the reunification of Cyprus by encouraging the economic development of the

¹ The evaluation report of the contractor is available here: <https://data.europa.eu/doi/10.2887/364327>.

² Regulation (EU, Euratom) 2018/1046 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 23/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

³ COM (2011) 637 "Increasing the impact of EU Development Policy: an Agenda for Change"

⁴ EU Better regulation Guidelines, https://ec.europa.eu/info/files/better-regulation-guidelines_en

⁵ OECD Development Assistance Committee, <http://www.oecd.org/dac/development-assistance-committee/>

⁶ 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

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 such, the assistance programme is of an exceptional, transitional and temporary nature, aiming to facilitate the reunification of Cyprus. Once reunified, the suspension of the *acquis communautaire* in the areas not under effective control of the government of the Republic of Cyprus (RoC) can be lifted, and European Union (EU) law will apply in all of Cyprus. At the same time, the Aid Programme remains ready to accommodate developments in the settlement process and to finance confidence-building measures resulting from this process. The EU contribution, in supporting the political process, economic integration and improved living standards, can be considered vital.

As stated by the Aid Regulation, the Aid Programme pursues the following specific objectives:

- a. Developing and restructuring of infrastructure, in particular in the areas of: energy and transport, environment, telecommunications and water supply;
- b. Promoting the social and economic development including restructuring, in particular concerning rural development, human resources development and regional development;
- c. Reconciling, building confidence, and supporting civil society;
- d. Bringing the TCc closer to the Union;
- e. Preparing the TCc to introduce and implement the EU *acquis* in view of the comprehensive settlement of the Cyprus problem.

The programme is implemented in a unique legal and political context. Major difficulties encountered in the implementation of the programme arise from the non-recognised status of the local bodies. The intervention logic of the Aid Programme, based on the Aid Regulation, is visualised in Figure 1.

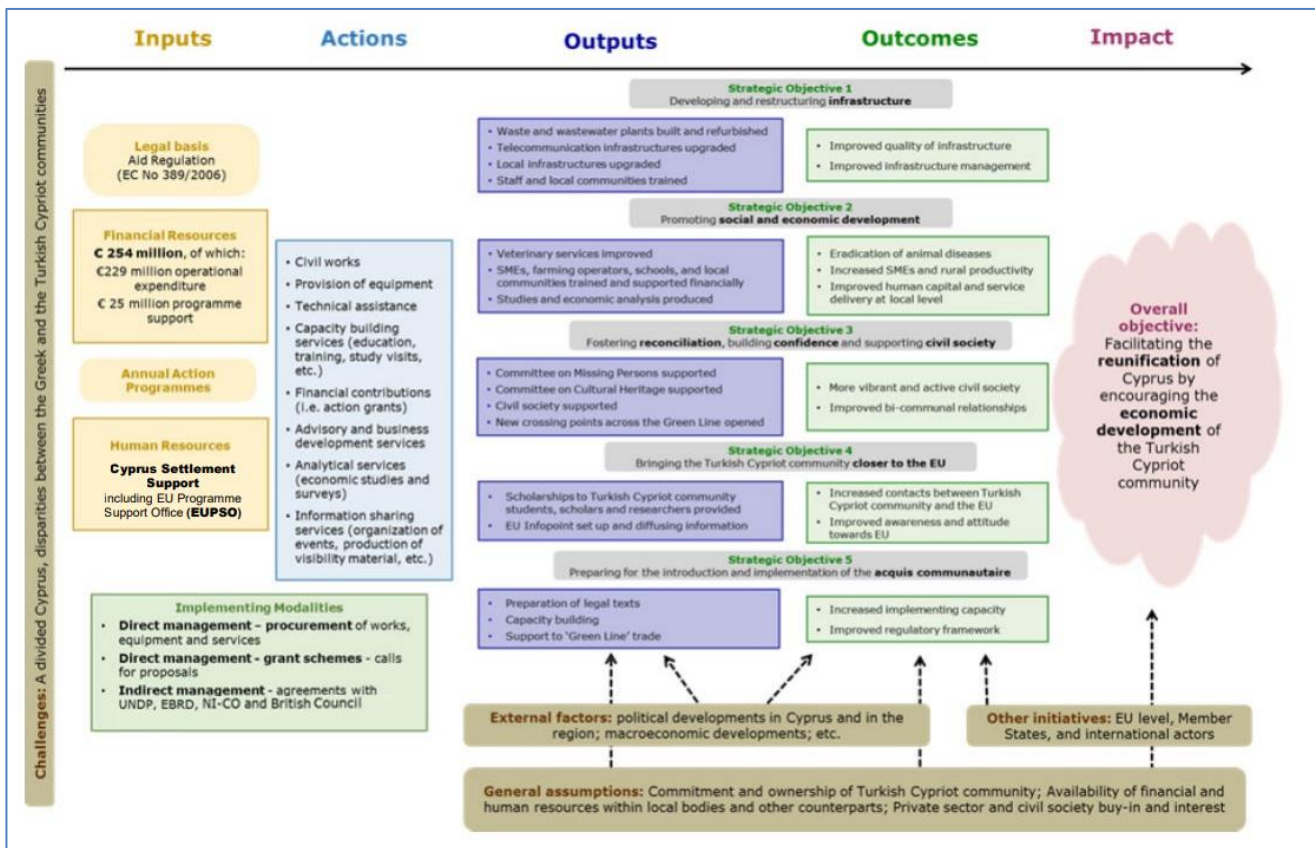


Figure 1: Intervention logic of the Aid Programme, based on the Aid Regulation. Source: Economisti Associati (2021).* The actual figure has been slightly revised by DG REFORM, hence it may differ from the one provided by the source.

2.2. Baseline and points of comparison

The Republic of Cyprus joined the European Union as a *de facto* divided Member State in 2004. The whole of Cyprus is EU territory. However, in the northern part of the island, where the Government of Cyprus does not exercise effective control, EU legislation is suspended in line with Protocol 10 of the 2003 Accession Treaty. The policy of the EU with regard to the non-government controlled areas was set out by the Council of the European Union on 26 April 2004, just before Cyprus joined the EU⁷. Subsequently, the Council of the European Union adopted the Aid Regulation in February 2006 as the Community's legislative instrument for the provision of financial assistance to the TCc.

Since 1974 the "Green Line" has separated the two parts of the island. Council Regulation (EC) No 866/2004 on a regime under Article 2 of Protocol No 10 to the Act of Accession 1 (the "Green Line Regulation") sets out the terms under which persons and goods can cross this line, which is not an external border of the EU. The main practical effect is that the northern areas are outside the EU's customs and fiscal territory, but this does not affect the personal rights of Turkish Cypriots as EU citizens. They are citizens

⁷ [council-conclusions-26042004.pdf](https://ec.europa.eu/external_relations/other/eu_conclusions_26042004.pdf) (europa.eu)

of the Republic of Cyprus even if they live in a part of Cyprus not under the effective control of the Government of the Republic of Cyprus.⁸

The programme is the only EU funding for the Turkish Cypriots. There is very little assistance from individual Member States due to the difficult legal and political circumstances in the *de facto* divided island.

3. IMPLEMENTATION / STATE OF PLAY

3.1. Programming and budget

The Commission delivers the assistance to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community, with emphasis on the following six objectives:

- **Objective 1 - Developing and restructuring infrastructure.** Support focuses on the improvement of (i) solid waste and wastewater systems, (ii) environment schemes and (iii) energy infrastructure as well as (iv) upgrading telecommunications networks and (v) strengthening transport safety;
- **Objective 2 - Promoting social and economic development.** Support focuses on (i) rural development, (ii) private sector development, (iii) human resources development, (iv) community development, and (v) economic monitoring and analysis;
- **Objective 3 - Fostering reconciliation, building confidence and supporting civil society.** Support includes the provision of assistance to the Committee on Missing Persons and the Technical Committee on Cultural Heritage, civil society as well as the construction of crossing points along the Green Line;
- **Objective 4 - Bringing the TCc closer to the EU.** Support includes running the EU Infopoint and providing scholarships for studies and internships in other EU Member States; and
- **Objectives 5 and 6 - Preparing for the introduction and implementation of EU *acquis*.** The activities include (i) the preparation of legal texts, (ii) the reinforcement of implementation capacity and (iii) support to Green Line trade.

The evaluation shows that the **annual budget allocations have remained largely stable**, ranging between EUR 31 million and EUR 35 million per year. Over the period 2013-2018, **the Aid Programme had a total budget of EUR 199 million**. The budget of the Aid Programme is allocated through annual action programmes, based on Commission Implementing Decisions. These also distribute the resources across the different objectives, identify specific actions within each objective, with a final date for concluding procurement and grant contracts set to three years following the validation of the budgetary commitment of the underlying financing decisions.

During the period under review, the total funds committed over the period 2013-2018 amounted to around EUR 169 million. The remaining EUR 30 million were committed outside the reporting period but within the three year deadline for individual

⁸ https://ec.europa.eu/cyprus/about-us/turkish-cypriots_en

commitments under each financing decision. The total value of disbursements was around EUR 122 million over the same period.

As set in Article 10 of the Aid Regulation, the Commission reports on a yearly basis to the European Parliament and the Council on the implementation of the assistance through annual reports. The **Aid Programme has been subject to two external reviews**: an assessment by the European Court of Auditors in 2012⁹, covering assistance delivered up to 2011, and an evaluation covering the period 2006-2012.¹⁰

3.2. Management and implementation modes

The management of the Aid Programme was initially assigned to a dedicated Task Force for the Turkish Cypriot community, located in what is now DG NEAR and then moved to DG REGIO. Subsequently, the Task Force was transferred to the Structural Reform Support Service (SRSS) under the Commission's Secretariat General. As of 2020, the Aid Programme is managed by a dedicated unit in the Directorate-General for Structural Reform Support (DG REFORM).

In Cyprus, the Commission, through **the EU Programme Support Office (EUPSO)** which is based in the northern part of Nicosia, **managed and supervised the programme's implementation**. EUPSO functions as a bridge with the TCc. A Grant Support Team assisting the provision of grants, a Programme Implementation Support Unit involved in environmental infrastructure projects, and the Technical Assistance and Information Exchange instrument (TAIEX) supporting the preparation for the introduction and implementation of the EU *acquis*, are also in place as part of external projects funded through the Aid Programme.

The assistance funded under the programme is implemented through direct management and indirect management. Under **direct management**, this includes procurement and grants. The direct management of procurement is used under all objectives indicated above, but is particularly common for actions funded under Objective 1. Grant schemes have been used for interventions targeting Objective 2 and Objective 3.

Entities such as international organisations or Member States' organisations which have undergone an ex ante (/pillar-) assessment of their procedures and systems and guarantee a level of protection of the EU financial interests equivalent to that guaranteed by the Commission in direct management can act under **indirect management** for the tasks they undertake to implement the actions. During the period covered by the current evaluation, contribution/delegation agreements for the implementation of projects have been concluded with the European Bank for Reconstruction and Development (EBRD), the United Nations Development Programme (UNDP), the British Council and Northern Ireland Co-operation Overseas (NI-CO).

As indicated in Figure 2, over the period 2013-2018, direct management accounted for nearly two thirds of the budget allocations. However, the **share of the budget**

⁹Available here: <https://op.europa.eu/en/publication-detail/-/publication/498dd2d9-a1b8-4da0-991d-2815265d6d3a>

¹⁰Available here: https://ec.europa.eu/info/files/evaluation-financial-assistance-programme-turkish-cypriot-community_en

implemented through indirect management has increased over the period concerned.

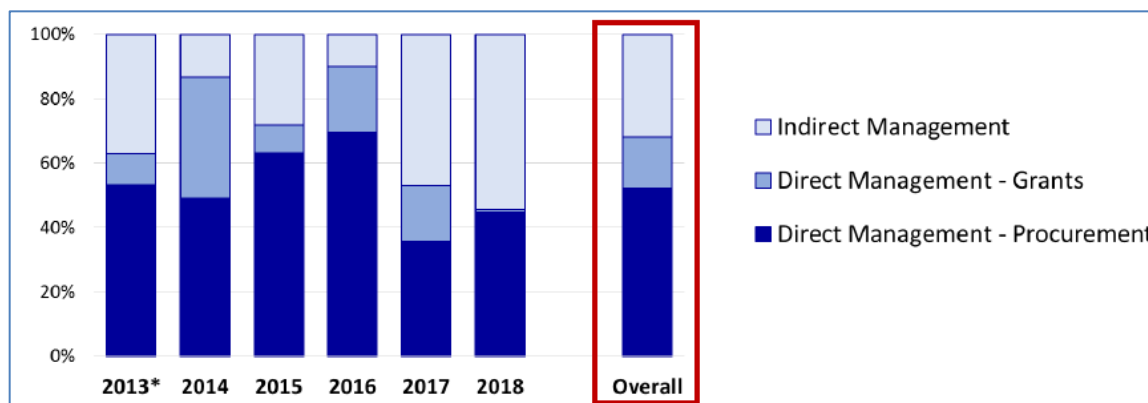


Figure 2: Budget allocation of the Aid Programme per implementation mode. * The 2013 Allocation Decision did not explicitly distinguish between direct and indirect management for the budget allocated to Objective 3, which were re-proportioned based on estimates of the contractor. Source: Aid Programme annual action programmes and Economisti Associati (2021).

