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Planning Bureau

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STRATEGIC REPORT 2012

for the

EUROPEAN ECONOMIC AREA (EEA)
FINANCIAL MECHANISM

2009 – 2014

REPUBLIC OF CYPRUS

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GLOSSARY OF ACRONYMS

AA	Audit Authority (Internal Audit Service)
BS	Beneficiary State
CA	Certifying Authority (Treasury)
CVAR	Centre of Visual Arts and Research
DS	Donor States
EC	European Commission
EEA	European Economic Area
EU	European Union
FM	Financial Mechanism
FMC	Financial Mechanism Committee
FMO	Financial Mechanism Office
MC	Monitoring Committee
MoU	Memorandum of Understanding
NFP	National Focal Point
NGOs	Non Governmental Organisations
NPERI	National Public Entity Responsible For Irregularities Reports
NSRF	National Strategic Reference Framework
PA	Programme Agreement
PB	Planning Bureau
PP	Project Promoter
PM	Project Manager
PPD	Public Procurement Directorate, Treasury
SDP	Strategic Development Plan
WP	Work Plan

1. Executive Summary

The present Annual Report is prepared by the Planning Bureau acting as the National Focal Point (NFP) for the implementation of the European Economic Area (EEA) Financial Mechanism (FM) 2009-2014 according to Article 2.21 of the Regulation on the implementation of the EEA FM as well as paragraph 6 of Annex A of the Memorandum of Understanding (MoU) signed between the Republic of Cyprus and the three Donor States on the implementation of the above Mechanism. It is noted in this respect that according to the above-mentioned paragraph of the MoU, the NFP should submit to the FMC a combined Strategic Report and Annual Programme Report. However since the Programme Agreement, between the FMC and the NFP was signed on 5 December, 2012, the relevant first Annual Programme Report should be submitted in the second year following the approval of the Programme i.e. in 2014 (article 5.11.2 of the Regulations). As a result, the present Report is a Strategic Report prepared on the basis of the Template in Annex 3 of the Regulations and not a combined Strategic and Annual Programme Report as stipulated in the MoU.

According to the MoU on the implementation of the EEA FM 2009-2014, the net amount of the allocation to be made available to Cyprus is €3,561,250. In view of the small size of the allocation, it was agreed, during the MoU negotiations, that the support would be provided through two Programmes: The Fund for Non-Governmental Organisations to be operated by an Operator to be selected through an open tender procedure and a Cross sectoral Programme, operated by the Planning Bureau, consisting of three predefined projects each one falling under a specific Programme area. These areas concern Biodiversity and Ecosystem Services, Children and Youth at Risk and Conservation and Revitalisation of Cultural Heritage.

The overall objectives common to all Programmes under the EEA FM is the reduction of economic and social disparities in the EEA and the strengthening of the bilateral relations between the DS and Cyprus whereas the objectives of the various Programme Areas and the respective predefined project as stated in the relevant MoU are as follows:

- A. Programme Area: Biodiversity and Ecosystem Services
 - Objective: Halt loss of biodiversity
 - Project: Biodiversity conservation in Restoration and Management of the Amiantos Asbestos Mine at Troodos National Forest.
- B. Programme Area: Funds for Non-Governmental Organisations
 - Objective: Strengthened Civil Society development and enhanced contribution to social justice, democracy and sustainable development

C. Programme Area: Children and Youth at Risk

Objective: Improved well being of children and young people at risk

Project: Day Care Centre for children and youth with mental and physical disabilities

D. Programme Area: Conservation and Revitalisation of Cultural and Natural Heritage

Objective: Cultural and natural Heritage for future generations safeguarded and conserved and made publicly accessible

Project: Centre for Visual Arts and Research.

A detailed financial analysis of the Programmes appears in the table below (Table 1), indicating the grant allocation, the co-financing, the bilateral funds at Programme level, as well as the other allocations concerning Technical Assistance and the Fund for bilateral relations at national level.

