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Directorate General for European
Programmes, Coordination and
Development



COMBINED
STRATEGIC AND ANNUAL PROGRAMME REPORT
2013

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
DGEPCD	Directorate General for European Programmes, Coordination and Development
DoRIS	Documentation, Reporting and Information System
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
PA	Programme Agreement
PO	Programme Operator
PP	Project Promoter
PM	Project Manager
PPD	Public Procurement Directorate, Treasury
WP	Work Plan

1. EXECUTIVE SUMMARY

The present combined Strategic and Annual Report is prepared by the Directorate General for European Programmes, Coordination and Development (DGEPCD) acting as the National Focal Point (NFP) for the implementation of the European Economic Area (EEA) Financial Mechanism (FM) 2009-2014 according to Article 2.2.1 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.

The Report reflects the implementation of the EEA FM during the period January – December 2013 and contains information with regard to the progress made towards the implementation of the two Programmes, the Cross sectoral Programme, operated by the DGEPCD, consisting of three predefined projects each one falling under a specific Programme area (Biodiversity and Ecosystem Services, Children and Youth at Risk and Conservation and Revitalisation of Cultural Heritage) and the Fund for Non-Governmental Organisations, operated by PWC Ltd which was selected through an open tender procedure. Furthermore, the Report reflects on publicity issues, bilateral relations and proposals for future activities.

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. According to the MoU on the implementation of the EEA FM 2009-2014, the net amount allocated to Cyprus is €3.561.250. The table below shows a detailed analysis of the two Programmes, indicating the Programme Areas and the projects under these Areas, the PPs, the individual 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.

Programme Area/Project	Project Promoter	Net Grant Allocation as per MoU (€)	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)
1. Programme CY02						

Biodiversity and Eco-systems Project: Biodiversity conservation in restoration and management of the Amiantos Asbestos Mine in Troodos National Forest Park	Department of Forest	1.155.500 85%	203.912 15%	17.333	3.059	20.391
Children and Youth at Risk Project: Transformation of Nea Eleousa to a Day Care Centre for Children and Youth With Multiple Disabilities	Social Welfare Services	385.000 85%	67.941 15%	5.775	1.019	6.794
Conservation and Revitalisation of Cultural and Natural Heritage Project: Centre for visual arts and research	Costas and Rita Severis Foundation	623.000 90%	69.222 10%	9.345	1.038	10.383
2. Programme CY03						
Funds for NGOs Project: Provision of Services for the Development and Management of the Programme for the Fund for Non-Governmental Organisations (NGO Fund)	PO: PWC Ltd PPs: Selected NGOs	1.320.750 90%	146.750 10%	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				

It is noted, that the Programme Agreement for the cross-sectoral Programme (CY02) was signed on 5 December 2012 and Programme Agreement for the Fund for NGOs (CY03) was signed on 7 August 2013.

The activities implemented and the progress made in the last year can be summarized as follows:

(A) Firstly, in its role as **National Focal Point**, the DGEPCD:

- (a) Prepared the description of the Management and Control System, in the context of which the structures of and the procedures followed by the DGEPCD in its role as Programme Operator was described in detail. The Management and Control System was evaluated by the Internal Audit Service, and a positive opinion was issued. Furthermore, the part of the MCS submitted to the FMO in November 2012 which described the role and the structures of the NFP, the Certifying Authority and the Audit Authority was also updated and sent to the FMO.
- (b) Prepared and submitted to the FMO in September 2013, the Work Plan for the Bilateral Fund at National Level, according to Art.3.5 of the Regulation and to Art. 2.5 of the Agreement for the Financing of Technical Assistance and the Fund for Bilateral Relations at National Level signed between the DS and the NFP.
- (c) Held one Monitoring Committee Meeting in January 2013 and two Annual Meetings with the Donors in April and June 2013;
- (d) Selected the Programme Operator for the NGO Fund Programme and the relevant contract was signed on 28.1.2013.
- (e) Signed the Programme Agreement for the NGO Fund Programme with the Donors on 7.8.2013 and the Programme Implementation Agreement with the PO, on 4.9.2013.
- (f) Follow up of the procedures needed to finalize the contract to be signed with the PP for the Project "Transformation of Nea Eleousa to a Day Care Centre for Children and Youth With Multiple Disabilities". The contract is expected to be signed in early February 2014.

