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**ANNEX I**

**Legal basis:**

Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction.

**Work Programme for 2024:**

<b>Beneficiary</b>	Turkish Cypriot community
<b>CRIS/ABAC Commitment references</b>	TCC/2024/XXX-XXX, SCR.DEC.XXXXXX.XX
<b>Total cost</b>	EUR 39 471 756.30
<b>Union contribution</b>	EUR 39 471 756.30
<b>Budget line</b>	<b>05.04.0100</b>
<b>Management Modes/ Entrusted Entities</b>	Direct management by the European Commission Indirect management by entrusted entities: - United Nations Development Programme (UNDP) - Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) - The World Bank Group
<b>Final date for concluding procurement and grant contracts</b>	3 years following the date of validation of the budgetary commitment
<b>Final date for contract implementation</b>	8 years following the date of validation of the budgetary commitment
<b>Final date for programme implementation (date by which this programme should be de-committed and closed)</b>	10 years following the date of validation of the budgetary commitment
<b>Programming and Implementing Unit</b>	REFORM.A3 Cyprus Settlement Support

## **1.1. Introduction**

This 2024 Annual Action Programme concerns the continuing implementation of the Aid Programme for the Turkish Cypriot community (TCc) on the legal basis of Council Regulation (EC) No 389/2006, the “Aid Regulation”, which establishes an instrument of financial support for encouraging the economic development of the TCc. Between 2006 and the end of 2023, approximately EUR 688 million was programmed for operations under this Regulation.

On the basis of the objectives, as laid down in Article 2 of the Aid Regulation, this Action Programme contains the actions to be financed and the budget breakdown for the year 2024 as follows:

- for grants implemented under direct management (1.2): EUR 1 500 000
- for procurement implemented under direct management (1.3): EUR 12 871 756.30
- for actions implemented under indirect management (1.4): EUR 25 100 000

The overall objective of the Aid Programme is to facilitate the reunification of Cyprus by encouraging the economic development of the TCc, with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the *acquis communautaire*, as per the objectives below, which are laid down in Article 2:

1. *The development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply;*
2. *The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development;*
3. *Reconciliation, confidence-building measures, and support to civil society;*
4. *Bringing the Turkish Cypriot community closer to the Union, through inter alia information on the European Union's political and legal order, promotion of people to people contacts and Community scholarships;*
5. *Preparation of legal texts aligned with the *acquis communautaire* for the purpose of these being immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem; and*
6. *Preparation for implementation of the *acquis communautaire* in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession.*

The Aid Programme is intended to only be an instrument of exceptional and transitional nature and to prepare and facilitate, as appropriate, the full application of the EU *acquis* in the TCc following a solution to the Cyprus problem. The Commission continues to hope for a breakthrough that will lead to a comprehensive settlement of the Cyprus problem, in line with relevant UNSC Resolutions. In this event, assistance of a different form will be required. Council Regulation (EU, Euratom) No 2020/2093, laying down the Multiannual Financial

Framework 2021-2027, allows for its own revision<sup>1</sup> and Article 11 of Council Regulation (EC) No 389/2006<sup>2</sup> allows for any necessary adaptations in this context.

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

The support package for the 2024 programme continues to reflect an established programming approach based on key principles of maturity, policy relevance and track record of past implementation. The underlying aim is to bring tangible and visible impacts in agreed priority areas, in line with the island-wide planning principle, where appropriate, and the overall objective of reunification. Hence, the 2024 programme provides a streamlined and targeted package, with 14 major projects and a degree of flexibility. This balanced and compact set of actions is fully aligned with the EU's policy agenda. It reflects a strategic long-term approach to supporting the Halloumi/Hellim scheme, boosting trade across the Green Line and the accompanying necessary upgrades of standards, including in food safety. Also, confidence-building remains a key priority, with support provided to the Technical Committee on Cultural Heritage and the Committee on Missing Persons. In line with the EU's strategic priorities, an allocation for the envisaged bi-communal solar power plant is earmarked. Well-established cooperation with indirect management partners is set to continue.

The 2024 programme takes into account views received from Turkish Cypriot stakeholders and from relevant evaluations and needs assessments conducted prior to the programming exercise. The input of the authorities of the Republic of Cyprus was also taken into account.

#### *Objective 1: Development and restructuring of infrastructure*

Development and restructuring of infrastructure have been a key focus of the Aid Programme since 2006. Investments in local infrastructure have been financed in the areas of environment, water and wastewater, architectural restorations, recreational areas, and other social infrastructure. The 2024 programme will continue supporting local infrastructure projects through the Local Infrastructure Facility (LIF), though to a limited extent.

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<sup>1</sup> Council Regulation (EU, Euratom) No 2020/2093 Article 17: "**Revision in the event of the reunification of Cyprus.** In the event of the reunification of Cyprus, the MFF shall be revised to take account of the comprehensive settlement of the Cyprus problem and the additional financial needs resulting from the reunification."

<sup>2</sup> Council Regulation (EC) No 389/2006 Article 11: "**Event of a settlement.** In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the Commission, decide unanimously on the necessary adaptations to this Regulation."

To further support infrastructure and environment investments bringing positive island-wide impact, additional EUR 500 000 will be provided to the sewerage network of Nicosia (Trunk-E) with urgent repairs for the benefit of both communities, and the decommissioning of the old wastewater treatment plant. In the energy field, an allocation of EUR 5 000 000 has been earmarked for the envisaged bi-communal solar power plant. In addition, a project of EUR 1 300 000 will help Turkish Cypriots build capacity for measuring electricity consumption and renewable energy generation at low-voltage level, calculating the residual renewable energy potential of the power grid. These outcomes will promote a smart electricity management and decarbonisation, in line with the objectives of the EU Green Deal.

### *Objective 2: Promotion of social and economic development*

The promotion of social and economic development of the TCc in support of reunification has received nearly a third of the total Aid Programme resources since 2006. There is further need to support upgrades and address challenges in animal health and food safety to enable the TCc to benefit from the ‘Χαλλούμι’ (Halloumi)/‘Hellim’ Protected Designation of Origin (PDO) scheme registered by the Commission in 2021, seen as one of the largest ever confidence-building measures undertaken in support of reunification. Also, further financial assistance is needed to continue to improve food safety standards, support rural and private sector development, enhance economic convergence, and promote vocational education and training (VET), as key drivers of social and economic development. These measures will also contribute to secure continued progress in integrating the TCc into an island-wide economy, facilitating trade across the Green Line.

The total value of actions planned under the 2024 programme under this objective amounts to EUR 14 100 000, covering actions in several thematic areas as described below.

Given the importance of agriculture in the TCc, investments in rural development and food safety contribute directly to increasing growth and boosting the potential for trade across the Green Line. Significant investments are needed to further increase compliance with EU standards, including for food safety, and to boost sustainable agricultural practices, complementing and building upon on-going or envisaged EU support. Such investments will also contribute to the implementation of the Halloumi/Hellim PDO scheme in the TCc.

The 2024 programme specifically provides for EUR 6 500 000 in support of the implementation of the Halloumi/Hellim PDO scheme, rural development and food safety. The package is expected to be implemented in indirect management with GIZ, with two components:

One component will support and enhance breeding practices in the sheep and goat livestock in Cyprus, focusing primarily on the TCc, in view of improving the performance and quality of sheep and goat livestock, particularly as regards increasing their milk yields. As such, the action is directly linked to the Halloumi/Hellim PDO scheme and will increase the assistance already allocated under the 2022 programme to support increased milk yields, including by putting in

place a dedicated sheep and goat breeding programme in the TCc. This additional support will solidify the impact and reach of the programme.

Another component will provide tailored grants to stakeholders in key food and agricultural value chains in the TCc. The support will focus on (i) increasing production capacity, sustainability and efficiency; and (ii) meeting EU sanitary and phyto-sanitary requirements. As a result, production practices and capacity of Turkish Cypriot primary and secondary level producers as well as adherence to EU food safety standards is expected to improve and increase, which will positively impact also on prospects for trade across the Green Line. The support will complement, to the extent relevant, other EU assistance packages provided to farms, food business operators and other stakeholders included in the food and agricultural chain.