Table 1

	Net Grant Allocation as per MoU (€)	Grant Rate (max)	Co-financing Rate (min. Rate)	Co-financing Rate (min. Amount) (€)	Bilateral of FM (€)	Bilateral of CY (€)	Total Bilateral Fund at Programme Level (€)
	A			B	C (1.5% of A)	D (1.5% of B)	E (C + D)
Programme Area							
Biodiversity and Eco-systems	1.155.500	85%	15%	203.912	17.333	3.059	20.391
Children and Youth Risk	385.000	85%	15%	67.941	5.775	1.019	6.794
Conservation and Revitalisation of Cultural and Natural Heritage	623.000	90%	10%	69.222	9.345	1.038	10.383
Funds for NGOs	1.320.750	90%	10%	146.750	19.811	2.201	22.012
SUBTOTAL	3.484.250			487.825	52.264	7.317	59.581
Other Allocations							
Technical Assistance	57.750						
Fund for Bilateral Relations	19.250						
GRANT TOTAL	3.561.250						

As already noted, the Programme Agreement for the cross-sectoral Programme was signed on 5 December 2012 whereas the Programme for the Fund for NGOs is currently at the stage of preparation of the Program Proposal. On the basis of the above, the present Strategic Report reflects the progress since December 2011 at which time the MoUs were signed and as such it can only assess expectations and not real achievements.

The progress in the last year can be summarized as follows: Firstly, in its role as National Focal Point, the Planning Bureau:

- (a) Has taken all the necessary actions for the establishment of the Monitoring Committee and the preparation of the Internal Regulations for its operation;
- (b) Prepared the description of the Management and Control System, in the context of which the structures of and the procedures followed by the National Focal Point are described in detail, as well as those of the Certifying Authority, the Audit Authority and the National Public Entity responsible for the preparation and submission of irregularities reports. The Management and Control System was evaluated by the Internal Audit Service, and a positive opinion was issued;
- (c) Prepared a proposal regarding the needs for funding for Technical Assistance, both for the Planning Bureau as the National Focal Point and the Certifying and Audit Authorities. The amount of €117.750 was allocated to Technical Assistance for both Financial Mechanisms, under the Agreement signed on the 20th of March 2012. The Agreement also provides for the management of the Fund for Bilateral Relations between Cyprus and the Donor States on the basis of a work plan which is under preparation by the Planning Bureau.
- (d) Prepared the Communication Strategy, which was approved by the Donor States on the 5th of October 2012. The budget available for the implementation of the Communication Strategy is €11.165 and will cover all the communication activities related to the Financial Mechanisms to be implemented by the Planning Bureau.
- (e) Carried out all relevant tender procedures to the selection of the Program Operator for the Programme "Funds for NGOs", i.e. preparation of Tender Documents, (including the Terms of Reference); launch of tender; evaluation of tender proposals and award of Tender. The relevant contract was signed on 28 January 2013.

Secondly, in its role as Program Operator, the Planning Bureau:

- Prepared the Project Application template, which was used by the Project Promoters to prepare detailed applications for the three predefined projects. The Project Application template was presented to and discussed with the Project Promoters during a relevant workshop organized by the Planning Bureau. On the basis of the Project Application template, the Project Promoters of the predefined projects prepared their Project Applications, which were submitted to the Financial Mechanisms Office for assessment. Following a consultation procedure between the FMO and the Project Promoters, which was facilitated by the Planning Bureau, the final project applications were submitted and approved;
- Prepared the Programme Proposal, which was submitted to the FMO for approval on the 25th of October 2012. The Programme Proposal was approved and the Programme Agreement was signed in Nicosia on the 5th of December 2012.

2. Assessment of impact at national level

2.1. Cohesion

Since gaining independence in 1960, Cyprus has had a record of successful economic performance, reflected in strong growth, full employment conditions and relative stability. The success of Cyprus in the economic sphere has been attributed, inter alia, to the adoption of a market-oriented economic system, the pursuance of sound macroeconomic policies by the government as well as the existence of a dynamic and flexible entrepreneurship and a highly educated labor force. In the past 30 years, the economy has shifted from agriculture to light manufacturing and services. The services sector, including tourism, contributes almost 80% to GDP and employs more than 70% of the labor force. Industry and construction account for approximately one-fifth of GDP and labor force, while agriculture is responsible for 2.1% of GDP and 8.5% of the labor force.