(B) Secondly, in its role as **Program Operator**, the DGEPCD:

- (a) Prepared and submitted to the FMO, after being certified by the Certifying Authority, the Interim Financial Reports for the Programme.
- (b) Held bi-monthly meetings with all Project Promoters who have projects under implementation.
- (c) Payments effected to the PPs in accordance with the quarterly Project Progress Reports submitted by the PPs and verified by independent accountants.

It is noted that despite the financial crisis in Cyprus in 2013, both Programmes are progressing as planned with no major risks occurring. The good communication and cooperation between the DGEPCD (as NFP and PO) and the PPs/PO, served as a catalyst in solving problems and mitigating the risks.

2. ASSESSMENT OF EFFECT OF THE GRANTS

2.1 Cohesion

Cyprus has an open, free-market, service-based economy with some light manufacturing. Since independence in 1960, Cyprus has had a record of successful economic performance, reflected in strong growth, full employment conditions and relative stability. 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, while agriculture is responsible for 2.1% of GDP and 8.5% of the labor force.

However, after more than three decades of continues growth, the Cypriot economy contracted in 2009. The 2012–13 Cypriot financial crisis, part of the wider Eurozone crisis, has dominated the country's economic affairs in recent times. Main concerns are raised about the state of public finances and the spiraling borrowing costs which bring more strain in the economic situation of the country.

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 was signed 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 as well as the NGO Fund Programme fit 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 and 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, especially in the difficult times of financial crisis 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) are characterized as good and they have 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. It is noted that cooperation was extended even beyond their project duration resulting to wider effects of the Grants.

The implementation of the 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 2013 that have promoted the strengthening of bilateral relations at the national level the following events took place:

- (a) Participation to the International Geothermal Conference, in Iceland in March 2013, by one representative of the Cyprus Energy Regulatory Authority. The representative of the Authority had the opportunity for networking, mutual learning and practical exchange for key stakeholders involved and also to discuss with representatives of relevant entities of Iceland for issues of mutual interest and future cooperation.
- (b) Participation to the "Risk Management and Good Governance Seminar EEA & Norway Grants 2009-2014", which was organized by the FMO on 24-25 of September 2013 in Oslo, Norway. Two representatives of the National Focal Point, including the Permanent Secretary of the DGEPCD, and one representative from the Certifying Authority, participated in the Seminar. 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.

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 effects can be maximized to the greatest extent possible.

3. REPORTING ON PROGRAMMES

3.1. Overview of Programme Status

As already noted, the EEA MoU includes two Programmes, one cross-sectoral Programme which includes three predefined Projects with the DGEPCD as the Programme Operator, and one Programme for Funds for the NGOs, where PO is PWC Ltd, which was selected through open tender procedures.

By the cut-off date of the Report, both Programmes were approved. The progress of both Programmes since their signature dates on 5.12.2012 and 7.8.2013 respectively, is that the DGEPCD, in its capacity

(a) as Programme Operator, has signed with the Project Promoters the relevant Project Contracts, one project contract was signed on 15.1.2013 with the Department of Forest for the Project "Biodiversity conservation in restoration and management of the Amiantos Asbestos Mine in Troodos National Forest Park" and another contract was signed on 6.3.2013, with the Costas and Rita Severis Foundation for the Project "Centre for visual arts and research". The contract for the remaining project "Transformation of Nea Eleousa to a Day Care Centre for Children and Youth With Multiple Disabilities" will be signed in early February 2014. The delay was due to technical issues relating to the cost of construction works.

(b) as National Focal Point, has signed a contract (i) with the company PWC Ltd on 28.1.2013, for the provision of services as a PO for the NGO Fund Programme, after being selected through open public tenders, (ii) with the Donors on 7.8.2013 of the Programme Agreement of the NGO Fund Programme and (iii) with the NGO Fund PO on 4.9.2013 for the Programme Implementation Agreement.

3.2. Individual Programme Reporting

(i) The implementation of the project "**Biodiversity Conservation in the Restoration and Management of the Amiantos Asbestos Mine at Troodos National Forest Park**" is in accordance with the agreed timeline and budget and no problems were faced. Some minor delays occurred in the implementation of some sub-activities, but this is not expected to cause any problems in the overall implementation of the project.