The 2024 programme will also continue to support economic integration, private sector development and increased Green Line trade, building upon on-going efforts. An envelope of EUR 5 600 000 is set aside for actions expected to be implemented in indirect management by GIZ and the World Bank, respectively:

EUR 4 000 000 is earmarked under the programme to broadly continue and scale up work initiated through a wide-ranging intervention in support of private sector development and increased trade across the Green Line designed under the 2023 programme for implementation in indirect management by GIZ. The action will focus on enhancing island-wide economic integration, including through further integration of Turkish Cypriot SMEs into the EU market and increase in Green Line trade. It will provide a mix of grant and technical assistance support to SMEs and early-stage entrepreneurs and implement support to commercialise value chains with high potential products for trade across the Green Line. This intervention aims to further boost trade across the Green Line.

In addition, the 2024 programme will continue to support actions in view of economic convergence and integration in Cyprus through a support package implemented in indirect management by the World Bank, with a fresh allocation of EUR 1 600 000 for the next two years. The action will build on the progress achieved in the previous years, while adding a new work stream on quality infrastructure to further increase competitiveness in the TCc and promote Green Line trade. As such, the action is expected to deliver expertise and support in macroeconomic monitoring and policy advice, skills and labour mobility, facilitation of trade and simplification of procedures, and assessment of quality infrastructure, with support tailored to the specific context of the TCc.

In line with a long-term and well-sequenced approach, a continued support for a total of EUR 2 000 000 is planned to benefit the education sector. One component will include a follow-up intervention to complement the EU science labs programme, which has been a success in providing clear, tangible, and visible results. The project will provide science laboratories to primary schools, VET schools and the teachers' academy, as well as interactive displays to special needs education schools. In addition to this, a technical assistance component will target

lifelong learning (LLL) and special needs education (SNE). The aim of the LLL component is to develop standardised practices and certification, as well as capacity building for VET department, school administrators and chambers to be able to implement LLL courses, furthermore, to enhance the skills, knowledge, and qualifications of the unemployed and the employed and to further improve their employability skills. The aim of the SNE component is to develop standardised practices and guidance systems and to strengthen the skills, resources and abilities of teachers, schools, and education management to be able to enhance the inclusion of children with special educational needs.

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

Support for reconciliation and confidence-building measures has been a successful and well-received element of the Aid Programme. The Commission has shown particular readiness to continue promoting these measures and building upon the outcomes achieved through the resources allocated under the previous programmes.

For the continuation of its activities, the bi-communal Technical Committee on Cultural Heritage (TCCH) will benefit from EU funding with an amount of EUR 2 500 000 under the 2024 programme. This significant contribution to island-wide restoration, digitisation and maintenance of cultural heritage includes a strong bi-communal, youth engagement and public awareness component. It raises the total budget of EU support to the TCCH to the amount of EUR 32 415 000. This support has produced highly visible impact and has allowed for the restoration of historically important buildings for both communities (more than 150 cultural heritage sites have been rehabilitated). It has also helped to create a strong platform for dialogue and mutual trust between the two communities.

Similarly, the Committee on Missing Persons (CMP) will benefit from EU funding with an additional amount of EUR 2 600 000 under the 2024 programme, which will allow the CMP to continue its activities until end-2025. The total EU contribution to the work of the CMP between 2006 and 2024 will reach over EUR 41 000 000, constituting more than 75% of all funding for the CMP in this period. The CMP's objective is to investigate, recover, identify and return to their families the remains of 2 002 missing persons. A high level of output has been achieved by the CMP, as it has succeeded in exhuming 1 047 sets of remains to date.

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

Confidence-building measures will be complemented by a continuation of the bi-communal scholarship programme for high-potential Greek Cypriot and Turkish Cypriot scholars, to jointly attend the United World Colleges (UWC). The programme will be reinforced and expanded upon the success of previous editions, with an increased scope and number of scholars to attend the International Baccalaureate in the period 2025-2027. The action of EUR 1 500 000

aims at educating future civic leaders from both communities and at creating an alumni network to ensure sustained contacts between the ex-scholars, including those of all past bi-communal scholarships.

Support for civil society will be reinforced through a technical assistance package of EUR 2 300 000, to bolster the capacity of civil society organisations (CSOs) and strengthen their role and engagement. It will encourage active citizenship, contribute to general capacity building and enabling environment for CSOs, support their participation in the decision-making process and increase the bi-communal cooperation and networking at EU level. It will continue to develop the technical capacities of CSOs to benefit of and manage EU funded grants and assist the relevant Commission services with monitoring the implementation of these dedicated grant schemes.

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

Under this objective, it is foreseen to continue the successful work of the EU Infopoint project, with a budget of EUR 1 900 000. The EU Infopoint aims at raising awareness about the European Union through information and communication activities. It also carries out a range of visibility functions related to EU policies and actions in support of the TCc. The EU Infopoint operates in close collaboration with the Commission Representation in Cyprus.

*Objectives 5/6: Preparation of legal texts aligned with the *acquis communautaire* for the purpose of these being immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem / preparation for implementation of the *acquis communautaire* in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession*

The Aid Regulation specifically provides for assistance for preparing the implementation of the EU *acquis* and for preparing legal texts aligned with the EU *acquis* to be immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem. In addition, the Commission is required to provide continued support for the implementation of Council Regulation 866/2004<sup>3</sup> (the Green Line Regulation) and Commission Regulation 1480/2004<sup>4</sup>, thereby supporting economic integration of the island.

The main instrument used by the Commission for preparing the implementation of the EU *acquis* is the Technical Assistance and Information Exchange instrument (TAIEX). This instrument enables experts from EU Member States to explain the *acquis*, hold awareness raising activities, contribute to drafting legal texts to be applicable after settlement, and provide

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

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

technical assistance to local bodies in the TCc, which are the beneficiaries of TAIEX support. In addition, TAIEX independent experts carry out regular phyto-sanitary inspections of fruit and vegetable products, take honey samples for analysis, and produce an updated list of vessels whose catch can be traded across the Green Line. Most recently, TAIEX experts also ensure EU-level standards for certain processed foods and materials in contact with food, which have been allowed to cross the Green Line.

The replenishment of funds with EUR 2 000 000 is necessary to ensure continuity of operations and address increasing needs related to supporting trade across the Green Line.

### *Support and Settlement Facility*

The 2024 programme includes also a Support and Settlement Facility (EUR 5 771 756.30), from which resources can be mobilised to take advantage of new emerging opportunities and to facilitate new initiatives that may arise from the settlement process. This may include the financing of supporting studies, supplementary actions, small-scale supplies, or highly relevant preparatory work for future but not yet mature interventions, including direct support in the form of grants. Such interventions may be necessary at short notice in any of the objectives covered by the Aid Programme and availability of resources for this purpose is essential. The facility also envisages the provision of funding to address the possible participation of Turkish Cypriots in EU programmes.

The Support and Settlement Facility will continue providing resources for logistic support to the EU Programme Support Office, which houses the Commission staff implementing the Aid Programme in the field, and contribute to the financing of the corporate communication as mentioned in the Communication on Corporate communication action in 2024-2027 C(2024)6467.

## 1.2. Grants

The objective of the Aid Regulation, which is implemented through grants in the Action Programme 2024, is the following:

- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation).*

### 1.2.1. UWC Cyprus Peace Education Programme (Objective 3 of the Aid Regulation)

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

[1] Bring Greek Cypriot and Turkish Cypriot youth closer together;

[2] Increase interactions and share learning experiences between the youth from both communities and instil values of cooperation, sustainability and entrepreneurship that foster a culture of peace through the UWC educational model;

[3] Contribute positively and meaningfully to inter-community dialogue and bridge building.