4. METHOD

4.1. Data collection and analysis

The evaluation of the Aid Programme was carried out by DG REFORM (lead DG) with the support of a dedicated inter-service steering group consisting of representatives of other Commission services. In order to support the evaluation, an external contractor was engaged to conduct an evaluation which served as a basis for the findings presented in the staff working document.

The evaluation was carried out in line with the Better Regulation guidelines, covering the following criteria: relevance, effectiveness, efficiency, coherence, EU added value and sustainability. The evaluation is based on an evaluation framework as produced by the external contractor and agreed with the Commission. The matrix includes the different evaluation questions, judgement criteria, relevant indicators and sources of information. The evaluation framework is annexed to the staff working document (Annex 3).

The evaluation assessed a sample of 22 interventions, which were agreed upon in the inception phase of the evaluation. These 22 interventions amounted to EUR 141.3 million, corresponding to around 60% of the total operational budget. The interventions selected cover all six objectives outlined in section 3.1. Table 1 provides the budget of the evaluated interventions per objective of the programme. The specific interventions that were subject to this evaluation are outlined in Annex 4 of the staff working document.

Objective	Budget of evaluated interventions (EUR)
1: Developing and restructuring infrastructure	46.5 million
2: Promoting social and economic development	22.0 million
3: Fostering reconciliation, building confidence and supporting civil society.	34.5 million
4: Bringing the TCc closer to the EU	23.6 million
5 and 6: Preparing for the introduction and	14.7 million

implementation of EU <i>acquis</i>	
Total	141.3 million

Table 1: Budget of the evaluated interventions per objective. Source: *Economisti Associati (2021)*.

Different data collection tools and techniques were used for gathering the data required to answer the evaluation questions. Firstly, the contractor assessed relevant documentation, which was made available to the contractor, as part of the **desk research**. This included background documents, programme level documentation and project level documentation. The documents at project level were focused on the selected interventions. The analysis also built on findings from previous evaluation.

Secondly, the contractor conducted **interviews** with Commission staff and stakeholders of the programme. These interviews supplemented the data deriving from the desk research. Interviews with Commission staff were held both in Brussels and in Cyprus. The interviewed stakeholders included organisations and experts involved in the implementation of activities, TCc/bi-communal stakeholders in the ‘public’ and private sector, and beneficiaries of the selected interventions, notably recipients of funding from the grants schemes. In total, 104 individuals from 58 entities were interviewed.

Thirdly, the contractor conducted an **online survey** among scholarship recipients, aiming to collect information on the results of the Scholarship Programme. The online survey was launched in June 2020. In total, 276 responses were received (32% response rate). Responses were provided both in English and in Turkish.

Lastly, the contractor assisted the Commission in carrying out a **public consultation**, as required by the Better Regulation guidelines. The goal of the open public consultation was to collect feedback from the wider public. Despite the extended timeframe for submitting replies and efforts to inform stakeholders, only 10 respondents participated. The results of the public consultation are available in Annex 2.

4.2. Limitations and robustness of findings

The timing of this evaluation exercise fell within a period of exceptional circumstances, as almost the entire exercise was affected by the **COVID-19 pandemic**. Starting from the first scoping mission to Cyprus at the end of February 2020 where the team was strongly reduced due to the recent outbreak in Italy, to the finalization of the report in March 2021, the pandemic made international travels impossible. Despite this, and with significant local assistance, the tasks could be undertaken. As some members of the contractor’s team were based in Cyprus, about half of the interviews with stakeholders could nevertheless be conducted in person. In those cases where interviews were held remotely, the contractor took necessary steps to retrieve the information needed to provide well-substantiated replies to the evaluation questions. Hence, the limitations have had no impact on the quantity and quality of the collected information. All relevant information could be gathered.

Another limitation was the **low number of responses to the public consultation**. This was compensated by a solid response rate for the online survey among the beneficiaries of the Scholarship Programme, which targeted the largest group of beneficiaries of EU assistance. Therefore, the limited number of responses to the public consultation did not affect the overall quality of the results of this evaluation.

5. ANSWERS TO THE EVALUATION QUESTIONS

The evaluation assessed the performance of the Aid Programme during the period 2013-2018. This section provides answers to the evaluation questions. It is based on the study carried out by the external contractor and complemented by further internal analysis.

5.1. Relevance

The assessment of the programme's relevance focused on two elements. Firstly, the evaluation examined the extent to which the objectives of the Aid Programme have remained relevant over the period 2013-2018. Secondly, it assessed the extent to which the interventions funded by the Aid Programme were relevant for achieving the strategic objectives of the programme. The main source of information for this section was the review of relevant documentation, complemented with feedback from consulted stakeholders.

5.1.1. Continued relevance of the programme

The available data suggests that the challenges related to the Turkish Cypriot community which drove the establishment of the Aid Programme have largely persisted to date. Therefore, **the Aid Programme continues to be relevant.**

For instance, over the evaluated period there remained a considerable gap between the **infrastructure development** of the Turkish Cypriot community and the rest of the Republic of Cyprus. The infrastructure situation of the TCc is ranked well below that of the Republic of Cyprus as a whole and the wider region.¹¹ Although some actions funded by the Aid Programme contributed to improvements, the TCc's infrastructure gap persisted throughout the evaluated period and still remains today.

The divide in **socioeconomic development** between the TCc and the rest of the Republic of Cyprus has persisted too. In 2018, the income per capita in the Republic of Cyprus was 152% higher than the income per capita of the TCc.¹² Moreover, the labour force participation rate in the TCc is very low (51% of the population above 15 years gainfully employed), and ten percent lower than that of the Republic of Cyprus. In other words, the TCc remains well behind the Greek Cypriot community.

Importantly, **a solution to the Cyprus Problem is pending.** The island is still *de facto* divided. According to surveys carried out by the World Bank, the Cyprus Problem is among the top concerns for both communities and of increased significance for the TCc.¹³ At the same time, there are indications of improvement of the situation. The surveys show an increased share of people interacting across communities, as well as an increased share of people working or willing to work in the other community.

¹¹ The TCc infrastructure development is ranked around 100th over the evaluated period (out of around 150 economies covered), while the RoC infrastructure development is ranked from 39th to in 2012/2013 to 50th in 2016/2017 (World Economic Forum's Global Competitiveness Reports and "Turkish Cypriot Chamber of Commerce" competitiveness reports – Economisti Associati (2021)).

¹² World Bank, Economisti Associati (2021).

¹³ Since 2014, it has been among the top three concerns for both communities. In 2019, it was the most important concern for the TCc, mentioned by 50% of the interviewees (compared to 15% for the Greek Cypriot community). Source: World Bank, 'The Pulse for Reunification' surveys (2020).

Nonetheless, the evaluation clearly shows that much work still needs to be done in order to improve inter-communal relationships.

Looking at **the attitude of the TCc towards the EU**, Eurobarometer survey results between 2012 and 2019 show that the majority of TCc respondents tends to trust the EU and have a positive image of it.¹⁴ The evaluation report notes that ‘TCc attitudes are generally positive vis-à-vis the EU as an ‘institution’, but the degree of self-identification with the Union is still rather limited’. In conclusion, the continuation of the support provided to the TCc for bringing them closer to the EU is fully justified and remains relevant today.

It is paramount for the future reunification of Cyprus to **align TCc “legislation” to the EU *acquis***. The evaluation shows that, for the areas subject to review, “legal frameworks” were mostly not aligned to the EU *acquis*. This was for instance the case for the market surveillance framework for the free movement of goods (*inter alia* shortfalls in horizontal and sector-specific guidelines) and in agriculture and rural development (limited EU compliant “legal framework” in place). Although some progress has been made, major gaps remain - not only in the chapters of the EU *acquis* where the Aid Programme provides assistance, but also in the other chapters of the *acquis*. This suggests that EU support through the Aid Programme remains necessary to foster alignment.

In conclusion, the evaluation confirms that **the Aid Programme is still relevant**, both in view of the achievement of the objectives set out in the Regulation – given the persisting economic gap between the two communities in Cyprus remains - but also in terms of the overall objective of facilitating the reunification of Cyprus.

Overall, **economic convergence remains necessary for a sustainable and fair settlement on the island**. In essence, the two main communities in Cyprus are equally in need of the Aid Programme to help push them towards a more favourable and solution-oriented mindset which is the only avenue to sustainable peace. The Aid Programme is uniquely placed to help prepare and implement relevant confidence building measures, which bring the communities together and demonstrate the concrete benefits of EU membership.

5.1.2. Relevance of interventions to achieve programme’s objectives

The evaluation shows that the **interventions subject to review have a clear link with the specific objectives** outlined in the Council Regulation that set up the Aid Programme. However, some potentially relevant areas are not covered by the EU assistance due to political sensitivities. These areas include in particular higher education and tourism. These areas benefitted only very marginally from the grant schemes provided under the second objective of the programme. Here, a major potential trade-off of the Aid Programme becomes apparent. All activities benefiting economic development of the TCc are only helpful if they serve the overall objective of facilitating the reunification of Cyprus.

¹⁴ The Eurobarometer is a series of public opinion surveys conducted on behalf of the Commission since the 1970s to gauge key trends in EU matters. <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/General/index>

The evaluation shows that for the evaluated interventions different elements, including sectoral assessments and the urgency of the actions, were adequately taken into account. **Interventions also proved to be able to adapt to emerging needs and opportunities**, for instance by proactively shifting resources to actions where new reconciliation opportunities could be seized. The evaluation also shows that **most interventions were technically well-designed**, while their approach was in line with similar actions carried out by the Commission in the Neighbourhood and Enlargement regions. The quality of the design of the interventions for developing and restructuring infrastructure was more mixed. Although extensive preparatory works often took place, such as feasibility studies and impact assessments, there have been some cases of weaknesses in project design, for instance in the case of the sanitary landfill.

Furthermore, the evaluation suggests that in some cases **assumptions in project designs were too optimistic as regards the capacity of TCc beneficiaries and ‘counterparts’ to absorb the assistance provided**. The evaluation points to the feasibility study for the animal by-product disposal system, where there was lack of familiarity among TCc stakeholders about the matters at stake and confusion about the requirement to pay for the relevant services. The sometimes **limited assessment of local capacities** was also highlighted in a results-oriented monitoring (ROM) exercise for an intervention¹⁵ under Objective 2, where it was concluded that the action was not sufficiently adapted to institutional, human and financial capacities of TCc local bodies.

In addition, the evaluation indicates that the **minimum size of grants** provided under the grant schemes of Objectives 2 and 3, as well as **complex application procedures**¹⁶ and the fact that **documentation needs to be provided in English**, have affected the extent to which smaller and less structured beneficiaries were reached. However, these obstacles are difficult to address as the schemes need to comply with applicable rules for EU assistance. Similar challenges exist in other EU assistance programmes, but this seems to be particularly significant in the TCc context with weak capacities of potential applicants. As a result, larger and stronger applicants seem to have benefited more from the relevant grant schemes.

Nevertheless, the evaluation shows that **other funded interventions were in fact well-adapted to the local realities** of the TCc. For instance, the Active Citizenship Mechanism under Objective 3 has been providing small size grants through easy application procedures to civil society organisations. The Scholarship Programme, too, responded effectively to local needs, by adjusting arrangements according to the feedback received from TCc potential applicants. The approach to TAIEX was adjusted to the local context by taking a more programmatic approach with longer-term commitments of experts. This contributed to a more stable provision of technical assistance and a deeper understanding of the local context by the TAIEX experts.

Furthermore, the evaluation indicates that the **volume of the resources allocated to the different interventions is in line with the mandate and scope of the activities**, and was confirmed by various ROM exercises carried out in 2019 and 2020.¹⁷ The evaluation

¹⁵ Vocation education and training project ‘VETLAM II’.

¹⁶ 15 out of 25 interviewed grant beneficiaries were assisted by external consultants in the grant application process.

¹⁷ ROM Monitoring, Technical assistance to strengthen the capacity of Turkish Cypriot veterinary services to eradicate, control and prevent animal diseases. ROM Monitoring, "Innovation and Change in Education-VI".

also shows that the use of the TAIEX budget was aligned with the priority of the themes of the other specific objectives.

5.2. Effectiveness

This section examines whether the interventions in the different sectors were effective and whether there has been progress in achieving the objectives. It also provides information on the factors that affected the Aid Programme's effectiveness. The main source of information for this section was the review of relevant documentation, complemented with feedback from stakeholders.