In particular, during 2013, the following planned activities were implemented:

- (a) appointment of the project management team;
- (b) setup of the steering committee for the project;
- (c) recruitment, selection and appointment of one biologist and one forester, on a contract basis, for the implementation of the project;
- (d) purchase of equipment (3 vehicles, camera, GPS systems, laptops);
- (e) publication of 2 articles about the project in local newspapers;
- (f) printing and dissemination of posters and one leaflet;
- (g) development and maintenance of the project's website;
- (h) erection of two billboards at the site of the mine;
- (i) recruitment, selection and appointment of one mine restoration expert, who has commenced working on the project in the first half of 2013;
- (j) recruitment, selection and appointment of one specialist on woody invasive plants removal and removal of 3900 invasive plants;
- (k) installation of watering point for fauna;
- (l) preparation for mine restoration (transport of topsoil, opening of trenches and laying of soil).

(ii) The implementation of the project "**Centre for Visual Arts and Research**" is running smoothly, with no major problems or delays. Some minor issues that have arisen, particularly during the demolition process, have been resolved and no delays in the completion of the project are expected.

Specifically, during 2013, the following activities were implemented:

- (a) appointment of the project management team;
- (b) selection and appointment of the contractor to execute the construction works;
- (c) commencement of the construction works;
- (d) initiation of the pre-operational activities, which include the selection of the Chief Operating Officer, the selection and training of employees (assistant general manager, librarian, executive secretary, accountant, entrance/shop attendant, guard and cleaner), the selection of the items to be sold in the souvenir shop, the selection of a suitable accounting system, etc;
- (e) Cataloguing of 500 of the 1400 paintings and 500 of the 6500 books.

(iii) Regarding the Project "**Transformation of Nea Eleousa to a Day Care Centre for Children and Youth with Multiple Disabilities**", it is noted that its contract has not been signed in early 2013 as it was planned for, due to the delay on behalf of the Project Promoter to finalise the cost of the construction works. Several technical meetings between the NFP, the Programme Operator and the Project Promoter were held throughout 2013, in order to assist the Project Promoter in finalising its Project Application. Representatives of other entities involved in the designing and implementation of the project, such as the Ministry of Finance, the

Department of Public Works and the Department of Electromechanical Services, were invited to participate when needed. Finally, by December 2013, all issues had been resolved and the Project Contract is expected to be signed in February 2014.

(iv) Regarding the **NGO Fund Programme**, it is noted that it is progressing as planned with no major risks or variations occurring during the first annual period of reporting.

During 2013, the following activities were implemented by the NGO Fund Programme Operator:

(a) Submission to the FMO of the Programme Proposal through the NFP on 31.1.2013.

(b) organization of the stakeholder consultation process in April (before the finalization of the programme proposal), leading to a stakeholder consultation event where the ideas, thoughts and preferences of the NGO community were discussed and taken into account for developing the NGO Fund key areas of interest.

(c) after the approval of the Programme Proposal on 10.6.2013, preparation of the relevant documents for the calls for proposals and publication of the calls

(d) launched the NGO Programme official website, including the publication of the calls and the evaluation database for access to the evaluators for on-line appraisal of proposals. Moreover, the facebook page was created for the awareness of the NGO Fund.

(e) organized the "launch of the calls for proposals" event on 24 July 2013 (open to the general public and publicized on both online and printed press). The launch drew more than 180 participants, indicating the interest of civil society in the EEA NGO Programme. Two calls for proposals were published simultaneously on the 24.7.2013 with duration of over 3 months, with the deadline for submission of proposals the 30th of October 2013. The first call for proposals targeted all outcomes and all areas of support of the NGO Fund Programme. The second call for proposals was a call for the selection of a single project targeting the Core Area of Support "Good governance and transparency" and outcome 2 "Strengthened capacity of NGOs and an enabling environment for the sector promoted". One NGO submitted a proposal under Call 2 and more than 100 applications were received were under Call 1.

(f) organized two proposal preparation workshops in Nicosia and Limassol in September, to help interested NGOs to submit a successful proposal. More than 140 CSO representatives participated in the workshops representing more than 100 CSOs.

(g) published a call for external evaluators, selection of the evaluators to appraise the proposals on the basis of the selection criteria and their relevance to the NGO sector.

(h) organized an evaluator's workshop to guide the selected evaluators through the evaluation manual.