Description of the activities to be funded

In 2019, a new scholarship scheme was established as a pilot programme, giving the opportunity to three Greek Cypriots and three Turkish Cypriots to attend the United World College (UWC) for two academic years for the International Baccalaureate (IB) diploma. After the successful implementation of this pilot scholarship scheme, three new agreements were signed with UWC. The calls launched between 2019 and 2023 resulted in scholarships being awarded to a total of 46 students from both communities to jointly study at UWC in Bosnia-Herzegovina, Italy, Germany and the Netherlands.

This scholarship scheme aims at educating future civic leaders from both communities to become change-makers with a focus on peace, sustainability and entrepreneurship and at creating an alumni network to ensure sustained contacts between ex-scholars, including those of all past bi-communal scholarships.

In 2024, a new grant will be signed with UWC International to enable a minimum of 16 additional students to attend the IB diploma during the period 2025-2027. The action will also include short courses, workshops and alumni engagement activities to empower bi-communal groups of Cypriot youth.

The programme will be administered by a body within the UWC International and implemented locally through the UWC Committee for Cyprus (UWC Cyprus), covering both communities.

Selection will be competitive and based on merit. Student selections run by UWC are renowned for their thoroughness and unique approach to identifying talented and aspiring young leaders

based on their potential and aptitudes. The Commission relevant services take part in the UWC Cyprus selection committee.

#### Essential eligibility, selection and award criteria

##### Direct award

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

- Name of the beneficiary: United World Colleges International.

Justification for the use of an exception to calls for proposals: In line with Article 195(f) of the Financial Regulation (Regulation (EU) No 2018/1046), a direct award of a grant is allowed. UWC is renowned for providing a diverse group of young people from all backgrounds with a challenging and transformational educational experience to inspire them to become agents of positive change and to create a more peaceful and sustainable future. This academic institution also has a thorough and unique approach to identifying talented and aspiring young leaders based on their potential and aptitude.

UWC is organising its education programmes in targeted post conflict areas, thus presenting a similarity with the situation prevailing in Cyprus. The set-up of UWC colleges, with the particular objective of overcoming divisions created between communities by conflict, may serve as a model for Cyprus. In this light, the UWC experience is appropriate and has a unique position and knowledge for conflict situations and will be of a direct benefit to the scholars to enhance their inter-community peace building values.

The UWC education model offers a tailor-made programme for young scholars with a mission to make education a force to unite people, nations and cultures that will help reaching objective 3 of the Aid Regulation (“*Reconciliation and confidence-building measures*”) and the specific needs of this action. Preliminary analysis have evidenced that there is no other institution that provides programmes focusing on peacebuilding and reconciliation activities for young students between 16 to 19 years old. UWC is organised through Committees that are responsible for the selection of students from their countries.

UWC is a unique body of respected international standing that has the required technical competence and high degree of specialisation to fulfil the purpose of the action.

Based on the justification presented, UWC meets the relevant criteria for this type of direct award, as follows:

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

#### Implementation

Grant awarded without a call for proposals

#### Indicative timetable and indicative amount of the call for proposals

Reference	Date	Amount
Bi-communal scholarship programme for Cyprus	4Q2024	EUR 1 500 000

#### Maximum possible rate of co-financing of the eligible costs

100%

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

### 1.3. Procurement

The objectives of the Aid Regulation, which are implemented through procurement procedures in the Action Programme 2024, are the following:

- *The development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply (Objective 1 of the Aid Regulation);*
- *The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation);*
- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation);*
- *Bringing the Turkish Cypriot community closer to the Union, through inter alia information on the European Union's political and legal order, promotion of people to people contacts and Community scholarships (Objective 4 of the Aid Regulation); and*
- *Preparation of legal texts aligned with the *acquis communautaire* for the purpose of these being immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem / Preparation for implementation of the *acquis**

*communautaire in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession (Objectives 5 and 6 of the Aid Regulation).*

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

### ***1.3.1. Low voltage network metering project (Objective 1 of the Aid Regulation)***

Subject matter of the contract envisaged

The Turkish Cypriot electricity grid is currently unstable, experiencing voltage fluctuations and planned and unplanned energy cuts in specific sub-grids. The Turkish Cypriot electricity local body is in charge of electricity generation, transmission and distribution in the TCc. Yet, the local body cannot properly monitor the low voltage distribution network, resulting in an inefficient management and the impossibility to properly plan an increased use of renewable energy.

The project aims at designing a low voltage network monitoring system and installing electronic electrometers with remote meter reading and control capabilities in transformer rooms at the low voltage level, suitable for commercial and domestic applications. This will improve the measurement and management of power demand, as well as generation by decentralised producers. It will also contribute to a better control of the low voltage network and reduce power losses. This intervention will contribute to achievement of the EU Green Deal objectives: to add new renewable energy generation capacity, thus increasing the share of renewables in the energy mix; and to promote smart electricity management and economy decarbonisation.

The project is conditional on activating a TAIEX scoping mission to assess the situation of the electricity sector and explore areas of support. Intensive TAIEX support will be beneficial to define a proper operational framework and to ensure full compliance with EU standards, thus improving conditions for potential integration with the Republic of Cyprus electricity grid. The proposed intervention will facilitate working on critical sub-stations as a pilot and establish a good technical cooperation with the local body. The intervention holds potential for further scaling up and would have positive synergies with the envisaged bi-communal solar power plant. It would also help inform any renewable energy investments in the TCc, thus contributing to the EU Green Deal agenda.

#### **Expected results:**

- Design of low voltage network system;
- Supply and installation of about 1,000 meters at critical transformer rooms;
- Setting and coordination with the existing centralized controlling system.

Type of contract and type of procurement

Works/supply contract and service contract

Indicative amount per contract

EUR 1 300 000 (for an indicative 2-year period of implementation)

Indicative number of contracts envisaged

1 works/supply contract and 1 service contract

Indicative timeframe for launching the procurement procedure

2Q2026

Implementation

The action will be implemented directly by the Commission.

### ***1.3.2. Support to education (Objective 2 of the Aid Regulation)***

Subject matter of the contract envisaged

Support to the education sector is priority, as it offers large outreach and durable and tangible impact to Turkish Cypriots. The support will involve, on the one hand, opportunities linked to educational infrastructure, and on the other, support to lifelong learning (LLL) and special needs education (SNE).

The education infrastructure component represents a priority from the perspective of development planning in the sector, in view of EU-related competences and educational goals. This project aims to continue providing support to the modernisation of TCc schools through science laboratories, focusing on primary schools' science education (including the teachers' academy), special needs education, and VET schools' technology-based education. Furthermore, it will contribute to enhancing students' competences and developing required skills in the 21<sup>st</sup> century, through quality education services and promotion of science and technology literacy. This support represents a complementary intervention to the previous science labs programme, by expanding the scope to include also VET schools.

The component related to lifelong learning (LLL) and special needs education (SNE) will support the development of a unified approach and practice in each sub-sector.

The LLL support strand aims to establish a strategy and to develop standardised practices and certification. It will also provide capacity building for stakeholders involved in VET, school administrators, and professional 'chambers' to be able to implement LLL courses. Furthermore,

new programmes will be developed, and a common platform is planned to be established among the stakeholders to ensure access to materials and ease the communication.

For SNE, a standardised practice and guidance systems will be developed. The skills, resources, and abilities of teachers and education management will be strengthened, in view of enhancing the processes linked to the inclusion of children with special educational needs in the TCc.

In view of having a better coordination and steer of the envisaged assistance, as well as ensuring a higher cost-efficiency level of this intervention, the proposed support actions for the LLL and SNE sub-sectors will be merged in one technical assistance project.