After more than three decades of continuous growth, the Cypriot economy contracted in 2009 and has continued to do so. This reflected the exposure of Cyprus to the global recession and European sovereign debt crisis. In recent times, concerns have been raised about the state of public finances and spiraling borrowing costs. The deterioration of public finances, the lack of financing from the international markets and the need for recapitalization of the banking sector, have lead Cyprus to request financial support from the European Stability Mechanism (ESM). A Memorandum of Understanding containing fiscal and structural measures to restore financial stability is under negotiation, with Troika (EC, ECB

and IMF). Various measures have already been adopted through Parliament and their implementation is expected to affect further the cohesion in the country in the short term.

Within the above framework, and given the very small grant allocation, the impact of the Programmes supported by the EEA FM cannot be substantial. However, the EEA Grants together with other funding mechanisms such as the Norway Grants, the EU Structural/Cohesion Funds and the funds under the Swiss Cooperation Programme, will contribute to the implementation of programmes that will counter balance to some extent the adverse effects of the financial crisis. Each of the three selected predefined projects fits into the overall objective of its respective Programme area as stated in the MoU and is fully in line with the legislation and national priorities as they are set out in the Cyprus Strategic Development Plan (SDP) 2007-2013, the main objective of which is sustainable economic development in a context of social cohesion, and/or the National Strategic Reference Framework (NSRF) 2007-2013 and its Operational Programmes and/or national strategies for the specific sectors. With regard to national priorities, emphasis was given to the need that the projects should serve the development aims of the Cyprus Government, so that existing needs of Cyprus could be met.

As regards the Programme areas supported by the Grants in Cyprus and the predefined projects falling under each of the areas, these are highly relevant to the existing needs of the country and will contribute in their own way in the reduction of economic and social disparities. Two of the projects (the Amiantos Mine Project and the Project for the Centre of Visual Arts and Research) will contribute inter alia to the sustainable improvement of life quality in the rural areas and to the revitalization of the demarcation line in divided Nicosia, respectively. The third project (Day Care Centre for disabled children and youth) will contribute to the combating of social exclusion of the specific target group and their reintegration into the community.

As regards the Programme Area for the "Funds for the NGOs" this is expected to contribute to the strengthening of civil society development and through that, to the implementation of the national strategy on sustainable development and social cohesion as well as to the overall objective of the Grants for reduction of economic and social disparities.

The assistance provided to Cyprus through the EEA FM has also a bicomunal dimension and in this sense, it will also contribute to promoting bicomunal contacts and dialogue between the two communities of Cyprus.

The risks that could impede the overall objective of reduced disparities result largely from the adverse external conditions caused by the financial crisis. The recession in the economy could be such that the objective of reduced disparities may be difficult to achieve, at least in the coming years. As regards the risks for the programme objectives at the sector

level, these are general risks that are faced in programme/project implementation and are not expected to create serious problems, since mitigation measures are already in place. Such risks are those of corruption during the tendering process; delays in tendering procedures; limited project management experience of Project Promoters; delays in implementation etc.

2.2 Bilateral relations

The bilateral relations between the Republic of Cyprus and the three EEA Donor States (Norway, Iceland and Lichtenstein) can be characterized as good although over the years they were rather limited. This situation improved significantly over the last few years through the implementation of the EEA FM 2004-2009 under which a number of projects were promoted. These projects provided visibility for the three Donor States while at the same time they provided the opportunity to Cypriot entities, especially NGOs, to create contacts and to cooperate with counterparts from the Donor States.

The implementation of the new Programmes under the EEA FM 2009-2014 will enhance the bilateral relations further, since the various projects of the cross sectoral Programme include bilateral activities such as study visits, exchanges of experiences through expert visits, organization of workshops etc. In addition the Project Promoters will also utilize the bilateral funds at programme level for additional activities that are related to their respective Programme Area.