(i) registered all the applications received, and conducted the first stage of the selection process which is the Formal Eligibility and Administrative Compliance Criteria.

The three pre-defined projects as well as the NGO Fund Programme, aim to contribute to the reduction of economic and social disparities in the EEA and the strengthening of the bilateral relations between the Donor States and the Republic of Cyprus, as well as to serve the development aims of the Cyprus Government, so that existing needs of Cyprus will be met.

The overall objectives of the Programmes, namely to halt loss of biodiversity, to improve the well-being of children and young people at risk, to safeguard and conserve the cultural and natural heritage and make it publically accessible, as well as to achieve a strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development are expected to be achieved through the implementation of the three pre-defined projects and the NGO Fund Programme.

No outcome indicators have been met yet, as the outcomes of the Programmes will be achieved when the main outputs of the projects will be completed. However, based on the status of implementation of the two projects and the NGO Fund Programme, no deviation from the targets is expected. Also, the third project is expected to achieve the agreed targets when the implementation will start in February 2014.

Potential Risks that may threaten the achievement of the objectives set out in the Programmes

Several risks are common to the projects and relate to the procurement procedure and the limited experience of the Project Promoters in project management in designing and implementing projects.

Given that the majority of the tender procedures for the two projects that are currently being implemented have been completed, no risks are anticipated in the remaining planned tender action.

However, for the third project, the Project Contract of which is not yet signed, the occurrence of risks relating to the procurement procedures will have a high impact on the implementation of the project. Should any delays in the tendering procedure for the selection of the contractor who will perform the construction works occur, mainly due to appeals of unsuccessful tenderers, the project implementation

period will exceed the eligibility period of the funding from the EEA Financial Mechanism 2009-2014.

For the NGO Programme, potential risks are also identified in the lack of interested NGOs to submit proposals in the various focus areas as well as their non experience to implement projects. However, in order to mitigate these risks, the PO has organized workshops for the potential PPs to explain the various issues regarding the implementation of the NGO Fund Programme.

In addition, the NFP and the PO provide continuous support and guidance to the Project Promoters and to the NGO PO, by organising workshops and issuing circulars when needed, organising technical meetings and meetings with other entities relevant to the issues raised. Furthermore, in the NFP/PO there is a designated officer for each project/Programme, where the PPs/PO, can refer to during the implementation of their projects/Programme.

Furthermore, concerning the potential delays in the implementation of the various components of the projects which may result in failure to achieve targets within the agreed timelines due to poor planning and coordination, the NFP and the PO monitor the implementation of each project closely, through bi-monthly monitoring meetings, the Project Progress Reports and frequent communication with the Project Promoters, in order to ensure that any potential deviations from the agreed timeline is identified in time and any issues causing it are resolved.

The use of funds for bilateral relations

In order to develop and strengthen bilateral relations with the Donor States, through cooperation between the Project Promoters and the relevant entities in the DS, the PPs were asked to submit their proposals for the use of the available funds in 2013. Some proposals were submitted, but the PPs were given more time to re-design the activities they will implement under the Bilateral Fund at Programme Level in order to maximise their impact to the overall project objectives, in addition to their impact to the bilateral relations.

Furthermore, it is noted that bilateral funds at programme level will be fully allocated and used by the PPs, through visits, seminars and conferences, since it became apparent to the Project Promoters the importance of the experience gained and the best practices obtained by working with respective entities in the Donor States. They are very much interested in benefiting from them, both for the implementation of their projects, but also for their future efforts in meeting their overall objectives. By these efforts they will establish sustainable relations with these entities in the Donor States and they will gain access to valuable professional, technical, administrative and organisational skills.

4. MANAGEMENT AND IMPLEMENTATION

4.1 Management and Control Systems

In accordance with Article 4.8.1 of the Regulation, the NFP prepared and submitted to the FMO on 16 December 2013, a detailed description of the Management and Control Systems, covering in particular the organisation and procedures of the Programme Operators for the two cross sectoral Programmes (CY02 and CY04) under the two Financial Mechanisms. Furthermore, the description of the Management and Control Systems covering the organization and procedures of the NFP, the Certifying Authority and the Audit Authority, was submitted on 6 November 2012 and updated and a revised version was submitted on 27 December 2013.

The Management and Control Systems description was accompanied by the Compliance Assessment Report and Opinion drawn up by the Audit Authority that the implementation system complies with the requirements of the Regulations of the EEA and Norwegian Financial Mechanisms and generally accepted accounting principles.