**Expected results:**

The results expected for laboratory modernisation are as follows:

Provision of support in the form of 17 primary education science lab equipment and sets required for the establishment of science laboratories in 16 primary schools and in the teachers' academy. In addition, the project will provide 26 computer-based training laboratories for a total number of 11 VET schools, which will be equipped with the necessary hardware and educational software to cover the following 7 areas in the VET curricula:

- Construction and technical drawing;
- Mapping, lands and cadastre;
- Information technology, programming, and web apps;
- Accounting;
- Furniture decoration and metal technologies;
- Graphic design, photography and printing;
- Food, beverage, and hospitality.

The results expected for LLL and SNE support are as follows:

- Establishment of an LLL strategy;
- Structured LLL practice based on labour market needs;
- Increased knowledge, skills and capability of the education workforce;
- Empowered and trained stakeholders to exercise supervision and advisory functions;
- Analysis and report on good practices for further implementation;
- Achievement of standard practices, testing, inspection. and guidance systems for SNE;
- Improved, standardised psychological guidance and counselling service for public schools' pupils with special needs.

Type of contract and type of procurement

Supply and service contracts

Overall indicative amount

EUR 2 000 000 (for an indicative 3-year period of implementation)

Indicative number of contracts envisaged

1 supply contract and 1 service contract

Indicative timeframe for launching the procurement procedure

3Q2025

Implementation

The action will be implemented directly by the Commission.

### ***1.3.3. Continuous support to civil society organisations – Civic Space (Objective 3 of the Aid Regulation)***

Subject matter of the contract envisaged

In line with the scope linked to objective 3 of the Aid Regulation (*“Reconciliation, confidence-building measures, and support to civil society”*), the EU provides financial assistance to strengthen the role of civil society in the TCc and to promote EU values. It also promotes a conducive environment for further development of trust, dialogue, co-operation and building closer ties between the two communities in Cyprus. By supporting civil society in the TCc, the EU brings a tangible contribution to the development of a fairer society based on respect for human dignity and human rights, freedom, democracy, equality, and the rule of law.

In parallel to the grant schemes, the Aid Programme has financed several technical assistance projects to support CSOs in the TCc, as follows: (i) Civil Society Support Team (CSST) from 2008 to 2011; and (ii) Civic Space from 2015 (currently under implementation until 2025). Equally, the Grant Support Team technical assistance, which started in 2008 as a Project Management Unit and currently under implementation until 2025, had a major component in supporting CSOs in the implementation of awarded grants in line with EU rules and relevant procedures.

To follow up on the actions mentioned above and in line with an already established successful practice, the technical assistance proposed under the 2024 programme is driven by the need to further support the capacity building of CSOs in the TCc, for them to become full-fledged active actors. The envisaged project will build upon the achievements of previous and on-going TAs, with the following overview of activities planned to be implemented in synergy with and under the umbrella of Civic Space work, thus ensuring greater sustainability and local ownership:

- Further capacity building of CSOs, including through helpdesk support;
- Further implementation and continuation of the mentoring and coaching activities for the CSOs and specialized training, including for the preparation and management of EU funded projects;
- Continuation of the Active Citizenship Mechanism (ACM) in-kind support programme;
- Enlarging the scope of activities for civil society, which are creating an enabling environment;
- Continued support to CSOs and the related working groups on various rights-based issues (e.g. environment, gender, anti-trafficking, health, etc.);
- Promotion and support of bi-communal cooperation among CSOs across the Green Line.
- Assistance to relevant Commission services in preparing and promoting EU calls for proposals for civil society;
- Assistance to relevant Commission services in the assessment of project proposals, negotiation of directly awarded grants, and support in the contracting phase;
- Assistance to grant beneficiaries in the implementation of projects and to the Commission in the monitoring process.

**Expected results:**

- Enhanced engagement of society in civic actions;
- Strengthened capacities of CSOs, including the ones linked to the management of EU-funded projects;
- Reinforced CSOs' civic engagement and role in decision-making;
- A more enabling environment for CSOs promoted in the TCc;
- Enhanced cooperation between Turkish Cypriot CSOs and Greek Cypriot CSOs;
- Increased impact of EU-funded grants in the civil society sector.

Type of contract and type of procurement

Service contract

Overall indicative amount

EUR 2 300 000 (for a 2.5-year period of implementation)

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

1Q2025

Implementation

The action will be implemented directly by the Commission.

#### **1.3.4. Technical assistance for providing information services – EU Infopoint (Objective 4 of the Aid Regulation)**

Subject matter of the contract envisaged

In line with the scope linked to objective 4 of the Aid Regulation (“*Bringing the Turkish Cypriot community closer to the Union*”), the EU Infopoint in the TCc carries out a range of communication and visibility functions. It provides information about EU policies and actions in support of the TCc (including funding opportunities) and promotes European policies, programmes, values and culture.

To this respect, the Infopoint maintains a relevant website and has a strong social media presence in the TCc. Its activities to date have considerably enhanced the visibility of the EU and the Aid Programme in the TCc. Since its inception in 2009, the EU Infopoint has provided EU-related policy information to thousands of people through various communication activities and outputs. The current operational budget of the project of about EUR 1.8 million was allocated under the 2021 programme and covers the period from July 2023 until July 2026. The continuation of the successful work of the EU Infopoint remains vital in the TCc context, due to a significant demand for information about the EU and the Aid Programme. Addressing this in a targeted and impactful manner can have a positive impact on the efforts for the reunification of the island.

The budget allocated for this project under the 2024 programme will ensure that the EU Infopoint remains operational for a period of another three years and continues its work on highlighting in its communication activities the impact of the Aid Programme for the TCc. Targeted communication activities are necessary to bring the Turkish Cypriots closer to the EU, thus facilitating the reunification of Cyprus.

##### **Expected results:**

As per the specific objective of this action, which is to increase the levels of public knowledge, awareness and understanding of the EU, its values, policies and role in the context of Cyprus settlement support, the expected results are as follows:

- Implementing strategic communication tools in the TCc focused on EU policies and assistance provided to local beneficiaries;
- Operational management of an information centre (EU Infopoint) in the northern part of Nicosia.

Type of contract and type of procurement

Service contract

Indicative amount per contract

EUR 1 900 000 (for an indicative 3-year period of implementation)

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

4Q2025

Implementation

The action will be implemented directly by the Commission.

### **1.3.5. TAIEX support (Objective 5 and 6 of the Aid Regulation)**

Subject matter of the contract envisaged

The Commission's Technical Assistance and Information Exchange (TAIEX) instrument is used to implement objectives 5 and 6 of the Aid Regulation and thus helps prepare the TCc for implementation of the *acquis* in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession, upon the entry into force of a comprehensive settlement of the Cyprus problem. The pace of and developments in the settlement process will determine the need and shape the priorities in this respect.

In addition, the Commission is required to provide continued support for trade across the Green Line (Regulation 866/2004). TAIEX independent experts carry out regular phytosanitary inspections of fruit and vegetable products, take honey samples for analysis, and produce an updated list of vessels whose catch can be traded across the Green Line. The experts working under the Green Line Regulation are first appointed by a Commission decision and only then deployed by TAIEX. The newly put in place inspection regimes require phytosanitary certificates for virtually all fruits and vegetables traded across the Green Line.

TAIEX experts are also mobilised to conduct pilot compliance checks of production facilities for certain processed foods and for materials in contact with food, which have been allowed to cross the Green Line. These checks help with ensuring the compliance with relevant EU standards.

The TAIEX instrument is used for the above activities and delivers: draft legal text; seminars and conferences; workshops; expert missions; study visits; provision of tools and information products for, amongst others, translation and interpretation activities; and coordination and

monitoring, in close cooperation with Commission services and EU Member States.

TAIEX operations also support the achievement of the remaining objectives of the Aid Regulation, with activities in many fields including *inter alia* environment, transport, rural development, food safety, and phyto-sanitary and veterinary health. TAIEX transfers technical know-how and underpins and complements other actions of the Aid Programme.