5.2.1. Achievement of outputs, outcomes and impact

Delivering on the objectives and achieving impact on the ground is a key criterion by which any financial assistance programme is ultimately measured. Also in the case of the Aid Programme, the Commission carefully and continuously reflects on the track record of past assistance in order to be able to adjust the programme accordingly towards more effective impact. In this light, efforts focus on bringing more impact in priority areas through fewer but larger actions.

Overall, the evaluation shows that most of the evaluated **interventions delivered their envisaged outputs** and reached the expected beneficiaries. The outputs have generally achieved the quantitative and qualitative targets set and were considered to be of **good quality**. In some cases, mainly under Objective 1 (infrastructure), the quality of outputs was not as contractually required, in some cases leading to/requiring corrections or remedial works.

The evaluation shows an overall **high degree satisfaction with the assistance received among beneficiaries**. Indications on the effects of the interventions on sector-level improvements are more mixed. The section below provides the analysis of the Aid Programme's effectiveness per objective.

Objective 1: Developing and restructuring infrastructure

The evaluation shows that under this objective, **infrastructure projects that were selected for in-depth review, by and large delivered in practice their outputs and expected results**, albeit with delays. Reasons for delays are manifold. In some infrastructure projects technical design matters slowed down implementation and increased costs. On the beneficiary side, low capacity and fluctuating commitment often negatively affected implementation. In particular, complexities around property verification has been a major reason introducing delays in this area. On the side of the Commission, changes in the institutional setting for the management of the Aid Programme and staff turnover within EUPSO has also impacted effectiveness in this area. Since then, any temporary challenges and weaknesses have been addressed and corrected. Actions that successfully delivered their expected results include the new wastewater treatment plant as well as the new telecommunication system.

Objective 2: Promoting social and economic development

The evaluation indicates that EU assistance in the economic and social realm was mixed in terms of its effectiveness. Especially in the reporting period concerned, this objective relies on substantial grant support, and technical assistance to private sector development (TAPS), as well as animal disease eradication and farm advisory services. As regards private sector development, the available information suggests that the majority of SME recipients of EU assistance increased their turnover, productivity and labour force.¹⁸ The evaluation also shows positive results in the field of vocational education and training, which include the introduction of a qualification framework and some progress in lifelong learning and employment services. Other benefits under the grant schemes indicated in the evaluation include reduced farming/production costs, increased TCc sales, more effective teaching and learning, and increased outreach and improved delivery of community services. The policy areas indicated above are particularly prone to changes in the overall economic environment and the “legal framework” governing this activity. If standards and audit systems are not in place, any boost to activity and production risks being short lived, and not coming about with the necessary improvement in value. This is to say that in this particular area, Aid Programme support is particularly dependent on complementary measures on the side of the beneficiary in order to guarantee effective impact on the ground. The Aid Programme played a positive role in the promotion of the ultimate objectives of encouraging the economic development of the TCc towards facilitating the reunification of Cyprus while its impact in terms of economic activity and job creation remains relatively modest. In addition, as the evaluation shows, the challenge of non-recognition implies that institution-building is not possible under the Aid Programme, which has to concentrate on private sector capacity building. In order to square the circle that this effectively represents, after the reporting period 2013-2018 the Commission took resolute steps in changing the approach under this objective, away from a high number of grants towards a consolidated support for innovation and entrepreneurship in indirect management.

Objective 3: Fostering reconciliation, building confidence and supporting civil society

On the priority of fostering reconciliation, confidence building measures, and support to civil society, the EU contribution is especially vital and crucial. The evaluation shows that activities under this objective were considered highly successful, with unanimously positive feedback in terms of satisfaction. This is an area which is resource-intensive on the management side, requiring utmost sensitivity and diplomacy skills as the work operates in a bi-communal environment, requiring coordination with all communities on the island, but also the United Nations (UN) Good Offices as well as UNFICYP. The EU contribution to work in this area constitutes by far the largest share out of the total budget committed to reconciliation work. This was the case in the reporting period 2013-2018, and it is increasingly the case since. Since upholding the work in reconciliation and confidence building is so dependent on EU assistance, it is particularly welcomed that EU assistance in this area is deemed to be meeting and even exceeding targets. The evaluation also indicates that the capacity of local bodies has improved.¹⁹ Regarding

¹⁸ Based on interviews with grant recipients.

¹⁹ Indicated in ROM Support to civil society organizations in the Turkish Cypriot community through inter alia tailor-made assistance, trainings, capacity building and networking with Greek Cypriot and other European Union CSOs (p. 5), and confirmed by consulted stakeholders.

measures affecting reconciliation, the Aid Programme is practically the only source of financing for measures fostering reconciliation and confidence building, as well for strengthening and supporting the civil society. This underscores both the vital importance, but also the sensitivity and vulnerability of this work going forward.

Objective 4: Bringing the TCc closer to the EU

On the priority of bringing the Turkish Cypriot community closer to the EU, the evaluation confirms the positive track record of the work done, both as regards the EU Scholarship Programme, which continues to enjoy a particular popularity among Turkish Cypriot youth and professionals, but also the EU Info Point. The EU Info Point carries out a range of communication and visibility actions, providing information about EU policies, priorities and actions in support of the TCc, and promoting European culture. Almost three out of five respondents in a 2018 survey reported that their perception of the EU had changed positively as a result of the work of the EU Info Point. The recipients of the Scholarship Programme that were consulted as part of the evaluation also indicate a more positive perception of the EU. Almost four out of five respondents indicated that their perception improved strongly or somewhat following the scholarship experience. The consulted recipients are also significantly more informed about EU matters.²⁰ In communication activities, the team in EUPSO continues to work closely together with the Representation of the Commission in Cyprus, which also hosts meetings, seminars and press conferences and communicates with the Cypriot public throughout the island, including on the Aid Programme.

Objective 5 and 6: Preparing for the introduction and implementation of EU *acquis*

The evaluation indicates that TAIEX assistance delivered an impressive volume of assistance, with over 1,500 events organised between 2013 and 2018. In total, between 2006 and 2018, around 100 legal texts have been approved across eleven chapters of the EU *acquis*, representing around half of all the legal texts drafted with TAIEX assistance since the beginning of the Aid Programme. Particularly positive results were achieved in the area of free movement of goods and transport policy. Progress was limited in the area of wastewater and solid waste, where the “legal framework” did not structurally change since 2015, despite TAIEX assistance.²¹ In short, under Objectives 5 and 6, progress regarding the preparation for the adoption and implementation of the EU *acquis* has been achieved, although in several sectors at a slower pace than expected. This is an area that depends heavily on the follow up from the local bodies, which in many cases was lacking. Considerable gaps in the capacity of the beneficiaries to effectively implement the *acquis*, following a comprehensive settlement, still exist and the approval of many legal texts remains pending. However, on a more positive note, the TCc acquired a firmer understanding of the challenges linked with the implementation of legal texts aligned with EU standards.

²⁰ Online consultation of Scholarship Programme beneficiaries.

²¹ Stantec consortium, Capacity building to the water/wastewater sector and solid waste sector -phase 2, 8th interim progress report, 5 February 2020, p.6.

5.2.2. Contribution to overall objectives

The Aid Programme ultimately aims to encourage the economic development of the TCc and to facilitate the reunification of Cyprus. Based on the desk research carried out and complemented by the feedback from stakeholders, the evaluation shows that over the reported period **the Aid Programme has played a positive role in achieving its ultimate objectives, although its contribution can overall be considered modest** in relative terms.

With an average annual allocation of EUR 33 million, the Aid Programme is a considerable intervention, corresponding to 1% of the “TCc’s gross domestic product (GDP)”. Over the reported period, economic growth was mainly driven by tourism and tertiary education, accounting to one third of the “TCc’s GDP” growth between 2013 and 2018. However, these sectors are not subject to Aid Programme interventions due to political sensitivities. Hence, the programme did not contribute the most dynamic sectors of the TCc economy. At the same time, the Aid Programme did achieve positive impact on the economic development in the field of productive and service sectors, especially as regards grants in the area of SMEs and rural development, where increase in turnover, sales and employment was reported.²² The consultation of stakeholders indicates that in almost all cases the EU assistance played a crucial role in achieving these results. Based on the stakeholder consultation and desk research, it is estimated that actions under the Objective 2 of the Aid Programme have generated around EUR 15.3 million increase in sales and turnover and about 500 additional jobs. Through interventions relating to civil works, it is estimated that the Aid Programme generated around EUR 35 million incremental “GDP” over a 7 year period and 350 additional jobs.²³ All in all, the evaluation indicates that **interventions funded under the Aid Programme have had a positive effect on the economic development of the TCc**, although this effect remains modest compared to the size of the total TCc economy.

According to the Pulse for Reunification survey carried out in May 2019, more than **three-quarters of the TCc and two-thirds of the Greek Cypriot community (GCc) desired a solution to the Cyprus ‘question’**, while it should be noted that this does not necessarily translate into an increased expectation or commitment to reunification. The share of Turkish Cypriots and Greek Cypriots that would vote ‘yes’ to a referendum supporting a solution agreed by leaders increased between January 2017 and June 2018 from a bit over 40% for both communities to around 65% for the TCc and 50% for the GCc. However, these surveys are subject to fluctuations, depending on the political climate. In December 2019, 55% of the TCc and 45% of the GCc would support a solution. In other words, **division seems to persist**.

Importantly, the Pulse for Reunification survey shows that **relations between the two communities have important positive effects on the support for a solution** to the Cyprus problem agreed by leaders. The survey shows that in December 2019, a TCc respondent in contact with the GCc was 67% more likely to support a solution than a

²² Nine out of ten firms interviewed perceived increase in turnover, with an increase in sales of 85% on average. Nine out of ten firms interviewed also reported increase in employment (average employment increase for individual beneficiaries of 55%).

²³ Detailed calculation of the estimation is provided on page 50 of the evaluation report of the external contractor.

TCc respondent with no GCc contacts. Likewise, a GCc respondent in contact with someone from the TCc was 20% more likely to support a solution than a GCc respondent without TCc contacts. Therefore, **the Aid Programme, by facilitating bi-communal initiatives, can be considered to have played an important role in keeping the reunification option open.** These inter-communal contacts can facilitate a favourable social climate and reduce perceptions of cultural differences.

5.2.3. Factors influencing the performance of the Aid Programme

The collected data clearly shows that the largest negative influencing factor has been the **non-recognition of the TCc ‘counterparts’**, due to the political context of the Cyprus Problem. Measures financed under the Aid Programme are exceptional and transitional in nature and are implemented in an area where the EU MS does not exercise effective control. Normally, the EU would conclude financing agreements with a beneficiary government to establish the “legal framework” for development assistance. Such agreements are obviously not possible for the Turkish Cypriot community, and this has an inevitable bearing on the effectiveness of operations. Interventions rely significantly on goodwill with limited possibility for formal enforcement. Moreover, the non-recognition of TCc ‘counterparts’ limits funded interventions to capacity building and makes it impossible to carry out institution building, which would strengthen longer-term effects.

Additionally, the evaluation shows that there have been **delays in Aid Programme actions in construction works, due to the need to verify land and property rights with Republic of Cyprus authorities.** The process for property clearance have since improved substantially. Beyond property, the programme needs to undertake a case by case assessment as to how each action lives up to good governance principles in the de facto status quo, but without helping to solidify it in institutional terms; this means that each action also needs constant verification towards its impact on future reunification. Furthermore, the effectiveness of the Aid Programme was affected by the **low capacity of TCc stakeholders** as well as **limited or changing levels of commitment** on the side of the TCc. Local TCc beneficiaries and ‘counterparts’ generally have weak human and financial capacity which affected the implementation of interventions. Limited or changing commitment on the side of TCc stakeholders translated sometimes into low level of ownership, often caused by political changes.

The Aid Programme has also been affected by **internal factors.** Over the period 2013-2018, the programme has undergone a **transition in approach**, focusing more on quality of projects rather than quantity, following challenges in managing a large number of different contracts. This new approach included limiting the focus on projects in strategic areas and reinforcing partnerships with international organisations. The **entity managing the Aid Programme also changed its institutional setting**, moving from DG NEAR to DG REGIO, and eventually the SRSS/DG REFORM in 2016. These transfers brought within themselves each time a change in senior management and also to an extent, in procedures. Therefore, they had a certain bearing on the operational efficiency on the ground. At the same time, the efficiency and relevance of the Aid Programme has benefitted from the creation of a specific unit in DG REFORM also covering support for settlement and reunification. This enabled a positive feedback and impact mechanism with a reinforced focus of reunification in all Aid Programme activities, and

simultaneously using the Aid Programme activities and projects more effectively to boost the settlement and reunification efforts of the Commission.