As regards key events in 2012 that have promoted the strengthening of bilateral relations at the national level the following three events are noted:

- (a) Participation to the Workshop “Gender Equality and Gender Based Violence”, which was organized by the FMO on the 23rd of May 2012 in Brussels. One representative of the Programme Operator and two representatives of the Project Promoter of the Project “Construction of a New Shelter for the Victims of Domestic Violence” participated in the event. The workshop was aimed at providing an opportunity for networking, mutual learning and practical exchange for key stakeholders involved in the gender programmes.
- (b) Participation to the “Risk Management and Good Governance Seminar EEA & Norway Grants 2009-2014”, which was organized by the FMO on the 10th - 11th of September 2012 in Sofia. One representative of the National Focal Point participated. The seminar was aimed at providing knowledge on the management of risk, which has become a critical element in the implementation of the Grants, the strategic approach towards tackling risks and processes and procedures to maintain attention in respect of risk issues. The participants had the opportunity to share

experiences, concerns and best practices in respect of the potential risks that may arise and successful risk management.

- (c) Organisation of a lecture on the subject of “Managing Petroleum Wealth-Lessons and Experiences”, offered by the Norwegian expert Martin Skancke on the occasion of the launch of the two Cross sectoral Programmes operated by the Planning Bureau. The lecture took place on the 5th of December 2012 at the premises of the University of Cyprus and was co-organized by the National Focal Point, the University of Cyprus and the Royal Embassy of Norway in Athens. During the lecture experiences in management of petroleum revenues and how they affect economic policies were discussed. In particular, the experience of Norway in the use of a petroleum fund to manage revenues and issues relating to the organization and management of such funds was presented.

As regards risks that could impede on the bilateral objectives, the most significant risk relates to the limited budget available which allows for only a limited set of initiatives and activities to take place. Nevertheless the aim is to promote a few but focused activities so that the effect can be maximized to the greatest extent possible. The bilateral workplan under preparation by the NFP is based on the above approach.

3. Management and Implementation

3.1. Management and Control Systems

As per the requirement of Article 4.8.1 of the Regulation, the NFP prepared and submitted to the FMO on 6 November 2012, a detailed description of the Management and Control Systems, covering in particular the organisation and procedures of the NFP, the Certifying Authority, the Audit Authority and the National Public Entity responsible for the preparation and submission of irregularities reports.

The Management and Control System description was accompanied by a report and an opinion drawn up by the Audit Authority, which confirmed that the implementation system complies with the requirements of the Regulation and generally accepted accounting principles.

No changes have taken place since the description of the implementation system was submitted. As regards its efficiency and effectiveness this can only be assessed after the Programmes, including the Fund for Bilateral Relations at National Level, have entered the implementation stage in 2013.

3.2. Compliance with EU legislation, national legislation and the MoU

The assistance is in compliance with the regulatory environment, including compliance with the MoU. In respect of the latter, no modifications are considered necessary in either Annex A or Annex B. As regards matters such as state aid, environmental directives and public procurement, it is noted that state aid and environmental issues were already examined and resolved at the stage of the selection/approval of the predefined projects and no problems are anticipated in this respect. No problems are anticipated in the area of public procurement either since all procurement procedures will be carried out in accordance with the legislation provisions of the national procurement (Law N.12 (1) of 2006) which is fully harmonized with the relevant EU Directive, with additional controls in the form of Compliance Certificates issued by the Public Procurement Directorate (PPD) of the Treasury that will safeguard the correctness and legality of the procedures followed.

3.3. Status of Programmes

As already noted, the EEA MoU includes two Programmes, one cross-sectoral Programme which includes three predefined Projects and one Programme for Funds for the NGOs which will be operated by a Programme Operator (PO) to be selected through open tender procedures. By the cut-off date of the Report, only the cross-sectoral Programme was approved. The progress on this Programme since its signature date on 5th December 2012, is that the Planning Bureau, in its capacity of PO has proceeded to the drafting of the relevant Project Contract for signature with the Project Promoters. By the cut-off date of the Report, one such project contract was signed (Amiantos Asbestos Mine) and another one (Day Care Centre) is expected to be signed by mid February. The contract for the remaining project (CVAR) will be signed as soon as the relevant conditions set in the Programme Agreement are fulfilled, possibly within February 2013.