TAIEX experts working in the TCc are EU public experts, principally selected under a three-year Medium Term Assistance scheme (MTA). The MTA sets an operational framework for TAIEX support for the TCc, with project action plans developed for the selected areas of EU *acquis*.

Continuing TAIEX assistance is particularly vital to facilitate the settlement and finding solutions in the technical topics related to EU *acquis* preparation. This requires flexibility to adjust the extent, quantity, format and content of EU-funded assistance.

**Expected results:**

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

Type of contract and type of procurement

Service contract

Indicative amount per contract

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

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

1Q2025

Implementation

The action will be implemented directly by the Commission.

### 1.3.6. *Support and Settlement Facility*

Subject matter of the contracts envisaged

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

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

The Support and Settlement Facility may also provide resources for visibility actions, evaluations, monitoring and audits, as well as for supporting studies, highly relevant project preparatory actions, small-scale supplies, supplementary interventions and any other priority actions. Depending on further progress made by the beneficiary and any identified urgent needs, the latter may involve, amongst others, actions in support of the implementation of the Halloumi/Hellim package, measures to promote EU standards and boost Green Line trade, supplementary infrastructure and environment investments, including in the area of energy efficiency and renewable energy, and further support to market surveillance activities. The facility will also contribute to the financing of the corporate communication as mentioned in the Communication on Corporate communication action in 2024-2027 C(2024)6467.

In addition to this, the Support and Settlement Facility may be used to finance the participation of Turkish Cypriots in EU programmes<sup>5</sup>.

**Expected results:**

- Facilitated initiatives stemming from the settlement process;
- Prepared ground for future EU-funded projects;
- Provided complementarity to on-going actions, as needed;
- Effective emergency interventions.

Type of contract and type of procurement

Works/supply/service contracts

<sup>5</sup> In alignment with the eligibility criteria and conditions of the EU programme in question.

Overall indicative amount

EUR 3 371 756.30

Indicative number of contracts envisaged

5-10 works/supply/service contracts, including specific contracts stemming from framework contracts

Indicative timeframe for launching the procurement procedure

4Q2025 to 4Q2027

Implementation

The action will be implemented directly by the Commission.

#### ***1.4. Actions implemented through indirect management***

The objectives of the Aid Regulation, which are implemented through indirect management in the Action Programme 2024, are the following:

- *The development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply (Objective 1 of the Aid Regulation);*
- *The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation); and*
- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation).*

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

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

Amount

EUR 500 000 (for a 8-year period of implementation)

Implementing entity

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

UNDP is a well-established partner in Cyprus, with a proven track record and a solid on-the-ground expertise in implementing major infrastructure projects. UNDP has started implementing the Local Infrastructure Facility (LIF) since its introduction under the 2017 programme.

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

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

Delegating the implementation of the Facility to UNDP allows for fast procurement and flexibility in recruiting the necessary resources to support the project implementation. The Commission maintains control over the Facility through decision-making powers on the selection of projects to be funded, overall steer of programmes, impact on the ground, and strong EU visibility.

UNDP is a well-established partner for cooperation on bi-communal projects, which should constitute a large part of the LIF investments. Some of these projects would touch the Buffer Zone, which makes UNDP involvement all the more pertinent.

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

#### Overall objective and purpose of the action

Investments in the local infrastructure, along with the related services and supplies, have been a cornerstone of the Aid Programme since the start of its implementation; they aim at developing and restructuring the infrastructure for the benefit of the local communities in line with EU standards. During 2006-2023, more than EUR 200 million has been allocated to infrastructure development projects, backed up by technical assistance.

The Local Infrastructure Facility (LIF) is a framework mechanism, which continues to support such projects, whilst bringing coherence and streamlining any actions financed by the Aid Programme related to this support. It aims to ensure that only fully merited projects are

implemented. Furthermore, this mechanism addresses the past operational challenges, which led to serious delays in the preparation of projects and in bringing them to maturity.

Overall, the Facility finances, outside emergency actions, prioritised and shortlisted infrastructure projects, based on objective assessment criteria and ready in the pipeline. High priority is given to infrastructures supporting the European Green Deal such as promotion of renewable energy and energy efficiency measures.

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

*(1) Complementary financing for Trunk-E and decommissioning of old Nicosia wastewater treatment plant*

UNDP recently completed the maturation of the projects to decommission the old Nicosia wastewater treatment plant, including drying of some ponds and the establishment of an acceptance unit for septage waste, and to replace sections of Trunk-E bringing wastewater generated in the southern part of Nicosia to the bi-communal wastewater treatment plant. Due to recent price increases on the market, the budget committed under the previous programmes is assessed as not being sufficient to properly implement the works required. Therefore, following several attempts at decreasing the budget, it was concluded that a complementary funding of EUR 500,000 is required for a sound and quick implementation of the support envisaged.

**Expected results:**

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

**1.4.2. Bi-communal solar power plant (Objective 1 of the Aid Regulation)**

Amount

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

#### Implementing entity

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

Justification: UNDP is a well-established partner in Cyprus, with a proven track record and a solid on-the-ground expertise in implementing major infrastructure projects, including those with a bi-communal dimension and placed in the Buffer Zone.

UNDP recently completed the EU-funded “Pre-feasibility Study for a Renewable Energy Pilot Project in Cyprus”. The parameters for the potential implementation of a solar power plant in the Buffer Zone will be defined after bi-communal negotiations. Therefore, UNDP is in a preferential position to carry out envisaged follow-up actions, such as design and construction, and any other consultancies required to support the implementation of such an ambitious project. UNDP possesses the required expertise, experience and contact network to reasonably ensure a successful implementation of the project. Finally, the fact that the power plant will be located in the Buffer Zone makes UNDP involvement all the more pertinent.

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

#### Overall objective and purpose of the action

The project aims to establish a solar power plant in the Buffer Zone, generating renewable energy and making it available to all consumers in Cyprus. Energy storage facilities will make the electricity generated dispatchable, thus both communities could benefit of this feature and make use of energy stored when most required. The technical solution proposed is a well-known reliable approach which has been used by several countries, also including in the EU. This approach is innovative for Cyprus, as there is currently only one demonstrative plant of this nature in operation. The implementation of this project will contribute to generating relevant information in view of replicating similar solutions in Cyprus, thus promoting the use and increase of renewable energy in the energy mix, as indicated by the provisions of the EU Green Deal.

The power plant being managed by both communities, the action has also the potential to build trust and integrate the electricity grids from both sides of the divide. Such a confidence-building measure can significantly contribute to the reunification of Cyprus.

The implementation of this action which is conditional on the consent of the Republic of Cyprus and the agreement by both communities, will include various activities, including the development of technical documents to be agreed by both communities, the selection and contracting of an international company to develop technical designs, as well as the construction and ensuring all relevant permissions by the competent authorities of the Government of the Republic of Cyprus and technical steps to be coordinated with the relevant stakeholders.

Without prejudice to the outcome of the ongoing discussions with the Government of the Republic of Cyprus and the expected negotiations between the two communities, budget earmarked for the action could cover the first tranche of the envisaged investment.

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

**Expected results:**

- Technically sound and complete relevant documents agreed by both communities;
- Successfully implemented power plant through a resource-efficient and result-effective framework;
- Prioritised and best value for money solution regarding design and implementation;
- Clear and transparent communication with all stakeholders, in coordination with the Commission;
- Increased EU visibility in the TCc through wide-ranging and targeted communication activities on the power plant and its implications for people's life.

The action is planned to be implemented in indirect management. In duly justified circumstances and/or if negotiations with the above-mentioned entity fail, this action may be implemented in direct management in accordance with the implementation modalities identified in section 1.7.