The changes that took place to the description of the Management and Control Systems in 2013 are:

- (a) Change of the name of the Planning Bureau as from the 1st of November 2013, to Directorate General for European Programmes, Coordination and Development (DG EPCD).
- (b) Changes on the organization of the DG EPCD as from July 2013, with changes in the team of persons responsible for the EEA and Norway Grants (the number of persons responsible remained the same).
- (c) Changes in the names and the contact details of the main contact person at the NFP and of the two POs for the cross sectoral Programmes under the EEA and Norwegian FMs.

As far as the efficiency and effectiveness of the MSC is concerned, this has been proved positive to all Programmes, including the Fund for Bilateral Relations at National Level, where implementation was as planned.

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

The financial contribution of the EEA Grants is in compliance with the regulatory environment, including compliance with the MoU. Regarding the MoU, there was one modification in Annex A, namely the change in the name of the NFP.

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 were encountered/ are anticipated in the area of public procurement either since all procurement procedures are/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 safeguards the correctness and legality of the procedures followed.

4.3 Irregularities

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

4.4 Audit, monitoring, review and evaluation

In the given period, two out of the three pre-defined projects as well as the NGO Fund Programme have started their implementation phase and the DGEPCD has been closely monitored all. According to the procedures set out, the DGEPCD in its role as NFP and PO has monitored the Projects/Programme based on a mixed system of quarterly Project Progress Reports submitted by the POs and of bimonthly meetings with the PPs/PO where problems and issues were discussed and resolved. The Project Progress Reports are submitted three times per year in the months of January, May and September. The bimonthly meetings take place every two months depending on the date of contract signature. Furthermore, the DGEPCD in its role as NFP and PO was in close contact with the PPs through emails and telephone conversations for clarifying issues raised by the PPs or solving any problems that occurred during the implementation phase.

As far as the third pre-defined project is concerned with its project proposal and contract under preparation in the reporting period, the DGEPCD was also in close contact with the PP for coordinating and solving problems that occurred in the preparation phase.

As regards audits, reviews and/or on-the-spot verification of projects, these did not take place in 2013, as the projects were at an early implementation stage. The same applies for evaluations which for the same reason, are planned to take place at the end of 2014.

For audits in particular, it is noted that the Audit Authority submitted to the FMO on 5.9.2013, the Audit Strategy, in accordance with the provisions of the Article

4.6(1.d) of the Regulation, stating the method to be used, the sampling method for audits on projects and the indicative planning of audits throughout the programming period.

4.5 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 December 2012:

1. Newsletters

The National Focal Point created and publicised two newsletters in 2013, as planned for in the context of the Communication Strategy. The first newsletter contains information on the contribution of the EEA and Norway Grants 2009-2014 to Cyprus, the signing of the Programme Agreements, the signing of Project Contracts for six pre-defined projects, the signing of the contract for the development and management of the programme "Fund for NGOs" between the NFP and the Programme Operator that was selected through open public procurement procedures, and the approval of the proposal submitted by Cyprus for the programme "The Global Fund for Decent Work and Tripartite Dialogue".

A short description of the main objective of each project and/or programme is also included in the first Newsletter, as well as contact information of the NFP and the competent Officers for each programme.

The second Newsletter contains information on events organised by the Project Promoters and the Programme Operator of the programme "Fund for NGOs" within the period between March 2013 and September 2013.

Both newsletters were sent to approximately 300 email addresses and the mailing list included all the government entities of the Republic of Cyprus (such as Ministries, Commissioners and the Parliament), the national press (electronic and printed), the members of the Monitoring Committee, the Project Promoters and the Programme Operator of the programme "Fund for NGOs" and the staff of the Directorate General for European Programmes, Coordination and Development. They were also uploaded on the website of the NFP and the website of the Embassy of Norway in Athens.

2. Press Releases

Six press releases were issued by the NFP in 2013, to inform the public of the signing of the Project Contracts for six pre-defined projects.

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

It is noted that, the information and publicity activities undertaken so far, have been successful, in terms of raising visibility and awareness about the Financial Mechanisms and their objectives. As per the approved Communication Strategy, the information and publicity efforts of the NFP during 2013 were targeted to the Project Promoters of the eight pre-defined projects and the general public.