As regards commitments and disbursements, it is noted that so far the amount of €2.240.500 relating to the cross-sectoral Programme (including technical assistance funds and funds for bilateral relations at national level) has been fully committed. No disbursements have taken place so far and as a result no problems related to absorption and or disbursements were faced.

3.4. Irregularities

No irregularities were detected either at the Programme level or in the management on Beneficiary State Level.

3.5. Audit, monitoring, review and evaluation

Given that the Programme Agreement for the first Programme was signed on 5 December 2012 and the Programme proposal for the second Programme is still under preparation, no activities regarding audit, review and evaluation were undertaken by the NFP. As regards the planned activities for the next reporting period, these relate mainly to the monitoring function at the PO and NFP level. According to the procedures already set out, these are based on a mixed system of progress reports and bimonthly meetings between the Planning Bureau and PPs where problems and issues will be discussed and resolved. The progress reports will be submitted three times per year in the months of January, May and September. The bimonthly meetings will be taking place every two months depending on the date of contract signature.

As regards audits, reviews and/or on-the-spot verification of projects, these are not expected to commence in 2013, as the projects will be at a very early implementation stage, especially if one takes into account that the first part of 2013 will be taken up by the relevant tendering procedures. The same applies for evaluations which for the same reason, are planned to take place at the end of 2014. For audits in particular and given that the Programme Agreement for the cross sectoral Programme was signed in December 2012, the Audit Authority will present to the FMC by September 2013, an audit strategy, the method to be used, the sampling method for audits on projects and the indicative planning of audits throughout the programming period.

3.6. Information and publicity

The National Focal Point has undertaken the following communication and publicity activities, in accordance to the Communication Strategy, which was prepared by the NFP and approved by the Financial Mechanisms Office on the 5th October 2012:

1. Workshop for the Project Promoters:

The National Focal Point organised a workshop for the Project Promoters of the eight predefined projects on the 22nd of February 2012, during which the Management and Control System of Cyprus for the EEA and Norwegian Financial Mechanisms 2009-2014 and the Project Application template were presented and explained.

2. Website of the National Focal Point:

The website of the National Focal Point (www.eeagrants.gov.cy) has been set up with basic information on the Grants. Relevant information on the following topics was included:

- general information on the EEA and Norwegian Financial Mechanisms 2009-2014;
- legal documents;
- Information on the cross-sectoral Programmes to be implemented under the EEA and Norwegian Financial Mechanisms 2009-2014 in Cyprus, as well as the “Fund for NGOs” and the “Global Fund for Decent Work and Tripartite Dialogue”;
- monitoring committee;
- annual meetings with the Donors;
- events organised by the NFP;
- news regarding the launching of the Programmes;
- call for proposals for projects under the “Global Fund for Decent Work and Tripartite Dialogue”;
- links to the websites of the Programme Operator of the “Global Fund for Decent Work and Tripartite Dialogue”, the Project Promoters and the DPPs;
- communication details of the NFP, the Programme Operators of the two cross-sectoral Programmes and the NFP person responsible for the “Fund for NGOs” and the “Global Fund for Decent Work and Tripartite Dialogue”;
- photos of events and meetings.

3. Launching Event / Signature Ceremony for the Programmes:

A launching event for the two cross-sectoral Programmes was organised on the 5th of December 2012, during which the Programme Agreements for the two Programmes were signed and four Project Promoters presented an overview of their predefined Projects. In addition, in order to further generate awareness on the impact of the EEA and Norway Grants in Cyprus, a Project implemented during the previous programming period 2004-2009 was presented. The event was open to the public and the media, and was communicated to the public through the national printed and electronic media, as well as one TV-channel.

4. Publication of a Booklet:

A 16-pages booklet was published in December 2012, in both the English and the Greek language, containing information on the Grants in general, the EEA and Norway Grants 2009-2014 in Cyprus and the Programmes to be implemented in Cyprus, as well as the previous experience of Cyprus with the Grants during the previous programming period 2004-2009.

The booklet was distributed to the participants of the launching event and the participants of the bilateral event also organised in December 2012 and will be distributed during all relevant events that will be organised by the NFP, the Programme Operators and the Project Promoters, as well as those to be organised under the Fund for Bilateral Relations at National Level.