Lastly, the fact that many Commission staff at EUPSO can only have a maximum contract duration of four years, with the exception of locally recruited contractual agents whose term last six years, inevitably led to **high turnover** and limitations for staff at EUPSO to engage in longer-term interventions. High staff turnover at EUPSO, in combination with absence of overlaps between contracts for smooth handover, resulted in the need to often rebuild knowledge and experience, which proved particularly problematic in the peculiar TCc context with political sensitivities and regular changes in TCc ‘administration’.

5.3. Efficiency

The evaluation of the Aid Programme’s efficiency focused on the cost-effectiveness of the EU assistance as well as the operational efficiency. The review of relevant documentation was the main source of information for this section. It was complemented by feedback from stakeholders for verification purposes.

5.3.1. Cost-effectiveness

Whilst all cost items in contracts are transparent and subject to relevant rules as stipulated in the Financial Regulation, at the level of outputs and outcomes, **it is not possible to draw solid conclusions on the cost-effectiveness of the Aid Programme** as a whole, due to the nature and the level of detail of the cost information at project level which is mainly based on input. Detailed breakdowns of the costs were available for the SME Integrated Finance Facility implemented by the EBRD and for TAIEX assistance. The analysis of the data shows that for the EBRD’s SME support the average budget allocation per advisory services project was around EUR 12 500. An internal EBRD evaluation suggested a cumulative increase in turnover of EUR 106 000 per project, and 212 new jobs created. Subsequently, if this is compared with the average cost per project, it would lead to around EUR 9 of additional turnover per euro spent, and some EUR 1 836 per new job.²⁴ As regards TAIEX assistance, the average costs per event held between 2014 and 2018 was approximately EUR 5 300.

As highlighted in section 3.2, the Aid Programme is managed by the Cyprus Settlement Support unit of DG REFORM, which includes the EUPSO. **The management of the programme is strongly centralised.** This is mainly due to the unique TCc context, i.e. an area of a Member State outside the control of the Government of that Member State. Until recently, actions were primarily implemented through direct management with many individual grant contracts – although the programme is increasingly implemented through indirect management (see Figure 2). As articulated in the Commission’s Implementing Decisions, the Aid Programme requires ‘a high degree of hands-on monitoring’²⁵, an arrangement that has been proved a necessity for the peculiar TCc context.²⁶ Nevertheless, this results inevitably in **significant managing and support**

²⁴ SME Competitiveness Integrated Finance Facility in the Turkish Cypriot Community, Semi-annual Progress Report, September 2019 – February 2020.

²⁵ European Commission, Implementing Decision 2013/24626, p.5.

²⁶ Previous evaluation, p. 25.

costs, which amounted to around 10% of the total funding (almost EUR 21 million) for the period 2013-2018. Management and mitigation of the inherent risk in operating under such conditions is part of the Commission's responsibility and measures adopted include intensive monitoring of contracts and provision of support to beneficiaries, revised payment conditions and a careful approach to the use of bank guarantees. All these elements are rather unique to Cyprus, and have an impact on management and supervision costs. Figure 3 shows that out of the total programme support costs, half of the resources was spent on operating the EUPSO. More than one-third of the resources was allocated to two support units: the Programme Implementation Support Unit for environmental infrastructure projects and the Grant Support Team. The latter's main activity is to provide assistance to grant beneficiaries in dealing with the administrative requirements, including contracting and reporting. Available data suggests that around EUR 12 000 was spent per grant on administrative assistance and supervision, corresponding to around 8% of the average grant value. At the same time, these costs seem inevitable due to the low capacity of TCc grant applicants and beneficiaries.

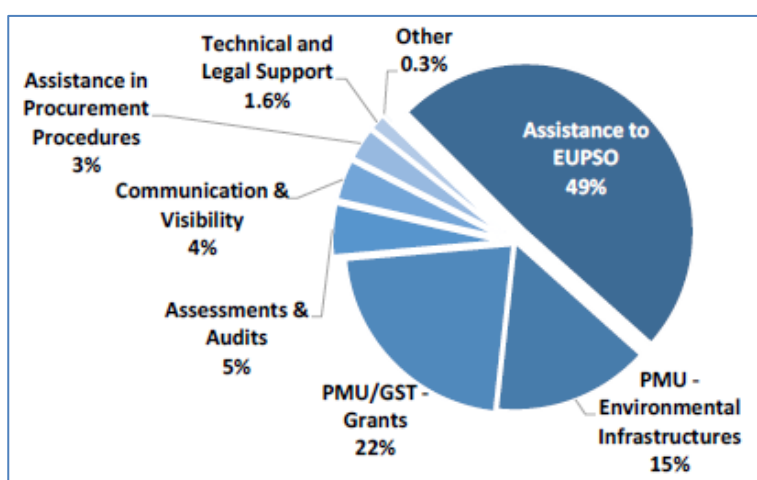


Figure 3: Composition of Programme Support Portfolio (2013-2018). Source: Economisti Associati (2021), based on the contracts database of the European Commission.

As regards **indirect management**, and even if in line with the requirements imposed by the Financial Regulation, information on management expenses is overall limited as these are included in fees. The detailed budget breakdown of the SME Integrated Finance Facility implemented by the EBRD suggests that 27% of the budget is allocated to overheads. Similarly, the evaluation suggests that overheads correspond to around 20% of the budget for interventions implemented by UNDP and NI-CO. At the level of the Aid Programme as a whole, overhead accounts to an average of 10%. While margin appears to be higher under indirect management, **it is not possible to draw solid conclusions on which implementation modality would be more efficient** in terms of management and supervision costs due to the limited information available.

5.3.2. Operational efficiency

As regards the operational efficiency, the evaluation shows that **Aid Programme interventions have often been affected by delays**. Between 2013 and 2017, funds committed remained below the funds allocated due to a backlog in commitments of the previous years. This backlog was the result of challenges in call for proposals and tendering procedures. However, the situation has improved, with all calls for proposals launched on time after 2015. Delays in the launch of tendering processes appeared less

frequent too. Delays in direct procurement, particularly related to infrastructure interventions, were caused often by issues with the technical requirements, difficulties in identifying appropriate contractors, and lengthy contracting procedures on the side of the Commission. In the case of calls for proposals, the grant application assessment and contracting took relatively long - on average between one and two years. This was due mainly to lengthy administrative and contractual procedures. Actions have been taken to reduce the time necessary for the assessment of the applications and the resulting contracting to the limits imposed by the Financial Regulations (Outcome of the evaluation to be provided within 6 months following the submission deadline of the full applications and contracting within 3 months after the award notification)

Furthermore, **the majority of the evaluated interventions were affected by delays during implementation. One-third of the evaluated interventions experienced significant delays** in implementation. These delays related mainly to interventions under Objective 1, but also grants projects and TAIEX. Delays in grant projects were caused mainly by issues in secondary procurement, administrative requirements and difficulties in identifying a suitable provider. For TAIEX, delays were sometimes caused by unavailability of local members of the working groups. Particularly, the evaluated infrastructure works under Objective 1 were slowed down due to the complexity and nature of the interventions resulting in delays due mainly to design matters, implementation as well as delays and modifications of the scope of the works. As a consequence, all completed contracts were extended at least once. As for grants, nearly half were extended at least once, particularly grants provided under Objective 2. An important factor causing delays in grants implementation was related to secondary procurement. The evaluation suggests that low capacity of local beneficiaries to deal with complex secondary procurement procedures and the low number and capacities of local contractors were causing delays in the implementation of the actions. Cost overruns occurred mainly for infrastructure related interventions under Objective 1. Lastly, some interventions under Objective 2 and 3 were expanded in scope, thereby extending both in terms of budget and duration.

5.4. Coherence

The evaluation of the Aid Programme's coherence focused on how different activities funded by the programme interact to achieve the objectives (internal coherence). It also looks at the extent to which Aid Programme funded actions were coherent with other EU actions in Cyprus, notably through structural and investment funds (external coherence). The main sources of information for this section was the consultation of stakeholders, complemented with review of relevant documentation.

As regards internal coherence, the evaluation shows that activities funded by the Aid Programme are **complementary, are designed to reinforce each other and create positive synergies**. In some sectors, the Aid Programme funds both investment and grants projects together with technical assistance, aiming to ensure that outputs are adequately absorbed through enhanced capacity. Technical assistance activities also helped to improve regulatory environments and allowed for the exchange of experiences. In the area of human resources development, the evaluation suggests that synergies could have been further exploited between technical assistance for supporting vocational education and training and the relevant grant schemes.

Furthermore, **interventions under the different objectives also adequately feed into each other.** For instance, interventions related to infrastructure development under Objective 1 are considered a condition for economic development under Objective 2. Likewise, the Scholarship Programme not only helps to create contacts between the TCc and the EU under Objective 4, but also contributes to the economic development of the TCc under Objective 2. Finally, the knowledge transfer through TAIEX assistance under Objective 5 and 6 ultimately underpins all other objectives of the Aid Programme. The strong integration of TAIEX in the interventions under the other objectives has been achieved thanks to the Commission's efforts to enhance communication between different stakeholders and the improved programming process. On-the-ground coordination is considered adequate.

In terms of external coherence, the available data suggests that **the areas of support through the Aid Programme are coherent with the EU actions in the Republic of Cyprus** between 2014 and 2020 through the European Structural and Investment Funds (ESIF). The total ESIF budget allocation to the Republic of Cyprus for the period 2014-2020 was EUR 917 million. The analysis shows that the support actions funded by the Aid Programme for the TCc are in line with the priority areas for the Republic of Cyprus, including rural development, SME competitiveness, vocational education and training and waste management. Moreover, TAIEX assistance under Objective 5 and 6 is naturally coherent with aligning the TCc legal texts to the EU *acquis* as applied in the rest of the Republic of Cyprus.

5.5. EU added value

The evaluation of the EU added value of the Aid Programme focused on what has been the added value of providing support at EU level and the extent to which the objectives could be achieved without EU assistance. The feedback from stakeholders, both TCc beneficiaries and Commission staff, was the main source of information for this section, complemented with the review of relevant documentation.

The Aid Programme is essentially the only source of support for the Turkish Cypriot community, apart from support from Turkey. The Aid Programme is the only vehicle tying the Turkish Cypriot community to the EU, and thus guaranteeing the future prospects of the entire island of Cyprus inside the EU. There exists bilateral funding, for instance from the British High Commission and from a few EU Member States and Norway through their respective embassies, but this remains limited. Turkey supports the TCc, but its budgeted assistance has decreased over the evaluation period, while around three-quarters goes to the military. Financial support from Turkey increased again after Mr Tatar became leader of the Turkish Cypriots in 2020.

Furthermore, feedback from stakeholders shows that **the Aid Programme is widely appreciated and recognised as being of vital importance to the TCc.** The majority of the TCc beneficiaries indicate that the programme's objectives would not have been achieved without support and funding from the EU. The evaluation shows that the Scholarship Programme is one of the most recognised interventions of the Aid Programme, and clearly fills a void being the only such intervention in the TCc. Other examples include for instance infrastructure works that otherwise would not have been realised according to the consulted stakeholders. EU support also facilitated the provision of services, including farm advisory services, which would otherwise not have been

available to the TCc. Moreover, the evaluation suggests that the Aid Programme has filled a gap for the Turkish Cypriot civil society, given the very limited ‘public’ funding available for civil society organisations. There was also high awareness and acknowledgement among consulted stakeholders, including within local communities, for the EU support in the area of the protection of cultural heritage.

Besides the fact that it is the main and sometimes only assistance to the TCc, **the Aid Programme is particularly valued for providing more comprehensive and more consistent support** as compared to support from other donors. Interviewed stakeholders indicate that Aid Programme interventions tend to be longer, more structured and embedded in broader programme framework, with different activities targeting the same beneficiary, thereby reinforcing each other. For instance, in the case of interventions related to infrastructure development, works were accompanied by assistance to improve the ‘regulatory’ framework and aligning it more to the EU *acquis*, including in the area of waste management.

Furthermore, interviewed stakeholders indicate that the EU standards and requirements of **the Aid Programme helped to promote the adoption of professional and transparent principles and procedures** by the TCc, especially in the area of procurement. Consulted stakeholders also argue that the Aid Programme helped to enhance local capacity in the area of project planning and management. The Aid Programme’s EU added value is clearly evident for interventions related to objectives 4, 5 and 6 – bringing the TCc closer to the EU and preparing for the implementation of the EU *acquis*.