During 2013, when the implementation of six pre-defined projects was initiated, the NFP focused on the Project Promoters, in order to ensure that the implementation of the projects was set on the right track at their onset. Continuous guidance and support was provided to the Project Promoters during the implementation of several communication activities on their behalf.

Additionally, the efforts to attract attention from the general public and the potential direct beneficiaries of the projects and their objectives were initiated, through the newsletters and the press releases, aiming at preparing the ground for future communication activities regarding the outcomes of the projects before and after their completion.

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.

However, there is a delay in the organisation of the workshop for all the stakeholders regarding the Management and Control Systems of the NFP and the POs of the two cross-sectoral programmes, which was planned for February 2013, due to the fact that the Management and Control System Description of the PO was submitted to the FMO for approval in December 2013. Therefore, the workshop will be organised in 2014, but it is the opinion of the NFP that no modification of the Communication Strategy is necessary.

As regards the information and publicity activities of the POs of the two cross-sectoral programmes, it is noted that those overlap with the activities which are

implemented by the NFP, since both roles are executed by the Directorate General for European Programmes, Coordination and Development.

As far as the website of the NFP is concerned, it is noted that, so far a webpage for the EEA and Norwegian Financial Mechanisms 2004-2009 and one for the EEA and Norwegian Financial Mechanisms 2009-2014 were developed and linked to the general website of the Directorate General for European Programmes, Coordination and Development.

The NFP is currently developing the design and content of a new website to be created, which will be dedicated to the EEA and Norwegian Financial Mechanisms, and the new website is expected to be completed in March 2014.

As regards the activities undertaken by the PO of the "Fund for NGOs", the PO has:

- (1) organised a Stakeholder Consultation process in order to collect the opinion of NGO's in Cyprus in regard to the Areas of Support. The process involved the distribution of a questionnaire and the organization of a meeting with interested NGOs on April 2013 where the Areas of Support were presented with a general overview of the structure of the NGO Fund Programme.
- (2) organized the launched event of the NGO Fund in Nicosia on 23rd July 2013. Over 170 participants representing NGOs, media and civil society attended the launch event.
- (3) organized two Proposal Preparation Workshops in Nicosia and Limassol in order to provide hands-on information for prospective applicants on how to complete the application form, the budget form, as well explanation of the NGO Fund Programme rules and regulations.
- (4) disseminated all the organized events through the email campaigns of umbrella NGO organizations in Cyprus.
- (5) established the programme website www.eeangofund.org.cy which provides valuable information to NGOs as well as to the public on the NGO Fund programme.
- (6) developed the NGO Fund Facebook page, where the Fund and its activities are disseminated to the general public.
- (7) held numerous (more than 30) one-to-one meetings with NGOs who requested such meetings in order to discuss their project ideas, and elicit support in developing their project idea into a full proposal.

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 2013 were targeted to the following target audiences:

- (i) Actual Project Promoters of the pre-defined Projects and potential Project Promoters for Projects under the "Fund for NGOs";
- (ii) 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.

It should be noted that the press releases mentioned above have also been 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 DGEPCD, it is noted that those overlap with the activities which are implemented by the NFP, since both these roles are executed by the DGEPCD. Specific publicity actions taken however include the press releases that are issued upon the signing of the project contracts with the relevant PPs.

4.6 Work Plan

The milestones for the implementation of the Financial Mechanisms in 2014 are listed in the table below:

Milestones for the Implementation of the EEA FM in 2014		
	Activity	Timeline for Implementation
1.	Organisation of the Third Meeting of the Monitoring Committee for the presentation of the Combined Strategic and Annual Programme	28 January 2014

	Report and the progress made in the implementation of the EEA and Norwegian FMs	
2.	Signature of the Project Contract between the Directorate General for European Programmes, Coordination and Development and the PP of the Day Care Centre and commencement of the implementation of project	February 2014
3.	Organisation of the Annual Meeting of the Government of the Republic of Cyprus and the Donor States	25 February 2014
4.	Selection of NGO Projects by the Selection Committee	27 February 2014
5.	Bimonthly meetings with each of the PPs at the predefined projects as well as the PO for the Programme "Funds for NGOs"	Continuous