5. Promotional and Branding Material:

A number of pens, folders and writing pads with the logos of the Grants, the Republic of Cyprus and the NFP were produced and distributed to the participants of the workshop and the meetings organised. Also, a number of banners were produced and used during the workshop, the launching event, the event organised under the Fund for Bilateral Relations and the annual meeting.

6. Press Releases / Announcements:

A number of press releases were published and sent to national printed and electronic media regarding:

- the launching event / signature ceremony;
- the event under the Fund for Bilateral Relations;
- the signature of the Programme Agreements for the two cross-sectoral Programmes;
- the signature of the Project Contract for the “Amiantos Asbestos Mine Project”

In addition to the above mentioned communication activities, the NFP has provided on-going support to the Project Promoters during the preparation of their publicity plans in the context of their Project Applications, mainly through experience, knowledge and material sharing.

Overall, it is the opinion of the NFP that the information and publicity activities have been successful so far, in terms of raising visibility and awareness of the financial mechanisms and its objectives. As per the approved Communication Strategy, the

information and publicity efforts of the NFP during 2012 were targeted to the following three target audiences:

- Actual Project Promoters of the pre-defined Projects and potential Project Promoters for Projects under the “Fund for NGOs”;
- The General Public: The efforts of the NFP to reach the general public in order to raise awareness about the Donor States and their contribution are in many cases limited by the relatively small size of the allocation. As a result, in many cases the activities were mainly targeted to the stakeholders and the potential direct beneficiaries of the Projects and Programmes.

The results of the information and publicity activities for 2012 are assessed, according to the Communication Strategy, as follows:

INDICATOR	VALUE
- Number of workshops organised	1
- Number of participants in the workshop	20
- Percentage of participants (against the total number of people invited) of the workshop	100%
- Number of events organised	1
- Number of participants in the launching event	50
- Percentage of participants (against the total number of people invited) of the launching event	Approximately 35%
- Number of copies of publications (booklet) disseminated	250
- Number of press releases / announcements created and sent for publishing	4
- Number of media publishing each press release	(a) Launching event/ Signature ceremony: 7 (b) Bilateral event: 7 (c) Signature of the Programme Agreements: 7 (d) Signing of Project Contract: 10
- Percentage of media publishing each press release	30%

It should be noted that the press releases mentioned above have been also published in online media (webpages and blogs) that publish articles extracted from official website of

major newspapers and tv channels. Furthermore they were published in newspapers with the highest circulation in Cyprus.

Overall, the Communication Strategy is implemented in accordance to the timeline set and no modification of the content, the timeline or the budget is necessary.

As regards the information and publicity activities of the Programme Operator of the cross-sectoral Programme which is the Planning Bureau, it is noted that those overlap with the activities which are implemented by the NFP, since both these roles are executed by the Planning Bureau. Specific publicity actions taken however include the press releases that are issued upon the signing of the project contracts with the relevant PPs. One such press release has been issued with regards to the signing of the Project Contract for the Project of the “Amiantos Asbestos Mine”.

As far as the “Fund for the NGOs” is concerned, it is noted that the Programme Proposal of the Programme Operator is currently under preparation and therefore the Communication Plan for the Fund is not available yet.

3.7. Workplan

The milestones for the implementation of the Financial Mechanisms in 2013 are listed below:

1. Organisation of the second Meeting of the Monitoring Committee for the approval of the Strategic Report on 30 January 2013.
2. Submission of the Programme Proposal for the Programme “Funds for NGOs” by 31 January 2013.
3. Signature of the Project Contract between the Planning Bureau and the PPs and commencement of the implementation of the three pre-defined projects by February 2013.
4. Submission by the Planning Bureau in its role as PO, of the Management and Control System description of the PO, to the FMO by the end of March 2013.
5. Organisation of the Annual Meeting of the Government of the Republic of Cyprus and the Donor States in April 2013.
6. Launch of open call under the Programme “Funds for NGOs” in May 2013.
7. Selection of NGO Projects by the selection Committee by October 2013.
8. Bimonthly meetings with each of the PPs at the predefined projects as well as the PO for the Programme “Funds for NGOs” on a continuous basis over the year.