All consulted stakeholders consider the continuation of EU assistance paramount. Without EU intervention, the reunification prospects and readiness on the island would deteriorate even further. It can be reasonably argued that any preparation for the effective application of the EU *acquis* would not have happened in the northern part of Cyprus without EU action. TAIEX assistance in particular was important for establishing contacts between the TCc and civil servants from EU Member States administrations. Importantly, the Aid Programme keeps the perspective of reunification alive. This is especially true for Objectives 3, 4, 5 and 6. However, also here the crucial EU contribution has consisted in giving these actions an EU- or bi-communal perspective, hence bolstering readiness for reunification. No other currently active donor on the island would have been able to deliver on this. In the context of declining international and bilateral support and limited own resources of the TCc, the evaluation concludes that **the discontinuation or reduction of EU assistance is expected to have negative effects for both the socioeconomic development of the TCc and prospects for reunification.**

5.6. Sustainability

The evaluation of the programme’s sustainability focused on the extent to which achieved results are still in place and whether they produce positive effects. In addition, the evaluation looked at the factors that influence sustainability prospects. Feedback from stakeholders, including Commission staff, TCc beneficiaries and implementing entities, is the main source of information for this section, complemented by documentary reviews.

5.6.1. Current level of sustainability

Interviews with stakeholder indicate that **the level of current sustainability of the Aid Programme varies**. The sustainability level of evaluated infrastructure development related interventions under **Objective 1** seems relatively weak. This includes interventions related to the wastewater treatment plants, the landfill and the animal waste system, where challenges were observed with their operational capacity. For instance, the wastewater treatment plants are operational and provide the surrounding population with treated wastewater, but the capacity of treatment is expected not to be sufficient in the next years. The landfill, too, seems to reach its full capacity earlier than initially foreseen. In addition to capacity constraints, the sustainability of supported projects is sometimes also affected by the limited financial resources and the poor prioritisation on the side of the beneficiaries, leading to technical complications after the works have been handed over to the beneficiaries.

The sustainability of interventions under **Objective 2**, specifically in the area of rural development and human resources development, seems more favourable. For rural development, sustainability successes have been achieved as regards animal disease control and eradication, with strengthened TCc capacities and a suitable and *acquis*-aligned “legal framework”. Other elements in this area are weaker in terms of sustainability, for instance as regards the animal identification and registration system and the technical capacity of TCc ‘public bodies’. For human resources development, prospects seem promising for vocational education and training, with the relevant strategy, legal texts on qualifications and the occupational classification system still being in place and used. Sustainability in this area is reinforced by a high level of commitment and resources on the side of TCc ‘counterparts’.

The results achieved through interventions related to fostering reconciliation, building confidence and supporting civil society (Objective 3) and bringing the TCc closer to the EU (Objective 4) are generally maintained. The evaluation shows that interventions under **Objective 3** have built up sufficient bi-communal technical capacity in the relevant entities. Specifically, the Committee on Missing Persons is internationally recognised for its capacity. However, for cultural heritage related interventions there seem to be challenges with ensuring maintenance after completion and handover of some sites. Under **Objective 4**, the EU Info Point as well as the Scholarship Programme are operational, with the latter experiencing an increase in applications. The evaluation shows, too, that increased knowledge and skills are maintained in the TCc, with the majority of the consulted scholarship beneficiaries having returned to Cyprus. However, the sustainability of interventions under these two objectives rely largely on the continuation of EU assistance. For instance, mechanisms for civil society support seem unlikely to be sustained after the completion of the relevant intervention, unless there is additional EU funding. **The Committee on Missing Persons, the Scholarship Programme and the EU Info Point are entirely reliant on EU funding. The Technical Committee on Cultural Heritage relies primary on EU funding.**

Lastly, the evaluation indicates that the primary and secondary legal texts drafted and adopted with TAIEX assistance under **Objective 5 and 6** (preparation for the introduction and implementation of EU *acquis*) are generally still in place. There also appear no signs of reversal. However, prospects for further progress in this area rely, too, on EU assistance. **The limited capacity of TCc bodies, including their constrained resources, make it unlikely to assume that further alignment to the EU *acquis* would continue without EU assistance.**

5.6.2. Factors influencing the sustainability of the Aid Programme

The main factors influencing the sustainability of interventions funded by the Aid Programme are the level of commitment and ownership, the availability of financial resources, and the capacity of human resources of the TCc ‘counterparts’.

Firstly, the **level of ownership and commitment on the side of the TCc ‘counterparts’ is varying** between and also within interventions. Challenges in local commitment and ownership are often influenced by the non-recognition of TCc ‘counterparts’ and the volatile political context. It should be underlined that for many interventions funded by the Aid Programme, active cooperation of central and local bodies as well as other stakeholders has been sought. This was for instance the case for the intervention in the area of animal disease eradication, where there was not only close collaboration with central bodies, but also with private veterinarians and farmers.

In the area of human resources development, **the creation of a structured social dialogue fosters the sustainability of the Aid Programme’s results in the area of vocational education and training**, particularly the revision of occupational standards. At the same time, the evaluation suggests that maintaining the motivation of persons in the relevant councils and committees is important, as they are not paid or compensated for their work. At the political level, commitment is relatively strong. For interventions related to cultural heritage, there appears to be limited commitment on the side of TCc ‘counterparts’ to maintain the heritage sites after the Aid Programme support has been completed. Positively, the Technical Committee on Cultural Heritage and the UNDP are increasingly engaging with local communities for community-supported maintenance.

In other areas of intervention, the level of commitment and ownership is also varying. For instance, **some results in civil society support related interventions are depending on the adoption of an adequate “legal framework”**, while there seems limited political commitment to reform the civil society sector. A similar lack of a ‘regulatory’ framework base applies to the management of animal by-products. For intra- and inter-communal civil society cooperation, the evaluation shows more positive prospects, with a relatively high political commitment for the Committee on Missing Persons and the Technical Committee on Cultural Heritage, both on TCc and GCc side. There also seems to be a high level of commitment and ownership of grant beneficiary schools, professional associations and civil society organisations. Moreover, in some infrastructure related interventions the sustainability prospects seem to be more positive due to relatively strong ‘municipal’ ownership. In order to strengthen sustainability, the Aid Programme is also increasingly aiming to actively encourage strategic programming among its own staff and towards TCc ‘counterparts’. This includes a stronger focus on planning and adequately sequencing of activities, for instance through a development plan in the area of education and learning or through roadmaps in the area of infrastructure development.

Secondly, the allocated **financial resources on the side of the TCc ‘counterparts’ are generally** limited for all areas of Aid Programme intervention. Most central and local TCc bodies have very limited amounts of ‘public’ financial resources at their disposal. The evaluation notes, too, that the lack of ‘public’ funding on the side of the TCc is aggravated by a general reluctance to charge for services and a limited possibility to do so due to an outdated “legal framework”. For most services delivery, beneficiaries expect them to be almost completely subsidised, which is not feasible with the TCc ‘public’

funding available. In this context, **the development of cost-recovery and cost-sharing solutions seems crucial for sustainability** beyond EU assistance. The Aid Programme has already consistently pushed for such mechanisms, for instance in the area of animal disease eradication. Discussions on cost-recovery and cost-sharing arrangements were ongoing at the time of evaluation in the area of farm advisory services and capacity building for the waste and wastewater sector. Naturally, it also requires an adjustment in the approach of TCc stakeholders so that they ultimately secure the payment for the relevant services after they have been initially financed by the EU. Without effective implementation of cost-recovery and cost-sharing mechanisms, the evaluation suggests that sustainability prospects of farm advisory services and veterinary services are limited without continued EU assistance. This seems also the case for civil society support efforts funded by the programme. The Committee on Missing Persons and the Technical Committee on Cultural Heritage, too, rely heavily on EU funding. At the same time, the evaluation points out that prospects in the area of human resources development are more positive, with schools and professional associations finding partly their own funding means. Civil society organisations supported by the Aid Programme have also been encouraged to do their own fundraising.

Lastly, **the capacity of human resources on the side of the TCc ‘counterparts’ is generally improving but needs further strengthening**. As already mentioned in section 5.2.3, the non-recognition of TCc ‘counterparts’ limits EU assistance to capacity building towards individuals and excludes ‘institution’ building of entities. Inevitably, this limits sustainability prospects of relevant interventions. Moreover, results of capacity building are affected by frequent political changes and subsequent staff reshuffles. Nonetheless, and despite the fact that TCc ‘counterparts’ are still in need of further capacity building support, human resources capacity as well as internal processes in TCc bodies have been strengthened thanks to Aid Programme interventions. Capacity building activities under the Aid Programme were for instance successful in the area of solid waste and wastewater, with almost 3,000 participants in over 40 workshops and other capacity building events. In the area of animal disease eradication, relevant staff was trained as well, and new procedures and manuals were introduced so as to maximise the sustainability of the interventions. Capacity building measures were also present in interventions in the area of vocational education and training, farm advisory services, and in grant projects. Furthermore, the consulted stakeholders perceive sufficient technical capacity of the Committee on Missing Persons and the Technical Committee on Cultural Heritage. Yet, the human resources capacity in many TCc entities remains weak, particularly in the area of civil society. The evaluation suggests that many grant beneficiaries still need support to strengthen their organisational and institutional setting. Overall, **it can be concluded that although local capacities have indeed been strengthened by the Aid Programme, a further reinforcement of local TCc capacity would be needed to foster the programme’s sustainability**.

6. CONCLUSIONS

Overall, **the evaluation confirms the continued need for the Aid Programme**. Its relevance remains undisputed, and its success and impact is generally positive, though often dependent on factors outside its control. The general coherence and efficiency attested by the evaluation confirm that the path chosen is correct. At the same time, the Aid Programme, on its own and as a standalone programme, cannot secure completion of

its ultimate objective, namely the reunification of Cyprus. For this, the two Cypriot communities remain responsible, under UN auspices. The EU stands ready to provide the support necessary, within and beyond the Aid Programme.

Among the lessons learned, the evaluation points to the challenge of building local capacity and strategic thinking in the appropriate manner, without solidifying current structures in the TCc. This will continue to be a challenge, one that will require careful navigation. It has a bearing on how the Aid Programme operates in practice, inter alia in terms of local stakeholder consultation and coordination, which will largely need to remain informal in nature. While this will continue to bring with it a certain level of fluctuating commitment on the political level, these risks can be mitigated by making the assistance delivered ever more focused and flexible. In practice, this translates to fewer but better interventions, with strong synergies between the different actions. **The Commission is determined to continue on this path through the Cyprus Settlement Support unit within DG REFORM.** As stated above, the efficiency and relevance of the Aid Programme greatly improved with the creation of a specific unit in DG REFORM also covering support for settlement and reunification. The positive synergies between Aid Programme, Green Line Regulation and Settlement support activities coordinated by the Cyprus Settlement Support unit and thus DG REFORM has strengthened the Commission's support and coordination for the reunification of Cyprus.

Between 2006 and the end of 2020, approximately EUR 592 million was programmed for operations under the Aid Regulation. Going forward, the Multiannual Financial Framework (MFF) 2021-2027 provides a multi-annual perspective to the programme with a provision for stable, annual funding. The Aid Programme remains, however, temporary in nature, aiming to facilitate the reunification of Cyprus, and both the Aid Regulation and Council Regulation No 1311/2013 laying down the MFF, allow for a revision in case of reunification.

ANNEX 1: PROCEDURAL INFORMATION

1. LEAD DG, DECIDE PLANNING/CWP REFERENCES

Directorate-General for Structural Reform Support (DG REFORM)

Decide planning reference: PLAN/2018/4717

2. ORGANISATION AND TIMING

The evaluation roadmap of the evaluation of the Aid Programme to the Turkish Cypriot community provided during the period 2013-2018 was published in November 2018 on the 'Have Your Say' web portal of the European Commission, which marked the start of the evaluation.²⁷ This was followed by the appointment of the members of the inter-service steering group (ISSG) in the beginning of 2019. The evaluation of the Commission was supported by an evaluation study, carried out by an external contractor. The contract with the external contractor was signed in December 2019 and a kick-off meeting took place in January 2020. The external evaluation lasted 16 months. The public consultation ran on the Commission's dedicated website from June to November 2020. After the contractor submitted the final evaluation report, the Commission Services drafted the staff working document.

The ISSG was chaired by DG REFORM and consisted of representatives from the following Commission services: the Secretariat-General, AGRI, COMM, EAC, EMPL, ENER, ESTAT, GROW, MOVE and NEAR. The ISSG held regular meetings over the course of the evaluation to discuss the design, implementation and progress of the evaluation, as well as the deliverables produced by the external contractor.

3. EXCEPTIONS TO THE BETTER REGULATION GUIDELINES

N/A

4. CONSULTATION OF THE RSB (IF APPLICABLE)

N/A

5. EVIDENCE, SOURCES AND QUALITY

An external evaluation report served as a basis for the evaluation of the Aid Programme to the Turkish Cypriot community provided during the period 2013-2018. As stated in section 4 of the staff working document, the external contractor used different data collection tools and techniques for gathering the data required to answer the evaluation questions. The evaluation assessed a sample of 22 interventions, which were agreed upon

²⁷ The evaluation roadmap of the Aid Programme is available via this link: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/2001-Aid-programme-for-the-Turkish-Cypriot-community-evaluation_en

in the inception phase of the evaluation. These interventions amounted to EUR 141.3 million, corresponding to around 60% of the total operational budget. The interventions selected cover all six objectives of the Aid Programme.