**1.4.3. Support to implementation of the Halloumi/Hellim package and rural development (Objective 2 of the Aid Regulation)**

Amount

EUR 6 500 000 (for an indicative 4-year period of implementation)

Implementing entity

**Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)**, according to Article 62(1)(c) of the Financial Regulation.

Since 2014, GIZ has been providing field-based, hands-on technical and logistical support to the Commission relevant services implementing the Aid Programme for the TCc. By doing so, GIZ has developed an extensive knowledge of the local context. Since June 2023, GIZ has established a field-level presence in the TCc, for the purpose of implementing projects funded under the Aid Programme. The current cooperation includes projects in the areas of Halloumi/Hellim, rural development and animal health, as well as economic convergence, private sector development and trade across the Green Line.

GIZ has an extensive experience in subject matters directly relevant to the task of supporting the implementation of the Halloumi/Hellim package and beyond. It implements projects amounting to over EUR 1.1 billion in the agriculture, business and fisheries sectors. Given this experience, GIZ has access to a broad network of experts, including from EU Member States, who can bring a significant added value to the outputs and expected work.

GIZ has an excellent track record of working closely with the Commission, as evidenced by its extensive cooperation implementing projects for the Commission, including recently also under the Aid Programme. Given its broad thematic expertise and its work in around 120 countries, GIZ is assessed to be able to develop and maintain strong working relationships with partners and stakeholders relevant for supporting the implementation of the Halloumi/Hellim package and beyond, and to possess the ability to tailor support to different stakeholders.

As a German federal enterprise, GIZ has a strong financial and operational capacity. The GIZ project portfolio funded by the EU includes more than 200 projects worth over EUR 2 billion, attesting to the strong management capacity of GIZ.

#### Overall objective and purpose of the action

Agriculture is an important and vital economic segment in the TCc, with untapped potential for Green Line trade. Numerous EU interventions in the form of grants, technical assistance and supplies have been implemented to assist farmers and food business operators to improve the conditions along the agricultural and food production chain, in particular the dairy value chain related to the Halloumi/Hellim PDO, and to implement EU standards.

The registration of Halloumi/Hellim as a PDO was officially granted through the European Commission Implementing Regulation 2021/591 on 12 April 2021. The PDO scheme extends to the whole island of Cyprus, including the TCc. The PDO product specifications dictate that the ratio of small ruminants' milk (sheep and goat) in the production of Halloumi/Hellim should not fall below 50% by mid-2024, the end of the transitional period. However, current estimations suggest that approximately 95% of Halloumi/Hellim produced in Cyprus contains a ratio of 80-95% cow's milk, given shortages in small ruminants' milk. While there are indications that the transitional period is to be extended, there is an urgent need to address the availability of small ruminants' milk in Cyprus to sustain further the PDO scheme.

In addition, while conditions along the agricultural and food production chain have improved, there is still an acute need for financial support to be provided to agricultural producers and food business operators, so they can maintain and improve production capacity in line with EU standards. The sector requires support to transition to more sustainable practices, drawing upon agricultural knowledge and innovation.

The action thus includes two components:

(1) Implementing an EU sheep and goat breeding programme; and

(2) Supporting primary level (farmers, their professional associations, cooperatives and related entities) and secondary level (food processors and their professional organisations) producers in the agricultural and food chains in the TCc in:

- (i) Increasing their production capacity, sustainability and efficiency; and
- (ii) Meeting EU sanitary and phytosanitary requirements.

The first component of the action is designed to address the shortage of sheep and goat milk available for the Halloumi/Hellim PDO scheme in the TCc in the medium- to long-term, by increasing the performance of small ruminants in the community, in particular as regards their milk yields. For that purpose, the action will support the deployment of a sheep and goat breeding programme which will allow, among others, to identify favourable milking traits in the local sheep and goat population and reproduce these traits. An efficient breeding programme will also have positive impact on the economic and environmental performance of TCc farms. While focusing mainly on the TCc, the programme intends to capitalize on bi-communal opportunities across Cyprus to the extent possible.

The implementation will include various actions, including but not limited to providing support to the entity selected to manage the breeding programme, purchasing of essential supplies and the deployment and operation of (a) research and demonstration facility/ies in charge of the breeding programme. Depending on the strategic approach adopted, incentives/compensation to demonstration farms could be envisaged. Experts and specific consultancies will be needed in various steps.

The second component of the action will contribute to safer, more sustainably produced agri-food in the TCc through improvements in the capacity and practices of the producers and will capitalize on the Green Line trade potential of the sector. The action should be inclusive of producers of food of animal and non-animal origin, including foods allowed for trade across the Green Line (i.e. honey, carob, olive oil, etc.) and aim to support the development of high potential, high value food products. The implementation will mainly be through grants to primary and secondary level producers to an indicative amount of EUR 5 million.

The tasks entrusted to GIZ will be implementation of activities including: procurement, granting, payments, project management, monitoring and ensuring visibility. GIZ is expected to implement the first component of the action by engaging Sustainable Food Systems Ireland (SFSI), given their high technical expertise and opportunities for bi-communal activities.

**Expected results:**

- Improved genetic traits of sheep and goat population of TCc;
- Strengthened data collection and analysis at farm level;

- Increased bi-communal cooperation in implementation of Halloumi/Hellim PDO and rural development more broadly;
- Increased production capacity, sustainability, and efficiency of TCc primary and secondary level producers in the agriculture and food chains;
- Improved implementation of food safety standards by TCc primary and secondary level producers in the agriculture and food chains;
- Increased transition to sustainable practices;
- Enhanced role of producer organisations in food value chains.

The action is planned to be implemented in indirect management. In duly justified circumstances and/or if negotiations with the above-mentioned entity fail, this action may be implemented in direct management in accordance with the implementation modalities identified in section 1.7.

#### ***1.4.4. Support to private sector development and Green Line trade (Objective 2 of the Aid Regulation)***

Amount

EUR 4 000 000 (for an indicative 2-year period of implementation)

Implementing entity

**Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)**, according to Article 62(1)(c) of the Financial Regulation.

Since 2014, GIZ has been providing field-based, hands-on technical and logistical support to the Commission relevant services implementing the Aid Programme for the TCc. By doing so, GIZ has developed an extensive knowledge of the local context. Since June 2023, GIZ has established a field-level presence in the TCc, for the purpose of implementing projects funded under the Aid Programme. The current cooperation includes projects in the areas of Halloumi/Hellim, rural development and animal health, as well as economic convergence, private sector development and trade across the Green Line.

GIZ has an extensive experience in subject matters directly relevant to the task of supporting private sector development. It implements projects amounting to over EUR 1.1 billion in the agriculture, business and fisheries sectors. Given this experience, GIZ has access to a broad network of experts including from EU Member States who can add significant value added to the outputs and expected work.

GIZ has an excellent track record of working closely with the Commission, as evidenced by its extensive cooperation implementing projects for the Commission, including recently also under the Aid Programme. Given its broad thematic expertise and its work in around 120 countries,

GIZ is assessed to be able to develop and maintain strong working relationships with partners and stakeholders relevant for supporting private sector development, and to possess the ability to tailor support to different stakeholders.

As a German federal enterprise, GIZ has a strong financial and operational capacity. The GIZ project portfolio funded by the EU includes more than 200 projects worth over EUR 2 billion, attesting to the strong management capacity of GIZ.

#### Overall objective and purpose of the action

Boosting trade across the Green Line and ensuring compliance with EU standards continues to be a key priority of the Aid Programme, given its high reunification value and benefits to the economic development of the TCc. While trade across the Green Line continued to increase in 2023, there is need to further this potential by increasing trade in locally produced, niche, innovative and value-added products which are compliant with EU standards. In this context, supporting small and medium enterprises (SMEs) and entrepreneurship is necessary. Lessons learnt from past and on-going EU support initiatives highlight a continuous need for assistance in the sector, particularly as regards investments in sustainability, greening, digitalisation and R&D, alongside continued needs to boost compliance with EU production and product standards.

In response, this action proposes to increase support to a wide-ranging private sector development and Green Line trade intervention designed under the 2023 programme, building upon the lessons learnt under the EU's Innovative Entrepreneurship programme (2019-2023), mixing training programmes, mentoring and hands-on support with grants to SMEs to upscale their businesses, including in view of trade across the Green Line. The grant component of the action is indicatively set at EUR 2 million.