The milestones for the information activities are listed in the table below:

Work Plan for the Information Activities for 2013	
Activity	Timeline for Implementation
1. Workshop for Project Promoters and Programme Operators about the Management and Control System	March-April 2013
2. Website	On-going
3. Press Releases for Project Contracts	Upon signature of the remaining two Project Contracts – February 2013
4. Press releases for other events (e.g. Annual Meeting, NGO Fund launch etc.)	On the occasion of each event
5. Newsletters	One at the end of January 2013 and one at the end of July 2013

4. Reporting on Programmes

As already noted the Programme “Fund for NGOs” is still not finalized and therefore no progress on this Programme can be reported.

As regards the second Programme under the EEA FM, i.e. the cross-sectoral Programme operated by the Planning Bureau it is noted that despite the fact that the Programme was only approved in December 2012, its three pre-defined projects were well planned and designed at the stage of the preparation of the detailed project application and their implementation can therefore commence almost immediately upon signature of the relevant project contracts.

It is expected that the results from these projects will contribute directly to the selected outcomes. More specifically each of the three projects relates directly to one outcome and therefore positive results are expected in the following programme outcomes:

- Increased capacity to manage and monitor Natura 2000 sites effectively
- Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented
- Cultural Heritage restored, renovated and protected.

The indicators that were selected at the stage of the programme proposal preparation as well as at the stage of the preparation of the detailed project applications were drawn from the list of standard indicators of the EEA/Norway Grants 2009-2014 and are considered as appropriate in measuring the results.

The expected impact of the Programme will be along three fronts and will therefore reach a number of target groups ranging from educators to pupils, from rural communities to inhabitants along the demarcation line in divided Nicosia and from researchers to children and

youth with multiple disabilities. In the Biodiversity and Ecosystem Area, the predefined project will assist in the implementation of the national strategy for sustainable development through improved management and conservation of natural resources. The project will introduce innovative biodiversity conservation measures in a degraded part of state Forest Land, which is a Natura 2000 site, while at the same time it will provide economic and social benefits in a rural area thus helping in reversing adverse demographic conditions.

In the Children and Youth at risk Area, the predefined project will contribute to the combating of social exclusion of the target group, namely children and youth with multiple physical and mental disabilities, to the reduction of the barriers which isolate people with disabilities and to the reintegration of the direct beneficiaries into the community and thus to the improvement of the overall well-being of the direct beneficiaries and their families.

In the area of conservation and revitalization of Cultural and Natural Heritage, the predefined project will utilize culture as a means of social cohesion in encouraging and strengthening cultural relations between all people without discrimination and in particular between Greek Cypriots and Turkish Cypriots. At the same time it will contribute to the revitalization of a deprived area in the demarcation line in Nicosia with economic and social benefits for the city and its inhabitants.

Concerning the Programme “Funds for NGOs”, its expected impact is the strengthening of civil society in Cyprus with special emphasis on the encouragement of bicomunal cooperation.

The impact of the Programmes will be further enhanced through the use of funds for bilateral relations both at national and Programme levels, as these funds will be used for exchanges of knowledge, experience and best practices through visits, seminars, conferences etc that will be organized in 2013.

The potential risks that may threaten the achievement of the objectives as set out in the cross sectoral Programme Proposal, are still valid and relate mainly to the procurement process and the limited experience in project management for some of the PPs in designing and implementing projects. Mitigation measures for these risks are already in place.

5. Summary listing of issues and Recommendations

Over the past year, substantial progress was made as regards the programming of the funds. With the signing of the Programme Agreement for the cross-sectoral Programme in

December 2012, efforts will now be focused on the implementation of the three predefined projects.

Substantial progress was also achieved for the Programme “Fund for NGOs” where after a long process for the preparation and approval of the relevant Tender documents (including the Terms of Reference), the tender was successfully awarded to Price Waterhouse Coopers (PWC) who will act as the Programme Operator. The PO is currently finalizing the Programme Proposal so that it is submitted to the FMO by 31/1/2013.