Firstly, the contractor assessed relevant documentation, which were made available to the contractor, as part of the **desk research**. This included background documents, programme level documentation and project level documentation. The documents at project level were focused on the selected interventions.

Secondly, the contractor conducted **interviews** with Commission services and stakeholders of the programme. These interviews supplemented the data deriving from the desk research. Interviews with Commission services were held both in Brussels and in Cyprus. The relevant stakeholders interviewed as part of the evaluation included representatives of organisations and experts involved in the implementation of activities, TCc/bi-communal stakeholders in the ‘public’ and private sector, and beneficiaries of the selected interventions, notably recipients of funding from the grants schemes under Objective 2 and 3. In total, 104 individuals from 58 entities were interviewed.

Thirdly, the contractor conducted an **online survey** among scholarship recipients, aiming to collect information on the results of the Scholarship Programme. The online survey was launched in June 2020. In total, 276 responses were received (32% response rate). Responses were provided both in English and in Turkish.

Lastly, the contractor assisted the Commission in carrying out a **public consultation**, as required by the Better Regulation guidelines. The goal of the public consultation was to collect feedback from the wider public. Despite the extended timeframe for submitting replies to the consultation and efforts to inform stakeholders, only 10 respondents participated.

The timing of this evaluation exercise fell within a period of exceptional circumstances, as almost the entire exercise was affected by the **COVID-19 pandemic**. Starting from the first scoping mission to Cyprus at the end of February 2020 where the team was strongly reduced due to the recent outbreak in Italy, to the finalization of the report in March 2021, the pandemic made international travels impossible. Despite this, and with significant local assistance, the tasks could be undertaken. As some members of the contractor’s team were based in Cyprus, still about half of the interviews with stakeholders could be conducted in person. In those cases where interviews were held remotely, the contractor took necessary steps to retrieve the information needed to provide well-substantiated replies to the evaluation questions. The limitations have had no impact on the quantity and quality of the collected information. All relevant information could be gathered.

Another limitation was the **low number of responses to the public consultation**. This was compensated by a solid response rate for the online survey among the beneficiaries of the Scholarship Programme, which targeted the largest group of beneficiaries of EU assistance. Therefore, the limited number of responses to the open public consultation did not affect the overall quality of the results of this evaluation.

ANNEX 2: STAKEHOLDER CONSULTATION

The external contractor supported the Commission by carrying out consultations with relevant stakeholders, in line with the consultation strategy that was agreed upon with the ISSG and compliant with the criteria set out in the Better Regulation guidelines. A detailed synopsis report of the consultation activities carried out, can be found in the annex of the external evaluation study.²⁸

The evaluation included three types of consultation activities:

In-depth interviews with stakeholders involved in the implementation of the Aid Programme or that benefited from the funded activities;

A survey among recipients of scholarships funded by the Aid Programme;

A public consultation on the ‘Have Your Say’ web portal of the Commission.

Interviews with stakeholders were conducted to assess particularly the Aid Programme’s effectiveness, sustainability, impact and EU added value. The consultation targeted four groups of stakeholders:

The organisations and experts that were involved in the implementation of EU-funded actions;

TCc stakeholders in the ‘public’ and private sector;

Businesses and other entities (e.g. civil society organisations, schools, etc.) that received support under the grant schemes;

Bi-communal organisations.

Overall, the interviews with stakeholders involved 79 individuals, representing 53 entities. Due to the COVID-19 related restrictions, interviews with stakeholders were conducted face-to-face only in selected cases. This limitation did not affect the overall quality of the collected information and feedback.

An **online survey among scholarship recipients** was held in order to assess the influence of the scholarships on the recipients’ attitude towards the EU and the impact on the professional development of the recipients. The target group of the survey were individuals that received an EU-funded scholarship over the 2012/2013 and 2018/2019 academic years. It covered both recipients of scholarships that were granted directly by the Commission and recipients of scholarships managed by the British Council. The survey entailed a short online questionnaire (20 questions), of which the content was agreed upon with the ISSG. The questionnaire was available both in English and in Turkish, and participants could provide their answers in either language. The survey was launched on 5 June 2020. In total, the online survey targeted 871 scholarship recipients, out of which 276 provided a response (172 in English and 104 in Turkish). This corresponds to a response rate of almost 32%.

²⁸ Economisti Associati, ‘Evaluation of the Aid Programme to the Turkish Cypriot community (2013-2018) – Final Report’ (March 2021), <https://data.europa.eu/doi/10.2887/364327>.

Lastly, the external contractor supported the Commission with carrying out a twenty-week **public consultation** on the ‘Have Your Say’ web portal. The goal of the public consultation was to collect information from the general public, businesses, trade associations, interest groups and other possible stakeholders. The public consultation entailed a short online questionnaire. The questionnaire was made available in all EU languages and it ran online from June to November 2020. Despite efforts to promote the open public consultation among stakeholders, participation was low. In total, 10 responses were submitted (8 individuals and 2 organisations). Responses were received from respondents from Cyprus (6), France, the United Kingdom, Czech Republic and the United States.

Results of the public consultation

This section provides the summary of the results from the public consultation. As the number of respondents to the public consultation has been very low, the data from the public consultation cannot be considered a sound basis for objective assessment of the Aid Programme.

Figure 4 shows that the majority of the respondents considers the EU support for the TCc highly important. Similarly, the majority of the respondents considers the EU support for the economic development of the TCc highly important.

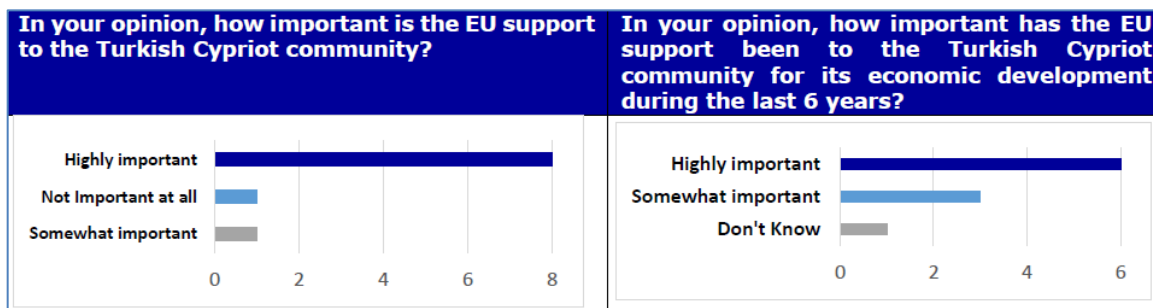


Figure 4: Importance of the Aid Programme for the TCc in general

Figure 5 shows that the majority of the respondents considers each of the objectives of the Aid Programme to a large extent or to a very large extent important. The figure also shows that ensuring the full implementation of EU laws and regulations is considered slightly less important as compared to the other objectives.

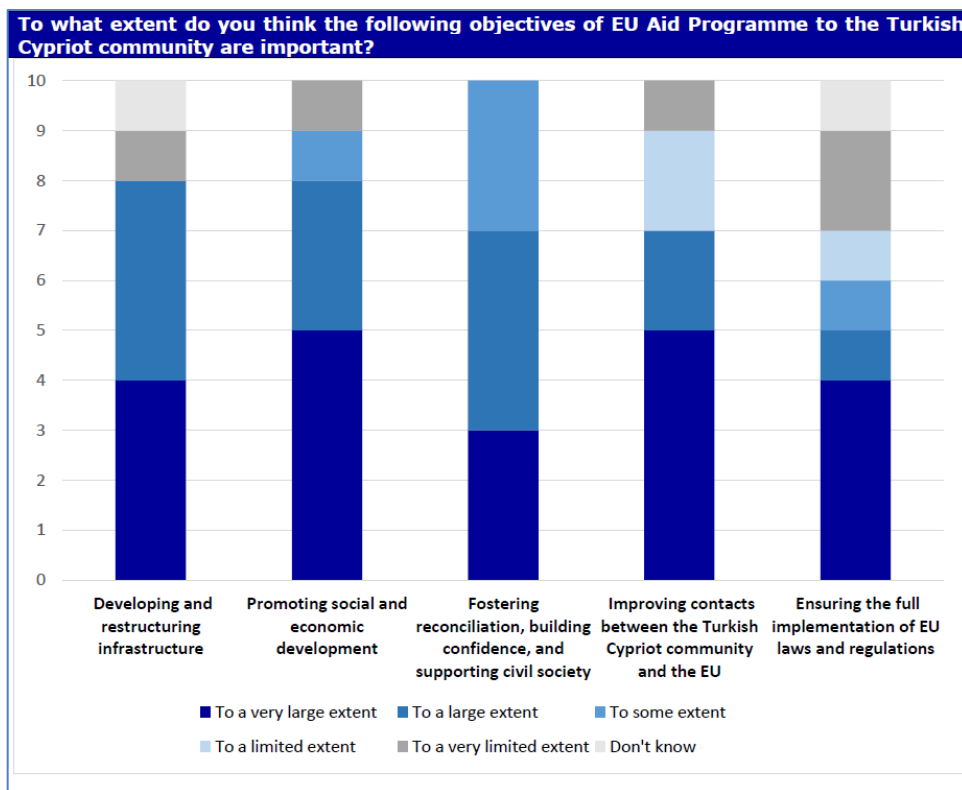


Figure 5: Importance of the Aid Programme's objectives

Looking at the different themes and sectors of intervention (Figure 6), the respondents to the public consultation provide a more nuanced opinion. For four out of the 13 themes or sectors, there is a majority of respondents that perceive them as a high priority for the Turkish Cypriot community. These are: (i) rural and agricultural development, (ii) labour market, education and training, (iii) community development and (iv) increased people-to-people interaction with the EU (e.g. through scholarships). Particularly the latter has a high number of respondents that regard the theme as a high priority. The full implementation of EU laws and regulations has the highest number of respondents that regard it as 'not a priority at all'. There is also a high number of respondents that perceive the support to trade across the Green Line as a low priority. The views of respondents on the other themes and sectors are mixed.

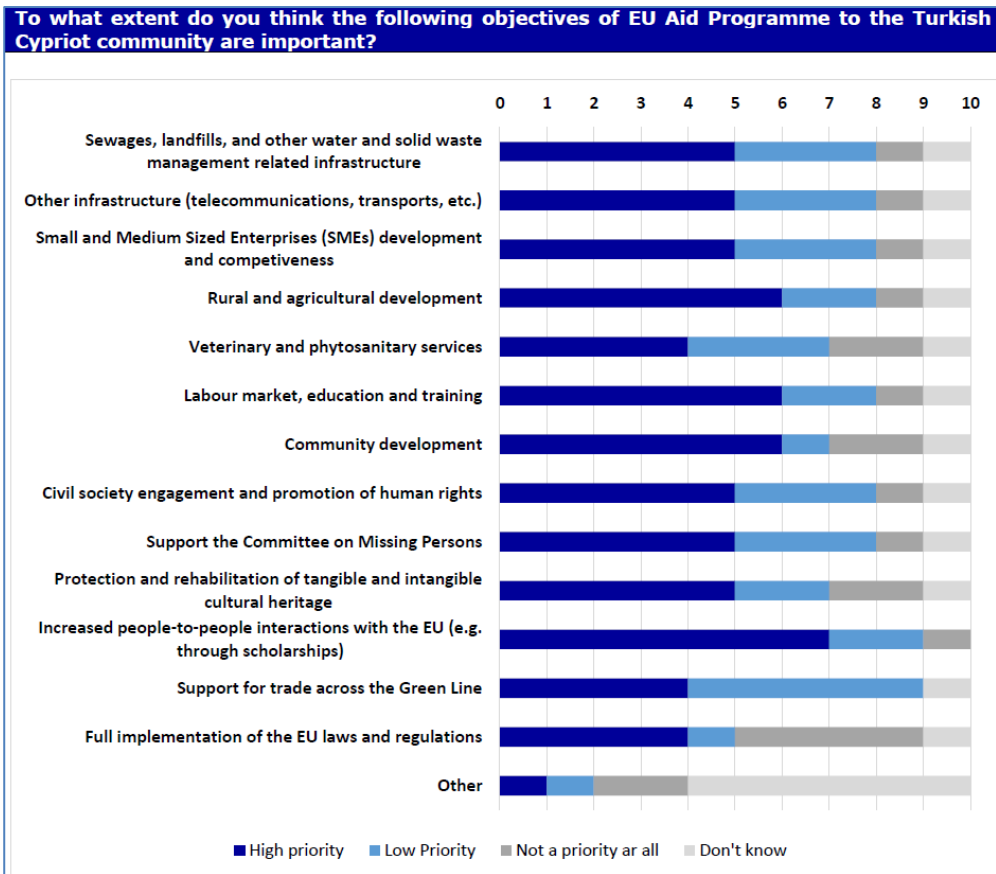


Figure 6: The importance of the Aid Programme's sectors and themes of intervention

Figure 7 shows how the respondents to the public consultation have perceived the evolution of the situation per sector or theme. It shows a majority of respondents that perceives improvements ('somewhat improved' or 'largely improved') in the following areas: (i) sewages, landfills, and other water and solid waste management related infrastructure, (ii) rural and agricultural development, (iii) veterinary and phytosanitary services, (iv) support the Committee on Missing Persons, and (v) protection and rehabilitation of tangible and intangible cultural heritage. The respondents from the public consultation suggest limited progress in the area of support to trade across the Green Line and the full implementation of EU laws and regulations. For the other sectors and themes the views are mixed.