Activities in support of increased trade across the Green Line will target early stage entrepreneurs, start-ups and SMEs and focus on support to equipment procurement, CE marking, standardisation, certifications, as well as boosting the green transition/digitalisation of businesses. Specific value chains with high Green Line trade potential identified under 2023 funding can also be supported, including through grants. In addition, ecosystem actors will be strengthened to foster innovation and entrepreneurship including, when relevant, in a bi-communal perspective.

The action will draw upon and work in close cooperation with the on-going EU's One Stop Shop for trade across the Green Line and businesses initiative, and with the EU-funded World Bank programme aiming to improve the enabling environment for businesses with respect to simplification of trade procedures based, among others, on a risk management approach.

The tasks entrusted to GIZ will be implementation activities including: procurement, granting, technical assistance, payments, project and grant management, monitoring and ensuring visibility.

**Expected results:**

- Increased competitiveness and convergence of TCc SMEs with the EU single market;
- Strengthened innovation and entrepreneurship ecosystem;
- Strengthened value chains with high potential for trade across the Green Line.

The action is planned to be implemented in indirect management. In duly justified circumstances and/or if negotiations with the above-mentioned entity fail, this action may be implemented in direct management in accordance with the implementation modalities identified in section 1.7.

**1.4.5. Support to economic convergence and integration in Cyprus (Objective 2 of the Aid Regulation)**

Amount

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

Implementing entity

**The World Bank Group**, according to Article 62(1)(c) of the Financial Regulation.

The World Bank is a well-established partner of the European Commission globally, and in Cyprus, reflecting the shared objective of building competitive and sustainable economies and reducing poverty and social exclusion. It has successfully implemented projects in support of economic integration and convergence under the Aid Programme since its early inception (which is the case to date), providing quality outputs which are highly valued by the Commission.

Through its engagement under the Aid Programme, the World Bank has demonstrated a proven track record and a solid on-the-ground expertise in macroeconomic monitoring, analysis, and the provision of policy recommendations in the areas covered by its mandate. It has also acquired a particular role in helping on settlement related issues.

The local presence in the TCc and the World Bank's involvement in work on similar issues with the authorities of the Republic of Cyprus makes it a unique body for this action. The World Bank is a renowned entity of respected international standing that has the required sensitivity, technical competence and specialisation to carry out the expected work.

## Overall objective and purpose of the action

The 2024 programme will continue to support the TCc in view of increased island-wide economic convergence and integration by addressing challenges related to economic development and necessary reforms. The action will engage the expertise of the World Bank, building on the analytical and advisory work done so far with the support of the EU, in the following expected main areas:

(1) Macroeconomic monitoring and policy advice: the action will continue to support the annual macroeconomic monitoring report exercise and the provision of targeted policy advice informed by the macroeconomic findings as well as newly available data given on-going and previous support to the collection of statistical data in the TCc.

(2) Skills and labour mobility: the action will produce an assessment of labour mobility across the Green Line to support better decision making in this policy area. The assessment will aim to increase understanding of the motivations, opportunities and challenges of labour mobility, and provide recommendations for the introduction of skills enhancement programmes with implications of employment across the Green Line, ensuring mutual benefits and stability for the communities. The assessment will use and link up with the development of the first-ever education survey in the TCc, to be supported under the action. The survey will provide insights as regards the skills availability and net economic impact of this sector to the economy.

(3) Facilitation of trade and simplification of procedures: the action will continue to provide expertise and share good practices to simplify trade procedures with a specific focus on trade across the Green Line.

(4) Assessment of Quality Infrastructure: the action will undertake a quality infrastructure (QI) gap assessment in the TCc and provide tailored recommendations and a concrete roadmap on the way forward for discussion with stakeholders. An improved QI in the TCc is critical to boost competitiveness and increased Green Line trade.

The tasks entrusted to the World Bank will be implementation activities. Given the nature of the action, most activities will involve the provision of expertise.

### **Expected results:**

- Stronger island-wide economic convergence and integration (impact);
- Enhanced data and knowledge for evidence-based economic policy-making;
- Improved knowledge of mutual benefits and possibilities for labour mobility across the Green Line;
- Increased awareness and use of simplified trade procedures;
- Improved knowledge of the state of play and steps to take to improve QI in the TCc including in view of Green Line trade.

Details of the action will be confirmed in consultation with all relevant stakeholders during the contract preparation stage.

**1.4.6. Support for the Committee on Missing Persons in Cyprus (Objective 3 of the Aid Regulation)**

Amount

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

Implementing entity

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

The Committee on Missing Persons in Cyprus (CMP) was established in April 1981 by agreement between the Greek Cypriot and Turkish Cypriot communities, under the auspices of the UN. It is composed of Members appointed by the leaders of the respective two communities and a Third Member, selected by the International Committee of the Red Cross (ICRC) and appointed by the UN Secretary-General. The Terms of Reference of the CMP call upon the Committee to “look only into cases of persons reported missing during the inter-communal fighting [1963-64] as well as in the events of July 1974 and afterwards” (Article 7, Terms of Reference of the Committee on Missing Persons in Cyprus). The mandate of the CMP is purely humanitarian to establish the fate of missing persons.

The CMP does not have legal personality and it cannot, therefore, be the recipient of EU funding. UNDP, having a long experience in confidence-building programmes around the world and a long presence on the island, has been entrusted by the EU to support the CMP members in implementing the project. UNDP Cyprus is in line with the overall mandate of the Committee on Missing Persons in Cyprus, and is responsible for the day-to-day administrative, financial and procurement management of the project. Up to date, 15 Contribution Agreements (CAs) have been signed with UNDP with a total contribution of over 38 000 000.

Overall objective and purpose of the action

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

With the passing of time, it is increasingly difficult to obtain precise information to determine the location of the burial sites, including the relocation of remains. This is a key challenge to be addressed now by renewed efforts in researching relevant civil and military archives, accessing military areas, as well as with stronger use of IT tools in order to facilitate the investigation, excavation and exhumation phases.

The EU will continue to support the CMP and the 2024 programme includes an allocation in line with the previous years to cover a nominal 1-year period of implementation.

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

**Expected results:**

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

The above translates into the following activities: (i) Support to the work of the bi-communal teams; (ii) Investigations, excavations, exhumations, DNA analysis, return of remains; and (iii) Events, training, and awareness raising.

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

The costs are largely covered by the EU funds as well as by the funds of the two communities and other international donors. More specifically, approximately 40% of the funds are devoted to the investigation and the excavation phases. Also, 34% is spent on anthropological analyses (associating individual bones with larger skeletal remains, estimating gender, age and looking for particular identifying features) and genetic identification of remains (including DNA extraction and analysis). The remaining funds cover the communication and public awareness activities, training and capacity building, and the costs of project management.

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

Amount

EUR 2 500 000 (for a 3-year period of implementation)

#### Implementing entity

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

The Technical Committee on Cultural Heritage (TCCH), through which the confidence-building measures are steered, was set up by the two leaders under the auspices of the UN. The work of the TCCH constitutes a crucial tool for building confidence between the Turkish Cypriots and the Greek Cypriots. The TCCH is dedicated to the identification and safeguard of the rich immovable cultural heritage of Cyprus, and of all its communities. The TCCH does not have legal personality and, therefore, cannot be a grant recipient, nor does the TCCH have any functional or technical means to implement conservation projects.

UNDP is, thus, tasked with the project implementation as it has the necessary mandate, legitimacy, expertise, and experience in the field of Cypriot cultural heritage preservation and bi-communal project implementation.