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

Work Plan for the Information Activities for 2014		
	Activity	Timeline for Implementation
1.	Press Releases for the signing of Project Contracts	Upon signature of the remaining Project Contract (January 2014)
2.	Development of a new dedicated website	March 2014
3.	Maintenance of the new website	On-going
4.	Workshop for Project Promoters and Programme Operators about the Management and Control System	March-April 2014

5.	Press Release regarding the workshop for the stakeholders	March-April 2014
6.	Media briefing event and site visits	September 2014
7.	Press Release about the media briefing event and site visits	October 2014
8.	Press releases for other events (e.g. Annual Meeting, NGO Fund Approved list of Projects)	On the occasion of each event (February and March 2014)
9.	Newsletters	One in January 2014 and one in July 2014

5. SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

Over the last year, substantial progress was made as regards the start of the implementation of the projects. During the first quarter of the year, the contracts for the 2 projects were signed and project implementation was initiated. Efforts were also focus on the signing of the remaining contract regarding the Day Care Centre for Children and Youth with mental and physical disabilities, so that project implementation is initiated. The PO is in close communication with the respective PP so that the contract is signed the soonest.

Furthermore, substantial progress was also achieved for the Programme "Fund for NGOs" where after a long process for the preparation and approval (in June 2013) of the Programme Proposal, the Programme Operator preceded with the launched of the NGO Fund in July 2013.

Recommendations

		<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 2014
	(b)	Close monitoring of the three projects for early problem	PP/PO	Continuous

		identification and immediate corrective actions for successful completion		
"Funds for NGOs"	(a)	Evaluation of Project Proposals	PO	January/February 2014
	(b)	Selection of Projects by Selection Committee and signing of Project Contracts	PO/PPs	February/March 2014
	(c)	Start of implementation of projects	PPs	April 2014
Bilateral Fund at National level	(a)	Study visit of Cypriot officials to Norway (oil and natural gas management)	NFP	7-10 January 2014
	(b)	Organisation of an event in Cyprus on the area of oil and natural gas management	NFP	June 2014

Annex: Risk assessment at the national level

The risk assessment at the national level regards risks to the two overall objectives and overall operations of the Grants.

Type of objective¹	Description of risk	Likelihood²	Consequence³	Mitigation planned/done
Cohesion objective: Reduce the economic and social disparities in Cyprus	Impede the reduction of economic and social disparities	2	2	Through the close monitoring and the successful implementation of the programmes/projects the overall objective of the reduction of economic and social disparities will be addressed, even though this will be difficult to be fully achieved in the coming years
Bilateral objective: Strengthening of bilateral relations between donor states and Cyprus	Interest from the part of the PPs to participate in bilateral relations activities and cooperate with relevant DS entities	1	3	Encourage PPs to participate in bilateral activities and events which promote bilateral relations and through the visibility of various events organised under the EEA/Norwegian FMs
Operational issues:				

¹ The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

² Each risk should be described as to whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue, where 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

³ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; n/a = not relevant or insignificant.

Annex: Risk assessment of the programme

Program me #	Type of objective ⁴	Description of risk	Likeliho od ⁵	Conseq uence ⁶	Mitigation planned/ done
	Cohesion (Programme) outcomes:				
	Bilateral outcome(s):				
	Operational issues:	Financial liquidity by the PPs and banking constraints resulting from the financial crisis in Cyprus in March 2013.	2	3	Payments to the PPs that face liquidity problems are adjusted, so these are done on a monthly basis and implementation of projects is not interrupted by banking constraints.
	Successful Implementation of Projects	Delays in tendering procedures, limited project management experience by the PPs, failure to achieve targets within the timeline	2	2	The NFP and the POs have bimonthly meetings with PPs, have close contacts with PPs by email and phone on a regular basis to solve problems and PPs have to submit every 4 months Progress Reports
		Lack of interest by NGOs to submit proposals and also submit good quality project proposals	2	3	The NGO Fund PO, organised workshops and meetings with interested NGOs to explain the provisions of the NGO Fund, the

⁴ The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

⁵ Each risk should be described as to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

⁶ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; n/a = not relevant or insignificant.

		within the specified areas		areas of intervention, how to apply, as well all the information necessary for submitting good quality proposals. Furthermore, the PO published in local newspapers, sent emails to more than 700 email addresses of NGO entities, uploaded in the NGO Fund website all the relevant information for the launch of the Fund, its activities, workshop dates and invitations
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