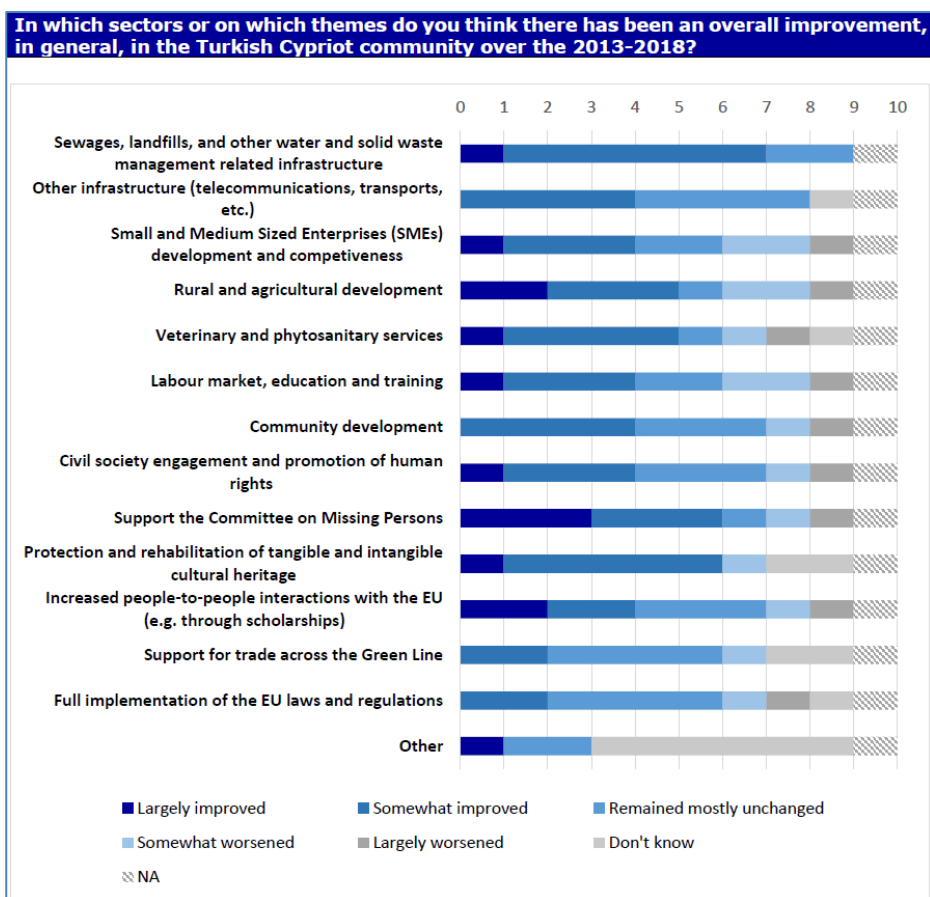


Figure 7: Perceived developments per sector or theme of the Aid Programme

Figure 8 shows the views of the respondents on the extent to which the EU support to the Turkish Cypriot community contributed to perceived progress in the relevant sectors and themes. The results show that respondents are generally positive as regards the contribution of EU support to the improvements in the relevant areas. Views are particularly positive on the EU support’s contribution to the Committee on Missing People, the protection and rehabilitation of tangible and intangible cultural heritage, and increased people-to-people interactions with the EU. The respondents see a limited contribution of EU support to improvements in the following areas: other infrastructure (telecommunications, infrastructure, etc.), SME development and competitiveness, labour market, education and training, and full implementation of EU laws and regulations.

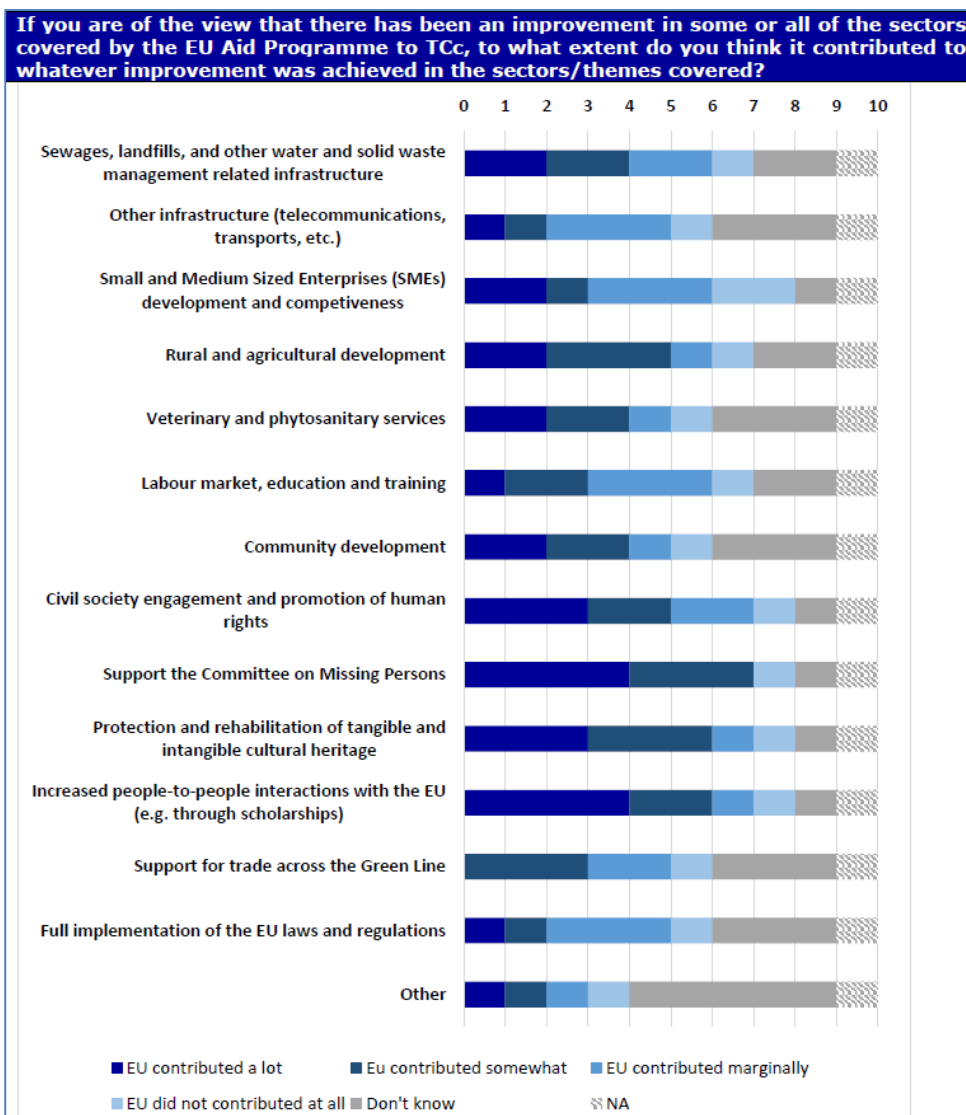


Figure 8: Perceived contribution of EU support to improvements in sectors and themes

Figure 9 shows that respondents perceive the greatest contribution of the Aid Programme to the objectives ‘fostering reconciliation, building confidence, and supporting civil society’ and ‘improving contacts between the Turkish Cypriot community and the EU’. Views are more nuanced on the contribution of the Aid Programme towards developing and restructuring infrastructure, promoting social and economic development and ensuring the full implementation of EU laws and regulations.

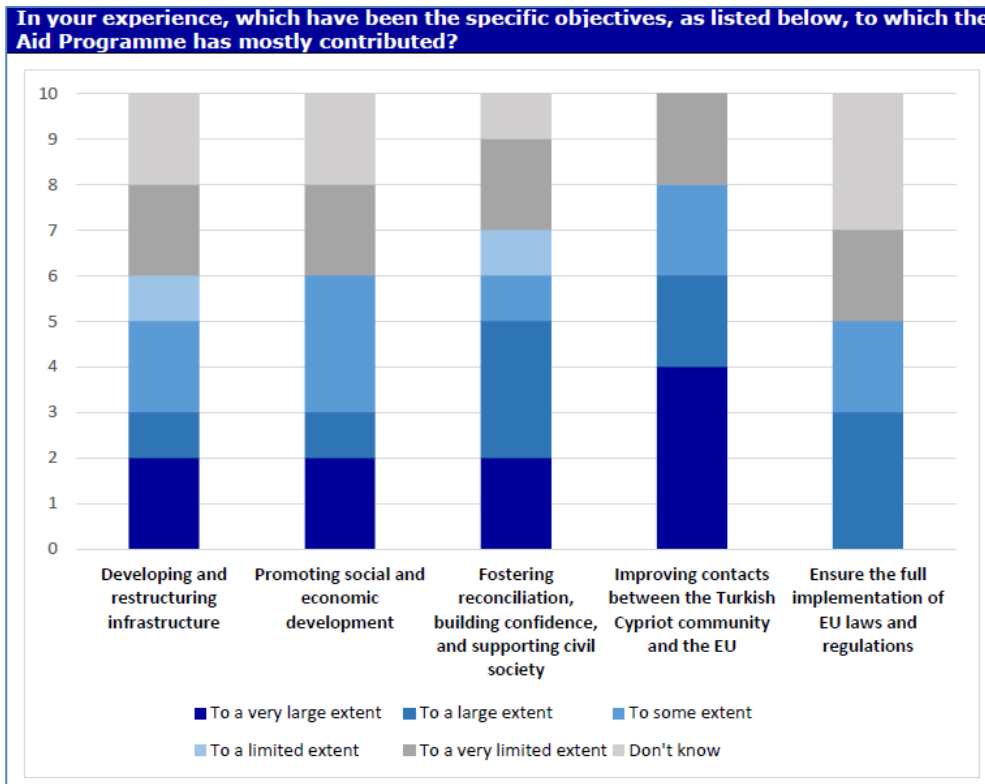


Figure 9: Aid Programme's perceived contribution to specific objectives

Lastly, the respondents were asked their views on the extent to which the Aid Programme contributed to improving the socioeconomic conditions of the TCc. Figure 10 shows that a majority of the respondents indicated that the Aid Programme contributed at least 'to some extent' to improving the socioeconomic conditions of the TCc. Three respondents were more reserved ('to a limited extent' or 'to a very limited extent'). Lastly and importantly, almost all respondents (9 out of 10) supported the continuation of EU assistance to the TCc through the Aid Programme.