Up to date, 9 Contribution Agreements (CAs) have been signed with UNDP to provide support to the preservation of cultural heritage. UNDP has a good track record in the implementation of these CAs and has built up a high level of efficiency considering the particular circumstances. Contributions to the TCCH have yielded great results since 2012, with an impact on over 150 conserved sites island-wide, increasing heritage-site visitation and intra-island exchanges, and engaging thousands of Greek Cypriots and Turkish Cypriots, thus improving the perceptions of the general public vis-à-vis the other community. Events have been organised for each site intervention and the press coverage has been positive overall, generating increased programme visibility.

#### Overall objective and purpose of the action

The overall objective of the project is to support the reconciliation process and to increase trust between the Greek Cypriot and Turkish Cypriot communities through the implementation of confidence-building measures agreed by the bi-communal TCCH. Confidence-building measures should be further encouraged by the important participation of bi-communal teams and other stakeholders during the implementation of the projects. The specific objective is to preserve the cultural heritage of Cyprus by supporting conservation and/or emergency measures for highly important cultural heritage sites agreed by the TCCH.

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

implementation of practical measures for proper maintenance, preservation, physical restoration, protection and digital preservation of cultural heritage.

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

The cultural heritage project also developed a digital platform with virtual tours of cultural heritage sites with a view to increase online accessibility and digital preservation for completed projects. This digital platform, including a 3D point cloud, 360 virtual tours for 15 sites, and a multiplayer Othello Tower game, aims at fostering interaction especially amongst the youth, while maximising the public awareness of the value of Cyprus' rich and diverse cultural heritage. The project includes a bi-communal engagement strategy, a Heritage Youth Ambassadors initiative, and a strong public awareness component.

The EU will continue to support the TCCH: the 2024 programme includes a continued allocation for the TCCH, considering the remarkable success in implementation of this project, its high appreciation by the local communities and its significant reconciliation dimension. This allocation is to cover a nominal 3-year period of implementation.

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

**Expected results:**

- Completed conservation designs for at least 6 sites;
- Completed conservation works for at least 8 sites (the number of sites will depend on budget availability and type of project);
- At least 6 capacity-building and community-involvement events implemented; and
- Increased awareness amongst the general public and respect for the heritage sites of both communities in Cyprus;
- At least 8 virtual tours of cultural heritage sites developed, featuring enhanced elements such as historical information and engaging storytelling;
- Enhanced Cultural Heritage Digital Archive which digitally preserves completed projects.

#### 1.4.8. Support and Settlement Facility – EUPSO support

##### Amount

EUR 2 400 000 (for a 2-year period of implementation)

##### Implementing entity

**Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)**, according to Article 62(1)(c) of the Financial Regulation.

Since 2014, GIZ has been providing field-based, hands-on technical and logistical support to the Commission team implementing the Aid Programme for the TCc and the EU Programme Support Office (EUPSO). By doing so, GIZ has developed its knowledge of the local context and established a presence on the ground.

As a German federal enterprise, GIZ has a strong financial and operational capacity. The GIZ’s project portfolio funded by the EU includes more than 200 projects worth over EUR 2 billion, attesting to the strong management capacity of GIZ.

##### Overall objective and purpose of the action

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

In line with the above, the Support and Settlement Facility will provide resources for logistic support to the EU Programme Support Office (EUPSO), which houses the Commission staff implementing the Aid Programme in the field.

##### Expected results:

- Continued field-based technical and logistical support to the Commission’s Programme Team implementing the Aid Programme for the TCc.

#### 1.5. Indicative budget table by Objective

Aid Regulation Objective	Procurement	Grant	Indirect Management with IOs/MS Body	Totals	
	EUR	EUR	EUR	EUR	%

<b>Objective 1: Development and restructuring of infrastructure</b> <i>Local Infrastructure Facility</i> <i>Bi-communal solar power plant</i> <i>Low voltage network metering project</i>	1 300 000		500 000 5 000 000	<b>6 800 000</b>	17
<b>Objective 2: Promotion of social and economic development</b> <i>Halloumi/Hellim package and rural development</i> <i>Support to education</i> <i>Economic convergence and integration in Cyprus</i> <i>Private sector development and Green Line trade</i>	2 000 000		6 500 000 1 600 000 4 000 000	<b>14 100 000</b>	35
<b>Objective 3: Reconciliation, confidence-building, and civil society</b> <i>Support to CMP</i> <i>Support to TCCH</i> <i>UWC Cyprus Peace Education Programme</i> <i>Civic Space</i>	2 300 000	1 500 000	2 600 000 2 500 000	<b>8 900 000</b>	23
<b>Objective 4: Bringing the TCc closer to the EU</b> <i>EU Infopoint</i>	1 900 000			<b>1 900 000</b>	5
<b>Objective 5/6: Preparation of legal texts / preparation for <i>acquis</i> implementation</b> <i>TAIEX support</i>	2 000 000			<b>2 000 000</b>	5
<b>Support and Settlement Facility</b> <i>Support and Settlement Facility</i> <i>EUPSO support</i>	3 371 756.30		2 400 000	<b>5 771 756.30</b>	15
<b>TOTAL</b>	<b>12 871 756.30</b>	<b>1 500 000</b>	<b>25 100 000</b>	<b>39 471 756.30</b>	100

## ***1.6. Assumptions and accompanying actions***

There are several specific issues that must be resolved and agreed by relevant TCc stakeholders before the 2024 programme can be fully implemented:

### Objective 1: Development and restructuring of infrastructure

- All potential property-related issues must be identified, including site-access issues, planning consents and methods of working;
- It is assumed that relations with contractors in the TCc will be sufficiently smooth. Infrastructure investments remain a risk for the Commission, in terms of both implementation and sustainability. The Commission remains committed to infrastructure development as required by the Aid Regulation, but relies on the cooperation of beneficiaries for full commitment and absorption of funds.

### Objective 2: Promotion of social and economic development

- The actions in the area of social and economic development will require a particular commitment and continuous engagement of the beneficiary and fulfilment of responsibilities by all involved actors.

### Objective 3: Reconciliation, confidence-building, and civil society

- The bi-communal Technical Committee on Cultural Heritage will meet to provide clear guidance on preferred priorities agreed by the two communities;
- It is assumed that monuments renovated in the areas not under the effective control of the Government of the Republic of Cyprus are subsequently maintained and accessible to the public, preserving their scope and historic and/or religious character;
- It is assumed that high interest in studying at the United World Colleges will be generated in both communities and that applications of sufficient quality will be submitted;
- It is assumed that grant applications of sufficient quality will be submitted by civil society organisations.

### Objective 4: Bringing the TCc closer to the EU

- It is assumed that high interest amongst the public in the activities of the EU Infopoint will be maintained.

### Objective 5/6: Preparation of legal texts / preparation for *acquis* implementation

- It is assumed that the beneficiary will have sufficient absorption capacity and that working groups will function efficiently, helping with programming and implementing TAIEX assistance.

In the implementation of actions financed under this programme, the rights of natural and legal persons, including the rights to possessions and property, should be respected.

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

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

#### **DIRECT MANAGEMENT**

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

Procurement shall follow the provisions of Part One, Title VII of the Financial Regulation.

Grant award procedures shall follow the provisions of Part One, Title VIII of the Financial Regulation.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

#### **INDIRECT MANAGEMENT**

Part of this programme shall be implemented by indirect management with entrusted entities other than the beneficiary in accordance with Article 62(1)(c) and Articles 154-157 of the Financial Regulation, or Title VI of the Financial Regulation, as applicable.

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

#### **MONITORING**

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

#### **EVALUATION**

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

### ***1.8. Special conditions***

In the implementation of actions financed under the Financing Decision and its Annexes, the rights of natural and legal persons, including the rights to possessions and property shall be respected in line with Article 7 of the Aid Regulation.

Nothing in the Financing Decision and its Annexes are intended to imply recognition of any public authority in the said areas, other than the Government of the Republic of Cyprus.

As regards participation in the award of procurement or grant contracts, the term “all natural and legal persons of Member States of the European Union in Article 9 paragraph 1 of Council Regulation 389/2006” is clearly defined therein. This will be specified in the calls for tenders and proposals.