5.1. Outstanding issues

As regards the three predefined projects, the major outstanding issue is the signing of the Project Contracts for the two remaining projects so that project implementation is initiated. The projects are:

- Day Care Centre for Children and Youth with mental and physical disabilities,
- Centre for Visual Arts and Research (CVAR).

The PO is in close communication with the respective PPs so that the contracts are signed the soonest. The case of the CVAR presents the most challenges as various conditions need to be fulfilled by the PP before the project contract is signed.

As regards the Programme “Funds for NGOs”, the outstanding issue is the review and approval by the FMC of the Programme Proposal to be submitted by the selected PO, by 31/1/2013 as per Article 5.1.4 of the Regulation, so that the NGO Fund can be launched the soonest possible.

Another outstanding issue is the finalization and submission by the NFP of the Workplan for the Bilateral Fund at national level so that the various activities can be approved by the FMO/FMC.

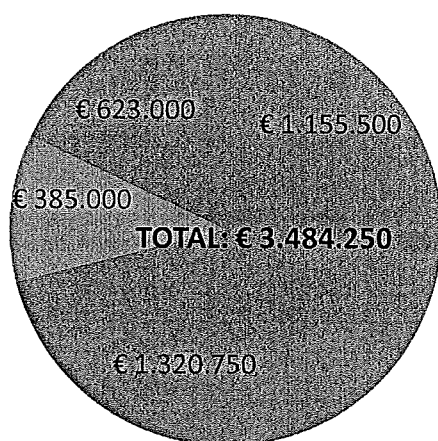
5.2. Recommendations for the future reporting period

		<u>Recommendations</u>	<u>Action</u>	<u>Timing</u>
Predefined Projects	(a)	Signing of Project Contract for the Project “Day Care Centre for Children and Youth with mental and physical disabilities”	PP/PO	February 2013
	(b)	Signing of Project Contract for the Project “Centre for Visual Arts and Research” once the condition set are fulfilled	PP/PO	February 2013

	(c)	Close monitoring of the three projects for early problem identification and immediate corrective actions for successful completion	PP/PO	Continuous
"Funds for NGOs"	(a)	Submission of the Programme Proposal by the selected PO through the NFP	PO/NFP	31/1/2013
	(b)	Approval by the FMO/FMC of the NGO Programme proposal and signature of Programme Agreement	FMC/FMO	April 2013
	(c)	Preparation and Launch of the open call	PO	May 2013
	(d)	Closure of open call	PO	August 2013
	(e)	Evaluation of Project Proposals	PO	September 2013
	(f)	Selection of Projects by Selection Committee and signing of Project Contracts	PO/PPs	October 2013
	(g)	Start of implementation of projects	PPs	November 2013
Bilateral Fund at National level	(a)	Submission of the workplan for the fund of Bilateral Relations at National level	NFP	February 2013
	(b)	Finalisation and approval of the WP by the FMO/FMC	FMO/FMC	March 2013
	(c)	Implementation of activities for 2013	NFP	As per agreed Programme of activities

Pie chart showing the break down of the contribution between the different Programme Areas

EEA FINANCIAL MECHANISM CONTRIBUTION 2009-2014		
Title of predefined Project	Programme Area	EEA FM Contribution
Biodiversity conservation in restoration and management of the Amiantos Asbestos Mine in Troodos National Forest Park	Biodiversity and Ecosystem Services	€ 1.155.500
Provision of Services for the Development and Management of the Programme for the Fund for Non-Governmental Organisations (NGO Fund)	Funds for Non-Governmental Organisations	€ 1.320.750
Transformation of Nea Eleousa to a Day Care Centre for Children and Youth With Multiple Disabilities	Children and Youth at Risk	€ 385.000
Centre for visual arts and research	Conservation and Revitalisation of Cultural and Natural Heritage	€ 623.000
TOTAL		€ 3.484.250



■ Biodiversity and Ecosystem Services

■ Funds for Non-Governmental Organisations

■ Children and Youth at Risk

■ Conservation and Revitalisation of Cultural and Natural Heritage