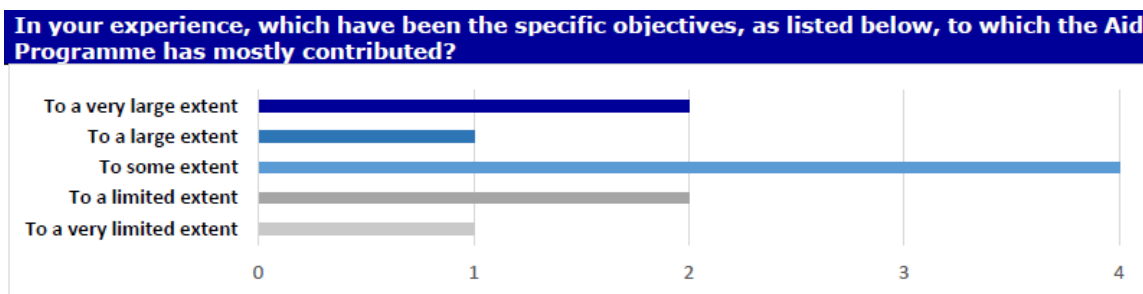


Figure 10: Perceived Aid Programme's contribution to improving socioeconomic conditions of the TCc

ANNEX 3: EVALUATION MATRIX²⁹

EVALUATION QUESTIONS	JUDGEMENT CRITERIA	INDICATORS	SOURCES OF INFORMATION
Relevance			
EO#1: Have the objectives of the Aid Programme remained relevant?	JC1.1: Extent to which the <u>gaps and issues</u> motivating EU assistance persisted	<ul style="list-style-type: none"> Evidence of persisting gaps in infrastructure (e.g. per capita infrastructure endowment) Evidence of persisting gaps in socio-economic development (e.g. per capita income) Evidence of persisting issues in intercommunal relationships (e.g. trend in attitudes towards reconciliation) Evidence of persisting issues in TCs' attitude towards EU (e.g. trend in attitude towards EU) Evidence of persisting gaps in the implementation of the <i>acquis</i> (e.g. frequency and magnitude of gaps in <i>acquis</i> chapters) 	<ul style="list-style-type: none"> Programme Documents Background Documents (surveys, macroeconomic studies, etc.) Interviews with Commission Staff Interviews with TCC Stakeholders Public Consultation
EO#2: To what extent were the interventions funded by the Aid Programme relevant for achieving the strategic objectives of the Aid Programme?	JC2.1: Extent to which interventions were <u>suitable to address persisting gaps and issues</u>	<ul style="list-style-type: none"> Evidence on the suitability of interventions in infrastructure development Evidence on the suitability of interventions in socio-economic development Evidence on the suitability of interventions focusing on intercommunal relationships Evidence on the suitability of interventions focusing on TCC's attitudes towards the EU Evidence of the suitability of interventions addressing gaps in the implementation of the <i>acquis</i> 	<ul style="list-style-type: none"> Programme Documents Project Documents Interviews with Implementers
	JC2.2: Extent to which the <u>resources mobilised were commensurate</u> to the objectives of EU assistance	<ul style="list-style-type: none"> Volume of resources devoted to infrastructure development Volume of resources devoted to socio-economic development Volume of resources targeting intercommunal relationships Volume of resources targeting TCC's attitudes towards the EU Volume of resources addressing gaps in the implementation of the <i>acquis</i> 	<ul style="list-style-type: none"> Programme Documents Background Documents Interviews with Commission Staff Interviews with TCC Stakeholders Interviews with Other Stakeholders

²⁹ The evaluation matrix has been produced by the external contractor and validated by the inter-service steering group.

Effectiveness and Impact			
<p>EQ#3: To what extent have the interventions funded by the Aid Programme contributed to:</p> <p>a. developing and restructuring of infrastructure;</p> <p>b. promoting social and economic development;</p> <p>c. fostering reconciliation, confidence building measures, and support to civil society;</p> <p>d. bringing the TCc closer to the EU;</p> <p>e. preparing the TCc to introduce and implement the <i>acquis</i>.</p>	<p>JC4.1: Extent to which projects have delivered the <u>expected outputs</u> and reached the <u>intended beneficiaries</u></p>	<ul style="list-style-type: none"> • Volume of outputs delivered – By specific objective/typology of interventions (e.g. number of cultural sites rehabilitated) • Quality and/or timeliness of outputs delivered – By specific objective/typology of intervention (e.g. quality of business advisory to farmers) • Number of beneficiaries reached – By specific objective/typology of intervention (e.g. number of veterinarians trained) 	<ul style="list-style-type: none"> • Project Documents • Interviews with Implementers • Interviews with TCc Stakeholders • Interviews with Other Stakeholders • Scholarship Survey
	<p>JC4.2: Extent to which projects have achieved the <u>expected outcomes</u></p>	<ul style="list-style-type: none"> • Degree of improvement in pre-existing conditions – By specific objective/typology of intervention (e.g. % change in turnover in SME grantees) • Level of satisfaction of beneficiaries – By specific objective/typology of intervention (e.g. share of scholarship grantees satisfied) 	
<p>EQ#4: To what extent have the interventions funded by the Aid Programme contributed to achieving the overall objective of facilitating the reunification of Cyprus by encouraging the economic development of the TCc?</p>	<p>JC5.1: Extent to which the EU assistance contributed to TCc's <u>economic development</u></p>	<ul style="list-style-type: none"> • Changes in TCc's macroeconomic indicators (GDP, employment, etc.) • Evidence of EU assistance's contribution to positive changes 	<ul style="list-style-type: none"> • Background Documents (economic studies) • Interviews with Implementers
	<p>JC5.2: Extent to which the EU assistance contributed to <u>facilitate reunification</u></p>	<ul style="list-style-type: none"> • Actual and/or perceived changes in reunification prospects • Evidence of EU assistance's contribution to actual and/or perceived positive changes 	<ul style="list-style-type: none"> • Background Documents (attitude surveys) • Interviews with TCc Stakeholders • Interviews with Other Stakeholders • Public consultation
<p>EQ#5: Which main factors have contributed to or stood in the way for achieving these objectives?</p>	<p>JC6.1: Extent to which <u>local conditions</u> affected the performance of interventions</p>	<ul style="list-style-type: none"> • Number and importance of interventions influenced by local conditions (non-recognition, property rights issues, capacity building constraints, etc.) 	<ul style="list-style-type: none"> • Project Documents • Interviews with Commission Staff • Interviews with Implementers • Interviews with TCc Stakeholders • Interviews with Other Stakeholders
	<p>JC6.2: Extent to which <u>other factors</u> affected the performance of interventions</p>	<ul style="list-style-type: none"> • Number and importance of interventions influenced by EU 'internal' factors (staff turnover, issues with handover, silos mentality, etc.) • Number and importance of interventions influenced by other, possible 'external' factors 	
<p>EQ#6: Has the Aid Programme produced unexpected – positive or negative – results beyond the objectives set?</p>	<p>JC6.1: Extent to which EU assistance has had positive and/or negative <u>unexpected effects</u></p>	<ul style="list-style-type: none"> • Evidence/examples of positive and/or negative effects on beneficiaries • Evidence/examples of positive and/or negative effects TCc-wide 	<ul style="list-style-type: none"> • Project Documents • Interviews with Commission Staff • Interviews with TCc Stakeholders • Interviews with Other Stakeholders • Public consultation
Efficiency			
<p>EQ#7: What has been the cost-effectiveness of interventions, considering the results achieved so far?</p>	<p>JC8.1: Extent to which the costs incurred were <u>commensurate with the outputs delivered</u></p>	<ul style="list-style-type: none"> • Unit costs of specific outputs – By specific objective/type of intervention (e.g. cost of sewage mains, per meter) 	<ul style="list-style-type: none"> • Project Documents • Interviews with Implementers • Interviews with TCc Stakeholders (grant recipients)
	<p>JC8.2: Extent to which the costs incurred were <u>commensurate with the outcomes achieved</u></p>	<ul style="list-style-type: none"> • Cost/benefit or cost/effectiveness ratios – By specific objective/type of interventions (e.g. cost to incremental sales ratio for support to SME measures) 	
<p>EQ#8: To what extent did the implementing</p>	<p>JC9.1: Extent to which <u>operational</u></p>	<ul style="list-style-type: none"> • Time required to deploy resources – by implementing modality (e.g. 	<ul style="list-style-type: none"> • Project Documents • Programme Documents

modalities of the Aid Programme allow assistance to be delivered in an efficient way?	<u>efficiency</u> varies across implementing modalities	number of months from programming to disbursement) <ul style="list-style-type: none"> • Incidence of management & supervision costs – by implementing modality (e.g. staff days per call for proposal) • Incidence of time and/or cost overruns – by implementing modality (e.g. planned vs. actual implementation period for community grants) 	<ul style="list-style-type: none"> • Interviews with Commission Staff • Interviews with Implementers
Sustainability			
EQ#9: To what extent are the results achieved by the Aid Programme sustainable?	JC9.1: Extent to which the results achieved are <u>still in place and produce positive effects</u>	<ul style="list-style-type: none"> • Evidence on the current status of results achieved – By specific objective/type of interventions (e.g. rehabilitated cultural heritage sites are well maintained) 	<ul style="list-style-type: none"> • Interviews with Commission Staff • Interviews with Implementers • Interviews with TCc Stakeholders • Scholarship Survey
	JC9.2: Extent to which prospects for <u>future sustainability</u> are influenced by various factors	<ul style="list-style-type: none"> • Level of commitment/ownership of TCc local bodies and representatives • Evidence on the availability of financial resources • Evidence on the availability and motivation of human resources 	
EU Added Value			
EQ#10: What has been the added value resulting from the EU assistance to the TCc?	JC10.1: Extent to which EU assistance displayed unique features	<ul style="list-style-type: none"> • Stakeholders' views regarding the instruments deployed • Stakeholders' views regarding the issues addressed 	<ul style="list-style-type: none"> • Interviews with TCc Stakeholders • Interviews with Other Stakeholders
EQ#11: To what extent is EU assistance still required in order to achieve the objectives of the Aid Programme and what would be the consequences of its discontinuation?	JC11.1: Extent to which objectives could be achieved without EU assistance	<ul style="list-style-type: none"> • Stakeholders' views/forecasts on likely developments in socio-economic development • Stakeholders' views on likely developments in intercommunal relationships • Number, nature and scale of other initiatives supporting the TCc 	<ul style="list-style-type: none"> • Background Documents (prospective studies, attitude surveys) • Other Documents (actions of other actors in TCc) • Interviews with Commission Staff • Interviews with TCc Stakeholders • Interviews with Other Stakeholders • Public Consultation
Coherence			
EQ#12: How well do the activities supported by the Aid Programme operate together to achieve its objectives and ultimate impact?	JC12.1: Extent to which the programming of the assistance takes into consideration synergies and interactions among activities	<ul style="list-style-type: none"> • Level of coherence/presence of synergies among interventions targeting the same objective • Evidence of cross-fertilisation/synergies among interventions under different objectives 	<ul style="list-style-type: none"> • Programme Documents • Interviews with Commission Staff • Interviews with Implementers • Interviews with TCc Stakeholders
	JC12.2: Extent to which activities are implemented in a coordinated manner at operational level	<ul style="list-style-type: none"> • Level of coordination among entities implementing the various interventions, including both formal mechanisms (e.g. coordination/sector committees) and informal interactions among contractors/implementers 	
EQ#13: To what extent was the Aid Programme coherent with the objectives and measures taken in other EU actions in Cyprus?	JC13.1: Extent to which EU assistance was consistent with European Structural and Investments Funds actions	<ul style="list-style-type: none"> • Level of coherence with ERDF/Cohesion Fund interventions (e.g. regarding local infrastructure) • Level of coherence with ESF/Youth Employment Initiative interventions (e.g. concerning vocational training) • Level of coherence with EAFRD/EMFF interventions (e.g. regarding rural development) 	<ul style="list-style-type: none"> • Programme Documents • Other Documents (ESIF initiatives) • Interviews with Commission Staff (also from other DGs) • Interviews with TCc Stakeholders • Interviews with Other Stakeholders (RoC and GCc entities)

ANNEX 4: INTERVENTIONS SUBJECT TO IN-DEPTH REVIEW³⁰

Intervention (Short Title)	Theme	Type	Value (€ million)
Objective 1			
Morfou/Güzelyurt	Wastewater	Works + TA	15.4
Mia Milia/Haspolat	Wastewater	Works + TA	8.5
Animal Waste	Solid Waste	Works + Supply + TA	5.4
Sanitary Landfill	Solid Waste	Works	4.0
Capacity Building	Wastewater and Solid Waste	TA	2.4
Telecom Upgrading	Telecommunications	Supply + TA	10.8
Sub-Total			46.5
Objective 2			
Animal Disease Eradication (ADE)	Rural Development	TA	3.7
Farm Advisory Services (FAS)	Rural Development	TA	1.2
5 Grants to Agri-businesses	Rural Development	Grants	0.3
Business Support	Private Sector Development	Indirect Management (EBRD)	2.0
5 Grants to SMEs	Private Sector Development	Grants	0.7
Lifelong Learning	Human Resources Development	TA	1.4
5 Grants to Schools / Professional Associations	Human Resources Development	Grants	0.3
5 Grants to Local Communities	Community Development	Grants	1.8
Economic Analysis	Economic Analysis Programme	Analytical Services (World Bank)	10.6
Sub-Total			22.0
Objective 3			
Committee for Missing Persons (CMP)	Reconciliation	Indirect Management (UNDP)	15.9
Technical Committee for Cultural Heritage (TCCH)	Reconciliation	Indirect Management (UNDP)	14.7
Civic Space	Civil Society	TA	2.8
5 Grants to Civil Society Organisations (CSO)	Civil Society	Grants	1.1
Sub-Total			34.5
Objective 4			
EU Info Point	Information & awareness raising	TA	4.6
Scholarships Programme	Scholarships	Grants & Indirect Management (British Council)	19.1
Sub-Total			23.6
Objectives 5/6			
TAIEX Interventions	Free movement of goods	TA and workshops	14.7
	Agriculture and rural development		
	Food safety, veterinary, and phytosanitary policy		
	Transport (traffic safety)		
	Waste management and nature protection		
Sub-Total			14.7
Grand Total			141.3

³⁰ Table produced by the external contractor.